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Cash transfers, poverty, and inequality in Latin America and the Caribbean

Marco Stampini, Nadin Medellín, Pablo Ibarrarán[1]

Abstract – We assess the non-contributory cash transfer systems in 17 Latin American and Caribbean countries to identify factors that keep them from reducing poverty and inequality. To perform this assessment, we analyze three dimensions of size (number of beneficiaries, size of transfer per beneficiary, and size of total budget) and three dimensions of targeting (coverage, leakage, and quality of demographic targeting). We identify 67 programs, which fall into three broad categories: conditional cash transfers, non-contributory pensions, and other transfers. We use an international poverty line of 6.85 dollars PPP per day (similar to the average national poverty line of upper middle-income countries) and adjust survey weights to correct for the fact that household survey data often underestimates the official number of transfer beneficiaries compared to administrative sources. We show that two key factors limit the effect of cash transfer programs on poverty and inequality: the small size of their transfers and their historic under-coverage of the population living in poverty. Transfers represent approximately 33% of the poverty gap. Additionally, only 55% of the population in poverty benefits from these programs. Forty-one percent of people living in households that receive at least one non-contributory transfer are above the poverty line. Children and Indigenous people are underrepresented, relative to their poverty rate, in the rosters of beneficiaries. Brazil, Suriname, Argentina, Chile, Costa Rica, Panama, and Uruguay consistently earn the highest scores across the assessment categories. Our policy recommendations include: (i) intensifying efforts to increase coverage among the poor, using modern poverty mapping techniques along with active, on-the-ground searches and (ii) recertifying eligibility for transfer programs more frequently by using highly interoperable administrative data and social registries. Both efforts are needed to create more efficient income protection systems that address both structural and transient poverty.

Keywords: cash transfer programs, conditional cash transfers, non-contributory pensions, coverage, leakage, targeting, social protection, Latin America and the Caribbean.

JEL classification: I38, H53

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Introduction

Cash transfers are a key part of the social protection systems of Latin American and Caribbean countries. Circa 2019, they reached 166 million people in beneficiary households in 17 countries with available data, or approximately 30% of their population.[2] The main categories of non-contributory cash transfer programs in the region are conditional cash transfers and non-contributory pensions. Other transfers, including child allowances, transfers for people with disabilities, and transfers for energy subsidies, are smaller on a regional scale but play a significant role in some countries.

A key objective of non-contributory cash transfers is to alleviate poverty, i.e. to support the income and consumption of households living in poverty. Some programs—particularly those that make specific behaviors or achievements a condition of the transfers—have the additional goal of increasing human capital in order to reduce future poverty and vulnerability. In the long-term, poverty reduction is mostly driven by economic growth and job creation, which in turn is fueled by human capital accumulation (through proper nutrition and high-quality healthcare and education), productivity growth, and the creation of an economic structure in which formal employment prospers. Until these conditions materialize, cash transfers are needed to increase equity and to prevent further asset loss among poor households, which would make their poverty deeper and longer-lasting. Non-contributory cash transfer programs are particularly important in a context of high labor informality in which access to contributory social protection, e.g. unemployment insurance, is very limited.

After two decades of implementation, some sectors of the region's societies (including segments of the press) have criticized these programs, arguing for instance that, despite their growth, they have not been able to substantially reduce poverty and inequality.[3] Some critics maintain that beneficiaries are still poor because transfers create dependence on the state, reducing the incentive to exit poverty through work and individual effort. Others sustain that the design and operational rules of these programs incentivize labor informality and thus reduce productivity growth. In principle, some side effects may be acceptable if transfers substantially reduce poverty and inequality, thereby increasing social cohesion. But the rationale for cash transfers is weaker if these programs have a negligible impact on poverty and inequality.

In this paper, we show that two key factors limit the effect of cash transfer programs on poverty and inequality: the small size of their transfers and their historic under-coverage of the population living in poverty. We assess the cash transfers systems of 17 countries in the region with available data. First, we show that in 2019, the value of the transfers in the median country in the region amounted to a mere 32% of the poverty gap. Second, in the median country in the region, only 55% of the population in poverty lived in a household that received transfers. This percentage is consistent with those found in the literature for previous years (Stampini and Tornarolli [2012] for 2010 and Robles, Rubio and Stampini [2017] for 2013).

The remainder of this paper is organized as follows. Section 2 presents a taxonomy of existing programs, discussing conditional cash transfers, non-contributory pensions, and other transfers. We explore the relevance of each type of program in the region, how each type has evolved over the past two decades, and its impacts, as documented in the literature. Section 3 provides a back-of-the-envelope calculation of the effect of cash transfer programs on poverty and inequality reduction. In Section 4, we assess the non-contributory cash transfer systems of the countries in the region. We present a scorecard that evaluates their size and the quality of targeting, in relative terms. We also discuss other design and implementation features, like program conditions, that may make these programs less effective at reducing poverty and

[2] We analyze data from 2019 (rather than the most recent wave of surveys) because the COVID-19 pandemic has altered the landscape of poverty and cash transfers, and countries have not likely reached a new steady state yet.

[3] In Mexico, for instance, Urrutia (2017) and Damian (2017) highlight that poverty persisted despite years of implementing Progresa/Oportunidades/Prospera. In Costa Rica, one segment of the public opinion attributes the increase in poverty and the persistence of inequality to inefficient social programs (including the conditional cash transfer program Avancemos and non-contributory pensions) (Bermúdez Madriz 2022).

inequality. We conclude with a discussion on how non-contributory cash transfers must be considered within the broader context of total social expenditure, as well as with policy recommendations for how to best use non-contributory transfers to reduce poverty and inequality.

Non-contributory cash transfers in Latin America and the Caribbean

We use three categories to classify cash transfer programs: conditional cash transfers, non-contributory pensions, and other transfers.

Conditional cash transfers

Conditional cash transfers are the largest category of non-contributory income support programs in the region. Circa 2019, 125 million individuals lived in households that benefited from these programs in 17 countries with available data, or 22% of these countries' population (Table A9). In the years before the COVID-19 crisis, the number of beneficiaries in the region had been decreasing. For example, the 125 million figure we estimate for 2019 is smaller than the 129 million beneficiaries estimated by Stampini and Tornarolli (2012) for 2010.

Conditional cash transfers originated in Latin America during the mid-1990s and rapidly expanded within and outside the region. They represented an innovation in social protection because they complemented income support with measures to reduce the intergenerational transmission of poverty by accumulating human capital among the children of beneficiary households. They did so by making transfers payments conditional on compliance with a series of behaviors. These behaviors initially focused on maternal and child health checkups, nutrition, immunizations, and primary and lower secondary school attendance. Later, some programs included conditionalities related to the health of adolescents and adults, as well as attending higher levels of education.

Conditional cash transfers created a two-way responsibility for health and education services. Beneficiary households committed to regularly using these services. Governments implicitly or explicitly committed to providing them with quality, including in the most remote areas. By regularly attending health checkups and school, children would be less likely to live in poverty once they become adults. Another innovative feature of most conditional cash transfer programs was that they selected women as family representatives and transfer recipients, based on the belief that women would use the transfers more responsibly for children's wellbeing.

The targeting of these programs is typically based on a combination of demographic criteria and means testing (Ibarrarán et al. 2017). In some countries, eligibility is limited to households with pregnant women, infants, or school-age children. This reflects the human capital accumulation objective. In most cases, income testing is based on proxy measures, known as proxy means tests, that estimate per capita income or consumption based on household demographic characteristics and assets. This statistical procedure, along with the threshold chosen for eligibility, often means programs end up targeting people living in chronic poverty. Households in temporary poverty are excluded de facto because their assets have not yet decumulated. Brazil's programs, which are targeted based on declared income, are the notable exception.

While all monetary transfers are likely to increase school attendance and the use of health services through an income effect, conditional ones are expected to further increase demand for these services through a substitution effect (by lowering the cost of the services through the delivery of the transfers). The literature shows that conditionalities explain a significant portion of the health and education impacts of cash transfers (Akresh, de Walque, and Kasianga 2013; Baird, McIntosh, and Özler 2011; Benedetti, Ibarrarán, and McEwan 2016; Schady and Araujo 2008). A review of 75 studies on 35 programs (Baird et al. 2014) concludes that conditions should be explicit, effectively monitored, and include penalties for noncompliance. Conditions that are explicit, effectively monitored, and include penalties significantly increase the impact of transfers on school enrollment, as compared to unconditional programs.

The degree to which the region's transfer programs verify and enforce their conditions varies greatly (Ibarrarán et al. 2017). In the best cases, verification is implemented in coordination with the ministries of health and education, which perceive the transfers as a tool to achieve their own programmatic goals. Verification has spurred the development of information systems that have increased the data available to inform public policy decisions. In other cases, verification has been sporadic and conducted by cash transfer program personnel, resulting in limited feedback for improving health and education services for people living in poverty. Transfers are not always suspended when recipients fail to meet the conditions, or they are suspended with a significant delay that undercuts beneficiary households' understanding of the process and the effectiveness of the conditions.

Conditional cash transfer programs have been evaluated extensively, prompting a movement of rigorous, evidence-based public policy making. A Google Scholar search of ""conditional cash transfer" & "impact evaluation"" returns over seven thousand studies. The existing literature unambiguously shows that conditional cash transfers have achieved their primary short-term objective of increasing spending and reducing current poverty. It also shows that the programs have successfully induced the desired behavioral responses (less child labor, more demand for health and education services, and higher food consumption). Evidence is mixed for impacts on learning and long-term employment and poverty. These results are shaped by elements outside the control of the institutions implementing cash transfer programs, in particular the quality of health services and schooling and how well labor markets function. Box 1 summarizes the literature on the impacts of conditional cash transfers in Latin America and the Caribbean.

Box 1 – Impacts of conditional cash transfers in Latin America and the Caribbean

Conditional Cash Transfer Programs (CCTPs) reached the very poorest and met the primary short-term objective of increasing spending and reducing current poverty (Fiszbein and Schady 2009; Bastagli et al. 2016). These programs also achieved the expected changes in behavior, reducing child labor (Galiani and McEwan 2013; Edmonds and Schady 2012; Levy 2006) and increasing demand for services that build human capital. Use of health services rose (by a range of 6.3 percentage points in Nicaragua to 33 in Colombia) (Fiszbein and Schady 2009) and in some cases led to improvements in children's anthropometric development (Barber and Gertler 2008) and reduced morbidity (Gaarder, Glassman, and Todd 2010). CCTPs also increased school enrollment and attendance (by a range of 0.5 percentage points in Jamaica to 12.8 in Nicaragua (Fiszbein and Schady 2009), as well as school progression (from six months to one year in Mexico, after three to five years of exposure).

Rigorous impact evaluations show that CCTPs have positive short-term impacts on child development (motor development, cognitive development, and language) in Mexico (Fernald et al. 2008), on language in Ecuador (Fernald and Hidrobo 2011; Paxson and Schady 2010), and on cognitive and behavioral indicators in Nicaragua (Macours, Schady, and Vakis 2012). Evidence of impact on learning is somewhat weaker (Fiszbein and Schady 2009; Saavedra and García 2012), possibly as a result of the poor quality of educational offerings. Stampini et al. (2018) found that in Jamaica's Program of Advancement through Health and Education, male beneficiaries living in urban areas obtained better results on the sixth-grade exam and consequently entered better secondary schools.

Evidence on whether the short-term impacts of CCTPs are sustained over the long term is scarcer. Attanasio et al. (2021) analyze the long-term impacts (over 8–10 years) of Colombia's CCTP in Medellín, where they can merge administrative and program data. They show important impacts on educational attainment and also on non-targeted outcomes such as reduced arrests for criminal behavior and lower teenage pregnancy. Molina Millán et al. (2019) present a critical review of the literature and conclude that the experimental literature provides consistent evidence of positive long-term effects on schooling (in Colombia, Mexico, and Nicaragua), and some positive effects on cognitive development and learning (in Nicaragua), socioemotional skills (in Mexico), and employment and nonagricultural income generation (in Nicaragua). Barham et al. (2013) found positive impacts on school progression and learning in mathematics and language among young Nicaraguan men ten years after they left the *Red de Protección Social* program, after benefitting from it for three years. The impact on learning was

equivalent to an extra half year of instruction. A series of studies originating from the 20-year evaluation of Mexico's CCTPs found that the program fostered upward social mobility (Yaschine et al. 2019) and ownership of durable assets (Aguilar, Barnard, and De Giorgi 2019). Additional analysis of long-term impacts is needed to fill knowledge gaps and improve program design. However, this research is hampered by the difficulty of developing studies with a rigorous identification strategy, since control groups have typically been included among the beneficiaries, leaving only differences in length in exposure to the programs as a mechanism to identify impacts.

CCTPs have helped reduce gender disparities, enhancing women's autonomy in managing household resources and improving their power to negotiate decisions about their lives and those of their children (Alemann et al. 2016). They have also helped delay early marriage, reduce beneficiaries' fertility, increase use of contraceptives, and reduce the likelihood of women suffering physical violence from their partner (Bastagli et al. 2016). Although rare, some group education experiences in CCTPs in Brazil, El Salvador, and Honduras have managed to change gender-role attitudes and practices, the distribution of care responsibilities, domestic violence, and use of contraceptives, particularly when the education groups were also able to get beneficiary women's male partners to participate (de Brauw et al. 2014; Hill et al. 2014; International Food Policy Research Institute, Fundación Salvadoreña para el Desarrollo Económico y Social 2010).

The literature also provides evidence that CCTPs have helped generate social capital and strengthen cooperation within communities (in Mexico: Angelucci et al. (2018); Angelucci and Attanasio (2009); in Colombia: Attanasio et al. (2009); in Nicaragua: Macours & Vakis (2014)). Other studies report that CCTPs can make it easier for beneficiary families to invest in productive assets (Gertler, Martínez, and Rubio-Codina 2012; Trivelli and Clausen 2013).

