Why Conditionalities Vary Across Conditional Cash Transfer Programs in Latin America: Evidence from Brazil and Mexico

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Chapter 1: The Puzzle, Case Selection, and Methodology

Latin America experienced a decade of profound changes during the 1980s, ranging from severe economic crises to regime changes, such as transitioning from dictatorships to democracies. The 1980s became known as the “lost decade” due to how most countries in the region struggled with economic stagflation, the decline in real per capita income, and increasing inflation.\(^1\) To overcome the economic crisis and meet the demands of international financial lending institutions, many governments implemented macroeconomic reforms and restructured their economy by opening their markets to free trade and foreign investment.\(^2\) However, by controlling for inflation, social spending was cut and poverty and inequality were exacerbated in the process. Structural adjustment programs exacerbated unemployment and informal employment rates. The economic crisis left most Latin American countries ill-equipped to counter rising poverty and inequality because of the region’s insufficiently developed welfare systems.

By the late 1990s, Brazil and Mexico were among the first countries to introduce conditional Cash Transfer programs (CCTs) to respond to market failures and rising inequality. Poverty reduction became a central policy issue for political leaders across the political spectrum. Firstly, because poor people represent a “reserve electorate”—an electorate that either does not vote or does so rarely—they are viewed as a source of “political strength that would be likely to support whoever is able to improve their condition.”\(^3\) Therefore, political parties across the spectrum attempted to gain the support of the poor by mobilizing them to vote for them.\(^4\)

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\(^2\) Ibid.,


\(^4\) Ibid.,
Secondly, poverty has been increasingly understood in the region as a structural issue rather than a result of individual failures. Political leaders would pay a price at the ballot box for not making efforts toward reducing poverty. As this thesis will further demonstrate, politics is inextricably linked to poverty alleviation and economic development.

The difference between CCT programs and other social policy programs is notable. First, whereas previous social assistance programs mainly encompassed contributory or work-related social insurance, such as health coverage and pensions, CCT programs benefited individuals people who partook in self and informal employment. Moreover, CCT programs imposed conditionalities as a means to combat the intergenerational transmission of poverty by developing poor recipients’ human capital and targeting specific yet interconnected dimensions of poverty, such as education, healthcare, and labor. These programs directly provided cash benefits without the influence of a political intermediary so that households can decide how they would like to allocate their available resources. Payments were often distributed to mothers instead of fathers. This was based on the assumption that mothers would be more responsible with distributing cash transfers to goods and services that would benefit children and improve the household’s human capital.

Overall, the evaluations of CCT programs that have demonstrated their positive impact on education and health services have led to the expansion of CCT programs both within countries and across the world. CCTs appeared to improve school access to education and health outcomes in Brazil, Mexico, and elsewhere, and countries across the region not only adopted CCTs but also expanded the percentage of beneficiaries. By 2011, eighteen countries in the region implemented a CCT program, and other countries, such as the Bahamas, Barbados, Belize, and Suriname, were in the process of designing their individual programs. The number

5 Ibid.,
of poorer households that large CCT programs have been able to target also increased, as about 50-55% of the poor in Brazil and Mexico are beneficiaries of the program.

Although states around the region faced similar pressures to reduce poverty by the end of the 1990s, they designed very different CCT programs to do so. CCTs vary in the populations they target and eligibility requirements, the amount they distribute, and the strength in monitoring and enforcing conditionalities. Much of the literature on social protections in Latin America has focused on explaining variation in welfare regimes and the broad shift toward universal, non-contributory, and less discretionary social policies. Specifically, the literature on CCTs has been mostly concerned with testing the extent to which CCTs reduce poverty and raise human capital. Few scholars have sought to explain variations in the conditionalities of CCT programs across the region.

Research Question

*What explains why conditionalities in CCT programs vary considerably across the region?* I argue that differences in conditionalities correspond to party ideologies and their relationship to social welfare regimes. Indeed, as a strand of the literature suggests, the policy aims of politicians and technocrats belonging to different parties, whether that may be human capital development or more immediate poverty reduction, are instrumental in explaining the varying levels of conditionalities.

However, different from the literature, I make the case that whether governments centralize power at the federal level or devolve power to the subnational level, also contributes to variation in the levels of conditionalities in CCTs. I argue that the increasing decentralization of political power leads to more stringent conditionalities for national conditional cash transfers. As
sub-national governments develop their anti-poverty policies that fit their local contexts and citizens’ needs, federal national cash transfer programs compete with these local level policies to address poverty. This means that elites at the federal level develop strong conditionalities to ensure that their CCTs survive, succeed, and that they are remembered kindly by voters in times of national elections. By contrast, I argue that political centralization leads to less stringent conditionalities for national cash transfer programs. The centralization of power, resources, and bureaucratic programming allows for national programs to be less concerned with competing anti-poverty relief programs at the subnational level. In addition, because centralization allows the federal government to retain greater control and oversight over CCTs, they are less motivated to put in place stringent conditionalities.

Case Selection

I examine the origins, development, and characteristics of CCT programs in Brazil and Mexico. These two countries’ CCT programs were chosen for comparison due to two similarities. First, more broadly, they were among the first countries in the region to implement CCTs as a means to reduce poverty in the mid-1990s as a response to experiencing the financial crisis in the previous decade. Secondly, despite the broad similarities between the CCT programs—having a shared goal of poverty reduction and emerging in the same time period—their differences are notable. For instance, these two CCT programs also emerged under different political and economic conditions in Mexico and Brazil. Although both countries were experiencing a financial crisis that left both governments ill-equipped to address poverty among their citizens, the emergence of Progresa/Oportunidades during a time of political decentralization and under a center-right/right administration greatly differs from the case of
Bolsa Família, which emerged during a time of the re-centralization of some social policy programs and under a center-left/left administration. They also do not share similar institutional designs, as they differ concerning their targeting strategies, the amount distributed, and eligibility requirements. Importantly, they also differ concerning the enforcement, monitoring, and sanctioning of conditionalities.

Regarding conditionalities, Table 1 below illustrates these differences. For health requirements, Brazil’s Bolsa Família had a vaccination calendar that recipients must adhere to. Both children and mothers had to adhere to annual health consultations. In contrast, Mexico’s Progresa/Oportunidades required medical consultations for all household members, not just mothers and children. Other co-responsibilities, such as participation in workshops were enforced, in both rural and urban areas. Monitoring of health co-responsibilities also occurred more frequently for health in Mexico than it does in Brazil. As for education, both programs required similar monthly participation rates, and monitoring occurred more frequently for Bolsa Familia than it does for Progresa/Oportunidades.

<table>
<thead>
<tr>
<th>Conditionalities</th>
<th>Mexico’s Progresa/Oportunidades (sanctioning approach)</th>
<th>Brazil’s Bolsa Familia (tolerant-enabling approach)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health requirements</td>
<td>Registration at health center and attendance at corresponding health checkups; participation in workshops on healthcare</td>
<td>Health checkups and vaccination according to calendar</td>
</tr>
<tr>
<td>Health monitoring</td>
<td>Compliance is verified every 2 months or every month in the case of health conditionalities in rural areas and verified every month in urban areas</td>
<td>Compliance with health is verified twice a year</td>
</tr>
<tr>
<td>Health suspension</td>
<td>First non-compliance with education or health = transfer is suspended for that month; non-compliance for 4 consecutive months (rural) or 2 consecutive semesters</td>
<td>First non-compliance = warning; second non-compliance = transfer is blocked for 1 month but can be recovered in the following month; third non-compliance = suspension;</td>
</tr>
</tbody>
</table>
(urban) = indefinite suspension of transfer’s health component families receive notifications if non-compliance continues and are suspended after 12 months of non-compliance (period during which they should have received social assistance)

<table>
<thead>
<tr>
<th>Education requirements</th>
<th>School enrollment and maximum 4 absences per month</th>
<th>85% attendance (children under 16), 75% attendance for 16 and 17-year olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education monitoring</td>
<td>Compliance with education is verified once a year</td>
<td>Compliance with education is verified 5 times a year</td>
</tr>
<tr>
<td>Education suspension</td>
<td>First non-compliance with education or health = transfer is suspended for that month; 3 non-compliance (education) = suspension for the rest of school calendar of education component</td>
<td>First non-compliance = warning; second non-compliance = transfer is blocked for 1 month but can be recovered in the following month; third non-compliance = suspension; families receive notifications if non-compliance continues and are suspended after 12 months of non-compliance (period during which they should have received social assistance)</td>
</tr>
</tbody>
</table>

Source: Rossel et al. and IADB

Table 1: Main Features of CCT Designs in Mexico and Brazil

Scholars have made the case that Bolsa Familia has a targeted approach to enforcing education conditionalities in the areas of requirements and monitoring because of previous programs’ strong emphasis on education and the wider coverage it received in comparison to health. By contrast, Progresa/Oportunidades had an integrated approach to addressing the interconnected dimensions of poverty, and the program had consistently stringent monitoring and requirement schemes for both education and health conditionalities. Both health and education suspensions were more stringent in the case of Mexico compared to Brazil’s more forgiving sanctioning process. The consequences for noncompliance in Brazil were more gradual than they are in Mexico. Whereas Mexico had a more targeted approach to building human capital, Brazil’s Ministry of Social Development and Hunger Eradication (MDS) did not enforce similarly punitive measures in order to identify the specific causes for a family’s noncompliance in hopes
of improving their situation. Overall, while the stronger sanctions were enforced to incentivize recipients to invest in their human capital or deter recipients from acting on noncompliance, weaker sanctions aligned with the belief that everyone has a universal right to adequate healthcare, education, and human dignity.

Methodology

To test my research question, I conduct a comparative historical analysis of the operational rules and design of CCTs in Mexico and Brazil. In particular, I examine how CCTs were designed to fit previous government goals of either poverty reduction or human capital development. This thesis explores reports, statements made by technocrats and policymakers, and social actors, as well as secondary literature on the impact of regime and party transformations.

I utilize a comparative historical analysis approach to qualitatively assess evidence in support of my argument instead of other statistical, large-n methods for several reasons. There is a lack of data availability on levels of conditionality, differences in political ideology, and degrees of centralization. This makes identifying a causal relationship and controlling for multiple forms of bias difficult. These limitations aside, however, I construct a conditionality index through which I qualitatively evaluate variation in conditionalities. I categorize the different measures of requirements, monitoring, and sanctioning to quantify the degree of stringency and evaluate their significance in regard to other political factors.

Thesis Plan

The remainder of this thesis is structured as follows. Chapter 2 provides an explanation of what previous scholars have discussed about conditionalities and their effects on human capital and poverty reduction. Moreover, it discusses what some scholars have suggested as factors that have contributed to the varying levels of conditionalities. Some scholars have argued that domestic preconditions, competing political ideologies, and responses from the public have led to different approaches to conditionalities in Brazil and Mexico. This thesis agrees that these factors were fundamental in the creation of Bolsa Familia, and further supports that the primary determinants for having more varying levels of conditionalities, especially in the context of sanctioning schemes, were the result of competing political ideologies among politicians and technocrats that belonged to Mexico’s right and Brazil’s left. However, I add that in addition to this, political centralization versus decentralization; an integrated versus targeted approach; and public pressure was instrumental to the design of conditionalities. Moving forward, Chapter 3 examines why conditionalities differ between Progresa/Oportunidades and Bolsa Familia. Chapter 3 explains how a number of factors led to the formation of Progresa/Oportunidades in Mexico, and why right-wing welfare ideology was crucial to developing Progresa/Oportunidades’s conditionalities as having a sanctioning approach by Rossel et al. This includes replacing Pronasol, Mexico’s previous social policy program that functioned as a tool of political patronage, with Progresa by restructuring Mexico’s social welfare program; the introduction of President Zedillo’s New Federalism project, which emphasized decentralization and abiding by the rule of law, as a response to a macroeconomic crisis and political instability; bottom-up movements, such as the Chiapas uprising; and most notably, Santiago Levy’s and President Zedillo’s firm belief in co-responsibilities via conditionalities. This chapter similarly explains why Brazil’s Bolsa Familia’s conditionalities were less stringent, and classified as
having a *tolerant-enabling* approach by Rossel et al. This chapter critically analyzes several factors, such as the country’s transition from a military dictatorship to a democracy and the re-centralization of local-level social policy programs. More importantly, this chapter evaluates why criticism from the media and public pressure regarding the lack of strong conditionalities, the competing social policy theories of Cristovam Buarque’s and President Cardoso’s human capital investment approach, and President Lula’s and Eduardo Suplicy’s rights-based approach was critical to the development of conditionalities for Bolsa Família. Lastly, Chapter 4 briefly explores the future of conditional cash transfers in Mexico and Brazil, as both programs were rebranded or replaced with new programs. Mexico’s Oportunidades was transformed into Prospera Social Inclusion Program in 2014, and Brazil’s Bolsa Família was replaced with Auxílio Brasil under the presidency of Jair Bolsanaro in October 2021.
Chapter 2: Why Conditionalities Vary Across Conditional Cash Transfer Programs in Latin America

Within the wider field of research that examines conditional cash transfers, some scholars have debated the effects of varying levels of conditionalities on human capital development and poverty reduction, but have not necessarily explored the determinants of varying levels of conditionalities. Therefore, this chapter first explains the theoretical justifications for conditionalities. Next, it considers empirical evidence of the success of conditional cash transfers relative to unconditional cash transfers. Then, I provide the theoretical debates that are skeptical of whether conditionalities can uplift poor populations from poverty. Lastly, this section considers how scholars have sought to explain varying levels of conditionalities in the region. I draw from this research to suggest that the reason why conditionalities vary between Mexico and Brazil is not only because of the inherent tension between welfare ideology between Mexico’s right and Brazil’s left but also because of a targeted as opposed to an integrated approach to education requirements and monitoring. Additional factors that I consider as determinants of varying levels of conditionalities are the centralization and decentralization of political power at the federal level and upward pressure from social actors in response to the shortcomings of previous social policy programs.

