

Workfare Programmes in Brazil: An Evaluation of Their Performance

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Abstract

Workfare programmes have been traditionally used in Brazil in order to lighten the effects of drought that periodically strikes rural semi-arid areas in the Northeast. Only recently they have been applied in urban areas where declining employment and income were prompted by the slow-down in economic activity.

This paper outlines the characteristics of workfare programmes implemented in Brazil in the second half of the nineties. It makes an assessment of the impacts the programmes actually had - or could have had if implemented as planned - on employment, income and poverty. Some critical operational aspects, like focus and training, are discussed, as well as the need to design social programmes aimed at well defined target clienteles.

Contents

Abstract.....	iii
1. Introduction.....	1
2. Urban workfare programmes	2
2.1 The Federal Programme.....	3
2.2 Programmes run by the States	6
2.3 The Municipal Programmes	11
3. The northeast work front	17
4. Effects of workfare programmes on employment, income and poverty	19
5. Two basic operational issues: targeting and training	25
5.1 Unemployment criteria and the loss of the self-targeting component	25
5.2 The training component	26
6. Conclusions and recommendations.....	27
References	29
Appendices	30
Appendix 1. Agricultural output in meso-regions assisted by the northeast work front where crop failure was below the level used as criterion - 1997/1998	30
Appendix 2. Enlisted workers and rural population in meso-regions assisted by the Northeast Work Front Programme - 1998.....	31

List of tables

Table 1. Workers with no income or earning less than one-half of the minimum wage	5
Table 2. Monthly cost per beneficiary	8
Table 3. Emergency unemployment assistance programme situation in March 2000	10
Table 4. Emergency unemployment insurance programme: beneficiary profile	10
Table 5. Job creation programmes for low- income population under way in the Rio de Janeiro Municipal District - June 2000.....	12
Table 6. Basic information on municipal programmes under way in Rio de Janeiro Municipal District	15
Table 7. Comparison between programme targets and size of estimated economically active population (EAP), for selected municipalities in the State of São Paulo	16
Table 8. Number of workers enlisted in the northeast work front - 1998/2000.....	18
Table 9. Monthly payment under the northeast work front and corresponding share in rural income by State (R\$)	19
Table 10. Simulation of the effects of urban work fronts on unemployment and poverty - September 1999	21
Table 11. Proportion of poor in rural areas in States affected by drought: 1997 - 1998	23
Table 12. Programme transfers and income gap by State (R\$1,000).....	24

1. Introduction

In Brazil, the persistence of absolute poverty is known to be caused by marked inequality of income among individuals and families. Thus, although the nation's average per capita income hovers around US\$ 3,200 - above any amount that could be realistically associated with the income parameter used as poverty line- the incidence of absolute poverty affects over one third of the population. Although poverty had dropped sharply with the implementation of the 1994 Economic Stabilization Plan, the evidence that the proportion of poor people was stabilizing at a new level brought issues linked to poverty and inequality to a center-stage position among the nation's concerns.

The devaluation of the Real in January 1999 threatened to lead to a large scale crisis, aggravating poverty and inequality. Because of the liberalization of foreign trade and economic restructuring, labour market conditions were already adverse: new jobs were being created at a pace insufficient to absorb the increase in the economically active population. From 1995 through 1998¹ the number of jobs in Brazil's metropolitan regions rose 2.2 per cent, while its working-age population increased by 7.0 per cent over the same period. This implied a rapid process of exclusion of less skilled workers from the labour market: the number of jobs held by individuals with less than four years of schooling fell by 18 per cent over the same three-year period. As these workers still accounted for 27 per cent of the working population by the end of 1998, disastrous effects on poverty and inequality were to be expected, prompted by the slow-down in economic activity, such as that ushered in by the events in early 1999.

In view of this very adverse short-term scenario, academy and business specialists were unanimous in projecting the drop in Brazil's GDP for 1999 of between - 2 per cent and - 4 per cent, with unemployment rates in the metropolitan regions rising from 7.5 per cent to 10 per cent of the economically active population. There was an obvious need to introduce special protection mechanisms that could offset the probable immediate effects of this devaluation in terms of shrinking levels of activity and a consequent drop in employment and income for the less-protected sectors of the population.