These positive impacts were achieved without significant negative or unintended effects. No rigorous evaluation found negative short-term impacts on labor supply (Alzúa, Cruces, and Ripani 2010; Fiszbein and Schady 2009). Some studies showed evidence of disincentives to formal employment in Uruguay (Amarante et al. 2011) and Ecuador (Araujo, Bosch, and Schady 2017), but these effects were small in magnitude, and other studies found evidence of increased formal employment (for Colombia, see Barrientos and Villa (2013). The literature found no other undesirable effects— such as increased fertility (Glassman, Duran, and Koblinsky 2013) or reduced private transfers (Nielsen and Olinto 2007).

Source: IDB (2021, Box 1). Note: CCTP = conditional cash transfer program.

Non-contributory pensions

Non-contributory pensions are the second-largest category of non-contributory income support program in the region. Circa 2019, 31 million individuals lived in households with at least one recipient of these transfers in 16 countries with available data, or 6% of these countries' population (Table A9). The size of these programs has increased substantially over the past two decades. The percentage of people over 65 receiving this type of transfer in Latin America and the Caribbean has grown from 10% in 2000 to 21% in 2019 (Aranco et al. 2022).

Non-contributory pensions address the historic low coverage of contributory pensions in the region, which reach only 48% of people over 65, with great variation among countries. The rationale for non-contributory pensions is to support people's income and consumption when their ability to work decreases as they age. Primarily due to the expansion of these programs in the region, the percentage of people aged 50 to 80 with no source of income has decreased from 29% in 2000 to 18% in 2019. This reduction in the percentage of people with no income has been most pronounced among women, dropping from 41% to 26% over the same period (Aranco et al. 2022).

The targeting of these programs always includes an age threshold, which is usually 65, although some countries set a different limit. In Bolivia and the Dominican Republic, for example, the threshold is

60. The programs also usually require applicants to be citizens or permanent residents. In Mexico, Bolivia,[4] and Guyana, age and citizenship are the only targeting mechanisms. Other countries also require that the older person not be receiving a contributory pension and/or include means testing (e.g., in Brazil, Panama, Colombia, and Costa Rica).

In terms of impacts on beneficiaries, evaluations of these programs in Latin America and the Caribbean document that non-contributory pensions reduce poverty, increase consumption, and decrease geriatric depression indicators and work-force participation (Martinez et al. 2020; Bando, Galiani, and Gertler 2016; Galiani, Gertler, and Bando 2016). As expected, receiving a social pension protected households against the pandemic's economic effects. For example, Bottan et al. (2021) found that becoming eligible for Bolivia's quasi universal social pension Renta Dignidad during the pandemic increased the probability that households had a week's worth of food stocked by 25% and decreased the probability of going hungry by 40%. Relative to pre-pandemic years, the program's effect on hunger was magnified during the crisis, particularly for households that lost other sources of livelihood.

Other cash transfers

Other cash transfers are typically unconditional and unrelated to old-age poverty. They include, for example, child allowances, transfers for people with disabilities, and transfers in lieu of energy subsidies. Circa 2019, 34 million individuals lived in households with at least one recipient of these transfers in 12 countries in the region with available data (Table A9). This represented 7% of these countries' population.

In 2019, other cash transfers were the largest category of programs in Chile, the Dominican Republic, and Suriname. Chile implemented the *Subsidio Único Familiar*, which targets the vulnerable population up to the 60th percentile in the socioeconomic index of the country's social registry. This program includes unconditional transfers targeting mothers and people with disabilities: *Subsidio de asistencia maternal, Subsidio familiar a la madre, Subsidio familiar duplo,* and *Subsidio a la discapacidad mental*.[5]

Suriname implemented a quasi-universal Child Allowance (for all children who did not receive a similar benefit through their parent's employer). In this country, other cash transfers reached 35% of the population. Other types of transfers were also prevalent in the Dominican Republic, which reformed energy subsidies and compensated the poor and vulnerable population with electronic vouchers (Bono Luz and Bono Gas). These programs reached 29% of the population (Stampini et al. 2021). This reform in the Dominican Republic is an example of a policy that contributes to a just green transition in the region.

Other cash transfers played a key role in the response to the COVID-19 crisis. For example, Chile's new *Ingreso Familiar de Emergencia* and *Bono para la Clase Media* together reached 40% of the population (covering 58% of the extremely poor, 61% of the moderately poor, and 53% of the vulnerable population). Meanwhile, Peru's *Bono yo me quedo en casa*, *Bono independiente*, *Bono rural* and *Bono familiar universal* jointly benefitted 38% of the population (46% of the extremely poor, 47% of the moderately poor, and 38% of the vulnerable population). In Bolivia, the *Bono Familia*, *Bono Canasta Familiar* and *Bono Universal* together reached 96% of the population with one-time payments in 2020 (with nearly universal coverage of all income groups) (Stampini et al. 2021).

Some important programs in this category are not captured by household surveys. For example, Guyana's Public Assistance transfers cash to families that are in poverty, that have members experiencing illness, or that have members with permanent disabilities. During the COVID-19 crisis, other cash transfers were used to increase coverage in Belize and Guatemala. Belize's temporary Unemployment Relief Program benefited over 80,000 people and relied heavily on electronic systems for enrolling beneficiaries

[4] Although older people who receive contributory pensions are eligible for *Renta Dignidad*, they receive a smaller transfer than older people who do not receive a pension.

[5] One of the modalities of the *Subsidio Único Familiar*—the *Subsidio Familiar al menor o recién nacido*—requires beneficiaries to attend health check-ups and school. We included this benefit in the "conditional cash transfers" category.

and delivering payments. Guatemala implemented the unconditional temporary cash transfer *Bono Familia*, which reached over 2.6 million families with three payments (two worth US$130 and one worth US$33). In contrast, Guatemala's regular conditional cash transfer program benefits less than 120,000 families. The Guatemalan program selected beneficiaries based on their electricity consumption in February 2020, and all payments were made via virtual debit cards. The program also took other measures to include poor households without electricity (Stampini et al. 2021).

The literature on these cash transfers finds that they improve monetary poverty, food consumption and nutrition, savings and productive investments, and women's empowerment (less stress-related abuse and increased bargaining power for women) (Bastagli et al. 2016). Research also finds evidence of increased demand for education and health, although of smaller magnitude than in conditional programs (Baird et al. 2014).

The Colombian unconditional cash transfer program *Ingreso Solidario* increased rent and education expenditures, improved mental health, enhanced financial inclusion, and increased the use of mobile payments, all without affecting labor supply (Gallego et al. 2021). Successive studies find that this program had larger effects for households whose head was unemployed at the start of the crisis, as well as households that experienced the death of a household member during the pandemic, indicating a shock responsive function (Alvarez et al. 2022). They also find an important impact on financial inclusion and access to formal lending (Vera-Cossio et al. 2023).

Effect of non-contributory cash transfers on poverty and inequality

According to a static simulation that compares per capita income with and without cash transfers, these programs reduce the poverty rate by 1.9 percentage points (from 31.3% to 29.3%), the poverty gap by 2.0 pp (from 14.1% to 12.1%), and the Gini coefficient by 0.7 pp (from 49.1 to 48.4) (Table 1). The largest changes in poverty rates are recorded in Argentina (5.2 pp), Suriname (4.5 pp), Panama (4.1 pp), Costa Rica (3.9 pp), and Chile (3.7 pp). The largest changes in the Gini coefficient of inequality are observed in Argentina (2.1 pp), followed by Suriname, Ecuador, and Panama (1.6 pp). These changes are affected by both the magnitude of the programs (number of beneficiaries, size of the transfers) and the quality of targeting.

To allow cross-country comparison, these estimates use an international poverty line of 6.85 dollars per day, adjusted for 2017 purchasing power parity (PPP). This value is similar to the official national poverty lines for upper middle-income countries.[6] We adjust survey weights to correct for the fact that household surveys often underestimate the number of cash transfer beneficiaries reported by administrative sources. Annex 1 includes a description of the survey and administrative data we use, a list of the non-contributory programs identified, and a brief methodological section explaining how we adjust the survey weights.[7]

The simulation does not account for behavioral responses. If transfers disincentivize work, the changes in poverty metrics in Table 1 represent an upper bound of the real impact (although for inequality, the conclusion is less straightforward). In a scenario where transfers disincentivize work, they reduce non-transfer income (so poverty without transfers would be lower than the value we estimate in Table 1). In contrast, if transfers increase non-transfer income, for example by reducing credit constraints on entrepreneurial activities, the changes in poverty metrics in Table 1 represent a lower bound of the real impact.

The literature on how conditional cash transfer programs affect the labor market finds little evidence of impacts on labor supply and some evidence of small effects on employment formality. These findings suggest that the effects measured in Table 1 are informative. In addition to the literature reviewed

[6] In our sample Chile, Guyana, Panama, and Uruguay are classified by the World Bank as high-income countries. Bolivia and Honduras are classified as lower middle-income countries. Table A3 in Annex 1 shows how the international poverty line compares to national poverty lines for 2019.

[7] Throughout the paper, we specify whether we are using adjusted weights or original weights.

in Box 1, a review of eight studies by Bastagli et al. (2016) found that three programs increased labor force participation and one reduced it. In a meta-analysis of seven cash transfer programs' experimental evaluations, Banerjee et al. (2017) find no significant impact on employment or hours of work. As for labor formality, Fruttero et al. (2020) find that Bolsa Familia increases the probability of formal employment, particularly among younger beneficiaries.

The existing literature on dynamic effects confirms the impact of cash transfers on poverty and inequality reduction. Azevedo et al. (2013) and Azevedo, Inchauste, and Sanfelice (2013) estimate that changes in non-contributory cash transfer programs account for about 20% of the reduction in poverty and inequality observed between 2000 and 2010 in Latin America and the Caribbean. Changes in labor income (at the bottom of the income distribution, relative to the top) were the key determinant of poverty and inequality reduction, accounting for 30% and 54% of the declines, respectively.

Table 1. Poverty and inequality before and after non-contributory cash transfers, ~2019

	Poverty headcount		Poverty gap		Gini Index		Poverty headcount	Poverty gap	Gini Index
	before transfers	after transfers	before transfers	after transfers	before transfers	after transfers	difference (before transfers – after transfers)		
	(%)	(%)	(%)	(%)			pp	pp	pp
Argentina	12.9	7.7	5.6	2.3	45.7	43.6	5.2	3.4	2.1
Bolivia	22.0	19.6	10.0	8.1	43.6	42.5	2.4	1.9	1.1
Brazil	28.6	26.9	14.2	12.1	46.7	46.6	1.7	2.1	0.1
Chile	20.6	16.9	7.8	5.5	49.6	48.3	3.7	2.3	1.3
Colombia	40.8	40.1	19.3	18.1	54.3	53.7	0.7	1.2	0.6
Costa Rica	24.4	20.6	10.3	7.4	51.0	49.8	3.9	2.8	1.2
Dominican Republic	28.0	26.9	9.8	9.0	43.9	43.5	1.2	0.7	0.4
Ecuador	39.6	37.3	17.3	14.8	48.7	47.1	2.3	2.5	1.6
El Salvador	40.8	40.6	15.6	15.3	49.0	48.8	0.2	0.3	0.1
Guyana	65.7	62.8	44.6	40.3	55.4	54.0	2.9	4.4	1.4
Honduras	61.6	61.5	35.0	34.7	54.1	54.0	0.1	0.3	0.2
Mexico	37.9	36.1	15.2	13.2	43.5	42.1	1.9	2.0	1.4
Panama	22.0	18.0	10.9	7.6	50.2	48.7	4.1	3.3	1.6
Paraguay	29.6	28.8	12.7	12.0	47.2	46.8	0.8	0.7	0.4
Peru	31.1	30.4	12.1	11.2	48.5	47.9	0.7	0.9	0.6
Suriname	61.4	56.9	38.7	32.0	50.2	48.5	4.5	6.6	1.6
Uruguay	13.5	10.4	5.5	3.4	46.5	45.1	3.1	2.2	1.3
Total	31.3	29.3	14.1	12.1	49.1	48.4	1.9	2.0	0.7

Source: Authors' calculations based on the Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Notes:

The results reflect the simulation using adjusted weights.

The size of the effects using original weights (rather than adjusted ones) are: 1.7 pp for poverty headcount; 1.8 pp for the poverty gap; and 0.7 pp for the Gini index. See Table A7.

All "after transfers" metrics are based on per capita income, as reported in the harmonized surveys. All "before transfers" metrics are based on per capita income net of all non-contributory cash transfers. To allow cross-country comparison, we use the international poverty line of 6.85 dollars per day (adjusted for purchasing power).

Guatemala is not included because it has no available household survey that identifies the beneficiaries of non-contributory cash transfers in the years covered by our analysis (2017–2019). The most recent available survey that identifies beneficiaries of non-contributory transfers is the Encuesta de Condiciones de Vida (ENCOVI) from 2014. The Encuesta Nacional de Empleo e Ingresos 2019 lacks the questions needed to identify beneficiaries of non-contributory cash transfers.

The last line (Total) reports the result of the analysis pooling all data. For poverty headcount and gap, it is equal to the weighted average of the countries' values. For the Gini, it differs from the weighted average of the countries' coefficients.

The evidence reviewed in the previous section and the calculations in this section support the conclusion that cash transfers effectively reduce current poverty and inequality. Could they reduce poverty and inequality even further? Are there design and implementation factors that hinder their impact on these dimensions? The next section assesses the cash transfer systems in 17 Latin American and Caribbean countries in order to extract recommendations for how to reform them.

Assessment of the region's non-contributory cash transfer systems

This section assesses the non-contributory cash transfer systems in the countries in the region to identify design and operational factors that limit these systems' effects on poverty and inequality. We first assess the size of the existing programs, in terms of number of beneficiaries, value of transfers, and budget. We

then assess the quality of targeting, looking at coverage, leakage, and appropriateness of demographic targeting. We then use a scorecard to summarize these analyses. This scorecard is among the novel contributions of this paper.