In defense of conditionalities, there are two main theoretical justifications for the inclusion of conditionalities in social policy programs. Firstly, the poor do not have perfect information and therefore do not make rational choices. As Fiszbein and Schady state, “What imperfect information, myopia, and incomplete altruism have in common, for our purposes is that they may cause a family’s privately chosen level of investment in human capital to be too low, compared with its own ‘true’ private optimal. If they are pervasive, then these distortions in private decision-making provide some contemporary
support to the time-honored notions that governments may ‘know better’ what is privately good for poor people than do the poor themselves, at least in some realms.”\(^7\)

This implies that a lack of rational behavior requires the government to guide poor recipients to invest in their well-being. To critique this theoretical justification, I assert that this neoliberal response to poverty—the enforcement of conditionalities—suggested that poor households would use their supplemental income misguided by the absence of conditionalities. Moreover, compliance to conditionalities implied that by incentivizing good behavior, recipients were to develop the skills and productivity to lift themselves out of their deprivations. As many scholars believe, this theoretical justification raises an ethical dilemma of exclusion and places blame on individuals rather than addressing poverty as a systemic issue.

Secondly, because conditionalities incentivize good behavior among the poor, the enforcement of conditions would therefore mean that non-recipients, who would otherwise disapprove of social policy programs because they provide “free handouts,” may be more likely to politically agree with CCTs.

“The second main conceptual argument for conditioning a cash transfer is that governments typically do not behave like textbook benevolent dictators. Policy decisions generally result from decision-making processes that involve voting, lobbying, bureaucratic and interagency bargaining, and a variety of other forms of what one broadly might call political economy. Under some circumstances, conditioning cash transfers on ‘good behavior’ may increase public support for them, making the program either feasible or better-endowed.”\(^8\)

Thus, another theoretical justification for the imposition of conditions is that it could generate wider public support for social policy programs that aid the poor. For instance, taxpayers and higher-income non-recipients could be more likely to fund these programs. As this thesis will demonstrate, in the case of Brazil, the public and media outlets criticized Bolsa Família for placing too great of an emphasis on universal rights instead of enforcing strong conditionalities.

Non-recipients believed that the program would be more effective in poverty relief if the

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\(^8\) Ibid.,
program linked conditionalities with cash transfers, thus supporting Fiszbein’s and Schady’s second theoretical justification for conditionalities. As for Mexico, the PAN’s and President Fox’s continual support of Progresa/Oportunidades, despite that the program was implemented under President Zedillo and the PRI, is a testament to how widely supported the program was given its success in supporting poor households. Therefore, supporting Fiszbein and Schady’s claim, conditionalities were not only supported by non-recipients who were concerned that recipients would use supplemental income misguidedly, but they also received support across party lines because the targeted aims of conditionalities worked to improve poor households’ well-being.

As for scholars who have researched the effects of conditional cash transfers, some empirical research has demonstrated that conditional cash transfers are more effective at improving human capital than unconditional cash transfers. Specifically, Brauw and Hoddinott demonstrate that the strength of Progresa/Oportunidades’s conditions is positively associated with the likelihood that elementary school students would advance to lower secondary school.9 In the realm of education, Baird et al. also provide evidence that CCTs with stronger enforcement of conditions positively impact school enrollment and attendance in comparison to cash transfers with weaker conditions.10 In addition to education, Gertler and Boyce investigated the impact of Progresa on health outcomes. After conducting a controlled randomized study design with household panel data, the scholars found that the program significantly improved the health of both children and adults due to the program’s requirements of utilizing public health

services for preventive care.\textsuperscript{11} Although research on the positive effects of CCTs is plentiful, theoretical debates on the ethical concerns of conditionalities, themselves, persist. Scholars have concerns about whether conditionalities exacerbate the exclusion of the poorest populations from accessing cash transfers, and they question the efficacy of conditional cash transfers in areas that are not well-resourced with the public goods that compliance with conditionalities is contingent upon.

A critique of enforcing strict conditionalities is that the punitive measures that are associated with the programs excluded the most vulnerable and poorest populations who viewed noncompliance to conditions as too costly. As some researchers have pointed out, the strict conditionalities associated with Mexico’s Progres/Oportunidades left out the poorest.\textsuperscript{12} For instance, given the strong link between health and education to receiving a cash transfer, Progres/Oportunidades faces geographic limitations to areas “where there is access and good capability to provide healthcare and education services.”\textsuperscript{13} As a result, other researchers have found that most isolated and poorest areas in Mexico are “doubly excluded,” as they are excluded from both poverty relief and acquiring basic education and healthcare.\textsuperscript{14} In this vein, strict conditionalities not only deterred potential beneficiaries who viewed compliance as a burdensome cost from joining the program, but it also presented an issue of self-selection and a supply-side issue: geographic areas that had adequate healthcare and education would flourish under Progres/Oportunidades and be able to provide to the area’s poorest whereas areas without a similar supply of resources would not be able to do the same. This begs the question, what good is complying with strict conditionalities if adequate healthcare and education cannot be

\textsuperscript{11} Paul J. Gertler and Simone Boyce, “An Experiment in Incentive-Based Welfare: The Impact of PROGRESA on Health in Mexico,” 2003, 1.
\textsuperscript{12} Borges, 85.
\textsuperscript{14} Borges, 86.
provided? Additionally, this presents an argument that is antithetical to the demand-side approach that is rooted in neoliberalism: in contrast to the idea that there was a lack of demand among the poor to invest in healthcare and education services, it may be simply that there was a lack in the supply in such services to be provided, to begin with. As a result, this would require a different social policy approach that was not associated with conditionalities.

In the case of Bolsa Família, despite not having conditions nearly as strict as Mexico’s program, the program faces similar critiques as Progresa/Oportunidades. Critics argue that conditionalities are a “moralistic and conservative concept that further worsens the situation of the more vulnerable families, those with a greater propensity to non-compliance with those conditionalities.”15 This argument supports the limitations of Fiszbein’s and Schady’s theoretical justifications for conditionalities. For instance, the imposition of conditionalities implies that the poor cannot make rational decisions—such as investing in their families’ education and healthcare—and as a result of a lack of rational decision-making, conditionalities are therefore needed to guide the poor to invest in these services. Additionally, since Silva e Silva and Ferreira Santos de Almada Lima state that Bolsa Família recipients were perceived as poor Brazilians that had to earn their worthiness of receiving the cash transfer, conditionalities, according to Fiszbein and Schady, were necessary for garnering public support to assist the poor from non-recipients.16 However, Silva e Silva and Ferreira Santos de Almada Lima ultimately argue that a conservative focus on CCTs had criminalized, individualized, and rendered the poor responsible for their economic status. According to their perspective, Lula da Silva’s and Dilma Rousseff's policies have rendered Brazil’s poor as consumers rather than as citizens, as their policies “ultimately

16 Ibid.,
further privileged consumption, with insufficient attention given to form the consciousness of the classes.” In this vein, some may believe that a rights-based approach—the approach that President Lula and Suplicy initially advocated for—would have been better suited to strengthen Brazil’s poor as citizens rather than as consumers due to the exclusionary nature of conditionalities and its notion that poverty is an individual failure rather than a structural issue.

In addition to the debates on the effects of conditionalities, the literature has sought to explain why some countries implement CCT programs with stricter conditionalities whereas others implement programs with softer conditionalities. One explanation for distinctions in conditionalities across different programs includes the diffusion of ideas that influenced CCT programs. As Weyland argues, the diffusion of CCT programs is not a “neat, concrete, well-defined blueprint largely replicating the original model.” Because Mexico and Brazil were the first two countries to implement CCT programs that already differed in conditionalities, certain countries might have modeled their programs’ basic design and goals after either Mexico’s or Brazil’s. Despite the argument of diffusion as a factor in the differences in the design of CCT programs, another salient explanation is the domestic factors of each country before program implementation. For example, the former national social policy program, Pronasol, was instrumental in the formation of Progresa/Oportunidades in Mexico, and so was the re-centralization of local-level policy programs to form Bolsa Família in Brazil.

Another explanation for the difference in the design and implementation of conditionalities is that there is an “inherent tension” between the two goals of reducing poverty and building human capital. Depending on how the government prioritizes either goal, this will result in a CCT program with varying levels in the strength of its conditionalities. Thus,

17 Silva e Silva and Santos de Almada Lima, 188
according to Borges, “if increasing human capital is the priority, policymakers should narrowly target beneficiaries…and strictly enforce conditionalities. If reducing poverty is most importing, targeting should be broad, and conditionality enforcement should be lenient.” After analyzing 10 programs, Borges revealed that left-wing presidents that implemented CCT programs were more likely to emphasize poverty reduction over human capital whereas right-wing governments were more likely to emphasize human capital over poverty reduction in their CCT programs. Rossel et al. add to these claims by also arguing that right-wing governments designed CCT programs with clear conditionality procedures and strict compliance consequences to incentivize families to invest in their children and their own well-being. For example, Mexico’s CCT program’s sanctioning scheme reflected the preferences of political leaders on the center-right and right, as it was created in the mid-1990s with the full support of President Zedillo and during the PRI’s governance.

On the other hand, left-wing governments were more likely to design programs with flexible approaches to monitoring and sanctioning non-compliance particularly when there is a ruling left-wing party, and poor electorates are its main constituency. In this case, “governments might be prevented from adopting a sanctioning perspective, opting for a tolerant approach to conditions with substantive justification or for a formal strategy where conditions are a mere label with no specific implications for policy design.” Brazil’s Bolsa Família reflects the second part of this argument. During Lula’s presidency with a center-left government in power, the design of its CCT program centered on three policy areas: basic income, education, and healthcare. Debates about these three policy areas resulted in a non-punitive approach to

21 Rossel et al., 385.
conditionalities that enforced a gradual process of consequences—a process that first gives a notice, then a suspension, and finally, a cancellation of the benefit—if recipients did not comply with them.

Table 1 below demonstrates the two distinct characteristics used to describe the conditionalities of Brazil’s Bolsa Família and Mexico’s Progresa/Oportunidades. The tolerant-enabling approach, which describes Brazil’s Bolsa Família, differs from Rossel et al.’s other classifications of sanctioning, which Mexico’s Progresa/Oportunidades would be classified as, and formal. Some countries, such as Mexico, have a strong emphasis on sanctioning recipients who do not comply with specific conditionalities and others may enforce non-specific conditionalities merely as a formality. As Rossel et al. state, “a sanctioning approach to conditionalities may reflect the preferences of right-wing governments since the transfer is linked to concrete efforts that recipients need to comply with.”

Conditionalities could also be a formal strategy that has the purpose of assisting recipients without subjecting them to punitive measures in cases of non-compliance. Programs with a tolerant approach, such as Brazil’s Bolsa Família, include specific conditionalities in order for people to access basic services. However, these conditionalities are not sanctions-oriented. Within the tolerant group, non-compliance does not lead to immediate payment suspensions, and sanctions are typically applied after multiple non-compliances. In the event that recipients do not comply and are therefore unable to access certain services, some programs “work with recipients around the

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22 Ibid.,
23 Ibid.,
24 Rossel et al., 382.
obstacles they face to access services.”

Therefore, these programs have an *enabling* approach because by assisting non-compliers, they “present a clear emphasis on promoting recipients’ basic rights regarding social services,” which relates to the social investment framework.

<table>
<thead>
<tr>
<th>Country</th>
<th>Conditional Cash Transfer Program</th>
<th>Channels for the differences in conditionalities</th>
<th>Differences in conditionalities</th>
<th>Characteristics of differences in conditionalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Progresa/ Oportunidades</td>
<td>The failure of Pronasol as an antipoverty program</td>
<td><em>Sanctioning</em> approach</td>
<td><em>Sanctioning</em> because conditionalities are concrete efforts that recipients need to comply with, and are narrowly targeted to the poor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The influence of center-right and right politicians and technocrats: PRI’s strong conviction in increasing human capital as a means to break the intergenerational transmission of poverty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>Bolsa Familia</td>
<td>The transition from a military dictatorship to a democracy, and the transition from initial political and economic decentralization in 1988 to federalism and the re-centralization of social policy programs</td>
<td><em>Tolerant-enabling</em> approach</td>
<td><em>Tolerant</em> because non-compliance is not always met with strongly-enforced payment suspensions, and sanctions are typically implemented after multiple acts of non-compliance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The influence of center-left and left-wing politicians: PT’s belief in a rights-based approach within a human capital investment framework</td>
<td></td>
<td><em>Enabling</em> because Bolsa Familia emphasizes the promotion of recipients’ basic rights and access to social services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public pressure and a strong media reaction to the lack of strong conditionalities in 2004</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: An Explanation of the Different Approaches to Conditionalities

Source: Rossel et al.

