



Center for Applied  
Microeconomics

# **Social Protection and Productive Inclusion for Local Development The IFAD Impact Evaluation Project for Latin America**

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# The IFAD Evaluation Project for Latin America

- Title: *Conditional Cash Transfers and Rural Development in Latin America*
- Recipient Organization: *Universidad de los Andes (University of Andes) through Center of Studies on Economic Development (CEDE)*
- Goal: *Explore potential synergies between CCT and RD Programs*

# *The IFAD Evaluation Project for Latin America.*

## *Background*

- About 27 million poor households from LAC countries receive conditional cash transfers (CCT), mobilizing about 540 million dollars every month.
- A considerable share of these households is rural and therefore potential beneficiaries of IFAD's rural-development projects.
- Households receiving both interventions might find a different way of managing these resources if complementarities between these sources emerge.

# *The IFAD Evaluation Project for Latin America.*

## *Background*

- CCT funds may change the risk aversion of households working with development projects;
- Households might be able to reallocate labor and capital to take advantage of other opportunities;
- New economic activities may appear or grow in the communities as a result of the injection of capital.
- If these synergies materialize, development projects may be more effective in reducing poverty and promoting rural development, and CCT programs would have access to new exit or graduation strategies, a challenge for most CCT programs in the region.

# *The IFAD Evaluation Project for Latin America.*

## *Background*

- Identifying these opportunities and the way that households utilize them can provide information for promoting scaling up of IFAD's interventions throughout the CCT framework so that resources can be more effective in reducing rural poverty and food scarcity.

# *The IFAD Evaluation Project for Latin America: Objectives*

## ■ Specific Objectives:

- to describe and understand the mechanisms (at the household and community levels) through which there exist or could exist synergistic effects between rural development projects such as IFAD's, and CCT programs.
- To inform policy makers at the national level in four countries, and in international organizations.

# *The IFAD Evaluation Project for Latin America: Participant Countries*

- Colombia: Centro de Estudios sobre Desarrollo Económico (CEDE)
- El Salvador: Fundación Salvadoreña para el desarrollo Económico y Social (FUSADES)
- Guatemala: Asociación de Investigación y Estudios Sociales (ASIES)
- Peru: Instituto de Estudios Peruanos (IEP)
- Brazil: Fundação Getulio Vargas (FGV) and University of California, Riverside
- Chile: Centro Latinoamericano para el Desarrollo Rural (RIMISP)



# The Case of Brazil: Objectives

- Exploring Synergies Between:
  - IFAD Projects and Bolsa Familia
  - PRONAF and Bolsa Familia

# The Case of Brazil: Objectives

- *The Bolsa Família Program* is a conditional cash transfer program targeted at the extreme poor and poor. Extreme poor families receive a fixed basic income transfer plus a variable income transfer depending on the number of children in the family. Poor families receive the variable income transfer only. The transfers are conditional on school attendance of the children and regular visits to health care centers. The value of the transfers is relatively low (around 1/5 to 1/7 of the minimum wage). There are 14 million families in the program in 2012.

# The Case of Brazil: Objectives

- The Program to Strengthen Family Farming (PRONAF) is a credit program targeted to family farmers. It was created 1996. There is some crop insurance and technical assistance accompanying PRONAF's subsidized credit.
- By the year 2000 PRONAF had expanded to almost one million credit contracts per year, and by 2005 it reached 1.8 million. Lending totaled about R\$6.3 billion in that year, and the Treasury contributed around 28% of that value in order to subsidize interest rates (Gaunzioli, 2007).
- The 2006 Agricultural Census suggests that only 19% of family farmers use technical assistance (7% with credit, and 12% without it).

# The Case of Brazil: Objectives

- IFAD's first loan to Brazil was in 1980 for a rural development project in Ceará. Between 1980 and 2006, IFAD funded six projects in the rural Northeast of Brazil for a total US\$141.6 million. When including co-financing and counterpart funding, these projects mobilized close to US\$420 million.
- In order to have baseline data prior to the existence of the IFAD projects, we will restrict the analysis to projects that began after 1996. We also require that the projects were in operation for a sufficient number of years in order to generate observable impacts by 2006.

# The Case of Brazil: Objectives

- For these reasons, we exclude projects that had either concluded (Ceará) or had begun prior to 1996 (Prosertão), and exclude those that were only starting around 2006 (Xingó and Prodecar-Terra de Valor). Thus, we will focus our analysis on the ***Pro-Gavião*** and ***Dom Helder*** projects.
- The Community Development Project for the Rio Gavião Region (***Pro-Gavião***) took place between 1997 and 2005 in the state of Bahia. The project spanned 13 municipalities in the southern part of the state, reaching 210 communities and over 17,000 beneficiaries. The target population was small agricultural producers, 2/3 of whom had incomes under the poverty line.

# The Case of Brazil: Objectives

- The Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid Northeast (***Dom Helder***) was spread across more than 60 municipalities in six states in the Northeast of Brazil. In contrast to Pro-Gavião which targeted poor small farmers living in existing rural communities, the Dom Helder project largely targeted the beneficiaries of land reform settlements.

## The Case of Brazil: Hypotheses

- Households that are beneficiaries of CCT and RD policies will have more success reducing poverty than families that just receive one type of intervention (CCT or RD) or families that do not receive any kind of intervention; this condition is reflected in the income level of the families or in a given measure of poverty.

## The Case of Brazil: Hypotheses

- Households that are beneficiaries of CCT and RD policies will have more success increasing productivity in agriculture than families that just receive one type of intervention (CCT or RD) or families that do not receive any kind of intervention.



# The Case of Brazil: Hypotheses

- Households that are beneficiaries of CCT and RD policies will have more success accumulating productive assets than families that just receive one type of intervention (CCT or RD) or families that do not receive any kind of intervention.

# The Case of Brazil: Hypotheses

- Households that are beneficiaries of CCT and IFAD policies will have more success accessing credit than families that just receive one type of intervention (CCT or RD) or families that do not receive any kind of intervention.

# The Case of Brazil: methodological Approach

- Compare participants and non-participants before and after the interventions (difference-in-difference estimations).

	CCT		
		Yes	No
RD	Yes	A	B
	No	C	D