We analyze non-contributory programs jointly, since: (i) they share the same source of funding; (ii) they reduce current monetary poverty equally (since they deliver cash); and (iii) the recent response to the pandemic showed that governments rely on all these programs to alleviate poverty in the face of shocks (Stampini et al. 2021). We do, however, acknowledge that the programs differ in their theory of change, target population, and overall rationale, so we also present separate analyses (by type of program) in Annex 2.

After analyzing program size and targeting, we discuss other design and implementation elements that may influence how effectively programs are able to reduce poverty and inequality. For example, we discuss whether the conditionality of some programs may be causing families in need to be excluded (because they fail to meet the conditions, for example).

Are the programs large enough?

We look at three dimensions of programs' size. First, do they reach the appropriate number of beneficiaries? Second, is the value of the transfers large enough, relative to the poverty gap? Third, is the value of the budget assigned for transfers large enough, relative to the size of the aggregate poverty gap in the country? This third dimension is related to the previous two, since a program that benefits everyone living in poverty and has transfers equal in value to the average poverty gap will have an overall budget that is equal to the aggregate poverty gap.

Does the number of beneficiaries equal the population living in poverty?

In most countries in the region, there are fewer beneficiaries than people living in poverty. The median ratio between the number of beneficiaries and the number of individuals in poverty in the countries with available data is 0.9 (Table 2). This suggests that about half of the countries may need to expand their safety net.

In four countries in the region (Bolivia, Chile, Panama, and Argentina), the number of beneficiaries is more than double the number of people in poverty. This does not necessarily imply an error in targeting. Some countries want their safety net to cover broader sectors of the population. For example, they may want to include people living in a situation of vulnerability in order to prevent them from falling into poverty. Similarly, countries may want to run programs that include everyone at a certain critical stage in life. For example, Bolivia has two nearly universal programs targeting all students attending a public school (Bono Juancito Pinto) and everyone over age 60 (Renta Universal de Vejez "Renta Dignidad"). Similarly, Panama implements the Pase-U program (previously known as Beca Universal), a scholarship for all children attending public schools or private schools with fees under a certain threshold. Mexico has a universal non-contributory pension and a transfer for all youth attending public secondary education institutions (Becas Benito Juárez para Educación Media Superior). As a result of these programs, the number of beneficiaries may exceed the size of the population in poverty.

At the other end of the distribution, the number of beneficiaries relative to the number of people living in poverty is lowest in Honduras and El Salvador.[8] In these countries, also the ratio of beneficiaries to people living in extreme poverty (3.65 dollars PPP per day) is low: 0.4 in El Salvador, and 0.3 in Honduras. Programs with these dimensions can be expected to have limited effects on poverty and inequality.

[8] In Guatemala, administrative data indicates that the number of people in households receiving non-contributory transfers represents approximately 10% of the number of people living in poverty.

Table 2. Number of beneficiaries versus people in poverty, ~2019

Country	Individuals in households receiving transfers (thousands)	Individuals living in poverty (thousands)	Ratio
Bolivia	7,983	2,533	3.2
Chile	10,148	3,787	2.7
Panama	2,484	930	2.7
Argentina	15,149	5,717	2.6
Uruguay	879	455	1.9
Costa Rica	1,406	1,228	1.1
Dominican Republic	3,198	3,011	1.1
Suriname	358	351	1.0
Brazil	57,005	60,353	0.9
Mexico	42,064	47,835	0.9
Colombia	13,500	20,532	0.7
Paraguay	1,292	2,080	0.6
Peru	5,603	10,094	0.6
Ecuador	3,624	6,882	0.5
Guyana	162	514	0.3
Honduras	1,183	6,002	0.2
El Salvador	346	2,633	0.1
Total	166,385	174,938	1.0

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Notes: The number of beneficiaries and the number of people in poverty are estimated from household survey data. All members of a household with at least one beneficiary are counted as beneficiaries, even if the benefit is individualized. The number of people in poverty is calculated using the international poverty line of 6.85 dollars per day (adjusted for purchasing power). Results are from the simulation based on adjusted weights. The last line (Total) reports the result of the analysis pooling all data.

Is the transfer large enough to close the average poverty gap?

The value of the per capita transfer to beneficiary households is approximately one third of the income needed to close their poverty gap. The median ratio of the per capita transfer to the poverty gap is 0.32 (Table 3). In no country is the size of the transfer greater than the value needed to lift the average beneficiary to the level of the poverty line.

Although no program aims to eliminate poverty entirely, the ratio provides insight into how generous cash transfers are in each country. In the case of conditional cash transfer programs, it also sheds light on the relative importance of the two coexisting objectives: alleviate poverty today versus stimulate the accumulation of human capital to reduce poverty tomorrow. Some scholars and policymakers think the transfers should be as small as possible, as long as they tip the balance of the incentives to attend health checkups and school. Others see the redistributive goal as equally important and think that the transfer should be large enough to substantially reduce current poverty.

Based on the transfer values shown in Table 3, it appears that most countries in the region have a policy objective of alleviating poverty without closing the poverty gap. This is most likely for budgetary reasons, although the desire to avoid disincentivizing independent income generation also plays a role. In any case, the result is that the combination of all non-contributory cash transfers has only limited power to reduce poverty and inequality.

Table 3. Per capita value of non-contributory cash transfers versus income poverty gap, ~2019

Country	Average monthly transfer (USD PPP)	Average monthly income gap (USD PPP)	Ratio
Argentina	83	94	0.88
Uruguay	50	91	0.55
Guyana	73	138	0.53
Costa Rica	47	98	0.48
Chile	37	87	0.42
Brazil	44	124	0.35
Suriname	46	132	0.35
Panama	39	116	0.34
Ecuador	36	112	0.32
Bolivia	23	96	0.24
El Salvador	24	114	0.21
Mexico	20	98	0.21
Dominican Republic	15	81	0.19
Peru	16	100	0.16
Paraguay	13	98	0.14
Colombia	13	108	0.12
Honduras	6	137	0.04
Total	36	109	0.33

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Notes: All values are per capita and expressed in dollars adjusted for purchasing power. The poverty gap is calculated relative to the international poverty line of 6.85 dollars per day (adjusted for purchasing power). Results are from the simulation based on original survey weights (because the adjusted weights can correct for underreporting in the number of beneficiaries, but they do not aim to correct the reported value of the transfers). The last line (Total) reports the result of the analysis pooling all data.

Are the programs' budgets large enough to close the aggregate poverty gap?

In most countries in the region, the total budget of non-contributory cash transfer programs is less than a quarter of the value of the aggregate poverty gap. The median value of this ratio is 0.23, for Ecuador (Table 4). Budgets are particularly small in Honduras and El Salvador, where they represent 3% and 1% of the aggregate poverty gap, respectively.

The ratio of budget to poverty gap depends both on the average value of the transfer per beneficiary and on the number of beneficiaries relative to the population in poverty. It is a combination of the two indicators analyzed in the previous subsections. If the number of beneficiaries is equal to the population in poverty and the transfers are large enough to close beneficiaries' poverty gap, the budget assigned to the transfers will therefore be enough to close the country's poverty gap. Argentina and Uruguay have budgets that would theoretically allow them to achieve this goal. Chile and Panama come close to this threshold.

Overall, the countries analyzed spend 0.79% of their gross domestic product (GDP) on non-contributory cash transfers. This is considerably less than the average public expenditure on cash family benefits of 1.2% of GDP in OECD countries in 2017 (OECD 2023).[9] When all direct transfers are taken into account, the region spends 1.6% of GDP, compared to 4.4% in OECD countries (Izquierdo, Pessino, and Vuletin 2018, fig. 4.6). It follows that non-contributory cash transfers cannot be expected to reduce poverty and inequality in Latin America and the Caribbean as much as in OECD countries, especially given that baseline poverty and inequality are much higher in the region.

[9] This expenditure category comes closest to our definition of non-contributory transfers, but it is not the same. It can be interpreted as a lower bound, as it includes cash support to families with children but excludes non-contributory pensions. Contributory and non-contributory benefits cannot be differentiated in data on pension expenditures for OECD countries.

Table 4. Budget for non-contributory cash transfers versus aggregate poverty gap, and as share of GDP, ~2019

Country	Annual aggregated budget for cash transfers (million USD PPP)	Annual poverty gap (million USD PPP)	Ratio	Gross domestic product (million USD PPP)	Budget as a % of gross domestic product
Argentina	15,340	6,242	2.46	1,036,461	1.48
Uruguay	602	469	1.28	83,115	0.72
Chile	3,539	3,574	0.99	436,010	0.81
Panama	1,115	1,154	0.97	139,171	0.80
Bolivia	2,229	2,873	0.78	104,706	2.13
Costa Rica	738	1,290	0.57	107,249	0.69
Brazil	35,161	74,720	0.47	3,241,953	1.08
Suriname	179	552	0.32	10,431	1.72
Ecuador	1,710	7,521	0.23	205,927	0.83
Mexico	10,757	47,924	0.22	2,587,611	0.42
Dominican Republic	585	2,619	0.22	206,121	0.28
Guyana	151	873	0.17	10,675	1.42
Peru	1,066	9,867	0.11	445,463	0.24
Paraguay	230	2,237	0.10	92,641	0.25
Colombia	2,325	24,285	0.10	772,350	0.30
El Salvador	86	2,514	0.03	59,058	0.14
Honduras	88	8,529	0.01	58,276	0.15
Total	75,900	197,245	0.38	9,597,218	0.79

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Notes: Gross domestic product in USD PPP for the year of the survey used for each country (circa 2019), as reported by the World Economic Outlook, April 2023. Results are from the simulation based on adjusted weights. The last line (Total) reports the result of the analysis pooling all data.

Are transfers well targeted?

Non-contributory transfers use a combination of targeting criteria. Conditional cash transfers typically target households with children living in poverty or extreme poverty, as assessed through a proxy means test. Non-contributory pensions target older individuals and often have an administrative criterion that excludes those who receive contributory pensions. In other cases, they use means testing. Other cash transfers usually target their beneficiaries through means testing (or proxy means testing), along with a demographic criterion and, in some cases, proof of disability. Overall, around 60% of non-contributory cash transfers employ means testing (by proxy or not) (Dodlova, Giolbas, and Lay 2018).

In this section, we look at targeting through three lenses. First, we analyze the percentage of the population living in poverty that benefits from cash transfers. Second, we look at the percentage of beneficiaries who are above the poverty line. We analyze this indicator on its own, as well as in combination with the value of coverage, as the two are positively correlated, both conceptually and operationally. Finally, we check whether the demographic profile of the beneficiaries matches the demographic profile of the population in poverty in order to verify whether demographic targeting criteria are helping or hindering efforts to alleviate poverty. All analyses are based on the international poverty line of 6.85 dollars per day, adjusted for purchasing power differences in 2017.

Do the transfers cover everyone living in poverty?

In many countries in the region, the rosters of non-contributory cash transfer programs are large enough to reach the entire population living in poverty, and complete coverage is a public policy objective. Nonetheless, these programs have suffered from historic and persistent under-coverage of the population living in poverty.

In approximately half of the countries in the region, under half of the population in poverty lives in a household where at least one member receives a non-contributory cash transfer. The median value of the coverage is 55%, for Mexico (Table 5). No country achieves total coverage. Given that no targeting is computationally or operationally perfect, total coverage would only be possible through a universal program that truly reaches the whole population. Five countries achieve 80% coverage or higher: Uruguay, Panama, Bolivia, Argentina and Chile. The lowest values are observed in Honduras and El Salvador.

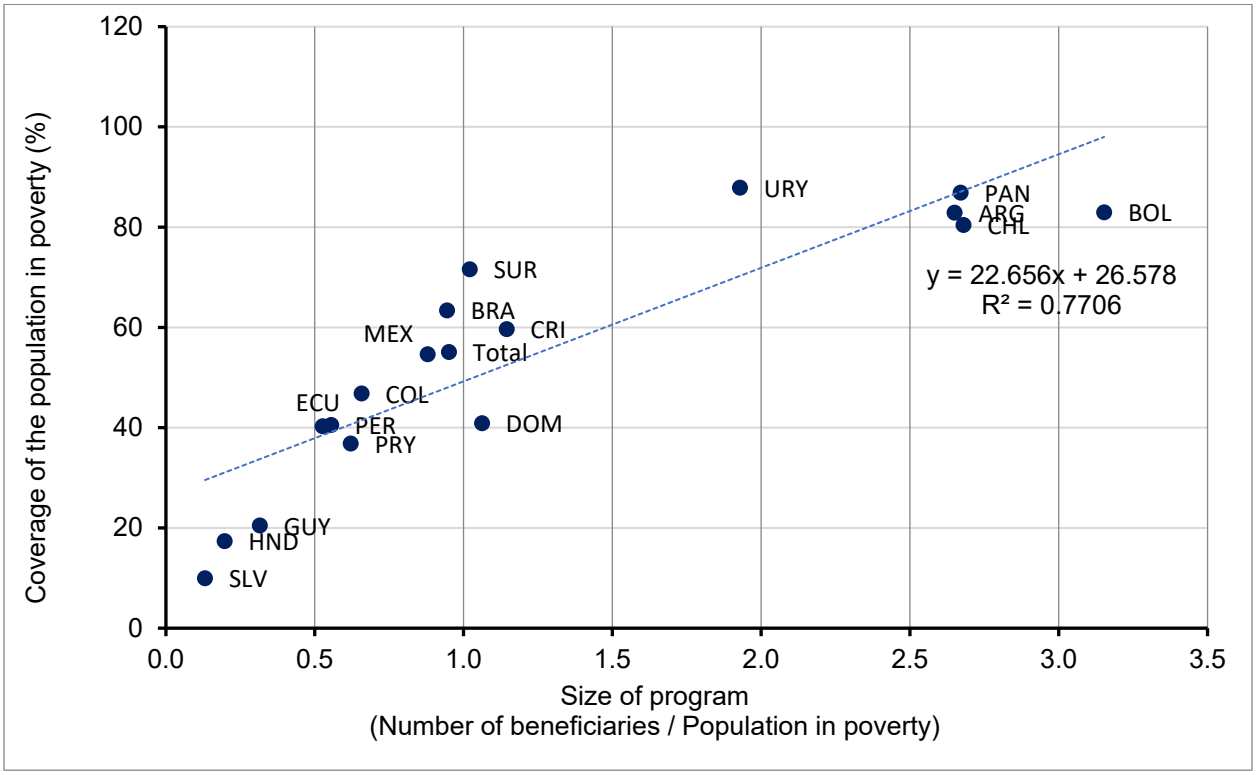
Table 5. Percentage of the population in poverty that lives in a household that benefits from a non-contributory cash transfer program, ~2019

Country	Coverage (%)
Uruguay	88
Panama	87
Bolivia	83
Argentina	83
Chile	80
Suriname	72
Brazil	63
Costa Rica	60
Mexico	55
Colombia	47
Dominican Republic	41
Peru	41
Ecuador	40
Paraguay	37
Guyana	21
Honduras	17
El Salvador	10
Total	55

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Notes: Poverty is defined according to the international line of 6.85 dollars per day (adjusted for purchasing power), based on per capita income net of non-contributory cash transfers. Results are from the simulation based on adjusted weights. The last line (Total) reports the result of the analysis pooling all data.