It was within this context that several emergency programmes were conceived aimed at generating job opportunities for the urban poor. These are not welfare programmes in the most strict sense, that is, implying the obligation to work by able-bodied recipients in return for welfare benefits (Kildal, 2000). As a matter of fact, there is not an encompassing welfare system in Brazil as to justify workfare under this definition. Nevertheless the job creation programmes recently conceived in Brazil have a clear welfare component in guaranteeing income to those who are excluded from the labour market. These programmes have the same objectives and similar characteristics of those, referred as workfare in a less strict sense, that have been implemented in several countries as a response to the rapid deteriorating conditions of employment,

¹ Data on the average for the second six months of each year.

income and poverty.² In Brazil, the programmes associating job creation and poverty reduction objectives that are described in this text can be classified into three categories according to spatial coverage: the federal programme, encompassing metropolitan regions; programmes run by the Federal District and the State of São Paulo; and finally, programmes set up by Municipalities.

Whereas urban workfare programmes are new to Brazil, programmes designed for rural communities have been used over the past 30 years with controversial results and in a wide variety of formats over time - in order to lighten the effects of drought that periodically strikes the semi-arid scrublands of Northeast Brazil.³ Coincidentally, at a time of rising interest in the establishment of urban workfare programmes in 1999, rural work fronts were also being run to combat the effects of the drought that began in 1998.

The urban or rural context to which these programmes apply necessarily entails different conditions for their implementation. These differences become even more marked due to characteristics of the productive development in each context. In the rural Northeast, this means creating income opportunities for a relatively homogenous population normally involved in quasi-subsistence farming. In more modernized urban areas, where the economic crisis tends to have severe effects, the workfare programmes are designed to service a heterogeneous population that tends towards exclusion within an overall context characterized by sharp social and economic inequality.

This paper is designed to outline the characteristics of workfare programmes in Brazil, pinpointing difficulties in their operation and assessing their impact in terms of job and income generation, as well as poverty reduction. The next section describes urban workfare programmes conceived as a response to a shrinking labour market and rising unemployment from 1997 onward, but particularly in 1999, at a time when economic prospects became more critical. Section 3 covers the Northeast work front, introduced as an emergency measure to protect rural communities affected by the drought that began in 1998. Section 4 presents some elements allowing an assessment of the impact - whether probable or actual - of the different types of programme, in terms of employment, income and poverty. Section 5 discusses focus and training, which are critical issues in bringing urban workfare programmes into operation. Finally, Section 6 comments on workfare programmes as a social policy mechanism in Brazil.

2. Urban workfare programmes

The first workfare programme set up to respond to rising unemployment was introduced in the Franca municipal district, in 1997. This section describes the different initiatives by government level, starting from the Federal Project, which was not formally established, far less implemented. The State and Municipal programmes described below are limited to those that have been effectively implemented.

² Argentina implemented the *Trabajar* Programme in 1996, which was considered a case study on workfare evaluation (Baker, 2000).

³ Work front programmes were run in Northeast Brazil in 1970, 1976-1977, 1979-1983, 1993, 1998-2000.

2.1 The Federal Programme

The *Programa Piloto de Trabalho Solidário* was drawn up at the request of the Ministry of Labour in March 1999, based on the following justification:

“The Brazilian Government is concerned with the social consequences of the current economic crisis facing the country. The crisis is causing a temporary drop in labour demand in both the formal and informal sectors, and thus aggravates already high levels of poverty in Brazil. In order to provide short-term support for the poor who do not receive unemployment insurance or related government transfers, the Minister of Labour has proposed the creation of a community-based workfare program piloted in selected municipalities of the principal metropolitan areas most severely affected by the crisis.”⁴

The proposed programme featured three essential characteristics:

- a) it was designed as an emergency action to offset declining income among the less protected sectors of the population, and was limited to metropolitan regions.⁵ In these modernized urban areas - home to 48 million people or almost one-third of the Brazilian population - the impact of short-term economic crises has always been felt immediately and acutely. Additionally, contrasts in income, wealth and power are stronger and more marked in the metropolises, which could result in explosive situations with the expected worsening of social and economic conditions.
- b) the programme would be federal in terms of outline and financing, but would depend on local initiatives for the design and the implementation of projects which would ultimately create the new jobs. The local partners could be community associations, NGOs or even sub-national levels of government (States or Municipalities).
- c) the financial responsibility of the Federal Government would be limited to the amount corresponding to the payment of the workers enlisted, less than the official minimum wage. Other costs associated with the programme would be the responsibility of the local partners.