Given these qualities of the *tolerant-enabling* approach and *sanctioning* approach,

Brazil’s Bolsa Familia fits within the former while Mexico’s Progresa/Oportunidades fits within

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25 Ibid.,
26 Ibid.,
the latter. In the case of Brazil, Brazilian decision-makers and academics focused on three sets of key policy ideas: 1) a “human capital investment” perspective, which influenced the conditionalities aspect of Bolsa Família; 2) an “unconditional income” policy, which “advocated for a universal and unconditional distribution of a basic income”; and a “food security” policy, which created a cash-for-food transfer. Bolsa Família was viewed as a program that was rooted in a rights-based approach but framed within a human capital investment framework. Despite its enforcement of conditionalities, the program was ultimately non-punitive relative to other programs, such as Mexico’s Progresa/Oportunidades. As previously demonstrated, initial non-compliance for Bolsa Família is met with a warning whereas non-compliance for Mexico’s Progresa/Oportunidades is met with a suspension. Therefore, Bolsa Família is classified within the tolerant-enabling approach because of the program’s non-punitive approach to non-compliance by recipients, and because the program reinforces the notion of basic income more than it emphasizes human capital development. By prioritizing cash payments as a form of supplemental income, Bolsa Família reinforced the notion that Brazilians had access to basic income, education, and healthcare. As this thesis will later analyze, this approach to weak conditionalities was met with criticism by the wider public. Thus, another factor for the development of Bolsa Família’s conditionalities is public pressure and strong media reaction to Bolsa Família’s lack of strong conditionalities before 2004. In contrast to Bolsa Família, Mexico’s Progresa/Oportunidades exhibited a sanctioning approach to conditionalities. The program established specific regulations and explicit sanctions in the case of non-compliance. Progresa/Oportunidades’s sanctioning practices are notably more stringent than Bolsa Família’s,

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27 Rossel et al., 391.
as the design of the program was primarily influenced by the ideas of center-right and right policymakers. Policymakers viewed human capital development as a means to break the intergenerational transmission of poverty. Therefore, this thesis echoes the claims made by previous scholars that while Bolsa Família was more concerned with providing supplemental income as a means of immediate poverty relief, Progresa/Oportunidades did not share a rights-based approach with Brazil and emphasized the significance of sanctioning conditionalities as an instrument to combat poverty in the long term. However, in addition to these claims, Brazil’s targeted approach—its historical emphasis on education conditionalities—and Mexico’s integrated approach to addressing the multiple dimensions of poverty were fundamental for the varying levels of education and health requirements and monitoring.

Indeed, as Rossel et al.’s argument suggests, the influence of the right and left were fundamental to the institutional design of conditionalities. However, there are several reasons for the divergence in how the two programs were designed. Although the current literature provides a good framework by which to understand how different perspectives about how to alleviate poverty between right- and left-wing politicians and technocrats affect variation in conditionalities, I contend that they don't pay sufficient attention to the role of the centralization of power and the relationship between federal and subnational levels of government.

**Argument**

Scholars who have provided answers to this question of why conditionalities differ provide a useful distinction in thinking about differences between the *sanctioning* approach and the *tolerant-enabling* approach. However, this framework overwhelmingly privileges the role of
political elites, particularly the influence of parties and technocrats. Scholars focus on center-right and right politicians, as well as center-left and left-wing politicians to suggest that the competing ideologies, a rights-based versus human capital investment approach, were central to the development of varying levels of conditionalities. While I do not wholly disagree that top-down processes are important for thinking about variation in conditionalities, the degree of centralization matter far more to understanding varying levels of conditionalities than the literature allows for.

I argue that greater decentralization of political power in federalist designs leads to stronger conditionalities for national cash transfer programs. The devolution of power to subnational levels of government means that states and municipalities have greater freedom to implement their anti-poverty programs or make policy changes to meet the needs of their citizens. This freedom undermines the goals of national social policy programs, particularly where there are significant policy misalignments between the federal and subnational governments or where the party of the executive and the majority party in subnational legislatures are different. Federal governments must compete with subnational governments and have incentives to impose stronger conditionalities as a means to assert their policy aims, as well as ensure that their targeted beneficiaries are benefitting from the program and that they will receive credit in times of election. Moreover, federalism allows states and municipalities to dedicate their resources to different efforts. This, therefore, forms the potential for high and fragmented inequality across states. As a response to inequality between states, the federal government may impose strong conditionalities as a national standard that all recipients must follow if the devolution of social policy programs at the subnational level has failed to address inequality.
**H1:** The increasing decentralization of political power at the federal level of government—in other words, greater federalism—is positively associated with stronger conditionalities for national conditional cash transfer programs.

As this thesis demonstrates, Progresa/Oportunidades’s more stringent approach to conditionalities was the result of the government’s decentralization efforts under President Zedillo. While current literature exhibits that there is little evidence that suggests strong conditionalities were a result of competition between the federal and subnational levels of government in social policy aims, the enforcement of strong conditionalities for Progresa/Oportunidades nonetheless coincided as resources and political power were devolved to states and municipalities. I assert that as a part of President Zedillo’s *Nuevo Federalism* project, which was a response to the corruption and economic instability in Mexico, Progresa/Oportunidades adopted strong conditionalities as a means to establish the PRI’s credibility after the failures of Pronasol, a social policy program that was not only a clientelistic tool for the PRI but failed to provide assistance to some of Mexico’s most vulnerable communities. As I argue, the enforcement of strong conditionalities signaled that President Zedillo and the newly reformed PRI were committed to poverty relief during a time of changes in the party composition of sub-national levels of government and the Mexican Chambers of Deputies. The establishment of strong conditionalities in a joint effort of growing decentralization was to reaffirm the PRI’s political legitimacy—to move on from its past as a hegemonic party and to demonstrate a genuine effort to alleviate poverty that was devoid of political manipulation.

By contrast, I also hypothesize that where CCTs programs were a product of more centralized governance, less stringent conditionalities developed. We may expect this to happen because the centralization of fiscal responsibility, the convergence of social policy programs, and federal bureaucratic oversight for social policy programs need not require stringent
conditionalities for people to comply with when there are fewer social policy programs to compete with. In other words, as national social policy programs receive centralized funding, resources, and support from the federal government without the competing aims of sub-national level governments, less stringent conditionalities are adopted as the government has greater administration of such programs.

**H2**: Increasing policy re-centralization at the federal level of government is positively associated with less stringent conditionalities for national conditional cash transfer programs.

As I will show, Bolsa Família’s less stringent conditionalities were, in part, the product of the re-centralization of political power in the context of social welfare. After experiencing a period of political decentralization after Brazil transitioned from a military dictatorship to a democracy, the country re-centralized several local social policy programs that experimented with varying degrees of conditionalities. As social policy programs re-centralized to form a national program, this led to a fewer number of social policy programs that a national program would have to compete with. Resources were centralized to form Bolsa Família, and less stringent conditionalities were adopted because the federal government could achieve its aim of assisting poor Brazilians without competing with subnational antipoverty programs. With a more centralized management of Bolsa Família, the program adopted a less stringent approach to sanctioning noncompliance of conditionalities in comparison to more decentralized states, such as Mexico. A strong, centralized federal ministry and a strengthened relationship between the federal government and citizens meant that there was less of a concern for noncompliance to conditionalities, as local municipalities delivered education and healthcare services to citizens as required by Bolsa Família.
Chapter 3: Evidence from Mexico’s Progresa/Oportunidades and Brazil’s Bolsa Familia

How and why did Brazil and Mexico undertake different approaches to designing and implementing CCTs? Despite similarities in both programs and their development during the same period, I attribute key differences in their conditionalities to two factors: differences in the ideas underlying elites’ approaches to poverty relief and differences in degrees of centralization and the relationship between the federal and subnational bureaucracies. Whereas elites in Mexico prioritized long-term poverty relief, those in Brazil prioritized short-term poverty relief. As the literature has suggested, the influence of the center-right and right politicians and technocrats was instrumental in explaining Bolsa Familia’s tolerant-enabling approach and Mexico’s sanctioning approach to addressing noncompliance with conditionalities. However, I also show in what follows that Mexico’s more decentralized policy approach to managing poverty emphasized more stringent requirements and monitoring in their conditionalities compared to Brazil’s softer conditionalities.

Mexico’s Progresa/Oportunidades

In the case of Mexico, it was one of the first countries out of three countries, including Bangladesh and Brazil, to have implemented a national CCT program by 1997. Although both Brazil’s Bolsa Familia and Mexico’s Progresa/Oportunidades were similar programs that emerged within the same period of time, a divergence in welfare ideology resulted in two different approaches to sanctioning conditionalities. As for the monitoring and requirements of conditionalities, I identify that the difference between Progresa/Oportunidades’s design and Bolsa Familia’s design is due to adopting an integrated approach to combating poverty. This
chapter also explores the social, political, and economic factors that led to the creation of Progresa/Oportunidades, and why policymakers enforced a *sanctioning* approach in conditionalities, differing from Brazil Bolsa Família’s *tolerant-enabling* approach.

First, this chapter carefully examines why Progresa replaced Mexico’s previous social policy program, Pronasol. It also discusses the program’s ethical dilemmas as a neo-clientelistic tool for the PRI, and how bottom-up movements and economic instability of the early 1990s demanded a different social policy program that would better address peoples’ needs. Next, I discuss the role that President Ernesto Zedillo had in restructuring Mexico’s social welfare system by establishing *Nuevo Federalism*, a project emphasizing political decentralization, as an effort to reform the state, the PRI, and most importantly, economic welfare amid a financial crisis and political instability. In addition to the role that President Zedillo had in the creation of Progresa and why Mexico’s macroeconomic crisis illuminated the need for a new social policy program, this chapter critically analyzes why strict conditionalities were the result of the influence of center-right and right politicians. This chapter supports the argument made by previous scholars that the primary reason for Mexico’s *sanctioning* approach as a response to noncompliance to conditionalities is Santiago Levy’s, the undersecretary of finance of the Zedillo administration, belief in human capital investment. Therefore, aside from different domestic preconditions, this thesis interrogates the distinct ideological differences—a human capital development and universal rights within a human capital investment framework—that underpinned both Progresa/Oportunidades’s *sanctioning* approach and Bolsa Familia’s *tolerant-enabling* approach. However, I add the claim that an integrated approach as a means to combat the structural causes of poverty, was formative for the monitoring and requirements schemes of conditionalities.
Before the creation of Progresa, Pronasol was a social assistance program that aimed to alleviate poverty in the early 1990s. Implemented under President Salinas de Gortari in 1989, the program linked the state and society by establishing various social projects in education, health, nutrition, housing, employment, infrastructure, and other projects. The social policy was viewed as a shift from corporatist forms of organizations towards “new patterns of interaction that would be ‘pluralist,’ ‘democratic,’ and ‘autonomous’ in nature.” This was due to the program favoring a development model that was rooted in encouraging citizen involvement and participation in development projects. Through citizens’ active participation in the program—such as identifying community needs and prioritizing which needs were to be met through financing and implementing projects—community-based organizations would be strengthened, which would therefore “eliminate all vestige of paternalism, populism [and] clientelism.” Despite Pronasol’s wide reach and its initial aims of redefining state-society relations by providing welfare assistance to those who needed it most, the program faced immense criticism, as its funds were utilized for traditional patronage practices and electoral vote buying for the PRI (Institutional Revolutionary Party). As Menocal states, “in an attempt to regain the legitimacy of the regime, which had long been dominated by hegemonic party rule under the PRI, Salinas made poverty alleviation a cornerstone of his administration.” Accordingly, Pronasol was a “key source of potential patronage with which to win friends and influence people.” The program increased PRI’s electoral returns in the early 1990s, and even became known as ‘PRInosal.’ Pronasol was

30 Ibid.,
32 Menocal, Less Political and More Pro-Poor?, 346.
an effective policy tool because it did not have a systematic method for identifying beneficiaries. Moreover, the program distributed funds to communities based on whether the opposition party—particularly the PRD—had a strong presence and could threaten the hegemony of the PRI rather than based on need. For example, Pronasol distributed approximately 12 percent of its budget to Michoacán, a small state that had strong electoral support for the PRD.\textsuperscript{34} Additionally, Molinar and Weldon provide empirical evidence demonstrating that the allocation of benefits was electorally driven. By using Pronasol expenditure per capita at the state level in 1990 as the dependent variable and both poverty and political criteria as the independent variables, Molinar and Weldon uncovered that there was a positive association between the two. In other words, Pronasol benefits were dependent on which political party each state largely supported: the PRI, the PRD, and the \textit{Partido Acción Nacional} (PAN), a right-of-center party that was formed in 1939 and whose supporters were mainly middle and professional classes, especially in the north of Mexico. Their statistical findings exhibit that the federal government utilized Pronasol as a means to strengthen PRI’s electoral dominance and undermine any opposition parties, especially PRD, by the following: “i) reward PRI loyalists by directing more Pronasol resources per capita to states where the PRI was strong than would be warranted by considering poverty indicators alone; ii) (re)convert PRD supporters also by allocating a more generous allocation of funds to states where the PRD was dominant and a midterm election was going to be held; and finally iii) punish states where the PAN was strong by disbursing fewer resources than would be warranted by looking exclusively at poverty criteria.”\textsuperscript{35} Molinar and Weldon found that the federal government used Pronasol to punish states where there was strong support for the PAN because “PANistas are not as easily converted as Cardenistas [PRD sympathizers],... since many of the

\textsuperscript{34} Ward, 60.
\textsuperscript{35} Menocal, \textit{Do Old Habits Die Hard?}, 524.
latter had once voted for the PRI, while the former have long voted for the opposition.”  
Therefore, it was easier for the federal government to use Pronasol as a neo-clientelistic tool to reconvert PRD supporters to vote for PRI as opposed to the PAN supporters. 