There is a strong positive relationship between the level of coverage and the size of the program, as measured by the ratio of the number of beneficiaries to the total population (Figure 1). Countries that achieve higher efficiency in this relationship are above the trend line in Figure 1. For example, Uruguay, Suriname, and Brazil achieve coverage of the population in poverty that is higher than would be expected, on average, based on the magnitude of their programs.

Figure 1 - Relationship between coverage of the population in poverty and size of non-contributory cash transfer programs, ~2019



Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Notes: The horizontal axis shows the variable reported in Table 2, and the vertical axis shows the one reported in Table 5.

What explains under-coverage? First, it is possible that households living in poverty do not apply for existing programs. The poorest may be disconnected from the safety net, not know that programs exist, or be unable to apply for them. For implementing institutions, the poorest households are the most difficult and expensive to reach and include, both financially and in terms of human resources and logistics. This problem is sometimes referred to as the last mile of social inclusion. Second, households in poverty may apply to the programs but not be able to join. They may be identified as eligible but be put on a long waitlist because no slots are available. For example, in 2020 an article in the press detailed the struggle of poor families to enroll in *Bolsa Família* (The Economist 2020), and in 2023 the wait time to join Brazil's non-contributory pension program was unprecedented, with over 500,000 people awaiting a spot. Third, applicants may be mistakenly classified as non-poor, and therefore ineligible, despite actually being poor. When the assessment is performed through a proxy, even the most advanced algorithms based on machine learning techniques can only correctly identify part of the variability associated with poverty. And when assessments are carried out by social workers, human error is a possibility.

Coady and Parker (2009) studied this problem using data collected to evaluate the process of registering urban beneficiaries in Mexico's *Oportunidades* program. The survey was specifically designed to capture information on whether households knew of the program, whether they applied, and whether they were accepted. The authors found that out of 100 households in poverty, 78 knew of the program's existence, 66 applied to it, and 47 were accepted. These figures show that programs need to address multiple challenges to cover more of the population in poverty. These challenges are related to lack of information, lack of applications, and errors in targeting.

What percentage of beneficiaries are above the poverty line?

In most countries, over a third of beneficiaries are not poor. The median value of the share of beneficiaries above the poverty line is 37%, in Mexico. The inclusion of non-poor beneficiaries may be by design and is not necessarily an error. Several systems of cash transfer programs aim to also reach the vulnerable population. For example, in Chile, the Dominican Republic, and Uruguay, approximately 40% of beneficiaries are people in a situation of income vulnerability (Table 6).

In some countries, the high percentage of beneficiaries above the poverty line is explained by quasi-universal programs. For example, the 68% of beneficiaries above the poverty line in Panama is largely explained by the Pase-U program, which benefits all students attending public schools or private schools with low fees, or over 700,000 children.

In some countries, however, the high percentage of beneficiaries above the poverty line is not by design and reveals inefficient use of public funds. For example, if the number of the beneficiaries is equal to the number of people in poverty, each beneficiary above the poverty line reduces the coverage of the population in poverty by one unit. The problem is even bigger in countries with smaller rosters of beneficiaries.

Table 6. Percentage of transfer beneficiaries above the poverty line, and in a situation of vulnerability, ~2019

Country	Above the poverty line (%)	Between the poverty and vulnerability line (%)
Honduras	11	10
El Salvador	22	20
Ecuador	23	20
Peru	27	24
Colombia	27	23
Brazil	29	24
Suriname	30	21
Guyana	35	24
Mexico	37	29
Paraguay	41	32
Costa Rica	48	36
Uruguay	52	39
Dominican Republic	62	42
Panama	68	27
Argentina	69	36
Chile	69	42
Bolivia	74	34
Total	41	29

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Notes: Poverty is defined based on per capita income net of non-contributory cash transfers, using the international line of 6.85 dollars per day (adjusted for purchasing power), and a vulnerability line of 14.6 dollars per day (adjusted for purchasing power). The vulnerability line is four times the extreme poverty line of $3.65 per day PPP. This vulnerability line follows the same logic as Stampini et al. (2016). Results are based on the simulation using original weights. The last line (Total) reports the result of the analysis pooling all data.

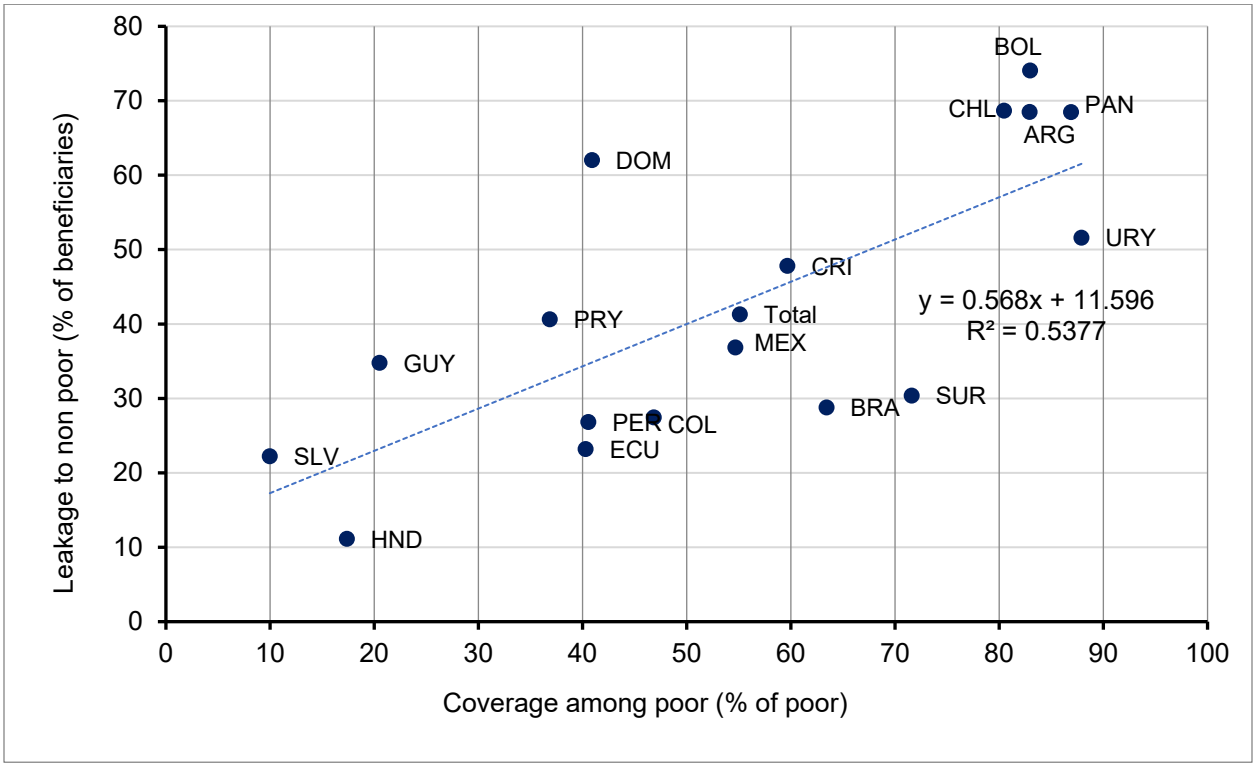
Unfortunately, no targeting mechanism is free of error and some non-poor applicants are mistakenly classified as poor. As previously observed, proxy means tests inevitably have a degree of statistical error. In a region with high levels of labor informality, where administrative records on earnings are incomplete, the alternative would be to use self-declared income. For fear that applicants will declare less income than they truly earn, most countries decide to use proxy tests and accept the associated statistical errors.

Additionally, the quality of targeting deteriorates over time due to the dynamic nature of poverty. Some beneficiaries who were correctly classified as poor when they applied naturally exit poverty, or fluctuate in and out of poverty. This issue can be expected to be most acute in countries where a high share

of poverty is transient.[10] In these countries, without frequent eligibility recertification, many beneficiaries are likely to exit poverty while remaining in the programs, thereby increasing the amount of leakage. Especially when recertification is based on in-person socioeconomic censuses (instead of administrative data), it cannot keep up with the dynamic nature of poverty.

In this context, achieving high coverage depends on having large rosters of beneficiaries, as shown in Figure 1. This also implicitly increases the percentage of beneficiaries above the poverty line, creating a positive empirical relationship between coverage and leakage. Figure 2 shows this relationship. The countries above the trend line have more leakage than expected, on average, given their coverage of the population in poverty.

Figure 2. Leakage to non-poor and coverage among poor



Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Notes: The horizontal axis shows the variable reported in Table 5, and the vertical axis shows the one reported in Table 6.

Do the programs target the demographic groups that experience more poverty?

Eight out of ten non-contributory cash transfer programs in Latin America and the Caribbean include a categorical targeting mechanism, typically based on age (Dodlova, Giolbas, and Lay 2018). The rationale is to support wellbeing at stages of life marked by different types of vulnerability. For example, conditional cash transfers and child allowance programs target households with children, while non-contributory pensions target older people, often excluding those who receive a contributory pension. To reduce poverty, existing cash transfer programs must reach the demographic groups that are overrepresented among the poor.

[10] Data that can be used to estimate how much poverty is transient and how much is chronic is rare in Latin American and Caribbean countries. Stampini et al. (2016) perform this estimate using synthetic panels. They find that, on average in the region, 91% of extreme poverty and 50% of moderate poverty are chronic. According to this study, Uruguay and Argentina have the highest share of transient poverty in the region (between 60% and 80%). In most countries with available data, transient poverty ranges from 20% to 40% of total poverty.

To see whether these criteria, together with the size of different programs, direct the transfers towards the population groups that most need them, we compare the demographic characteristics of the population living in poverty with those of transfer beneficiaries. First, we classify the population into four household categories: those with children (under 18 years old) and no older people without a contributory pension; those with older people without a contributory pension and no children; those with both; and those with neither. Second, we look at the size of each category among the people living in poverty; this is the mix of beneficiaries that the programs should ideally achieve. Third, we look at the size of each household category among cash transfer program beneficiaries. Finally, we compare the two distributions and calculate a measure of accuracy (equal to the distance between the two vectors).[11] Table 7 presents the results of this exercise.

Uruguay, Bolivia, and Argentina achieve the best demographic targeting of their system of cash transfer programs (Table 7). In these countries, the distribution of beneficiaries across the four household categories most accurately replicates the distribution of the population in poverty across the same categories.

At the other end of the distribution, the demographic distribution of the beneficiary population in Paraguay, El Salvador, and Guyana does not match the characteristics of the population living in poverty. In Guyana, the largest cash transfer program is a universal pension. This skews the distribution of beneficiaries towards older people, who experience relatively lower levels of poverty. Those living in households with older people without a contributory pension represent 9% of the population living in poverty but a remarkable 38% of beneficiaries of non-contributory cash transfer programs. In contrast, those living in households with children (and no older person without a contributory pension) represent 66% of the population living in poverty, but only 12% of transfer beneficiaries.[12] Similarly, in El Salvador and Paraguay households with children (and no older person without a contributory pension) are underrepresented among cash transfer beneficiaries.

[11] For example, for Bolivia, the distance between vectors is [(0.72-0.74)^2+(0.11-0.08)^2+(0.10-0.10)^2+(0.07-0.09)^2]^0.5=0.04.

[12] We acknowledge that this result is affected by the fact that the survey does not capture the Public Assistance program, which benefits families that are in poverty, that have members experiencing illness, or that have members with permanent disabilities.

Table 7. Quality of demographic targeting, based on age

	Individuals in households with children and no older person without a contributory pension		Individuals in households with children and with an older person without a contributory pension		Individuals in households with older persons without a contributory pension, and no children		Individuals in households with neither children nor older persons without a contributory pension		
Country	Share of poor	Share of benefi-ciaries	Share of poor	Share of benefi-ciaries	Share of poor	Share of benefi-ciaries	Share of poor	Share of benefi-ciaries	Distance between vectors
Uruguay	88	86	1	1	1	1	10	11	0.03
Bolivia	72	74	11	8	10	10	7	9	0.04
Argentina	91	88	2	2	0	1	7	10	0.04
Brazil	84	79	2	3	1	4	12	13	0.06
Suriname	64	58	10	13	7	10	19	19	0.07
Chile	63	58	9	9	15	14	14	19	0.08
Peru	69	64	14	15	11	16	6	5	0.08
Costa Rica	68	70	8	10	12	15	12	5	0.08
Panama	71	79	13	12	10	8	6	1	0.09
Ecuador	77	68	11	16	7	12	5	4	0.11
Colombia	73	63	12	19	7	16	7	2	0.16
Honduras	70	84	16	13	7	1	7	2	0.16
Mexico	74	60	12	17	8	16	6	7	0.16
Dominican Republic	76	56	13	14	7	14	5	16	0.23
Paraguay	75	51	15	33	7	15	4	1	0.31
El Salvador	69	42	15	31	9	27	7	1	0.36
Guyana	66	12	10	38	9	38	16	12	0.68
Total	77	71	8	10	6	10	9	10	0.08

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Note: Results are based on the simulation using original weights. The last line (Total) reports the result of the analysis pooling all data.