The target population for this programme was estimated on the basis of characteristics of working age individuals at the bottom of the income pyramid: those aged 18 years or more, with less than four years of schooling, unemployed or earning labour income of less than one-half of the minimum wage. According to the National Household Sampling Survey,⁶ this population totalled some 570,000 in metropolitan regions by September 1997,⁷ but as not all individuals with these characteristics would

⁴ Draft Project Concept Note - Executive Summary

⁵ There are nine metropolitan regions in Brazil, all with over 2.5 million inhabitants, except Belém with one million. São Paulo and Rio de Janeiro are the largest with 17.4 and 10.4 million inhabitants respectively.

⁶ PNAD - *Pesquisa Nacional por Amostra de Domicílios*

⁷ Reference data from the last PNAD available when the programme was being drawn up.

be interested or in a position to enlist, the programme considered a potential target of 400,000 people.

The monthly benefit per worker - varying from R\$60 to R\$90 in order to take regional differences in income and cost of living into account - would average out at R\$77, which is slightly higher than one-half of a minimum wage (R\$65.00 or US\$35.00, at the foreign exchange rate of R\$1.85/US\$1.00). This programme was to be underwritten by World Bank funding of US\$125 million, with equivalent counterpart financing from the Brazilian Government.

The local sponsor was to be responsible for the project concept, as well as implementation and supervision, in addition to covering local costs other than the actual benefit. The project to be proposed by the local sponsor was to have two basic characteristics: a) labour intensive, with the labour factor accounting for over 70 per cent of the total project cost; b) short-duration, for completion within up to six months.

The federal programme so designed was never implemented. However, the proposed features prompt some comments.

The first is that the programme stresses the self-targeting aspect, in order to avoid the many difficulties and costs associated with the registration and selection of beneficiaries. Thus, requirements for participation are kept to an essential minimum: age, to avoid including minors under the age of 18 years; duration of residence in the municipality (at least three years) in order to avoid migration to regions where the programme is implemented; candidates should not be on the unemployment assistance payroll or receiving any other type of social security benefit. As discussed below, although self-targeting is a key feature of workfare programmes, it has not been adopted in most of the other programmes designed in Brazil. However, it is worthwhile recording that self-targeting is possible only when the demand for the programme is lower than or equal to the size of the estimated target population, which depends on how much the programme benefits would appeal to its potential clientele.

The second comment concerns the legal constraints involved when implementing this kind of programme in Brazil. By establishing a sufficiently low monetary benefit, attractive only to the target population, the intention was to extend the number of beneficiaries as much as possible, while minimizing problems of focus. However, awarding a monetary benefit in counterpart to work which is below the minimum wage in effect is a questionable procedure from the legal standpoint, and would certainly have triggered resistance at the political and trade union levels. This means that the programme would have required a legal status that would place it beyond the jurisdiction of the social security or labour laws, allowing the payment of a benefit less than the minimum wage, in addition to exemption from the costs imposed by other labour charges.⁸

It should be noted that the monetary benefit proposed seems quite reasonable from the standpoint of the functioning of the actual economy. Although the minimum wage in effect was R\$135.00 in September 1999, 2.4 per cent of the workers in metropolitan

⁸ Total labour costs for employers in Brazil are around twice the amount of the wages paid.

regions or around 484,000 people were receiving monthly labour incomes of less than one-half of the minimum wage.⁹ However, significant regional differences in income should be noted, partly reflecting local differences in the cost of living. While in São Paulo - Brazil's largest metropolis - only 0.9 per cent of the workers (67,000 people) earned less than one-half of a minimum wage, this proportion topped 7 per cent in Recife and Fortaleza.¹⁰ Table 1 shows that, due to the value of the benefit, this programme would not have much appeal for its target population in São Paulo, but is far better adapted to labour market conditions in metropolises in the less developed regions.