At the end of Salinas’s presidency in 1994, President Ernesto Zedillo was elected and made plans to restructure Mexico’s social welfare program. President Zedillo instituted a new project, Nuevo Federalismo (New Federalism), which emphasized political decentralization. Under this project, the goal was to divest resources and power away from the President to invest in governmental institutions at the local and municipal levels. Within the federal government, the program also aimed to create a more balanced relationship between the executive, legislative, and judicial branches. As a part of the New Federalism project, President Zedillo instituted a new social policy program aimed to combat poverty—Progresa, which ultimately led to the dismantling of Pronasol—and created Ramo 33, or Budget Item 33 Contributions, as a part of New Federalism’s decentralization efforts. Ramo 33 decentralized most of the welfare funds that were previously assigned to federal programs, including Pronasol. These structural changes were made for two reasons. Firstly, Zedillo became president during a time when Mexico faced political and economic turmoil. While people regarded Zedillo’s electoral win as “free and fair,” Zedillo did not “enjoy the strong backing from his party,” and experienced a turbulent election season with several high-profile kidnappings and assassinations. This includes the assassination of Luis Donaldo Colosio, who was the first-choice presidential candidate for the PRI while Zedillo was the second-choice candidate. Moreover, 1994 was a time marked by growing corruption, drug-trafficking violence, and the crash of the Mexican peso, which caused one of the

37 Menocal, Less Political and More Pro-Poor?, 348.  
38 Ibid.,  
39 Ibid.,
most severe economic crises Mexico has ever had. During the transition of presidential administrations, from Salinas’s administration to that of Zedillo’s, there was a guerilla uprising in Chiapas, known as the Zapatista uprising, and a devastating macroeconomic crisis that resulted in a decrease in GDP by 6 percent throughout 1995, the largest drop in economic activity in more than fifty years. The result of the Zapatista uprising was the formation of an indigenous movement that was peasant-led in the 1990s, but more notably, the uprising illuminated the failure of current social policy programs in reaching a wide sector of poor populations, especially indigenous peoples.\(^{40}\) The uprising threatened the existing political order, as it disrupted the clientelistic links between poverty and political corruption. It also motivated electoral reforms given that the rebellion signaled to the Zedillo administration, the PRI, and the economic elites that it was “critical to combat poverty in a meaningful manner if Mexico wanted to avoid the spread of social unrest amongst the poor.”\(^{41}\) Thus, the uprising contributed to the downfall of Pronasol, and the emergence of a new, non-discretionary social assistance regime that truly prioritized antipoverty and could not be withdrawn from beneficiaries simply because of their political affiliation.

Other changes during this time included a changing electoral landscape at the state and municipal level, given that oppositional political parties governed and had political support within different municipalities.\(^{42}\) Therefore, many governors were neither loyal nor ideologically aligned with the Mexican President, and subsequently, the PRI hegemony. The PRI also lost some of its political dominance through an additional channel: the party’s loss of its majority in the Chambers of Deputies in 1997. This was a historical moment that meant the President and

\(^{41}\) Diaz-Cayeros et al., 13.
\(^{42}\) Menocal, Less Political and More Pro-Poor?, 348.
the PRI would have to “engage in ‘real’ negotiations with opposition parties to get reforms passed.” In previous years before 1997, the legislative branch widely approved the President’s programs and decisions because of the PRI’s majority. However, because of a turbulent political and economic climate, and increasing political competition—such as a changing composition within the legislative branch, and across all sub-national levels of government—this meant that President Zedillo had to implement changes for the survival of his party and improve the political and economic conditions of many Mexicans.

As a result of Zedillo’s incoming presidency during a time of political and economic crisis, the implementation of New Federalism was to reform the state and party by redistributing power to the sub-national levels of government. In other words, “Zedillo’s reality [was]...to survive by decentralizing.” Zedillo “intended to establish a ‘healthy distance between the presidency and the PRI” by enacting reforms that were committed to restructuring intra-party dynamics; relationships between the party, the state, and the presidency; and the relationship between the executive, legislative, and judicial branches. Above all, Zedillo committed himself to abide by the rule of law, as he believed that “the president of the republic should not have or exercise any powers other than those explicitly conferred on him by the Constitution and the law.” Power left the hands of the executive government and grew in the hands of the legislative and judiciary branches of the federal government. More specifically, as presidential authority weakened, other actors—such as state governors, legislators, and municipal

43 Ibid.,
44 Victoria Elizabeth Rodriguez, Decentralization in Mexico: From Reforma Municipal to Solidaridad to Nuevo Federalismo (Routledge, 1997), 141.
presidents—developed greater authority in decision-making processes and gained more resources.

Beyond political dynamics, growing decentralization impacted welfare politics. Regarding Pronasol and antipoverty relief, President Zedillo formed Progresa in 1997 whereas Pronasol was dismantled because Zedillo’s new administration criticized the program for its “centralized, (neo)populist, and politicized nature.”47 The program was introduced amid a financial crisis and competed with existing programs. Progresa was also met with opposition from existing policy constituencies, yet proponents of Progresa had hoped its rigorous evaluation protocols would ensure that the program would continue to exist.48 Additionally, in contrast to Pronasol, which was criticized for having a political agenda to generate votes for the PRI, President Zedillo claimed that Progresa did not have such political aims, and was instead a genuine poverty alleviation program.49 To exemplify this, President Zedillo, in a speech, expressed to his audience:

“The Progresa Program belongs to all of you; Progresa is a program that the Government has created with resources that the Mexican people have given to it. It is not fair that Progresa or any other government program be used for electoral purposes…The Government has its responsibilities, and political parties have theirs. Let us keep those separate. If someone approaches you and tells you that in exchange for the benefits of the program you have to vote for this or that party, report that person because he or she is committing a crime…”50

The program was committed to serving individuals and households living in extreme poverty by improving their education, health, and nutrition. Accordingly, Progresa initially supported poor households with small children in rural areas and eventually expanded to families in urban areas in 2000. As aforementioned, as a part of Zedillo’s decentralization efforts under Ramos 33 and New Federalism, “Zedillo also agreed to decentralize two third of the budget and

47 Menocal, Do Old Habits Die Hard?, 519.
49 Menocal, Do Old Habits Die Hard?, 513.
50 Menocal, Do Old Habits Die Hard?, 522.
resources that had formally been managed by Pronasol under the Secretaria de Desarrollo Social (Sedesol), the ministry in charge of social development, to state and municipal governments.”

The decentralization of the funds to the sub-national level was partly a result of the efforts by PAN governors and deputies so that they could have more control over their funds and resources rather than having to rely on a centralized PRI administration to distribute the funds. As welfare resources were decentralized, the pool of resources that the federal government had control over became smaller, and such resources were shifted to state and municipal governments. In this case, President Zedillo had to “surrender to state governments key welfare resources that had been available to the federal government since the 1970s.”

For the development of Progresa, the decentralization of two-thirds of welfare funds to the sub-national level meant that Progresa’s budget was much smaller than Pronasol’s. For example, the program had expanded from 400,000 households in only eleven states in 1997 to 2.3 million households in all thirty-one states in Mexico by the end of 1999, Progresa only accounted for 15 percent of the total social spending budget.

This is less than half of the amount of the budget that the federal government had control over, as 65% of the total social spending budget is directly allocated to the state and local governments. Accordingly, the start of Zedillo’s administration was marked by growing economic and political decentralization—such as electoral competition at the sub-national levels of government as well as within the different branches of the federal government—and a growing economic crisis.

Mexico’s economic crisis also motivated a shift to existing social policy programs. The contraction of Mexico’s GDP would disproportionately affect the country’s poorest populations,

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51 Menocal, *Do Old Habits Die Hard?*, 519.
53 Menocal, *Do Old Habits Die Hard?*, 520.
54 Ibid.,
and there was disagreement among members of the Cabinet on how to respond to the crisis. Some members advocated for strengthening existing programs, while others, especially officials from the Finance Ministry, argued that the research on poverty relief suggested that existing programs—especially those that are isolated social policy programs without an integrated approach to address the many dimensions of poverty—would be insufficient to support Mexico’s poorest during the economic crisis. Because of the sudden financial crisis, there was very little that the government could do to provide immediate relief for the poor in the short run. As a result, there was a moderate expansion of some existing programs and Zedillo’s incoming administration embarked on a mission to design a new social policy program. Regarding discussions within the Cabinet, the implementation of a new social policy program involved a course of conversations between 1995 and 1996 that revolved around “a shift in thinking about the relationship among food subsidy programs, income transfers, and the human capital of the poor; a new approach that would require reallocation of the budget for poverty programs; reorganization of the administrative apparatus devoted to poverty alleviation; new emphasis on evaluation and measurement of program results; and a development of a new political relationship between the federal government and beneficiary households.” Such conversations led to significant differences between Progresa and previous programs, such as Pronasol. There are seven aspects, in particular, that differentiated Progresa from other programs: 1) Progresa aimed to be a program that reached all of the poor in a systematic way; 2) the program’s targeting methods meant that in order for payments to reach the population that needs them the most, there needs to be clear identification of the aggregate number of households to be reached, the identification of their geographical locations, and single definition of persons living in

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56 Levy, 15.
extreme poverty, so that federal ministries and agencies could serve the same set of vulnerable populations; 3) Progresa would replace existing programs because the need for more budgetary efficiency and to ensure the success of a single program rather than splitting resources among many without the guarantee of effectively combating poverty; 4) the program reallocated tasks and additional responsibilities to federal ministries and agencies; 5) the program reshaped the relationship between the poor and federal government because Progresa is built upon the idea that beneficiaries have a substantial role in overcoming poverty. Thus, “developing clear and strict rules of operation, enforcing transparent and verifiable targeting mechanisms, requiring strict compliance with the conditions of the program, and incorporating credible impact and operational evaluations were essential.”57 This meant that these new efforts were to ensure that Progresa was devoid of political bias, unlike Pronasol, and that it could not be manipulated by the executive branch as a tool for political patronage; 6) the program “would no longer be the subject of agreements (pactos) between the government and to a large extent corporativist organizations that most commonly had been the government’s interlocutors in various macroeconomic negotiations over the previous decade, which was a fundamental change since the poor were not directly represented by any group in these pactos;”58 and 7) the government must enforce rules and structure to ensure that the Progresa would not be subjected to the “stop-go” problem that many poverty alleviation efforts faced, whereby the programs implemented by previous administrations would be interrupted by the start of new ones, thereby failing to fully complete the aims of the program.

To further elaborate on the fifth aspect of Progresa, the aforementioned political and economic conditions did not necessarily lead to the strict conditions that are associated with

57 Levy, 17.
58 Levy, 18.
Progresa. However, the program shared a common value with Pronasol, which was the importance of community participation and co-responsibility in economic development. While Pronasol directly involved citizens in development projects, Progresa was more narrowly focused on families/households, particularly on women and children. The program promoted co-responsibility by establishing conditions for beneficiaries: “Progresa assistance is conditioned on fulfilling a set of commitments that include enrolling children in school and periodically attending the local health clinic for check-ups, among others.” By meeting these conditions, cash payments for education, health, and nutrition are distributed to the female head of the household. Therefore, embedded within Progresa was the political and economic philosophy of Santiago Levy, the undersecretary of finance under Zedillo’s administration. Progresa was not merely a simple social policy program that provided subsidies for specific purposes, such as food, transportation, and electricity, but rather it was a direct cash payment program that the poor can use to supplement their income. In contrast to other social policy programs that may be targeted towards a specific purpose, Progresa was formed on the basis that beneficiaries possessed the autonomy to use Progresa payments to invest in their own nutrition, health, and education, and that future cash payments would be contingent on these investments in beneficiaries’ human capital. Accordingly, Levy transformed traditional welfare approaches by linking immediate poverty alleviation with future investments in human capital. This future “is built on the direct participation of poor households in overcoming their conditions.” Levy believed that the poor should not heavily rely on the government to lift them out of their deprivations. Instead, they should invest in human capital as a means to break the intergenerational transmission of poverty.

