

Cash Transfers: Real Lessons from Brazil*

Brazil is often used as an example to show that cash transfers are effective for poverty reduction, and sometimes even to replace the Public Distribution System. However, these comparisons are made out of context. The circumstances in India are rather different from those of Brazil:

- The proportion of the population living on less than \$1.25 a day is about five times as high in India (32 per cent) as in Brazil (6.7 per cent).
- Brazil's Gross National Income per capita per annum is around three times as much as India's.
- Only 15 per cent of Brazil's rural population lives in rural areas. In India, this number is around 70 per cent.
- Public infrastructure is much better in Brazil: nearly all households have electricity, and a much larger proportion of people have access to toilets and piped drinking water.
- In terms of other "development" indicators too, Brazil fares much better than India. It has almost full literacy (female literacy is slightly higher than male), a low rate of infant mortality and child undernutrition.

	India	Brazil
Proportion of population living on less than \$1.25 a day(PPP) ¹	32 ^b	6.7 ^b
Public expenditure as %age of GDP ¹		
Health	1.0	3.5
Education	3.1 ^b	5.1 ^c
Rural Population(%) ¹	69.7 ^a	14.0
GNI Per capita(PPP\$) ¹	3,260	10,140
Households with (%) ¹		
Electricity	68 ^b	98.9
Piped drinking water	42 ^b	77
No toilet facility	55 ^b	11
Literacy rate, age 15-24 ²		
Female	74 ^b	99 ^d
Male	88 ^b	97 ^d

Sources: ¹World Development Indicators 2009; ²Human Development Report 2010. Notes: ^a 2011^b 2005-2006^c 2007^d 2008

Entitlements:

- There is a large range of social security schemes that the Government of Brazil undertakes, including public schemes for housing, shelters, skill training.
- There are food-specific programmes including provision of food basket (fresh food), restaurants that provide cheap nutritious meals (at one Brazilian Real per meal), procurement of perishable items from farmers.
- Health, food security, basic income and education are constitutionally guaranteed rights in the form of laws.

Real Lessons from Brazil

- Cash transfers cannot replace basic government services
- Implement a comprehensive National Food Security Act immediately

* Adapted from Reetika Khera (2011) "Lessons from Brazil", 17-30 December, *Frontline*.