Table 1. Workers with no income or earning less than one-half of the minimum wage

Metropolitan regions	Number of workers	Workers			
		With no income		With positive income less than half minimum wage	
		Number	% ¹	Number	% ¹
São Paulo	7 203 749	199 508	2.8	67 338	0.9
Salvador	1 180 415	55 186	4.7	77 568	6.6
Rio de Janeiro	4 265 682	49 469	1.2	50 591	1.2
Recife	1 196 611	75 197	6.3	86 898	7.3
Porto Alegre	1 563 039	84 197	5.4	38 903	2.5
Fortaleza	1 088 649	65 613	6.0	76 833	7.1
Curitiba	1 183 779	84 832	7.2	19 055	1.6
Belo Horizonte	1 782 418	76 178	4.3	51 377	2.9
Belém	370 412	18 937	5.1	15 113	4.1
Total	19 834 754	709 117	3.6	483 676	2.4

Source (IBGE/PNAD, 1999).

Note 1. Percentage of total number of works in each metropolis

The third comment refers to the intended spatial scope. The programme was to be limited to municipalities in metropolitan regions, thus focusing efforts on the areas that were more directly affected by the crisis. This would also make the programme easier to implement, as it was to depend on local management and initiatives. Although these regions are relatively better endowed to draw up and implement projects of this type than the rest of the country, the critical point seems to be the federal plus local partnership model proposed by the programme, and the obvious difficulties in establishing this link successfully in the very short term.

A fourth noteworthy point is the fact that the programme skirted the issue of training, edging it aside for possible future voluntary adoption. This means that although training, qualification and literacy classes were mentioned as “desirable”, the proposed programme did not impose these activities as a condition. As the difficulties encountered in implementing this type of programme rapidly are already somewhat daunting - in terms of legal issues as well as in establishing federal/local partnerships, as

⁹ There are a further 554,000 workers with no income (2.8 per cent of the employed), in family work situations, among others.

¹⁰ Data for September 1999 (IBGE/PNAD).

discussed above - the mandatory requirement of providing training as well could either undermine the feasibility of the programme completely, or result in unsatisfactory initiatives slotted into the projects merely to comply with formal requirements.

Finally, it should be noted that seems difficult to design and manage projects at the level of labour intensity stipulated by the programme - over 70 per cent of the total cost - in metropolitan areas. On the one side, this is due to the profile of the potential supervisors and the labour-force itself. On the other, labour-saving technologies have already become commonplace in these areas, even for carrying out the simplest tasks.

2.2 Programmes run by the States

Two units of the Brazilian Federation - the Federal District and São Paulo - set up workfare programmes in mid-1999, prompted by worsening conditions on the labour market.

Work front and vocational training programme in the Federal District¹¹

The Federal District is a unit of the Brazilian Federation with special status from the political and institutional standpoints, presenting specific social and economic characteristics. A small physically homogeneous tract of land that is almost completely urban, it posts the highest *per capita* income in Brazil. The high *per capita* level of Government funding also provides privileged financial conditions for implementing social assistance programmes well able to cover much of the low income population. As poverty worsened from 1998 through 1999 - the proportion of poor people rose from 36.0 per cent to 39.4 per cent over the period - this was certainly a factor prompting the local Government to set up a workfare programme.

Established by Decree No. 20,262 dated May 21, 1999, this programme was motivated “by the need to reduce the high level of unemployment in the Federal District” which results from the “poorly-qualified labour-force”. In order to upgrade the qualification of labour force, attendance at a Government-run six-month capacity-building course was required. This training would take ten hours a week, in parallel to four hour workdays. The Decree made provision to service 10,000 people a month and established quotas for specific groups, setting aside 10 per cent of the places for young people aged 16 to 18 years.¹² The monetary stipend was equivalent to one minimum wage, in addition to transportation vouchers and insurance coverage against on-the-job accidents. Proof of at least five years of residence in the Federal District was required.

This programme was implemented rapidly with no specific registration procedures. The enlisted workers were selected from the social welfare records already available, such as those covering the 80,000 families receiving monthly food baskets. According to information from the Labour Bureau, which manages this programme, the

¹¹ “*Programa Frente de Trabalho e Qualificação Profissional*”.

¹² 30 per cent of the places are set aside for women heads of families, 30 per cent for workers over the age of 40 years, 3 per cent for illiterates and 3 per cent for the handicapped.

turnover rate is high, but the number of enlisted workers has remained constant, hovering around 10,000 with a waiting list of 40,000 candidates qualified for the programme.¹³

Despite formal emphasis in the Decree which established this programme, it failed to provide any training or recycling activities during its first year in operation. Under these conditions, the replacement of the enlisted workers after receiving the benefit for six months was questioned, forcing the Government to keep them in the programme until the legal requirements had been met. In view of the practical difficulties associated with training, a new Decree no. 21,254 was issued on June 14, 2000 that reduced this requirement to 100 hours over three months.