59 Menocal, Less Political and More Pro-Poor?, 348.
60 Levy, viii.
Levy’s belief in investing in human capital was rooted in research from economists, sociologists, and other researchers that demonstrated that the most effective way to combat poverty was to address the determinants of poverty with an integrated approach. Progresa was an all-encompassing program that attempted to address many dimensions of poverty. For instance, Levy exhibits that the underpinnings of Progresa relied on the following interaction effects: an interaction among food supply, nutrition, and health; an interaction among infant mortality, fertility, and health; an interaction among family size, education, and health; and lastly, an interaction between low income and risk aversion.\(^{61}\) Thus, instead of isolated social policies that exclusively focused on nutrition or education, Levy strongly advocated for a social policy that was multidimensional and would address the interaction effects of food intake, nutrition, health, and education. Progresa was rooted in an integrative approach to combatting poverty given previous research findings:

“Research also suggested that to break the vicious cycle of poverty it was essential not only to subsidize food (that is, to transfer purchasing power) but simultaneously to give poor households more certainty about the availability of income to buy food or other necessities; to deliver more information on hygiene and reproductive health; to provide alternative sources of income for present consumption in order to replace income earned by children, allowing them to go to school more regularly, better fed, and for longer periods of time; to modify households’ structure of health risks by including families to have more frequent and systematic contact with health service providers; to reduce their perception of vulnerability so that they can bear more risk and perhaps save and invest in new projects; to make them feel secure with a family of reduced size; and to allow them to devote more time and resources to each child.”\(^{62}\)

In another vein, Levy emphasized the importance of providing supplemented income for families to overcome their conditions of poverty, and to avoid over-reliance on income transfers. This meant that Progresa differed from previous programs by giving beneficiaries greater control over their income, focusing on co-responsibilities by enforcing conditions, and therefore, incentivizing poor recipients to invest in their futures. As Levy believed, social policies “should have incentives to earn a sufficient level of income through their efforts to eventually pull

\(^{61}\) Levy, 11.  
\(^{62}\) Levy, 12.
themselves out of poverty.”63 By doing so, the underlying, structural determinants of poverty would change, more so than they would by merely distributing traditional social assistance payments without a link between immediate poverty assistance and the development of human capital. Explicit conditions are imposed to promote the gradual development of poor households’ assets, particularly in the areas of healthcare and education so that eventually, households will no longer need to rely on such programs. Aside from encouraging agency among beneficiaries to improve their economic conditions, explicit conditions were believed to also be politically acceptable among the general public. People potentially viewed conditional cash transfers as programs that are not merely handouts, but rather programs that encourage the participation of poor households to better themselves. Given Progresa’s commitment to enhancing human capital, the program has one of the strictest forms of systematic enforcement of conditions. Levy believed that program administrators should monitor participating children’s school attendance by having school teachers and officials send attendance forms to Mexico City and that external auditing mechanisms were required as well. If such conditions were to weaken, the program could simply become another form of a pure income transfer for poor households. In the event of this potentially happening, “today’s consumption is enhanced, but tomorrow’s potential is wasted.”64 As a result, embedded within Mexico’s Progresa was a deep social value that to address the structural causes of poverty, the enforcement of conditions related to human capital investment—accompanied by systematic monitoring and sanctioning if not followed—were needed.

Although Levy’s welfare ideology drove the development of conditions for Progresa, Levy acknowledged that Progresa, alone, could not increase growth nor eradicate poverty.

63 Levy, 13.
64 Levy, 136.
Progresa is a program that is merely a part of the redesign of a wider network of poverty policies. The program, among other initiatives, was part of an integrated strategy to combat poverty, and a truly integrated approach required coordination and the formation of new relationships among different actors: President Zedillo, agencies and ministries within the executive branch, Congress, beneficiary households, and the academic research community. While Progresa focused on improving the poor’s income-earning opportunities and subsidizing health and educational services, other initiatives targeted different factors of economic development, such as improving the physical infrastructure of houses, roads, and water management in poor regions. For example, the non-discretionary social-political program, *Fondo de Aportaciones para la Infraestructura Social Municipal* (FISM) was enacted in 1995. The program focused on public works and social infrastructure projects that were distributed to more than 2,430 municipalities in Mexico. With the implementation of this program, the PRI “reduced its discretion to manipulate social infrastructure investments” since municipalities received regular and consistent funds as opposed to receiving disproportionate funds.\(^6\) Additionally, the distribution of funds to subnational governments meant that states and local communities decided the funding of projects rather than the federal government. The introduction of FISM in addition to Progresa represented an integrated approach, as the former delivered local public goods, such as sanitation, water, and electricity, to poor areas, and the latter provided cash transfers, which are private goods. Therefore, this meant that Mexico’s overall economic development is contingent on not only the success of Progresa in incentivizing the poor to make more productive investments in their health and education but also on other strategies of poverty alleviation. In other words, conditionalities on improving health and education could only benefit the poor to a certain extent. Other aspects

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\(^6\) Diaz-Cayeros et al., 4.
of healthy economic growth, such as job creation, innovation, the delivery of public goods, and macro- and microeconomic policies, are additional factors that contribute to poverty reduction.

Eventually, Progresa was renamed Oportunidades in 2002 under the new administration of President Vicente Fox of the center-right party, PAN. President Fox’s administration made anti-poverty a central goal and decided to continue with earlier initiatives that had proven to be successful in contributing to poverty relief. President Fox continued with Progresa/Oportunidades for the following reasons: the program was viewed as independent from the PRI among the public, impact evaluations of the program demonstrated the benefits of the program to poor households, and there was growing international awareness of Progresa/Oportunidades by international financial institutions, as the Inter-American Development Bank (IDB), the World Bank, and the Secretary General of the United Nations Economic Commission for Latin America began to view the program as making significant contributions to poverty alleviation.66 Although the program was renamed, there was no actual significant restructuring of the program. However, the reach and budget of Oportunidades expanded. The program began to include families in urban areas throughout Mexico in 2000, “covering five million families (approximately 25 million people) in both rural and urban areas.”67 and Oportunidades grew to represent 46.5% of the federal government’s annual anti-poverty budget. Additionally, Oportunidades began to provide social assistance relief to children under 9 and adults over 70. The introduction of assisting senior citizens readjusted the original objective of breaking the intergenerational transmission of poverty, as “the new program was no longer about addressing the poverty of today’s children but about today’s senior citizens.”68 Despite the expansion of Oportunidades’s coverage, the program remained similar to

66 Levy, 113.
67 Menocal, Less Political and More Pro-Poor?, 353.
Progresa and did not renounce the strict compliance of conditions even with a new administration belonging to a different party. Similar to Progresa, the Fox administration committed itself to the original mission of Oportunidades, to be a truly apolitical and pro-poor social policy program, and to combat structural poverty by imposing conditions. As Menocal states, “over time, federal welfare spending has become increasingly more responsive to poverty criteria and clearer and more standardized rules and regulations have been imposed to make the distribution of funds more accountable and transparent.”\textsuperscript{69} Despite little changes made to the implementation and rules of the program under a new administration, Fox’s Oportunidades was an extension of Zedillo’s Progresa’s wide success. After the program was renamed, Oportunidades received significantly larger funding compared to when the program was created in 1997, and the program’s reach expanded to more households living in both rural and urban areas, from 400,000 to 5 million households. Moreover, representing the idea of an integrated approach to poverty relief, additional antipoverty programs created under the Fox administration, such as Seguro Popular, extended health coverage to the uninsured population that was not covered by the social security systems, such as IMSS Solidaridad hospitals and Pronasol-funded clinics.\textsuperscript{70} This program differed from Oportunidades because of its partially decentralized nature, and variation in coverage and spending. Assisting about three million families in all thirty-one states and the Federal District, the insurance program and the continuation of Oportunidades was proof of the commitment that Fox’s administration made to extreme poverty relief.

**Brazil’s Bolsa Familia**

As this thesis will continue to examine, the distinction between Brazil’s Bolsa Familia and Mexico’s Progresa/Oportunidades conditionalities is due to multiple reasons. The influence

\textsuperscript{69} Menocal, *Less Political and More Pro-Poor?,* 353.

\textsuperscript{70} Diaz-Cayeros et al., 264.
of ideological differences between the left and the right led to differences in sanctioning noncompliance to conditionalities. I add to the growing argument that Bolsa Família’s targeted approach and Mexico’s integrated approach also had a crucial role in the requirements and monitoring schemes of conditionalities. This section explores the social, political, and economic factors that led to the creation of Bolsa Família, and subsequently, what explains the program’s conditionalities. First, I carefully consider the response of sub-national level social policy programs and the role that economic decentralization had on Brazil’s persisting issue of poverty after its transformation from a military dictatorship to a democracy. Next, I introduce the competing theories of two economists and politicians, Eduardo Suplicy’s rights-based approach to basic income, and Cristovam Buarque’s targeted and conditional approach, which formed two different subnational programs. As I argue, these competing theories continued to form President Cardoso’s federal-level CCT program, and eventually, President Lula’s Bolsa Família despite his initial unyielding support for an unconditional program. Lastly, this chapter analyzes why the media’s and the public’s complaints of a rights-based approach led to structural changes in Bolsa Família, resulting in a stronger emphasis on conditionalities. This chapter asserts that, unlike the conditionalities for Mexico’s Progresa—which was a result of Santiago Levy’s and President Zedillo’s belief in human capital development, and as I argue, the integrated approach that the program adopts—the conditionalities of Brazil’s Bolsa Família were a result of more complex ideological disagreements between policymakers, the media, and the public, and historically privileging education conditionalities over health conditionalities.

In Brazil, the first national CCT program was Bolsa Escola Federal, which was enacted in 2001 under the leadership of President Fernando Henrique Cardoso who belonged to the centrist Brazilian Social Democracy Party. In 2003, the program transitioned to Bolsa
Familia—otherwise known as the Family Stipend Program—and was implemented as the main policy to reduce poverty. The transfer, like many other CCT programs, had the long-term goal of building human capital by incentivizing recipients to focus on education, health, and work, while also providing low-income families with cash benefits to alleviate the short-term consequences of poverty. By combining four preexisting CCT programs, President Luis Inácio Lula, a part of the center-left government, sanctioned Bolsa Família on January 8, 2004. This was viewed as an initial step towards creating a Citizenship Basic Income according to Eduardo Suplicy’s Law Bill 266/2001. In contrast to Bolsa Família, Mexico’s Progresa/Oportunidades was not created with a basic income approach in mind, and instead, focused on addressing the interconnected aspects of poverty with a human capital investment approach. Although Bolsa Família initially pursued a rights-based approach, the program underwent a gradual evolution to enforce stronger conditionalities and a systematic monitoring program. Thus, the program included conditionalities as a part of its aim of improving human capital. However, given the less punitive measures of Bolsa Família’s conditionalities in comparison to Mexico’s Progresa/Oportunidades’s conditionalities, the program is still rooted in a universalistic, rights-based approach within a human capital investment framework.

Several political and economic factors led to the creation of Bolsa Família, and more specifically, the enforcement of a conditional cash transfer program as opposed to a pure social policy program. Firstly, while Mexico’s Progresa arose as a national initiative, Bolsa Família emerged from multiple cash transfer programs at the local level and the re-centralization of the social policy programs—with the exception of healthcare policy, which became universally administered subnationally—after the country transitioned from a military dictatorship to a democracy. Before the creation of Bolsa Família, the Brazilian state was highly decentralized.
after it transitioned to democracy. As Sugiyama expresses, “the sub-national governments have served as the locus for innovation in social sector reforms,” and the Constitution of the Federative Republic of Brazil (1988) established a federal system with fiscal and administrative decentralization at the national, state, and municipal levels of government. Although Brazil became a fully developed democracy by 1989, the country still faced issues of poverty and inequality. As Fenwick describes, poverty in Brazil was attributed to a “transmission problem” rather than a lack of government social expenditure. This differed from other Latin American countries that struggled with the economic crisis of the 1980s. Instead, Brazil had struggled with household poverty for decades despite high economic growth rates from 1950 to 1980. For example, household poverty affected 40 percent of the population in 1987. This led many to believe that positive economic growth does not necessarily lead to decreasing poverty and inequality and that poverty in Brazil could be attributed to government expenditures not reaching economically vulnerable Brazilian families at the local level, which is therefore, a “deeper problem of ‘institutionalizing an effective capability to govern at all.’” Because of Brazil’s political transformation from a military dictatorship to a democracy, the country was not well-equipped to address poverty at the federal level, as the government did not provide social services nationally. In the context of economic decentralization and Brazil’s anti-poverty programs, local governments experimented with a range of public policies in the late 1980s and early 1990s. For instance, title VIII, articles 203-204 of the 1988 Constitution “institutionalized

social assistance to the poor and vulnerable as a public policy.” Before the formation of Bolsa Família, economic decentralization acted in concert with political decentralization, as subnational levels of government experimented with social policy programs in Brazil.