In countries with available data, we perform a similar analysis with a focus on Afro-descendant and Indigenous people (Table 8), which typically experience higher levels of poverty than the rest of the population. Brazil achieves the best demographic targeting of Afro-descendants and Indigenous people. Bolivia and Panama rank last. Afro-descendants are over-represented among cash transfer beneficiaries relative to their weight within the population living in poverty in the case of Panama. And in both countries, Indigenous people are under-represented.

Table 8. Quality of demographic targeting, based on ethnicity

	Individuals in households with Afro-descendant members		Individuals in households with Afro-descendant and Indigenous members		Individuals in households with Indigenous members		Individuals in households with neither Afro-descendant nor Indigenous members		
	Share of poor	Share of beneficiaries	Share of poor	Share of beneficiaries	Share of poor	Share of beneficiaries	Share of poor	Share of beneficiaries	Distance between vectors
Brazil	88	89	1	1	0	0	11	10	0.01
Chile					18	17	82	83	0.02
Colombia	13	15	0	0	5	5	81	80	0.03
Uruguay	18	16	1	1	4	4	77	79	0.03
Mexico					44	47	56	53	0.04
Peru	15	17	2	1	46	54	37	28	0.12
Ecuador	9	7	1	1	18	27	72	65	0.12
Bolivia					55	43	45	57	0.17
Panama	23	34	3	3	37	20	37	43	0.22

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Note: Results are based on the simulation using original weights. Household surveys in Mexico, Chile, and Bolivia do not identify Afro-descendants.

Which countries have the most efficient systems of non-contributory cash transfers?

A comprehensive review of the assessments in the previous sections shows that the cash transfer systems of Brazil and Suriname consistently rank in the top half of the distribution (Table 9). Argentina, Chile, Costa Rica, Panama, and Uruguay follow, as they rank in the top half of the distribution in five out of six categories (except for leakage, which can be by design). At the other end of the distribution, Paraguay's cash transfer system is in the bottom half of the distribution for all six criteria, suggesting the need for substantial reforms.

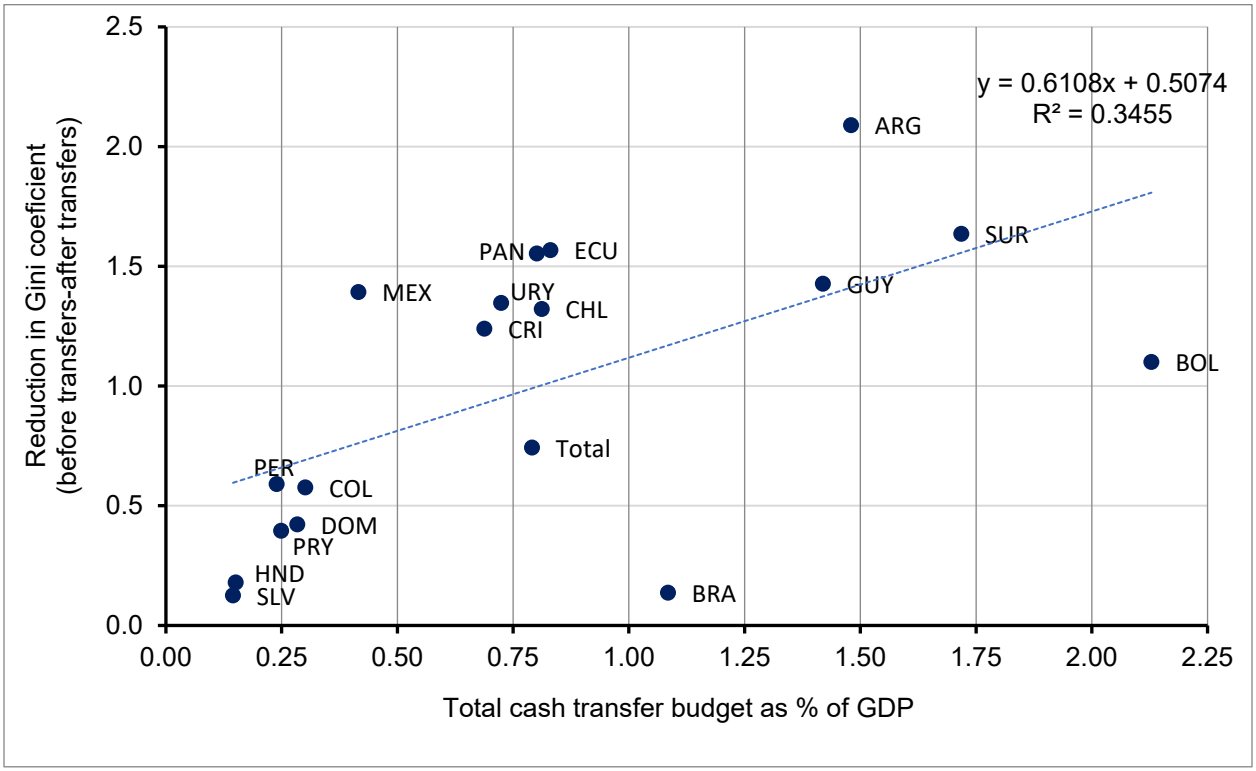
Table 9. Assessment of countries' cash transfer systems

	Brazil	Suriname	Argentina	Chile	Costa Rica	Panama	Uruguay	Bolivia	Ecuador	Guyana	Mexico	Peru	Colombia	Dominican Republic	El Salvador	Honduras	Paraguay
Beneficiaries to population in poverty ratio	1	1	1	1	1	1	1	1	0	0	0	0	0	1	0	0	0
Size of transfers to poverty gap ratio *	1	1	1	1	1	1	1	0	1	1	0	0	0	0	0	0	0
Budget to aggregate poverty gap ratio	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
Coverage of population in poverty (%)	1	1	1	1	1	1	1	1	0	0	1	0	0	0	0	0	0
Beneficiaries above poverty line (%) *	1	1	0	0	0	0	0	0	1	1	1	1	1	0	1	1	0
Quality of age targeting *	1	1	1	1	1	1	1	1	0	0	0	1	0	0	0	0	0
Score (Number of items in top half)	6	6	5	5	5	5	5	4	3	2	2	2	1	1	1	1	0

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Note: * indicates that results use the original weights.

In Figure 3, we analyze the relationship between the size of the programs and their effect on inequality to check whether the systems that rank best in the previous analysis are also those that most reduce inequality. The figure contains a scatterplot of Gini coefficient reduction (Gini before transfers minus Gini after transfers) and the relative size of the budget allocated to cash transfer programs (as a percentage of GDP). It shows a positive relationship with substantial dispersion from the trendline, with Argentina, Mexico, Panama, Ecuador, Uruguay, Costa Rica, and Chile achieving considerably better-than-expected results. Four of these countries rank at the top of the analysis in Table 9.

Figure 3. Reduction in Gini coefficient versus budget allocated to cash transfers (% of GDP)



Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Note: The vertical axis shows the variable from Table 1, while the horizontal axis shows the variable from Table 4.

In the following sections, we review additional dimensions of cash transfer programs design and implementation that may exclude some households living in poverty or reduce the quality of beneficiary rosters, curtailing their ability to reduce poverty and inequality. These assessments are qualitative (since they cannot be analyzed using available household or administrative data), so they are not included in the scorecard assessment. Discussing them can, however, help identify further needs for reforming the existing programs.

Do conditionalities limit the reach and retention of conditional cash transfer programs?

If the conditionalities imposed by some programs to foster human capital accumulation reduce uptake or retention of eligible households, these conditionalities reduce the impact of cash transfers on current poverty and inequality. This situation can arise for three reasons: (i) households in poverty cannot participate in conditional programs if they live in areas without the required supply of health and education services; (ii) some households in poverty drop out of the programs because the fail to comply with the conditionalities; (iii) some households in poverty may choose to exit the program because the required conditionalities are not attractive or economically desirable.

Conditional transfers can only be implemented in areas with a supply of health and education services that meet the requirements established by the program. This excludes areas with no supply. For example, a review of Mexico's Oportunidades program identified half a million eligible families that were excluded due to lack of services in 2010 (Triano Enríquez 2017). In an attempt to increase coverage, the requirement to comply with conditionalities was waived for these families. Despite this attempt, another review conducted in 2015 found that 88,000 eligible families in very small localities without access to services were still excluded and were not receiving the unconditional transfer.

Lack of service supply is an issue for secondary education. In some countries, secondary school has only recently been made compulsory, but supply has not caught up with the sudden increase in demand. In some cases, secondary education is only available in other municipalities, creating high transportation costs, or from private suppliers that charge tuition. This issue relates to the second way that conditions can cause exclusion: financial motives are a key reason why household fail to comply and then exit programs.

Not complying with conditionalities has been documented as one of the main reasons why households drop out of conditional cash transfer programs. For example, González-Flores, Heracleous and Winters(2012) find that 56% of dropouts from Oportunidades left the program because they did not meet its conditions. They find that in urban areas of Mexico, the most vulnerable participants (e.g. single-parent families) have the highest exit probability. Similarly, Levasseur (2021) finds that Oportunidades struggled to retain the poorest families in the program. Aside from its opportunity costs, attending school involves out-of-pocket expenses (transportation, materials, and fees) that are only partially covered by the cash transfers. When a family experiences a shock, such as a health issue or loss of a source of income, it may not have enough resources to cover schooling expenses. The ensuing absence from school causes the family to be suspended or dropped from the program precisely when it most needs the transfers in order to mitigate the economic shock. In Brazil, where municipal governments oversee the process of identifying and selecting beneficiaries, a survey of public administrators found that children with lower school performance and attendance were less likely to be included in the program (de Janvry, Finan, and Sadoulet 2006).

The low quality of schooling also affects compliance with conditionalities and programs' retention rates. For example, if school systems lack special education and teaching approaches that are tailored to the needs of children from a background of poverty, this can delay learning and eventually lead them to drop out. Children of parents with low levels of human capital lack the cultural background that facilitates learning. They struggle year after year, accumulate knowledge gaps, are often stigmatized by teachers[13] and other students, and end up repeating years and eventually dropping out of school. For children with learning difficulties, this problem is magnified. All these factors are particularly relevant at the schools attended by cash transfer beneficiaries, and some of the most vulnerable households exit the programs as a result (SEDESOL, CNPDHO 2008).[14]

Finally, the programs' conditions may not be attractive for households in poverty, relative to alternative behaviors. Inadequate economic incentives may explain why some eligible households do not enroll in conditional cash transfer programs. Angelucci and Attanasio (2009) argue that an important reason for low urban uptake in Mexico's Oportunidades program (approximately 50%, compared to 97% in rural areas) is that economic incentives do not offset the loss of labor income. In the same vein, Schultz (2004) calculated that the scholarships provided by the program were equivalent to between half and one-third of a full-time wage in Mexican cities.

In other cases, the lack of appeal of the required school path may drive exclusion. Some beneficiaries may exit the program because they choose educational paths that are not recognized as meeting the conditionalities, like vocational education or courses that do not require regularly attending an educational establishment. These options can be the most relevant for youth in some contexts, because they

[13] "Luisa comments that one of the reasons for leaving school was the mistreatment she received from a teacher, because whenever she came, she scolded them, threw their homework in the trash and told them that they were going to heat the chair and for the money of Oportunidades" (SEDESOL, CNPDHO. 2008. Pg 28). "External evaluations of the Program have identified the existence of strong pressure on the beneficiaries of Oportunidades scholarships, since some teachers demand a greater and/or different amount of materials, cooperation or participation in extracurricular activities under the argument that they have a scholarship" (SEDESOL, CNPDHO. 2008. Pg 28).

[14] A study on beneficiaries of Mexico's Oportunidades program finds that "a little more than 30% of the beneficiaries of the Program, at the end of primary school, do not reach the basic language skills that allow them to continue satisfactorily with their studies. This figure rises to 56.6% if the scholarship recipients attend Indigenous schools. In the same way, 54.9% of the scholarship holders do not reach the minimum learning levels in language and reading comprehension at the end of distance-learning secondary school (telesecundaria)" (Mancera Corcuera Carlos, Serna Hernández Leslie, Priede Schubert Alejandra, Chapter I. Modalidad educativa y organización multigrado como factores asociados con las brechas de aprendizaje de los becarios del Programa Oportunidades (primaria y secundaria en 2007). In SEDESOL, CNPDHO (2008; p. 22)).

are better aligned with labor demand or because they can be combined with working (SEDESOL, CNPDHO 2008).

In other cases, beneficiaries feel that the education provided is not relevant or useful in the local context and does not lead to better labor market outcomes. They observe that those who complete the educational cycle do the same unskilled jobs as those who did not finish school, and that they can only access better jobs by migrating to a city. For many, this lack of relevance makes schooling boring and unengaging, causing them to drop out and therefore exit the cash transfer program (SEDESOL, CNPDHO 2008).[15]

Operational performance of local governments

Another factor that may affect the extent to which programs reduce poverty and inequality is the heterogeneous quality of implementation within countries—across states, provinces, and municipalities. In many countries, like Brazil and Colombia, subnational governments play a role in enrolling and recertifying beneficiaries. Poorer subnational governments may not have enough resources to implement the programs well. Additionally, frictions between national and subnational governments, for example due to lack of political alignment, may also affect the quality of program implementation.