This programme was faced with a basic contradiction when targeting individuals able to prove at least five years residence in the Federal District: a significant portion of those most in need for basic training and supplementary income offered by the programme consists of recent migrants.¹⁴ However, as the programme is local, it was obvious that a residence criteria had to be established in order to avoid introducing an additional incentive for immigration. In fact, powerful magnets other than this programme already exist, drawing people to the Federal District: basic social and utility services have universal coverage, thus fairing appreciably better than those found in the surrounding areas.

The Emergency Unemployment Assistance Programme (PEAD) in the State of São Paulo

Enacted on June 8, 1999, Law No. 10,321 introduced the Emergency Unemployment Assistance Programme (PEAD - *Programa Emergencial de Auxílio Desemprego*) in the State of São Paulo. The outcome of a political initiative driven by left wing forces, the main characteristics of this programme are:

- a) The target population is defined as being individuals aged 18 and over, resident in São Paulo for at least two years and jobless for at least one year.
- b) The programme is defined as assistential, and is temporary in nature, with the benefit awarded for six months and open to extension for a further three- month period.
- c) The value of the monetary benefit was established at R\$150 a month, with each worker receiving other non-monetary benefits.

¹³ It was not possible to obtain additional information on the programme operation from the Labour Bureau, Federal District.

¹⁴ Only one quarter of the families whose *per capita* income was less than one half the minimum wage had lived in the Federal District for more than five years (PNAD, 1996).

- d) Workers are assigned to carry out tasks with State Government agencies, according to requests sent in to the programme management, working six hours a day, four days a week.
- e) One day a week is set aside for training or literacy classes.

By establishing the benefit above the minimum wage,¹⁵ this programme takes into account the reality of the labour market in São Paulo, where only 7 per cent of workers receive up to one minimum wage,¹⁶ while also avoiding the implications associated with granting a benefit less than the legal minimum wage. However, the wording of the Law that introduced this programme is careful to avoid characterizing any labour link, stipulating that “participation in the programme implies collaboration on a *casual basis*” (our italics) “rendering services in the interest of the community” while also mentioning the “duration of the activity”, rather than the work-day. This characterization not as a labour relationship, but rather as a temporary welfare link between the State of São Paulo Government and the beneficiary, allows the programme to avoid the usual labour charges. Nevertheless, the monthly cost per beneficiary is 123 per cent higher than the value of the monetary benefit, as shown in Table 2.

Table 2 Monthly cost per beneficiary

Monthly cost per beneficiary	R\$
Monetary benefit	150.00
Food basket	34.80
Transportation vouchers	36.80
Insurance	2.75
Meals	54.00
Training	57.60
TOTAL	335.95

The State of São Paulo programme avoids the trap associated with the need to design projects, create the jobs and manage the labour activities, as stipulated in the preliminary Federal proposal issued by the Ministry of Labour (see section 2.1). By linking job creation to demands for non-skilled labour among the operating units of the various State agencies, a countless range of vacancies was established - in schools, parks, healthcare posts, prisons etc - where the enlisted workers are subject to the local civil service hierarchy.¹⁷ In operational terms, this framework offers a number of advantages over the setting up of specific activities in order to generate new jobs. Based on activities already structured and in operation, it seems easier and faster to create vacancies for auxiliary staff. Over 40,000 workers were enlisted at certain times at several work-sites, many of which absorbed less than ten beneficiaries of the

¹⁵ Minimum wage: R\$135

¹⁶ A further 70,200 people, equivalent to some 3 per cent of employed workers in São Paulo State, received no wages for their work, which in most cases consisted of special situations, particularly farming activities and working within the family (Source: IBGE/PNAD 1999).

¹⁷ In March 2000 two Secretariats - Education and Water Resources and Sanitation - absorbed 64 per cent of the active beneficiaries of the Program (15,517 and 12,402 workers respectively).

programme. This would not prompt any substantial alterations to the operating routine of the units, while ensuring experience in a real working environment for those enlisted. However, it is probable that this design results in a higher drop-out rate among beneficiaries, because sub-standard performance is less easily tolerated as it could undermine the core activity of the unit.