To provide a more in-depth explanation of the differences in conditionalities within Brazil, the political and economic theories underlying Bolsa Escola and Renda Mínima belonged to two economists, Eduardo Suplicky, a senator representing São Paulo and one of the founders of PT, and Cristovam Buarque, a governor of the Federal District of Brasília and the Minister of Education under Lula. While Suplicky advocated for a basic income program, envisioning cash transfer as means of “providing every Brazilian with a minimum standard of living regardless of employment status,” Buarque viewed cash transfers as linked to conditions to incentivize school attendance and to invest in human capital. Thus, Buarque’s CCT focused on education, conditionalities, and incentives while Suplicky authored a bill proposing an unconditional cash transfer for all Brazilians over 25, starting with those over 60, via a negative income tax. This program was originally known as Renda Mínima but because of the criticism expressed by PT deputies in the Chamber of Deputies, Suplicky made adjustments to the program. For example, poverty specialist José Márcio Camargo suggested targeting families with school-age children rather than adults and the elderly. This was justified by the argument that the program would therefore not only reduce poverty but also improve productivity and address the intergenerational transmission of poverty. Consequently, Renda Mínima was a program that focused on families with children from the ages of 0 to 14 yet remained committed to a rights-based approach to

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75 Fenwick, 59.
77 Ibid.,
basic income. As a result, these two cash transfer programs in Brazil would inspire the design of CCTs in Brazil as the country underwent political and economic re-centralization.

By 2001, the Brazilian federal government, under the administration of President Cardoso, adopted Bolsa Escola Federal, which was primarily inspired by the municipal version of Bolsa Escola. There were several reasons why the municipal version served as the main model of inspiration for Bolsa Escola Federal. Firstly, international organizations in Brasília that had a vested interest in Bolsa Escola funded program evaluations for the policy.\(^8^0\) Secondly, Buarque advocated for Bolsa Escola within Brazil and abroad. However, the most significant motivation for the nationalization of the CCT program was to alleviate both immediate and longer-term poverty. Similar to Mexico and other Latin American countries, Brazil faced economic uncertainty and shocks, currency devaluation in 1999, and as a result, a decrease in per capita household income.\(^8^1\) Bolsa Escola was launched as a national program to alleviate the sudden effects of currency devaluation on poor Brazilians, as well as to address the more structural factors of poverty. The program focused on educational conditionality and direct cash benefits to mothers, and it provided “R$15 to each child attending school, up to a maximum of R$45 per family (three children).”\(^8^2\) Much like how Progresa replaced Pronasol, Bolsa Escola replaced sub-national cash transfer initiatives. The formation of Bolsa Escola Federal was a result of a process of domestic diffusion, as Cardoso’s program was mainly influenced by previous domestic programs rather than the experiences of other countries. As Sugiyama states, Brazilian policymakers were prideful “in their belief that the municipal Bolsa Escola programs were

\(^{8^0}\) Ibid.,
\(^{8^1}\) Fenwick, 63.
\(^{8^2}\) Ibid.,
‘proof’ of their country’s ability to innovate and provide creative solutions for poverty alleviation.”

Beyond the origins of Bolsa Escola and its comparisons to the inception of Mexico’s Progresa, Bolsa Escola was wide-reaching, as it was accessible to all citizens throughout Brazil that earned under half of the minimum salary, and the program imposed conditionalities related to education. The shortcomings of this meant that the channel for alleviating poverty in the long term was narrow because of its focused approach and only targeting families with school-age children. For this reason, Cardoso created two additional non-contributory CCTs to combat poverty, Bolsa Alimentação and Auxilio Gás. The first program was created in 2001 and administered by the Ministry of Health. Bolsa Alimentação was created to assist pregnant and lactating women or families with children between the ages of six months to six years old to buy basic food items. Recipients of the program had to follow the following conditionalities, “regular attendance at prenatal care facilities, compliance with vaccination schedules, and health education” to earn R$15 to R$45. Auxilio Gás, on the other hand, was created in 2002 and administered by the Ministry of Mines and Energy. The program distributed a monthly stipend of R$7.50 to support low-income families’ nutritional needs, as monthly stipends were for the purchase of cooking gas. Conditionalities that recipients had to comply with include those of Bolsa Escola and registration with the program. Despite attempts to form multiple programs that aimed to address the many dimensions of poverty, these programs faced internal organizational challenges. For example, there was no unified federal database for program monitoring. Each municipality varied in size and institutional capacities, thus adding to the issue of cost-sharing.

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83 Sugiyama, 42.
84 Fenwick, 64.
85 Ibid.,
and monitoring.\textsuperscript{86} Moreover, having multiple cash transfer programs led to dysfunction and disorder among intergovernmental implementing agencies.\textsuperscript{87} In the early stages of nationalizing its CCT programs, Brazil’s approach drastically differed from Mexico’s. The country faced institutional challenges due to intra-bureaucratic conflict and the lack of an integrated strategy for poverty reduction. Instead, Cardoso implemented a couple of isolated social policies that exclusively focused on single dimensions of poverty rather than exploring policies that could address the interactions between education, health, and food. Unlike Progresa’s integrated approach that addressed education and health, Bolsa Escola Federal and other social policies in Brazil had a targeted approach. Therefore, as this thesis will later scrutinize, this difference in having an integrated versus targeted approach was integral to the formation of the requirements and monitoring schemes for education and health conditionalities. As for the ideological underpinnings of conditionalities, Progresa and Bolsa Escola had a shared perspective on providing incentives for good behavior. Thus, similar to Levy, Buarque’s perspective on conditionalities shaped the institutional design of some of Brazil’s social policy programs.

Providing basic income was not enough to address poverty, and conditionalities were required to achieve other social policy goals in the areas of education and nutrition. The general idea of a cash transfer, however, is attributed to the leading member of the left-wing PT, Eduardo Suplicy, an advocate for a universal basic income for the poor.

Despite the institutional challenges that hindered how social policy programs operated during this time, poverty rates dropped by 2.1 percentage points during President Cardoso’s eight years in office, and the federal government became stronger than it initially was in 1995. For instance, the Second Real Report suggested that “the major gain in social welfare under Cardoso

\textsuperscript{86} Ibid.,
\textsuperscript{87} Ibid.,
resulted not from the social policy but from the stabilization of individual incomes that came from macroeconomic stabilization.\textsuperscript{88} While social policy programs in the late 1980s and early 1990s struggled with unequal monitoring and internal organizational challenges, macroeconomic stability led to increasing regulation of decentralized spending and the greater ability for national social policy planning.\textsuperscript{89} These economic changes under the Cardoso administration laid the foundations for President Lula and the Partido dos Trabalhadores (PT) to create the flagship CCT, Bolsa Família in 2003. However, when administrations changed in 2003, the Fome Zero—an initiative to achieve zero hunger in Brazil—preceded Bolsa Família. Out of the fifty-two campaign promises, the public believed that Lula could achieve three of the fifty-two campaign promises: “alleviate hunger, misery, and poverty (24 percent); create jobs (17 percent), and raise the minimum salary.”\textsuperscript{90} Therefore, Lula’s main promise of Fome Zero (“zero hunger”) was comprised of “emergency measures to relieve chronic hunger as well as local development projects and structural reforms aimed at preventing future hunger.”\textsuperscript{91} With the help of forty-five researchers from the Citizenship Institute, a PT-affiliated think tank, and the Food Security Minister José Graziano de Silva, there were two programs designed to achieve zero hunger: Programa de Cartão Alimentação (Nutrition Card), an unconditional monthly food stamp program managed by the Ministry of Food Security, and food baskets for the poor.\textsuperscript{92} The Fome Zero initiative was an attempt to improve food security at the local level by the following: microcredit for farmers, community food banks and gardens, nutrition and literacy classes, and the opening of affordable “popular” restaurants.\textsuperscript{93} Other goals included structural reforms, such as investments in irrigation, sewage, and electrical infrastructure, land reform, and federal crop

\begin{footnotesize}
\begin{itemize}
\item[88] Fenwick, 63.
\item[89] Ibid.,
\item[90] Fenwick, 66.
\item[91] Borges, 57.
\item[92] Ibid.,
\item[93] Ibid.,
\end{itemize}
\end{footnotesize}
purchases.\textsuperscript{94} The program functioned alongside other cash transfer programs but Lula was a critic of Cardoso’s programs, as he believed that they were a new form of \textit{assistencialismo}, “a social policy based on handouts rather than universal rights.”\textsuperscript{95} Moreover, Lula mockingly called Bolsa Escola Federal “Bolsa Esmola” (Charity Scholarship) to express how Bolsa Escola was too modest and not a robust enough program to address the country’s poverty.\textsuperscript{96} Thus, despite the early evidence of Brazil’s CCT programs, Lula thought of Cardoso’s CCT programs as not generous or universal enough, and therefore, insufficient to address the structural causes of poverty. In contrast, Mexico did not experiment with similar forms of unconditional cash transfers at the national level, and right-wing politicians strongly advocated for conditionalities rather than universality as a means to address the structural causes of poverty.

Despite Lula’s criticism of Cardoso’s CCT programs, his initiative of the Fome Zero was unpopular among international and domestic critics. President Lula received visits from the president of the World Bank and Santiago Levy, the main contributor to the design of Mexico’s Progresa. Not only was there international criticism of the Fome Zero, but the implementation of the program was proven to be difficult, and the program was perceived to be less credible due to its lack of coordination and questionable practices.\textsuperscript{97} One concern was the cause of poverty, as critics did not believe that hunger was the most urgent problem for poor Brazilians. As Rocha states, the goal of zero hunger was “an effective marketing slogan for a government that saw itself as focused on poverty relief.”\textsuperscript{98} However, in the 2000s, many found that poor Brazilians struggled more with obesity compared to hunger.\textsuperscript{99} In addition to the aforementioned

\textsuperscript{94} Ibid.,
\textsuperscript{95} Borges, 55.
\textsuperscript{96} Ibid.,
\textsuperscript{97} Borges, 58.
\textsuperscript{98} Maria Herminia Tavares de Almeida, “The Social Policies of Lula’s Administration,” 2005, 8.
disapproval, Buarque and Suplicy also openly criticized the program. In a television interview, Buarque stated that an expansion of his CCT program could not only improve school attendance but also assist more people than Fome Zero at a lower cost.\textsuperscript{100} As for Suplicy, he disapproved of the Fome Zero initiative because of its paternalistic characteristics, as the use of food stamps and in-kind benefits detracted from the poor’s autonomy to make decisions for themselves if they were to receive supplemented income instead. Instead of the use of subsidies or food stamps for a specific purpose, Suplicy believed that what the poor genuinely needed was cash instead. This was a shared perspective among World Bank economists and some civil society groups as well.\textsuperscript{101} World Bank president James Wolfensohn and former Inter-American Development Bank president Enrique Iglesias organized a private meeting between Lula and Santiago Levy, who suggested to Lula that CCTs were more effective in reducing poverty.\textsuperscript{102} With the help of the World Bank, non-governmental experts, and the Brazilian government, President Lula eventually formed Bolsa Família, which was inspired by the previous CCT programs under President Cardoso but also replaced them. This shift in perspective was met with resistance from both the PT and those leading existing programs regarding targeting versus universalism. For instance, “Lula’s decision to create a unified CCT reignited the Brazilian’s left long-standing debate over the merits of targeting versus universalism.”\textsuperscript{103} Far-left petistas were concerned with transfer policies as being too “‘paternalistic and demanding’ and little more than ‘handouts.’”\textsuperscript{104} On the other hand, Buarque emphasized increasing human capital, as he criticized Lula’s plan as too centered on relieving poverty rather than promoting co-responsibilities. Nevertheless, in January 2004, Lula signed the law to make the program permanent. Uniting previous CCT programs,
Lula “expanded them and reformed them in a direction more akin to Suplicy’s universalistic and unconditional basic income proposal.”

Bolsa Família integrated the three isolated social policy programs—Bolsa Escola, Bolsa Alimentação, and Auxílio Gás—as the program developed a more general set of goals related to health, nutrition, and education. Not only was Bolsa Família a more integrated approach to poverty reduction, but it also did not only identify families with dependent school-age children as beneficiaries. The program expanded to all families in extreme poverty. Stipends were generous, and unlike Progresa/Oportunidades, the program reflected a more universal program that offered a guaranteed income floor for all poor Brazilians rather than being a targeted program enforcing, monitoring, and sanctioning stringent conditionalities. For instance, the program offered an unconditional basic benefit of R$50 for all families considered in extreme poverty despite whether they had children. As a result, the success of Bolsa Família marked the re-centralization of antipoverty policies, as Lula’s administration united the three programs under Cardoso’s administration to form an integrated policy that addressed the multiple dimensions of poverty.

Regarding the institutional design of Bolsa Família, the program also resolved intra-bureaucratic chaos by integrating the program into a single responsible federal ministry, the Ministério de Desenvolvimento Social (MDS), consolidated a decentralized system of registration for eligible households through a single electronic bankcard and represented the increasingly-centralized political system of Brazil in 2003. For example, a ministry’s coordinator of Bolsa Família, who also previously worked on Bolsa Escola, expressed, “previously it was the same families who would be eligible for the four redistributive programs, but they would have to go through four separate bureaucratic processes to register and present

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105 Borges, 57.
106 Fenwick, 68.
themselves to four separate local offices to meet the required conditionality.\textsuperscript{107} As for federalism, Bolsa Família strengthened the relationship between the national government and citizens, which was mediated by municipalities that engaged in delivering social services to citizens. In this vein, federalism and the re-centralization of social policy programs made the federal government more credible and legitimate. The success of Bolsa Família also contributed to political returns, as demonstrated by the 2006 election, which saw an increased voter turnout among Brazil’s poor and the reelection of President Lula.\textsuperscript{108} Overall, while Mexico’s Progresa/Oportunidades developed from New Federalism, a project that emphasized political decentralization, a significant factor in the development of CCTs in Brazil was institutional changes and the re-centralization of social policy programs. This includes changes in intergovernmental relations among the federal, state, and municipal levels under the Cardoso administration, and new intragovernmental rules during Lula’s presidency, such as establishing a federal bureaucracy to oversee the implementation of Bolsa Família.