Research on subnational differences in the implementation of non-contributory transfers is limited and focuses on conditional cash transfers, mostly in Brazil. Based on municipality-level data, van Stolk and Patil (2015; 2016) find mixed evidence on the correlation between municipal financial resources (per-capita budget, transfers from states or federal government) and the decentralized management implementation index.[16] In contrast, they find that better-quality health and education services, as well as better coordination of these services with Bolsa Familia, result in better implementation of the conditional cash transfer. Finally, their analysis does not find an association between the political party in power at the subnational level and the quality of implementation. De Janvry et al. (2006) find that municipal characteristics and management practices account for municipal differences in education-related impacts. For instance, they find that Bolsa Escola (Bolsa Familia's predecessor) had greater impacts where there was a more transparent process for identifying beneficiaries (a municipal responsibility) and where conditionalities were enforced more strictly.

Policy Recommendations

Our analysis suggests that non-contributory cash transfer programs would need to be made larger to increase their impact on poverty and inequality. However, this policy recommendation must be considered in the context of overall social spending.

The first element to consider is the interaction between non-contributory and contributory transfers. Countries have expanded non-contributory programs because most of the population has no access to contributory benefits, either because they work informally or because their formal employment does not qualify (in duration or continuity) for contributory protection. This dual architecture results in erratic protection in general, with low coverage and quality of benefits. For example, pension coverage in the region grew considerably in the last two decades, from 46% to 69% of the older population. This growth was mainly driven by the expansion of non-contributory pensions. This creates a two-tier system in which the average value of contributory pensions amounts to 56% of wages, while the average value of non-contributory pensions is only 11% of wages (Aranco et al. 2022). This segmented pension system has low

[15] "Young people with primary and secondary studies do the same thing, there are no differences: women at home and men in the fields. Those who study more also return to the community and dedicate themselves to the same" (SEDESOL, CNPDHO 2008, p. 24).

[16] This index is composed of four equally important factors: the share of families with a complete and consistent registration; the share of families with updated records; the share of families with complete information on compliance with health conditionalities; the share of children in the program with complete information on compliance with education conditionalities.

redistributive power and at the same time may be dampening productivity and economic growth (Levy and Cruces 2021).

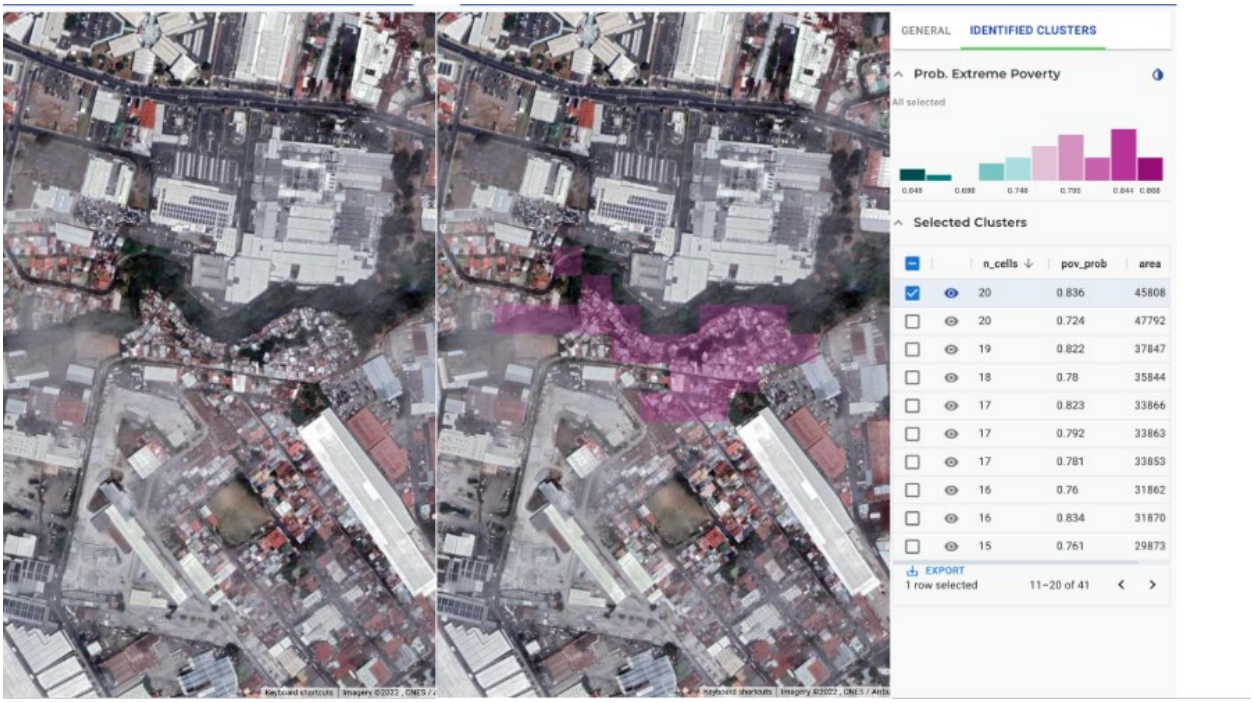
The second element to consider is that non-contributory transfers are one part of overall social expenditure, and expanding them may cause other components of social spending to contract (or grow less quickly). These other components include health and education expenditure, which may have an even greater impact on medium- and long-term poverty and inequality reduction. It may be more efficient to allocate higher social spending to increase the quality of these services. Before unequivocally recommending an expansion of non-contributory cash transfers, there needs to be a comprehensive analysis of the effect of social spending on poverty and inequality.

Nonetheless, it is an undisputed fact that spending on non-contributory transfers as a percentage of GDP is low in Latin America and the Caribbean compared to high-income countries. In most countries, these programs' budget amounts to less than one third of the aggregate poverty gap. At the observed benefit size and levels of expenditure and coverage, most countries in the region cannot expect their programs to significantly reduce poverty and inequality. This is particularly true for the countries with the region's highest poverty levels.

Furthermore, the scorecard shows that even with the existing budget, countries can reform several dimensions of programs' design and implementation to increase their efficiency, thereby enabling them to better redistribute wealth and reduce poverty. This is especially true in countries that achieve the lowest scores by regional standards.

The first imperative is to increase efforts to cover the population living in poverty. The problem of under-coverage also continues to exist for those living in extreme poverty. For this group, under-coverage can be addressed through a combination of modern poverty mapping techniques and active searches in the field. Figure 5 shows an example of recent work in Costa Rica. Satellite images were used to identify pockets of urban poverty with low coverage in the social registry. These areas can be targeted by field efforts to assess the specific socioeconomic vulnerabilities of each household and add eligible ones to the roster of the existing programs (Acon Monge and Tejerina, 2023). In addition to satellite images, programs may use a range of high-frequency administrative data—like telephone data, electricity consumption data, and data from financial transactions—to assess poverty and vulnerability in the population. Active searches in the field are needed to transform these assessments into inclusion in the program. Deploying social workers is also the first step of the case management needed to accompany households on their path out of poverty.

Figure 5. Pockets of urban poverty without coverage in Costa Rica



Sources: Acon Monge and Tejerina (2023).

Achieving higher coverage also requires frequently recertifying the roster of beneficiaries to remove those who no longer need support and create space in the program for those who have recently fallen into poverty. This is particularly relevant in urban areas, where poverty is more transitory. Rather than relying on periodic socioeconomic censuses, increasing opportunities to make social registry data interoperable with other administrative data create the possibility of recertification in real time and at low cost.

Finally, to achieve higher coverage, countries may have to revise the eligibility criteria that limit some groups' access to cash transfer programs. For example, our analysis shows that programs' demographic eligibility criteria in some countries in the region produce a mismatch between the rosters of beneficiaries and the population groups with the highest poverty rates. In particular, in some countries children and Indigenous people are underrepresented among beneficiaries (relative to what would be expected based on their poverty rates).

Social registries are key tools for increasing coverage of the poor and decreasing leakage (particularly to those above the vulnerability line). They support efforts to make existing programs more efficient and achieve the desired mix of long-term and short-term interventions to address chronic poverty and accumulate human capital on the one hand, and alleviate temporary poverty and protect against shocks on the other.

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Annex 1. Description of data and simulations

Household surveys data

To identify the beneficiaries of non-contributory programs, we use the Inter-American Development Bank Harmonized Household Surveys of Latin America and the Caribbean, except for Argentina, for which we harmonized the *Encuesta Nacional de Gastos de los Hogares*. Table A1 lists the surveys we processed and analyzed for this exercise. We used the most recent survey collected before the COVID-19 crisis.[17] We did not include countries with surveys collected before 2017.

Table A1. List of household surveys, by country

Country	Household Surveys		Year (period)	Type
Argentina	Encuesta Nacional de Gastos de los Hogares	ENGHo	2018	HIES
Bolivia	Encuesta de Hogares	ECH	2019	HIES
Brazil	Pesquisa Nacional por Amostra de Domicílios	PNADC	2019	LF
Chile	Encuesta de Caracterización Socioeconómica Nacional	CASEN	2017	HIES
Colombia	Gran Encuesta Integrada de Hogares	GEIH	2019 (t3)	LF
Costa Rica	Encuesta Nacional de Hogares	ENAHO	2019 (m7)	HIES
Dominican Republic	Encuesta Nacional de Fuerza de Trabajo	ENFT	2019 (t4)	LF
Ecuador	Encuesta Nacional de Empleo, Desempleo y Subempleo	ENEMDU	2019	LF
El Salvador	Encuesta de Hogares de Propósitos Múltiples	EHPM	2019	HIES
Honduras	Encuesta de Hogares de Propósitos Múltiples	EHPM	2019 (m6)	LF
Guyana	Labor Force Survey	LFS	2019	LF
Mexico	Encuesta Nacional de Ingresos y Gastos de los Hogares	ENIGH	2018	HIES
Panama	Encuesta de Propósitos Múltiples	EPM	2019	LF
Paraguay	Encuesta Permanente de Hogares	EPH	2019	HIES
Peru	Encuesta Nacional de Hogares	ENAHO	2019	HIES
Suriname	Survey of Living Conditions	SLC	2017	HIES
Uruguay	Encuesta Continua de Hogares	ECH	2019	LF

Notes: HIES are household income and expenditure surveys, which are designed to collect information about households' expenditure, income, and living conditions. This is the preferred survey for assessing poverty. LF are labor force surveys, which are designed to produce statistics about labor markets, including labor force, employment, and unemployment. These surveys are not explicitly designed to measure poverty. For instance, they do not usually collect information about non-labor income.

Survey data processing notes

We measure welfare based on households' per-capita income. This aggregate metric is constructed using the raw data on all available income streams (monetary and nonmonetary, labor and nonlabor) reported by everyone who claims to be a member of the household (non-members are excluded). Importantly, the Inter-American Development Bank Harmonized Household Surveys of Latin America and the Caribbean do not manipulate the welfare aggregate in any way. For instance, they do no impute rent or correct for observations with missing incomes. For this reason, our poverty estimates are not equivalent to those of the World Bank (Poverty and Inequality Platform-PIP) or to the official national poverty estimates and tend to estimate a higher percentage of the population living in poverty.

[17] We analyze data from 2019 (rather than the most recent wave of surveys) because the COVID-19 pandemic has altered the landscape of poverty and cash transfers, and countries have not likely reached a new steady state yet.

We dropped households with missing values in all streams of income (labor and nonlabor income, monetary and nonmonetary) for all household members, as income is a crucial element for our analysis. Under the same logic, we left out the observations for non-household members, for whom it is not possible to estimate per-capita household income. On average, these dropped observations represent 1.2% of all survey observations and 0.9% of non-contributory cash transfer beneficiaries.

We adjusted the sampling weights of each survey to match the total population estimated by the World Population Prospects (United Nations 2019) for the year of the survey used in each country.

For all countries, we use the international poverty line of 6.85 dollars per day, adjusted for 2017 PPP. This is similar to the official national poverty lines in upper middle-income countries. However, in our sample Chile, Guyana, Panama, and Uruguay are classified as high-income countries, and Bolivia and Honduras are considered lower middle-income countries. Table A2 presents a comparison of the per capita international poverty line of 6.85 dollars per day and national per capita extreme poverty and poverty lines, all expressed monthly in local currency.

To convert income expressed in local currency to PPP 2017, we used the PPP conversion factor for private consumption (PA.NUS.PRVT.PP) of the World Development Indicators (as of March 16, 2023). For Argentina, Brazil, Colombia, and El Salvador, we used the conversion factor used in the Poverty and Inequality Platform-PIP as of March 11, 2023.

Table A2. Comparison of the monthly per capita values of the international poverty line ($6.85 per day PPP 2017), national extreme poverty line, and national poverty line

	National extreme poverty line, in local currency	International poverty line ($6.85 PPP), in local currency	National poverty line, in local currency	RATIO: International poverty line / National poverty line	PPP conversion factor
Argentina	2,290	2,252	5,733	0.39	10.81
Bolivia	429	543	838	0.65	2.61
Brazil		485			2.33
Chile		96,516			463.23
Colombia	137,315	295,733	326,141	0.91	1,419.37
Costa Rica	48,235	75,414	105,037	0.72	361.95
Dominican Republic	2,377	5,137	5,214	0.99	24.66
Ecuador	48	115	85	1.35	0.55
Guyana		23,883			114.63
Honduras	1,592	2,358	2,768	0.85	11.32
Mexico	1,404	2,157	2,731	0.79	10.35
Panama		102			0.49
Peru	187	393	352	1.12	1.88
Paraguay	258,309	542,121	625,718	0.87	2,601.92
El Salvador	45	107	91	1.18	0.51
Suriname	259	611	691	0.88	2.93
Uruguay	3,358	5,764	7,366	0.78	27.66

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Note: In the case of the national poverty line, when more than one national poverty line exists (for instance, one for rural and one for urban areas), we report a weighted average.