It should also be stressed that the responsibility for the training component is assigned to the local unit where the services are rendered, which may handle this task directly, or transfer it to some other entity. In fact, although formally stipulated in the Law which established this programme, training may or may not take place, depending on the decision of the State agency to which the worker is assigned. This means that the State of São Paulo programme has avoided a second operating problem - organization of the training component - which caused problems for the Federal District Government.

Although not stipulated by law, this programme is in fact limited to the São Paulo Metropolitan Region. Due to its limited funding of R\$120 million, and consequently to the number of vacancies that can be made available, this programme is geographically restricted to the area where problems are more critical, caused by the restructuring of the labour market and the consequent exclusion of less-skilled workers. After the devaluation of the Real in January 1999, the unemployment rate in São Paulo reached 8.8 per cent in April, equivalent to 670,000 unemployed. By March 2000, 42 per cent of the programme's beneficiaries were clustered in the São Paulo Municipal District,¹⁸ which is home to 55 per cent of the metropolitan working-age population, consequently benefiting low-income areas on the outskirts of the metropolis where poverty is more severe than in the metropolitan centre.

The target in terms of the number of beneficiaries at any given time never reached the 50,000 planned, although over 460,000 people were registered when the programme was introduced. Of the 50,000 initially called, only some 30,000 turned up to formally confirm their interest in participating. This reflects the highly changeable situation of the target population in terms of opportunities on the labour-market and income, corroborated by the high drop-out rate of participants in the programme. In March 2000, out of a total of 87,600 candidates called, only 43,600 were in fact active (see Table 3). In June 2000, there were some 35,000 people working, a figure appreciably lower than level reached in March the same year, as the withdrawal/drop-out process is far quicker than the system for bringing in new workers.

It is important to note that although the programme is in principle self-targeting, it was necessary to introduce a registration and selection procedure that seems relatively clumsy and complex,¹⁹ as the number of candidates far outstripped the number of places. However, as the benefit is perceived as low, there is a high turnover of beneficiaries. This results in high administrative costs, curtailing the potential of the programme in terms of servicing the target population with the full amount of budget

¹⁸ São Paulo Municipal District is the nucleon of São Paulo Metropolitan Region.

¹⁹ The scoring procedure designed to rank candidates by priority for enrolment is unnecessarily complex.

funding available, as the number of beneficiaries has always remained well below the target level of 50,000.

Table 3. Emergency unemployment assistance programme situation in March 2000

Status	Nº of persons
Active	43 602
Drop-outs	7 179
Inactive	32 148
Withdrawals	4 735
TOTAL	87 664

Source: SERT/SP, taken from IPEA/UNESA (2000).

Note: Inactive means registered candidates who have been selected and called, but failed to respond. Withdrawals are people no longer with the programme due to absence or unsuitable conduct.

The profile of beneficiaries (Table 4) shows that, in principle, candidates in critical situations were selected, on the basis of their role in the family, the number of dependents and the length of time they had been out of a job.

Table 4. Emergency unemployment insurance programme: beneficiary profile

Characteristics		
Gender (%)	Women	70.9
	Men	29.1
Schooling (%)	Illiterate	4.8
	Can read and write	2.9
	1 st - 4 th grade	40.0
	5 th - 8 th grade	40.6
	High School complete / incomplete	10.4
	University complete / incomplete	0.3
Length of time unemployed (%)	1 year	23.4
	2 years	23.5
	3 years	16.5
	4 years	10.2
	5 years	7.9
	Over 5 years	18.5
Position in family (%)	Head	100.0
Average number of children in family	Up to 10 years	2
	11 - 14 years	0.5

Source: IPEA/UNESA-RJ, 2000(Annex 3)

The clear majority of women beneficiaries (70 per cent) contrasts with the almost even division by gender among the selected candidates. This is coherent with the fact that there are significant differences between men and women in terms of income - men

earn 50 per cent more than women in metropolitan regions²⁰ - making the programme less attractive to them.

Data on the functioning of the programme seems to show that the benefit was established at an amount higher than adequate, in view of its objectives. An amount corresponding to the minimum wage would have had the following advantages: reducing the number of candidates and, at the same time, limiting them to the neediest sectors of the population; slowing the turn-over of programme beneficiaries, as they would by definition have fewer options on the labour market than candidates for the current benefit; increasing the possible number of beneficiaries at the same level of global expenditure.