In the area of conditionalities, while former policy programs shaped how Bolsa Família was designed, it still differed from its predecessors because of the left’s ideological influence in the program’s institutional design. The program’s main priority was not the formation of human capital to reduce poverty in the long term. Instead, its less punitive approach to conditionalities emphasized reducing poverty in the short term. Unlike Mexico, where conditionalities were primarily a right-wing concept, Lula and his party held the perspective that a universal social policy would better address poverty and that targeted programs derived from neoliberalism. In the early years of Bolsa Família, the program was believed to be going in the first step toward a minimum income policy.\textsuperscript{109} Moreover, Lula and other officials made public statements that

\textsuperscript{107} Fenwick, 69.
\textsuperscript{108} Fenwick, 70.
\textsuperscript{109} Borges, 63.
presented transfers as a universal right, and as a program that would allow poor Brazilians to make decisions regarding their constitutional rights to education and healthcare. Therefore, targeting was “not considered a priority element of the program, but rather a necessary mechanism to implement it under budgetary constraints.” For example, there was no compliance monitoring before September 2006. Rooted in the principle of transfers as a universal right, the primary aim was to expand coverage and relieve poverty, and as a result of increasing supplemented income, the expectation was that families would willingly comply with the program’s conditionalities rather than enforcing punitive measures that would otherwise deter families from receiving benefits from the program.

In response to Brazil’s approach to social policy as a universal right, Brazil’s media outlets criticized the lack of strong conditionalities. The absence of enforcement and monitoring resulted in inconsistencies in how the cash benefits were distributed and who they were benefiting from. For instance, newspaper reports found that there were “duplication of benefits and instances in which benefits were awarded to local politicians, municipal employees, and their families.” Leading up to municipal elections in 2004, a popular television show, Fantástico, reported on fraud that occurred with the program. In the subsequent weeks after the report was broadcasted, 1,946 complaints from across Brazil were made to the MDS’s Bolsa Família hotline. In addition to public complaints, “critics from the right and the left united to

114 Lindert and Vincensini, 34.
115 Lindert and Vincensini, 49.
accuse the government of turning a truly innovative program into a paternalistic and old-fashioned version of social assistance.”¹¹⁶ This was demonstrated in the PSDB’s criticism of the program as a form of populist vote-buying from the poor. Buarque, who was no longer a part of the PT by 2004, made similar arguments of the program as a strategy of vote buying due to the program’s absence of enforcing and monitoring conditions.¹¹⁷ Public complaints and disapproval from both the right and the left led to structural changes in the program. Stronger enforcement and monitoring of conditions became a greater priority in 2006. In comparison to Mexico’s Progresa/Oportunidades, there were no public debates regarding the program’s conditionalities. As aforementioned, the program’s conditionalities remained the same even as it was renamed from Progresa to Oportunidades under the Fox administration. As for Bolsa Família, following the widespread, public critiques that the program faced, Brazil’s approach was still relatively less punitive than Mexico’s Progresa/Oportunidades. For example, initial events of noncompliance result in warnings, and additional violations afterward result in temporary suspensions of benefits. After several repeated violations, a family is expelled from the program.¹¹⁸ Thus, Brazil’s Bolsa Família demonstrates the tension between two prevailing philosophies that were formative for the design of the program—a targeted and conditional approach that was concerned with building human capital to reduce poverty in the long term, and a universal rights approach that deemphasizes punitive measures to reduce poverty in the short term. This resulted in a program that had a conditionality aspect with a human capital focus but was still closely connected to a rights-based approach. Accordingly, Bolsa Família underwent an evolutionary

¹¹⁶ Britto and Veras Soares, 6.
¹¹⁷ Borges, 65.
process, as changes were made according to public demands and different social policy ideologies, to gradually become the program it currently is.

After analyzing the origins of conditionalities in Brazil’s Bolsa Família and Mexico’s Progresa/Oportunidades, this thesis supports previous arguments made about the different theoretical frameworks that underpin both programs’ sanctioning scheme in conditionalities but also adds that the requirements and monitoring schemes were due to other factors, such as adopting an integrated or targeted approach. Therefore, despite the broad goal of alleviating poverty in Brazil and Mexico, the two programs have distinct pathways for how they achieved this aim. Previous scholars have provided how conditionalities were vital to incentivizing Mexico’s poorest populations to invest in their families’ human capital, such as their children’s education and health. In this sense, conditionalities were a means to help poor families acquire certain skills, and improve their health, nutrition, and education to “work their way out of poverty.” As I also examined, by providing supplemented income with weaker conditionalities relative to Progresa/Oportunidades, Brazil’s left envisioned Bolsa Família as a program that was built upon universal rights. In other words, by providing supplemental income, poor families would want to participate in the market, such as investing in education and healthcare that conditionalities would typically require, without facing the threat of immediate sanctions. In addition to these factors, the following section comparatively examines the determinants of both programs’ requirements and monitoring schemes for conditionalities. Ultimately, I provide the argument that the centralization and decentralization of political power were just as instrumental to the institutional design of conditionalities and that Progresa/Oportunidades’s integrated approach and Bolsa Família’s targeted approach. The differences in conditionalities depended on not only whether the programs prioritized human capital investment for long-term poverty

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119 Levy, 85.
reduction or providing supplemented income for immediate poverty relief, but also whether policymakers believed in addressing the interconnectedness of different dimensions of poverty or prioritizing one determinant of poverty over another.

A Comparative Analysis of Conditionalities

Given these differences in historical institutional conditions and ideologies of incumbent parties at the onset of CCTs, we get differences in conditionalities. The following section will identify the key differences between education and health services. I show that these differences correspond to broader differences in centralization and decentralization, in addition to ideological differences. To first compare key differences across the health and education requirements and monitoring in Mexico and Brazil, I constructed a Conditionality Index of each conditionality, categorized from 0 to 4, depending on whether the three CCT programs’ requirements and monitoring schemes are “soft” or “hard.” The CCT programs’ suspension schemes are uncategorized given their qualitative nature. The suspension programs between Bolsa Família and Progresa/Oportunidades greatly vary given their different levels of response to noncompliance. Rather than quantifying their suspension schemes, I discuss them in detail. Table 3 takes into account the following categories to measure each CCT program’s strength of conditionalities: health requirements, health monitoring, health suspension, and education requirements, education monitoring, and education suspension. Overall, my conditionality index suggests that Progresa/Oportunidades’s conditionalities are more stringent in the areas of health, but not as stringent in the area of education requirements and monitoring. However, suspension schemes for both education and health in the case of noncompliance are more strongly enforced by Progresa/Oportunidades than Bolsa Família.
Regarding education, one main reason for the similarities in the severity of enforcing requirements for education between Bolsa Família and Progresa/Oportunidades is that Bolsa Família was largely inspired by Bolsa Escola Federal, a social policy program that exclusively focused on education. While Bolsa Família was a unification of additional policy programs—such as Bolsa Alimentação and Auxilio Gás—that addressed other dimensions of poverty, there was a particular emphasis on the education conditionality that was historically institutionalized in previous programs that reached a wider population. Moreover, evidence from impact evaluations demonstrates that the Bolsa Escola Federal increased school enrollment among the poor, as about 60% of poor 10-15 year-olds that were formerly not in school would enroll in response to the program.\textsuperscript{120} Therefore, the conditionalities that were adopted from Bolsa Família’s predecessor, the Bolsa Escola program, were historically institutionalized and proven to be successful. Another explanation for why Bolsa Família is similarly stringent on education requirements and more stringent on education monitoring than Progresa/Oportunidades is because education requirements received more attention from media outlets than health. As

\textsuperscript{120} Lindert and Vincensini, 57.
Lindert and Vincensini report, “some 86% of articles addressing program conditionalities explicitly refer to the school attendance obligation while only a third mention health conditionalities.” This further supports my argument that education conditionalities were at the forefront of CCTs in Brazil, both in previous programs and in Bolsa Família.

As a result, Bolsa Família similarly focused on school enrollment and daily attendance for school-aged children. The program required a monthly attendance rate of 85% for students under the age of 16, and 75% for students between the age of 16 and 17, Progresa/Oportunidades similarly requires a similar monthly attendance rate of around 80-83%. Such minuscule differences allow us to understand that both programs had a shared goal of increasing the number of children enrolled in schools and increasing school attendance rates. The programs’ monitoring schemes also exhibit that while Mexico typically had a more stringent approach to conditionalities, Bolsa Família monitored compliance to education conditionalities more frequently than Progresa/Oportunidades. My argument supports Rossel et al.’s and Borge’s claim that the inherent tension between a human capital investment and rights-based approach were fundamental to Bolsa Família’s tolerant-enabling approach to conditionalities overall. However, it also adds that beyond ideological differences, Bolsa Família particularly emphasized education conditionalities, adopting a more targeted approach, because they were historically institutionalized in previous programs, and educational conditionalities received wider coverage than health conditionalities in the media.

The implementation of health requirements and monitoring schemes further supports my argument of an targeted approach versus integrated approach. I assert that one reason why the Progresa/Oportunidades has a more stringent approach to conditionalities, on balance, is because of the program is a part of an integrated strategy to address the interconnected nature of the

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121 Lindert and Vincensini, 58.
different determinants of poverty. As policymakers and technocrats identified, education, nutrition, healthcare, and food consumption were linked, thus allowing the potential for spillover effects between these different dimensions.\textsuperscript{122} Progresa/Oportunidades was more stringent than Bolsa Familia simply because the program required all household members of a recipient to comply with health conditionalities. In contrast, Bolsa Familia only enforced conditionalities for children and pregnant women. Additionally, Progresa/Oportunidades also required participation in healthcare workshops, which Bolsa Familia did not enforce. Monitoring in Mexico also occurred more frequently in both rural and urban areas, on a monthly and bimonthly basis, as opposed to a biannual basis in Brazil. Consequently, Table 3 demonstrates that although Bolsa Familia’s education monitoring and requirements were slightly stronger than Mexico’s education monitoring and requirements, this is reflective of Bolsa Familia’s emphasis on educational attainment, thus reflecting a more targeted approach to combatting poverty relative to Mexico’s integrated approach. I claim that Progresa/Oportunidades’s implementation of strong conditionalities for the requirements and monitoring of both health and education is due to how Progresa/Oportunidades’s the goal of addressing the interconnectedness dimensions of poverty was inherent to its design. Therefore, political ideological differences were not the only factors that determined the way that both programs’ conditionalities functioned. In addition to these determinants that other scholars had identified, I claim that Bolsa Familia had a more targeted approach to enforcing conditionalities—due to its stronger history of and more attention given to education conditionalities relative to health conditionalities—whereas addressing multiple dimensions of poverty were integral to Progresa/Oportunidades’s institutional design of conditionalities.

\textsuperscript{122} Levy, 10.
As for suspensions, I, like other scholars, assert that the sanctioning of health and education conditionalities is due to the competing political ideologies regarding human capital investment and universal rights. As aforementioned, Progresa/Oportunidades have more punitive sanctioning measures in comparison to Bolsa Família’s more forgiving, gradual approach to enforcing consequences in the cases of noncompliance. While Bolsa Família had gradual measures of warnings, temporary blockages, and suspensions following repeated acts of noncompliance, Progresa/Oportunidades’s sanctioning process was quicker to enforce punitive measures. For instance, after consecutive cases of noncompliance with health conditionalities, recipients would be indefinitely suspended from receiving transfers. As for education conditionalities, three cases of noncompliance led to the discontinuation of cash benefits for the remainder of an academic year. In contrast, the indefinite cancellation of benefits was, in practice, difficult given that Bolsa Família’s monitoring scheme made efforts to understand the causes of noncompliance from families, and assisted them in improving their conditions.¹²³ Therefore, Progresa/Oportunidades recipients were subjected to more stringent sanctioning schemes as opposed to Bolsa Família recipients. Bolsa Família was conceptualized as a program for the poor to gain access to basic universal rights to education and health, and therefore structurally combat poverty. This was central to the center-left and left-wing politicians’ beliefs, as a rights-based approach was built upon the idea that poor recipients had a universal right to supplemental income, for which recipients can use to invest in their well-being without strict conditionalities. Progresa/Oportunidades, on the other hand, promoted recipients to overcome their economic conditions by requiring the poor to follow conditionalities and eventually, break the intergenerational transmission of poverty, or face a penalty for noncompliance to

conditionalities. This was central to the center-left and left-wing politicians’ beliefs, as a rights-based approach was built upon the idea that poor recipients had a universal right to supplemental income, for which recipients can use to invest in their well-being without strict conditionalities. Accordingly, I support Rossel et al.’s and Borges’s arguments on the competing political ideologies on welfare reform by providing specific examples of its applications in the sanctioning schemes of Bolsa Familia and Progresa/Oportunidades.