Data about beneficiaries of non-contributory programs in the household surveys

We used household surveys to identify the number of people living in households where at least one person receives cash from one non-contributory program. We also collected administrative data from the Non-contributory Social Protection Programmes Database of the Economic Commission for Latin America and

the Caribbean (ECLAC), as well as from official sources from each country. There are significant discrepancies between the survey and administrative sources.

In this section, we describe the differences between the number of beneficiaries reported in household surveys, and those reported in administrative data. We then explain how we addressed those differences. We identified 67 non-contributory programs using variables from the household survey data but were only able to obtain administrative data for 54 programs.

We used different strategies to identify people who receive a non-contributory transfer in the household surveys, and in some cases, we used a combination of strategies. The first is a direct question asking whether the person received a transfer from a particular program. Second, we identify income streams labeled as from specific non-contributory programs. Finally, we impute beneficiaries in a limited number of cases. In Suriname, since the number of beneficiaries in the administrative data and the number of elderly people practically matched, we assumed that the Elderly care program provided universal coverage of people eligible by age. For Uruguay, we imputed non-contributory pensions based on recommendations from academics familiar with the subject matter. For Honduras, we imputed the transfer values based on demographic characteristics of the households (number of children and their school grades) and adjusted the monthly payments to reflect that in 2019 the program disbursed eight payments instead of the anticipated twelve. In general, we excluded mentions of generic support from the government, like questions that asked the household informant: "How much money did you receive from any other government program?". In addition, the variables used to identify beneficiaries in the household surveys of some programs, including Benefício Assistencial de Prestação Continuada in Brazil and Bono de Desarrollo Humano in Ecuador, do not allow us to distinguish between beneficiaries of non-contributory pensions and disability pensions. In such cases, we assumed that the older persons received a non-contributory pension.

As mentioned, we also used administrative data on the number of beneficiaries from official government sources and from the Non-contributory Social Protection Programmes Database of the Economic Commission for Latin America and the Caribbean (ECLAC). We were able to find data for 54 programs.

Household surveys and administrative data use a variety of units to report the number of beneficiaries of non-contributory transfers. For instance, the administrative data of Asignación Universal por Hijo y Embarazo in Argentina reports the number of benefits that a parent receives. Avancemos in Costa Rica reports the number of children in each household benefitting from the program. BonoGas in the Dominican Republic reports the number of households receiving the benefits. Sometimes the survey and administrative data use different units for the same program. We adapted the data from household surveys to express the number of beneficiaries in the unit of measure used in the available administrative data.

There are discrepancies between the estimated number of beneficiaries from surveys and the number reported in administrative data. For instance, the survey reports only 74% of the beneficiaries of the Brazilian program Bolsa Família, as listed in the administrative data. In contrast, the survey overestimates the beneficiaries of the Peruvian program Juntos by 20%.

Villatoro and Cecchini (2018) and Cecchini, Villatoro, and Mancero (2021) analyze the surveys from Latin America and the Caribbean from 2008 to 2017 and find that they tend to underestimate the number of beneficiaries. In line with their results, we find that 60% of the surveys underestimate the number of beneficiaries (Table A3). This is problematic because it leads to an underestimation of the effect of non-contributory transfers on poverty and redistribution. We address this problem through a simulation (see next section).

Table A3. Comparison of beneficiaries in household surveys and administrative data

n	Country	Program Name	Note	Type of non-contributory cash transfer	Beneficiaries according to administrative data	Beneficiaries according to survey/beneficiaries according to administrative data	Beneficiaries according to clean survey data	Unit	Source
1	Argentina	Asignación Universal por hijo y embarazo	h	CCT	2,193,837	95%	2,080,465	B	ANSES
2	Argentina	Becas Progresar		CCT	576,696	59%	342,979	P	Gobierno de Argentina
3	Argentina	Pensión Universal para el Adulto Mayor, pensiones graciables, veteranos de guerra		NCP	120,618	173%	209,028	P	ANSES
4	Argentina	Otros planes sociales		Other	NA				
5	Argentina	Pensión por discapacidad	h	Other	1,058,596	71%	755,472	B	ANSES
6	Bolivia	Bono Juana Azurduy		CCT	209,777	50%	105,551	Ch	ECLAC 2023
7	Bolivia	Bono Juancito Pinto		CCT	2,182,031	107%	2,341,953	Ch	ECLAC 2023
8	Bolivia	Renta Dignidad		NCP	1,101,001	111%	1,221,103	P	ECLAC 2023
9	Bolivia	Bono Natalidad	f	Other	NA				
10	Bolivia	Renta Solidaria		Other	7,458	370%	27,574	P	ECLAC 2023
11	Brazil	Bolsa Família		CCT	13,189,567	74%	9,716,073	H	ECLAC 2023
12	Brazil	Benefício Assistencial de Prestação Continuada- pension	a	NCP	2,046,710	57%	1,160,895	P	ECLAC 2023
13	Brazil	Benefício Assistencial de Prestação Continuada-people with disabilities	a	Other	2,579,475	65%	1,678,409	P	ECLAC 2023
14	Chile	Bono Deberes por Asistencia Escolar		CCT	NA				
15	Chile	Bono por Logro Escolar		CCT	NA				
16	Chile	Subsidio Unico Familiar (conditional/ unconditional)		CCT/OTHER	2,043,627	57%	1,167,095	P	ECLAC 2023
17	Chile	Bono de Invierno		NCP	NA				
18	Chile	Pensión Básica Solidaria de Vejez		NCP	399,449	182%	728,161	P	ECLAC 2023
19	Chile	Bono al Trabajo de la Mujer	b	Other	383,298	26%	97993	P	ECLAC 2023
20	Chile	Bono Base Familiar		Other	NA				
21	Chile	Bono Bodas de Oro		Other	NA				
22	Chile	Bono de Protección Familiar (incluyendo bono de egreso)		Other	NA				
23	Chile	Bono Familiar Permanente		Other	NA				
24	Chile	Pensión Básica Solidaria de Invalidez		Other	182,007	127%	230329	P	ECLAC 2023
25	Chile	Subsidio de Agua Potable	b	Other	NA				
26	Chile	Subsidio Empleo Joven	b	Other	333,887	18%	61,162	P	ECLAC 2023
27	Colombia	Familias en Acción		CCT	2,301,937	62%	1,432,006	H	Prosperidad Social
28	Colombia	Jovenes en Acción		CCT	238,135	32%	75,036	P	Prosperidad Social
29	Colombia	Colombia Mayor		NCP	1,678,586	71%	1198255	P	ECLAC 2023
30	Costa Rica	Avancemos		CCT	203,205	77%	156,392	Ch	IMAS
31	Costa Rica	Crecemos		CCT	210,321	71%	150,355	P	IMAS
32	Costa Rica	Régimen no contributivo de pensiones por monto básico adultos mayores	a	NCP	74,173	141%	104,437	P	ECLAC 2023

n	Country	Program Name	Note	Type of non-contributory cash transfer	Beneficiaries according to administrative data	Beneficiaries according to survey/beneficiaries according to administrative data	Beneficiaries according to clean survey data	Unit	Source
33	Costa Rica	Régimen no contributivo de pensiones por monto básico personas con discapacidad y otros	a	Other	49,148	66%	32,461	P	ECLAC 2023
34	Dominican Republic	Incentivo a la Asistencia Escolar (ILAE)		CCT	116,296	52%	60259	H	ECLAC 2023
35	Dominican Republic	Supérate (Comer es Primero)		CCT	808,183	96%	776,894	H	ECLAC 2023
36	Dominican Republic	Programa de envejeciente en extrema pobreza (PROVEE)	b	NCP	83,333	65%	54,461	P	CONAPE
37	Dominican Republic	BonoGas hogar		Other	927,189	93%	862,842	H	ECLAC 2023
38	Dominican Republic	BonoLuz hogar		Other	432,686	99%	429,544	H	ECLAC 2023
39	Ecuador	Bono de Desarrollo Humano -CCT	c	CCT	556,605	105%	584346	H	Ministerio de Inclusion
40	Ecuador	Bono de Desarrollo Humano -Pension	c	NCP	429,261	79%	339,263	H	Ministerio de Inclusion
41	Ecuador	Bono Gallegos Lara		Other	37,176	76%	28,273	P	Ministerio de Inclusion
42	El Salvador	Comunidades Solidarias (urbanas y rurales)		CCT	69,974	22%	15,256	H	ECLAC 2023
43	El Salvador	Nuestros Mayores Derechos		NCP	31,656	76%	23,983	H	ECLAC 2023
44	Guyana	Old Age Pension		NCP	69,644	77%	53669	P	Pension Watch
45	Honduras	Bono Vida Mejor		CCT	236,718	71%	167,967	H	Cantu, Villegas and Noriega 2022
46	Mexico	Prospera	b, g	CCT	6,519,330	95%	6,168,694	H	ECLAC 2023
47	Mexico	Pensión de Adultos Mayores	b	NCP	5,114,075	79%	4,026,125	P	ECLAC 2023
48	Mexico	Programa de Apoyo Alimenticio	b, g	Other	6,519,330	95%	6,168,694	H	ECLAC 2023
49	Mexico	Procampo	b	Other	NA				
50	Mexico	Programa de Empleo Temporal	b	Other	436,560	11%	49,243	P	ECLAC 2023
51	Panamá	Beca Universal	b	CCT	NA				
52	Panamá	Red de Oportunidades	b	CCT	40,642	88%	35,774	H	MIDES
53	Panamá	SENAPAN	b	CCT	8,585	77%	6,598	H	MIDES
54	Panamá	120 a los 65	b	NCP	125,569	106%	132790	P	MIDES
55	Panamá	Angel Guardián	b	Other	19,215	102%	19,533	P	MIDES
56	Paraguay	Tekoporá	b	CCT	167,075	88%	146,836	H	MDS
57	Paraguay	Pensión Alimentaria Para Adultos Mayores en Situación de Pobreza	b	NCP	202,348	86%	174,708	P	ECLAC 2023
58	Perú	Juntos	b	CCT	678,810	120%	816,334	H	CDN
59	Perú	Pensión 65		NCP	561,349	112%	630403	P	ECLAC 2023
60	Perú	Bono Gas	b	Other	NA				
61	Suriname	Elderly Care	d, f		67,808	90%	61,041	P	IDB
62	Suriname	Child allowance		Other	45,507	65%	29,619	H	IDB
63	Suriname	Financial Assistance/Alivio/Support for Poor Households		Other	5,362	96%	5,130	H	IDB

n	Country	Program Name	Note	Type of non-contributory cash transfer	Beneficiaries according to administrative data	Beneficiaries according to survey/beneficiaries according to administrative data	Beneficiaries according to clean survey data	Unit	Source
64	Suriname	Financial Assistance/Disability Payment		Other	11,871	52%	6215	P	IDB
65	Uruguay	Asignaciones familiares (Plan Equidad)	i	CCT	176,532	90%	158,088	H	MIDES
66	Uruguay	Pensiones no contributivas por vejez	e	NCP	18,861	108%	20,386	P	CESS
67	Uruguay	Pensiones no contributivas por invalidez y otros	e	Other	64,390	66%	42,591	P	CESS

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean and different sources of administrative data.
Notes: Units: B-Benefits (one person may receive more than one benefit), P (persons), Ch (children/students/women receiving the benefit), H (households). CESS: Comisión de Expertos en Seguridad Social.
a. Data from this household survey does not distinguish between people receiving this program as a non-contributory pension for old age and people receiving it as a disability pension. We assume that people eligible for old-age pensions because of their age are receiving this type of transfer, while the rest are receiving a disability pension.
b. The survey does not contain a question that identifies program participants, however it is assumed that a person participates in a program when they receive an income from that source.
c. Data from this household survey does not distinguish between people receiving this program as a non-contributory pension for old age and people receiving it as a conditional cash transfer for disability. We assume that people eligible for old-age pensions because of their age are receiving this type of transfer while the rest are receiving a conditional cash transfer.
d. We impute universal coverage.
e. Beneficiaries are imputed based on receiving a pension from "Caja Civil y Escolar" that is close to the maximum value of non-contributory pensions (+- 15%), since administrative data shows that most people receive the maximum amount.
f. We impute the value based on the fixed amount of this benefit.
g. Administrative data from Prospera includes beneficiaries of the unconditional Programa de Apoyo Alimentario.
h. One person can have more than one benefit.
i. Number of households estimated based on the average number of children under age 18 in the household who receive Plan Equidad payments.

Simulation to correct underreporting of beneficiaries in household surveys

We conducted a simulation that calibrates the sampling weights of the household surveys using a maximum-likelihood estimation routine through the Stata command maxentropy (Wittenberg 2010) to correct for discrepancies between surveys and administrative records. We carried out this process separately for each country.

This methodology minimizes the loss of information while adjusting the sampling weights of households to match marginal totals, which are referred to as constraints. The main constraint imposed is the share of the population that benefits from each non-contributory transfer program, as reported in the administrative data. To preserve the original structure of the survey, we added other constraints, including: the proportion of individuals under the poverty line based on post-transfer income (i.e., estimated poverty), the share of the population in each administrative region, average household size, age distribution (10-year age cohorts), gender distribution, and the proportion of people who are heads of households. In some countries, the command failed to converge, and some constraints had to be excluded. Specifically, the share of people living in poverty after transfers was excluded from the models for Argentina, Chile, Colombia, Dominican Republic, Ecuador, Guyana, Honduras, and Suriname. Additionally, in Suriname, the share of the population by 10-year age cohorts was excluded.

In all cases, poverty estimates remain substantially similar to those based on original survey weights (Table A4). This provides comfort on the validity of the results of the simulation.