2.3 The Municipal Programmes

Rising difficulties for entering the labour market, specially for low-skilled individuals, thus leading to increased social exclusion, prompted the introduction of assistential initiatives at the municipal level, designed to provide jobs and generate income.

Since the 1980s local measures have been implemented in order to engage or re-engage individuals in the labour market through services under the responsibility of local governments, either directly or through their utility companies. The experience of the Rio de Janeiro Municipal District with programmes targeting low-income and poorly-qualified sectors of the population and linked to the core activities of its various agencies can well be rated as workfare, for instance.

After 1996, faced with the weakening of the distributive effects of the Real Economic Stabilization Plan and the ongoing restructuring of the production sector which resulted in rising occupation rates in the informal sector and increased unemployment, the introduction of workfare programmes was brandished as an election campaign promise by several mayors elected for the 1997 - 2000 term.

In addition, the expectation that working conditions and income would worsen as a result of the foreign exchange devaluation in January 1999 prompted the creation of a certain number of municipal-run workfare programmes in the course of that year, in parallel to the proposals put forward by the Federal and State Governments, as already discussed in sections 2.1 and 2.2. In some cases, municipal initiatives were limited to the initial legal measures, meaning a mayoral decree or a project by the local chamber. In Belo Horizonte, for instance, a programme was formally established, but never implemented due to a lack of funding and clashes with other budget requirements. Quite certainly, a factor in this outcome was the fact that the second half of 1999 showed signs that the crisis was not growing worse and that an economic upturn was well under way.

²⁰ The average income from work was R\$616.14 for men and R\$411.26 for women during the first six months of 1999.

Job creation as a permanent welfare initiative: The Rio de Janeiro Municipal District Case Study

The *Projeto Mutirão* (self-help project) was introduced by the Rio de Janeiro Municipal District in 1986, run by the Municipal Social Development Secretariat. Its objective was to create jobs in low-income areas, mobilizing the local labour force for small-scale urban projects, such as sanitation, road building and paving, and reforestation. It was hoped that income would rise in parallel to improved urban infrastructure, fostering closer social cohesion within needy communities.

Based on this model, other municipal programmes were gradually phased in, containing the job-generating component aimed at the low-income population. Programmes in different government agencies were designed according to the core activity of each one. Today, there are five programmes of this type currently under way, generating jobs for individuals with specific characteristics (Table 5).

Table 5. Job creation programmes for low- income population under way in the Rio de Janeiro Municipal District - June 2000

Programme	Agency responsible	Places	Benefits	Comments
<i>Favela Limpa</i>	COMLURB	2 000	R\$250	Urban cleaning services in slums
<i>Faxina Modelo</i>	Municipal Social Development Secretariat	108	R\$222+ meals allowance	Urban cleaning services
<i>Mutirão Reflorestamento</i>	Municipal Environment Secretariat	38 500	R\$513.40 ¹ R\$226.50 ²	Reforesting slopes at slums upper boundaries
<i>Agente Comunitário de Saúde</i>	Municipal and State Health Secretariats and the Ministry of Health	410	R\$285+ bonus of 0% - 50%	Preventative healthcare through community healthcare agents
<i>Projeto Mutirão</i>	Municipal Housing Secretariat	180	R\$ 226.50 ¹	Urban upgrade projects

Notes: 1 - Benefit: 3.4 minimum wages; 2 - Benefit: 1.5 minimum wages.

The *Faxina Modelo* (clean-up project) is funded by the Municipal Social Development Secretariat with the *Fazenda Modelo*, institutional farm providing shelter for the homeless. Guaranteeing the institutional link, as well as assistance with transport and meals, this programme attempts to place its residents as paid street-cleaners with the urban cleaning company (COMLURB). In July 2000, around 108 residents of this shelter were participating in the programme, out of a total of 1,300. The scale of this programme, as well as the successful re-engagement of its participants in society, are necessarily limited, due to the specific problems of the target population.

All the other programmes function at the local level, engaging workers who must necessarily live in the community serviced. Some programmes require certain levels of schooling - such as the health agent programme, limited to people who have completed their primary schooling.²¹ As most programmes do not require special skills, they are

²¹ Corresponds to the eight years of basic schooling.

particularly attractive to non-qualified workers, due to their pay, which is always above the minimum wage. The fact that the work is carried out in the community where the beneficiary lives has the additional advantage that there are no commuting costs involved.

