Impact evaluation of a non-contributory pension program on family welfare in Brazil: Benefício da Prestação Continuada (BPC)

By Ana Lucia Kassouf and Pedro Oliveira

From their empirical evaluation results, the researchers observe:

1 - **A decrease in labor force participation for the elders receiving the BPC benefit.**
This is very important as most beneficiaries have limited access to financial aid, and thus the BPC program presents their only chance to retire from the labor market (i.e. improving their wellbeing).

2 - **A significant decrease in the probability of the beneficiaries’ co-residents to be working or looking for a job.**
Especially when the co-resident is not the only provider of the household and/or does not have a good job; the extra income then allows him to look for a better job or quits work to study.

And finally:

3 - **A decline in (child) labor participation for kids aged 10 to 15 living with beneficiary elders,** which however, was not found to be associated with an increase in school attendance.
This can be explained by the fact that Brazil has already achieved universal education – with 97% of school enrollment for kids under 15 (i.e. 9 years of basic education) – and that work and study are not mutually exclusive; several teenagers in Brazil may neither study nor work, while others may do both.

### Key findings

### Policy recommendations

In terms of policy adjustments, the researchers recommend:

1 - the inclusion of conditionalities, as a way to increase the impact of the BPC program on human capital accumulation. Such conditions may include co-residents’ children school attendance, vaccination and attendance to health care services, etc..

2 - the adjustment of the allocation’s value to take into account the household’s size, location (state and rural/urban area) and income level

3 - that the current minimum wage paid in Brazil should be the ceiling price of the programs’ stipends.