Beyond these claims, varying levels of conditionalities were also contingent upon the decentralization or centralization of political power. Bolsa Familia’s conditionalities were, overall, less stringent than Progresa/Oportunidades because the re-centralization of social policy programs in the country meant that there were fewer social policy programs to compete with. As a result, increased funding, the creation of a federal ministry to oversee the program, and a strengthened relationship between the federal government and its citizens meant that there was less of a concern about noncompliance with conditionalities. On the other hand, Progresa/Oportunidades’s strict conditionalities were a result of political decentralization to justify the legitimacy of the reformed PRI. Strict conditionalities were enforced to signal the government’s commitment to poverty alleviation, and the credibility of the program, party, and administration that is rectifying past corruption.
Conclusion

Throughout this thesis, I examined that in addition to the competing theories of Mexico’s right wing and Brazil’s left-wing regarding poverty relief, other factors, such as public pressure from below and the centralization or decentralization of political power led to the formation of Progresa/Oportunidades’s approach to conditionalities. By examining the institutional design of these programs and how they operate, the differences in the enforcement, monitoring, and sanctioning of health and education conditionalities are reflective of multiple political factors. Beyond analyzing the determinants of varying conditionalities, the field of research on conditional cash transfers has included other works that analyzed the effects of CCTs on gender equality and racial hierarchy. Thus, other scholars have explored the effects of CCTs beyond just poverty relief or other measures, such as school attendance rates and participation in healthcare consultations. CCTs are social policy programs that influence recipients’ multiple areas of life. Thus, this thesis puts forth that it is vital to understand the politics that underpin conditionalities. By doing so, we gain a better understanding of conditionalities, especially concerning social policy programs that are unconditional.

Looking forwards, CCTs in both Brazil and Mexico have transformed, and continue to do so as social policy programs adapt to current economic conditions. Oportunidades was rebranded as Prospera, and then inevitably abolished. This could have been the result of several factors, such as poor targeting, exclusion of the poorest, and the program’s punitive sanctions. Bolsa Família, on the other hand, was replaced with a new program, Auxilio Brasil. In October 2021, President Jair Bolsonaro implemented Auxilio Brasil, which increased monthly cash transfer payments and detached the social policy program from the Lula administration. Interestingly, the
political ramifications of this program have yet to be understood, especially in terms of Bolsnaro’s attempt at increasing popularity among the poor. Therefore, future research within the field of conditional cash transfers can examine the age-old question of vote-buying and clientelism in a more current context. However, the reelection of Lula in the 2022 Brazilian election may mean there will be a future return of Bolsa Família. Nevertheless, the future of conditional cash transfers remains uncertain, as these programs are in a constant state of development to meet their countries’ changing needs.
Appendix

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Table 3: Conditionality Index

For health requirements, to be categorized as 1, the program must enforce an annual health checkup for all pregnant women, an annual checkup for children above the age of 1, and at least five annual check-ups for children below the age of 1. To be categorized as a 2, there must be an annual health checkup for all pregnant women, an annual checkup for children above the age of 1, and seven annual check-ups for children below the age of 1. However, to be categorized as 3, there must be one annual checkup required for all household members, including pregnant women, and all children with a minimum of seven annual check-ups for children below the age of 1. To be categorized as 4, there must not only be one annual health checkup for all household members and a minimum of seven annual check-ups for children below the age of 1, but conditionalities must also require participation in additional workshops on healthcare. Brazil’s Bolsa Familia includes a vaccination calendar that recipients must adhere to. In this case, “the vaccination calendar has more than 11 vaccinations for children up to 7 years of age. To monitor their development, children need to have medical consultations in the
first week of life and then in the 1st, 2nd, 4th, 6th, 9th, 12th, 18th, and 24th months. All of their consultations are set up during the first appointment. After the second year, children need one consultation annually. In the case of families with pregnant women, mothers-to-be must attend prenatal check-ups and a lactation consultation.” Since Brazil’s CCT program requires nine annual checkups for children under the age of 1, an annual checkup for children above the age of 1, and an annual checkup for pregnant women, the program is categorized as 2. As for Mexico’s Progresa, the program is categorized as 4 because attendance at medical checkups is required for all household members, which differs from Brazil’s program of only requiring health check-ups for pregnant women and children. Other health co-responsibilities include participation in workshops. In rural areas, there are six healthcare workshops whereas, in urban areas, there are four. Progresa is, therefore, categorized as 4 as a result of its requirements of participation in workshops and attendance of all family members for healthcare visits being more stringent than both Brazil’s health conditionalities.

For the requirements of education conditionalities, to be categorized as 1, the program must require students to have a monthly attendance rate of at least 60% for the academic year. To be categorized as 2, the program must require students to have a monthly attendance rate of at least 70% for the academic year and to be categorized as 3, the minimum monthly attendance rate for students is 80%. Similarly, to be categorized as 4, the program must require students to have a minimum monthly attendance rate of at least 90%. Because the average number of school days in Mexico for one academic year is around 200-240 days and since students must attend school for about ten months, from the end of August to the end of June, this means that Progresa/Oportunidades requires students to attend 16-20 days of school out of 20-24 school days. Therefore, Progresa/Oportunidades requires a monthly attendance rate of 80-83%, which

124 Hellmann, 16.
categorizes the program’s education requirements as 3. Moreover, in the last month of the school year (July), cash support is distributed to students and the amount that students receive also corresponds with the number of self-care training workshops attended by the student.\textsuperscript{125} As for Brazil, “families with children and adolescents under the age of 18 must enroll their children in school and ensure adequate attendance. In the case of children and adolescents between the ages of 6 and 15, a monthly attendance rate of 85% is required. The minimum monthly attendance rate required for adolescents aged 16 and 17 is 75%.”\textsuperscript{126} Since I assume that the majority of students in Brazil will be between the ages of 6 and 15, I categorize Bolsa Família’s education requirements as 3. After the age of 15, a number of students may decide to not continue with their education. For instance, UNICEF states that “the age groups that are most impacted by out-of-school rates are children aged 4 and 5 and adolescents aged from 15 to 17.”\textsuperscript{127} Despite efforts made by Constitutional Amendment No. 59 towards increasing enrollment of these age groups in 2009, these two sets of age groups still had the highest out-of-school rates in 2021.\textsuperscript{128} For the purposes of this thesis, I only consider the attendance rate for students between the ages of 6 and 15 when categorizing the strength of the conditionality.

As for both health and education monitoring, to be categorized as 1, there must be some form of systematic monitoring and enforcement system in place that monitors student attendance annually. To be categorized as 2, there must be biannual monitoring, to be categorized as 3, monitoring must occur more than biannually, and to be categorized as 4, monitoring must occur on a monthly basis. Drawing from our case examples, Brazil’s monitoring system conducts

\textsuperscript{125} Ibid.,
\textsuperscript{128} Ibid.
biannual monitoring. In 2014, “the first period for gathering information was from January to June and the second period was from July to December.”129 For is monitoring process, the Ministry of Health (MoH) receives a list of beneficiaries from the Ministry of Social Development and Hunger Eradication (MDS), which they then use this information to transfer to municipalities through the BFP Health Management System. Each municipality constructs and distributes a form called the Bolsa Família Monitoring Form to primary care centers within their municipal boundaries. After primary care centers document recipients’ compliance with health conditionalities, the municipality then records this information in the BFP Management System.130 The next step is for the MoH to assess and consolidate the data before reporting it to the MDS for entry in the Conditionalities Management System. Given this robust monitoring system and the frequency of biannual monitoring, Brazil’s Bolsa Família is categorized as a 2 for the monitoring of health conditionalities. As for Mexico, there are two models of care for health services—rural and urban: “In the rural model, the certification of co-responsibilities is conducted on a monthly basis, while in the urban model, it is performed on a bimonthly basis.”131 Certification of health conditionalities is conducted electronically and recipients must fill out the Certificate of Registration with the Health Unit (S1/CRUS) form and give it to health staff for registration. This form must be submitted to the National Coordination Office Staff to verify the recipient’s registration with the health unit. Additional forms for different purposes, such as attendance to health workshops, must also be verified by healthcare staff to certify recipients’ compliance with the conditionalities. Thus, due to Mexico’s system of monitoring and the frequency of its monitoring approach, the program is categorized as 4.

129 Brazil - Bolsa Família.
130 Ibid.
In the area of education, Brazil has five monitoring periods made up of five terms in the academic year. The months of December and January are excluded since these months are when school vacations take place, so there is no school attendance.\textsuperscript{132} As a result, Brazil’s monitoring program for education is categorized \textsuperscript{3} given that the frequency of monitoring is more than biannually. For Mexico, monitoring occurs annually before the start of the school year. The National Coordination Office distributes personalized forms to basic education staff and the transfer holders so that they can verify the enrollment of students and their attendance.\textsuperscript{133} Because monitoring only occurs at the start of every school year, Progresa/Oportunidades is categorized as 1. Comparatively, Bolsa Familia monitors compliance for education more frequently than Progresa/Oportunidades.

For the sanctioning of noncompliance to health and education conditionalities, both Bolsa Familia and Progresa/Oportunidades had different phases of measures, such as giving warnings and temporary blockages, before enforcing suspensions. Given the large variation in responding to noncompliance to conditionalities, I do not categorize education and health sanctioning. Table 2 provides a descriptive explanation for how both programs’ sanctioning methods differ, and therefore, demonstrates the more stringent measures that Progresa/Oportunidades enforces after initial noncompliance in comparison to Brazil’s Bolsa Familia. For Brazil, if recipients do not comply with health and education conditionalities, the family first receives a notice. Monitoring is conducted biannually, so noncompliance information is gathered after each semester of monitoring. The consequences of noncompliance for health and education conditionalities become gradually severe after each semester of noncompliance. The first non-compliance within a six-month period is met with a warning. If the family has a second case of non-compliance

\textsuperscript{132} Brazil - Bolsa Familia.
\textsuperscript{133} Lárraga and G., 34.
within the same six-month period, then the cash transfer is blocked for one month. A third case of non-compliance results in a suspension from the program. Subsequent suspensions follow if there are any additional cases of non-compliance, and the cancellation of the benefit will only occur “if the family is in the suspension phase (the six-month period following the last suspension)” and “if the conditions of noncompliance continued for longer than a 12-month period.” For Mexico, should recipients not comply with their co-responsibilities for health, transfers are suspended for that month. Additionally, noncompliance for four consecutive months in rural areas or two consecutive semesters in urban areas leads to the indefinite suspension of transfers. As for education, initial noncompliance results in the transfer being suspended for that month but if students do not meet the conditionalities of Progresa/Oportunidades’s attendance policy of having no more than three unexcused absences per month or no more than three months of school suspension or 12 unexcused absences in the same school year, then their education benefits are discontinued for the remainder of the year. Although the revocation of receiving cash payments is easier to incur if Progresa/Oportunidades recipient was to have consecutive cases of noncompliance, this is not the case for Bolsa Família recipients. Overall, Progresa/Oportunidades enforces a more stringent sanctioning policy, as the cancellation of Bolsa Família payments is more difficult to happen in practice. One reason for this is that the MDS strengthened family monitoring before blocking, suspending, or canceling benefits in order “to understand why the family is not complying and help them improve the situation.” Moreover, if families feel that they have been unjustly penalized, there is an option for them to submit documentation to municipal managers proving their compliance with conditionalities.

134 Brazil - Bolsa Familia.
135 Rossel et al. 387.
136 Lárraga and G., 33.
137 Brazil - Bolsa Familia.
138 Brazil - Bolsa Familia.
Therefore, not only did Bolsa Familia have a more gradual process of leading up to the cancellation of benefits relative to Progresa/Oportunidades, but the program also made an effort to identify the root cause of the non-compliance so that it could support families to improve their economic conditions.

As for consequences as a result of noncompliance with education conditionalities, Brazil’s Bolsa Familia is categorized 1 because, upon initial noncompliance with conditions, the household will receive a notice without any sanctions against the family from receiving benefits enforced.\textsuperscript{139} However, repeated noncompliance can result in a blockage, suspension, or cancellation in the future. For example, a second case of nonpliance results in the transfer being blocked for one month, but can ultimately be recovered in the following. A third case of non-compliance results in a suspension, and if non-compliance continues for twelve months, families receive notifications and are suspended for the period during which they should have received cash payments.\textsuperscript{140} If families feel that they have been unjustly penalized, there is an option for them to submit documentation to municipal managers proving their compliance with conditionalities.\textsuperscript{141} In comparison to Brazil’s gradual process of consequences of noncompliance with conditionalities, Mexico is categorized as 3 in this category given its more stringent policy. Upon initial noncompliance with education, transfers are suspended for that month. However, if students do not meet the conditionalities of Progresa/Oportunidades’s attendance policy of having “no more than three unexcused absences per month” or no more than “three months of school suspension or 12 unexcused absences in the same school year,” then their education benefits are discontinued for the remainder of the year.\textsuperscript{142}

\textsuperscript{139} Hellmann, 18.
\textsuperscript{140} Rossel, et al. 387.
\textsuperscript{141} Brasil - Bolsa Familia.
\textsuperscript{142} Lárraga and G., 33.
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