Table A4. Comparison between original versus simulated post-transfer poverty headcount

	Original weights	Simulation	Original minus simulation
	(%)	(%)	diff
Argentina *	7.8	7.7	0.1
Bolivia	19.6	19.6	0.0
Brazil	26.2	26.9	-0.7
Chile *	16.1	16.9	-0.8
Colombia *	38.5	40.1	-1.6
Costa Rica *	20.4	20.6	-0.1
Dominican Republic *	26.8	26.9	-0.1
Ecuador *	37.4	37.3	0.1
El Salvador	41.7	40.6	1.1
Guyana *	63.4	62.8	0.5
Honduras *	61.0	61.5	-0.5
Mexico	35.6	36.1	-0.4
Panama	17.5	18.0	-0.4
Paraguay	28.6	28.8	-0.2
Peru	31.0	30.4	0.6
Suriname *	55.6	56.9	-1.3
Uruguay	10.7	10.4	0.3
Total	28.8	29.3	-0.5

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean and different sources of administrative data.
Note: The share of people living in poverty based on post-transfer income was not included as a constraint in the individual simulation for Argentina, Chile, Colombia, Dominican Republic, Ecuador, Guyana, Honduras, and Suriname.

The simulation allowed producing estimates of how many people live in households that receive at least one non-contributory cash transfer program that match the administrative data. We chose to report the results using the adjusted weights in cases where the number of program beneficiaries is the key element of the analysis (for example, for the ratio between number of beneficiaries and number of people in poverty

in Table 2, and for coverage in Table 5). In contrast, we use the original weights when we analyze the value of the transfer received by a household in Table 3 because the simulation does not produce new information on the value of the transfer received by each beneficiary. For the same reason, we use the original weights when we assess leakage in Table 6, which is equivalent to assuming that our simulation does not alter the pre-transfer distribution of income among the observed beneficiaries. Similarly, we use original weights to analyze the quality of demographic targeting in Table 7 and the quality of racial-ethnic targeting in Table 8. Consequently, Table 9 is based on a mix of estimates with original and adjusted sampling weights (Tables A5 and A6 report results entirely based on original and adjusted weights, respectively).

Table A5. Assessment of countries' cash transfer systems (original weights)

	Suriname	Argentina	Brazil	Chile	Costa Rica	Panama	Uruguay	Bolivia	Mexico	Dominican Republic	Ecuador	Guyana	Peru	Colombia	El Salvador	Honduras	Paraguay
Ratio of beneficiaries to population in poverty	1	1	0	1	1	1	1	1	1	1	0	0	0	0	0	0	0
Ratio of size of transfers to poverty gap	1	1	1	1	1	1	1	0	0	0	1	1	0	0	0	0	0
Ratio of budget to aggregate poverty gap	1	1	1	1	1	1	1	1	0	1	0	0	0	0	0	0	0
Coverage of population in poverty (%)	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
Beneficiaries above poverty line (%)	1	0	1	0	0	0	0	0	1	0	1	1	1	1	1	1	0
Quality of demographic targeting	1	1	1	1	1	1	1	1	0	0	0	0	1	0	0	0	0
Score (Number of items in top half)	6	5	5	5	5	5	5	4	3	2	2	2	2	1	1	1	0

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Table A6. Assessment of countries' cash transfer systems (adjusted weights)

	Brazil	Suriname	Argentina	Costa Rica	Panama	Uruguay	Bolivia	Chile	Ecuador	Colombia	Guyana	Mexico	Peru	Dominican Republic	El Salvador	Honduras	Paraguay
Beneficiaries to population in poverty ratio	1	1	1	1	1	1	1	1	0	0	0	0	0	1	0	0	0
Size of transfers to poverty gap ratio	1	1	1	1	1	1	0	1	1	0	1	0	0	0	0	0	0
Budget to aggregate poverty gap ratio	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
Coverage of population in poverty (%)	1	1	1	1	1	1	1	1	0	0	0	1	0	0	0	0	0
Beneficiaries above poverty (%)	1	1	0	0	0	0	0	0	1	1	1	1	1	0	1	1	0
Quality of demographic targeting	1	1	1	1	1	1	1	0	0	1	0	0	1	0	0	0	0
Score (Number of items in top half)	6	6	5	5	5	5	4	4	3	2	2	2	2	1	1	1	0

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Table A7 replicates Table 1, but using the original weights from the surveys. It shows, for example, that the simulation considerably increases the estimate of the effect of the transfers on the poverty gap in Colombia and Brazil.

Table A7. Poverty and inequality before and after non-contributory cash transfers (original weights), 2019

	Poverty headcount		Poverty gap		Gini Index		Difference (before transfers minus after transfers)		
							Poverty headcount	Poverty gap	Gini Index
	before transfers	after transfers	before transfers	after transfers	before transfers	after transfers			
	(%)	(%)	(%)	(%)			pp	pp	pp
Argentina	12.8	7.8	5.5	2.3	45.8	43.7	5.0	3.2	2.0
Bolivia	21.9	19.6	10.0	8.0	43.7	42.6	2.3	1.9	1.1
Brazil	27.4	26.2	13.4	11.6	53.4	53.3	1.3	1.7	0.2
Chile	20.6	16.1	8.3	5.2	50.1	48.7	4.5	3.0	1.4
Colombia	39.0	38.5	18.2	17.3	53.9	53.5	0.5	0.9	0.4
Costa Rica	23.8	20.4	10.0	7.4	51.6	50.5	3.4	2.6	1.1
Dominican Republic	27.9	26.8	9.7	9.0	43.9	43.5	1.1	0.7	0.4
Ecuador	39.5	37.4	17.2	14.9	48.7	47.3	2.1	2.3	1.5
El Salvador	41.8	41.7	15.7	15.6	39.8	39.8	0.1	0.2	0.0
Guyana	65.8	63.4	44.6	41.0	55.0	53.9	2.4	3.6	1.1
Honduras	61.1	61.0	34.5	34.3	54.0	53.9	0.1	0.2	0.1
Mexico	37.2	35.6	14.8	13.0	49.2	48.0	1.6	1.8	1.2
Panama	21.2	17.5	11.5	7.8	52.6	51.2	3.7	3.7	1.4
Paraguay	29.3	28.6	12.6	12.0	48.6	48.3	0.6	0.6	0.3
Peru	31.8	31.0	12.5	11.5	43.1	42.4	0.8	1.0	0.7
Suriname	60.0	55.6	37.9	31.4	50.1	48.6	4.4	6.5	1.5
Uruguay	13.2	10.7	5.3	3.5	43.3	42.1	2.4	1.8	1.1
Total	30.5	28.8	13.6	11.9	52.4	51.7	1.7	1.8	0.7

Annex 2. Analysis disaggregated by type of program

Table A8 and A9 zoom in on the information reported in Table 2, presenting the number of beneficiaries by type of program, using original and adjusted weights, respectively.[18] They show considerable adjustments, for example, for conditional cash transfers in Brazil and Colombia.

Table A8. Number of beneficiaries by type of program (original weights), ~2019

Country	Non-contributory transfers (thousands)	Conditional cash transfers (thousands)	Non-contributory pensions (thousands)	Other transfers (thousands)
Argentina	14,915	11,848	1,122	4,608
Bolivia	8,171	6,431	2,461	238
Brazil	46,147	39,082	2,852	5,903
Chile	9,290	2,266	2,763	7,778
Colombia	9,982	7,124	3,412	0
Costa Rica	1,216	922	269	111
Dominican Republic	3,142	2,823	177	3,119
Ecuador	3,598	2,851	897	129
El Salvador	149	80	76	0
Guyana	143	0	143	0
Honduras	885	885	0	0
Mexico	37,968	28,416	10,951	3,985
Panama	2,415	2,154	390	87
Paraguay	1,188	698	529	0
Peru	6,103	3,777	1,572	2,462
Suriname	328	0	177	201
Uruguay	770	646	47	126
Total	146,411	110,003	27,838	28,746

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Table A 9. Number of beneficiaries by type of program (adjusted weights), ~2019

Country	Non-contributory transfers (thousands)	Conditional cash transfers (thousands)	Non-contributory pensions (thousands)	Other transfers (thousands)
Argentina	15,149	11,917	730	5,203
Bolivia	7,983	6,368	2,303	168
Brazil	57,005	47,268	4,276	7,965
Chile	10,148	3,335	2,202	8,988
Colombia	13,500	10,158	4,152	0
Costa Rica	1,406	1,146	215	151
Dominican Republic	3,198	2,824	233	3,180
Ecuador	3,624	2,729	1,030	161
El Salvador	346	271	99	0
Guyana	162	0	162	0
Honduras	1,183	1,183	0	0
Mexico	42,064	31,063	12,710	4,845
Panama	2,484	2,244	379	87
Paraguay	1,292	764	570	0
Peru	5,603	3,306	1,477	2,336
Suriname	358	0	169	246
Uruguay	879	721	46	177
Total	166,385	125,298	30,753	33,506

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.

Table A10 breaks down the information provided in Table 3, showing that the per capita value of non-contributory pensions and other transfers is more than double, on average, than that of conditional cash transfers.

[18] These tables include all individuals receiving transfers. In contrast, the analysis for the scorecard includes only those with available income information.

Table A10. Average monthly transfer of non-contributory cash transfers by type of program, ~2019

Country	All non-contributory transfers (USD PPP)	Conditional cash transfers (USD PPP)	Non-contributory pensions (USD PPP)	Other transfers (USD PPP)
Argentina	83	48	144	109
Bolivia	23	3	65	5
Brazil	44	19	181	127
Chile	37	9	66	18
Colombia	13	10	18	
Costa Rica	47	24	97	87
Dominican Republic	15	11	5	5
Ecuador	36	22	60	97
Guyana	73		73	
Honduras	6	6		
Mexico	20	17	21	15
Panama	39	27	87	38
Peru	16	11	32	3
Paraguay	13	3	25	
El Salvador	24	10	37	
Suriname	46		73	11
Uruguay	50	21	171	134
Total	36	20	55	53

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Notes: All values are per capita and expressed in dollars adjusted for purchasing power. The poverty gap is calculated based on the international line of 6.85 dollars per day (adjusted for purchasing power). Results are from the simulation based on original survey weights.

Table A11 zooms in on the information provided in Table 4. It shows that the total budget is nearly equally distributed among the three categories of programs.

Table A11. Budget of non-contributory transfers by type of program, as a % of gross domestic product (GDP), ~2019

Country	Non-contributory transfers as a % of GDP 2019	Conditional cash transfers as a % of GDP 2019	Non-contributory pensions as a % of GDP 2019	Other transfers as a % of GDP 2019
Argentina	1.48	0.66	0.10	0.72
Bolivia	2.13	0.30	1.64	0.19
Brazil	1.08	0.34	0.33	0.42
Chile	0.81	0.09	0.27	0.45
Colombia	0.30	0.17	0.13	0.00
Costa Rica	0.69	0.32	0.21	0.16
Dominican Republic	0.28	0.18	0.01	0.10
Ecuador	0.83	0.34	0.39	0.09
Guyana	1.42	0.00	1.42	0.00
Honduras	0.15	0.15	0.00	0.00
Mexico	0.42	0.24	0.13	0.04
Panama	0.80	0.51	0.27	0.03
Peru	0.24	0.10	0.12	0.02
Paraguay	0.25	0.04	0.21	0.00
El Salvador	0.14	0.07	0.08	0.00
Suriname	1.72	0.00	1.40	0.31
Uruguay	0.72	0.24	0.11	0.38
Total	0.79	0.30	0.22	0.26

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean.
Notes: Gross domestic product in USD PPP for the year of the survey used for each country (circa 2019), as reported by the World Economic Outlook, April 2023. Results are from the simulation based on adjusted weights.

Table A12 gives greater details on the information provided in Table 5. It shows that most of the coverage of the population living in poverty is due to conditional cash transfer programs (which are also the programs with the lowest per capita transfer).

Table A12. Percentage of population in poverty that lives in a household that benefits from a non-contributory cash transfer program, 2019

Country	Non-contributory programs	Conditional cash transfers	Non-contributory pensions	Other transfers
Argentina	83	67	7	34
Bolivia	83	69	25	1
Brazil	63	60	1	5
Chile	80	43	16	74
Colombia	47	37	13	
Costa Rica	60	49	9	8
Dominican Republic	41	37	4	41
Ecuador	40	32	10	2
Guyana	21	0	21	0
Honduras	17	17	0	0
Mexico	55	45	14	6
Panama	87	78	15	3
Peru	41	26	10	16
Paraguay	37	25	13	0
El Salvador	10	8	3	0
Suriname	72	0	32	53
Uruguay	88	77	50	16
Average (weighted)	55	47	8	9

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean. Results are from the simulation based on adjusted weights.

Finally, Table A13 zooms in on the information provided in Table 6. It shows that cash transfers are the programs with the lowest percentage of beneficiaries above the poverty line. This may be by design, as non-contributory pensions and pensions for people with disabilities, for example, do not necessarily target people living in poverty.

Table A13. Percentage of transfer beneficiaries above the poverty line, 2019

Country	Non-contributory programs	Conditional cash transfers	Non-contributory pensions	Other transfers
Argentina	69	68	53	63
Bolivia	74	73	73	82
Brazil	29	20	82	61
Chile	69	52	67	68
Colombia	27	23	35	
Costa Rica	48	47	49	36
Dominican Republic	62	61	50	62
Ecuador	23	20	34	27
Guyana	35		35	
Honduras	11	11		
Mexico	37	30	48	34
Panama	68	69	58	72
Peru	27	20	31	29
Paraguay	41	32	52	
El Salvador	22	16	28	
Suriname	30		35	23
Uruguay	52	48	61	58
Average (weighted)	41	34	53	56

Source: Authors' calculations based on Inter-American Development Bank (2023) Harmonized Household Surveys of Latin America and the Caribbean. Results are from the simulation based on original weights.