In terms of the size of the target population involved, the *Favela Limpa* (slum clean-up project) is the most important programme currently in operation. Introducing routine street cleaning into slum areas in Rio de Janeiro that are home to some 17 per cent of the municipal population, the programme provides that these services are undertaken by the local residents association, through the municipal urban cleaning company (COMLURB). The residents association enrolls workers to handle these cleaning services, overseen by the utility. These are formal jobs, earning R\$250 a month, with all guarantees required under Brazilian labour laws.²² The residents association receives the amounts for worker remuneration from COMLURB, together with the total amount for labour charges, in addition to a labour-force administration fee.²³ By mid-2000, this project employed 2,000 workers in 314 slums.

The programmes currently under way in Rio de Janeiro and listed in Table 5 are not temporary or emergency projects, but are the outcome of experiments undertaken over the past fifteen years and designed to create employment in low-income areas, meeting the needs of the communities themselves and fulfilling the obligations of the public sector as a service-provider. The lack of urgency in the implementation of these programmes, as well as the fact that they are designed as permanent programmes, endows them with a basic advantage over temporary emergency schemes: it is possible to upgrade the original concepts, gradually improving the programme to ensure smoother operation by fine-tuning them to the characteristics initially not noted among the target population, or in order to obtain better results from these efforts. This involves ensuring jobs for individuals with relative disadvantages in the labour market as they live in low-income communities, without giving up on proper productive performance. In the case of the *Favela Limpa* Project, which employs the largest number of workers, the utility company in charge records no difference in the productivity rates of its labour force, whether hired through the residents associations, or taken on directly by the company.²⁴

It should also be noted that the programmes described above do not necessarily focus on the poorest or neediest individuals, but also on all those able to undertake the proposed tasks. Needless to say that the population benefiting from each of these programmes is certainly more homogeneous in its characteristics than the potential target population of a conventional workfare programme. With the exception of the

²² Remuneration in July 2000 corresponded to the base wage of R\$190, plus a health hazard allowance of R\$60. The total amount is 65 per cent higher than the minimum wage in effect (R\$151 or US\$ 81).

²³ The remuneration paid to the Association for managing the labour-force is based on a percentage that varies on a case-by-case basis.

²⁴ It should be noted that although the basic monthly remuneration hovers around the same level for workers hired by the associations or directly by COMLURB, costs are higher in the latter case because of the benefits earned through length of service with the company.

Faxina Modelo project, the social welfare component is not a priority in these programmes.

Finally, despite the interest in experiments under way in terms of programme design and partnerships with low-income communities, the consolidated impact of the current programmes on employment and income in Rio de Janeiro is very small. There are only some 3,000 people involved, receiving a total monthly income of R\$800,000, which compares very unfavorably with the 300,000 unemployed and an income gap estimated at R 70 million.²⁵

Workfare programmes as an emergency measure

Legal initiatives establishing workfare programmes have taken place since 1997, concentrated in the richer and more modern regions of Brazil, where the crisis has had more direct, immediate and deep-rooted effects. The model was initially proposed by the Franca Municipal District, in the State of São Paulo, in early 1997. Modified in two basic aspects – the value of the benefit and the training component²⁶ - it has spread to other municipalities. Table 6 summarizes the main aspects of programmes in municipalities which have in fact implemented them, all in São Paulo State. The basic characteristics of these municipal programmes are:

- a) target population: those aged 18 years and more, municipal resident, unemployed, with no income. Some programmes set quotas: the São Paulo Municipal District sets aside 10 per cent of the vacancies for young people aged 16 - 18 years, in addition to quotas for other categories, such as illiterates, the handicapped and former prisoners. In Itapevi, gender quotas set aside 65 per cent of the places for men. All the programmes make provision for a ranking system based on the characteristics of the candidates (age, family responsibilities, level of schooling, length of time unemployed, etc.), on the grounds that the number of applicants is expected to be higher than the number vacancies. This implies selecting beneficiaries from a larger universe of candidates, thus losing the advantage of self-targeting.
- b) benefit: the stipend is equal to or higher than the minimum wage, in addition to a food basket,²⁷ as well as other possible benefits such as insurance, meals and transportation vouchers.

²⁵ The poverty gap is the amount needed to bring the poor up to the poverty line. Estimates for September 1999 based on the IBGE/PNAD (see section 4, Table 10).

²⁶ The small-scale programme in Franca - with a service target of 150 people - was relatively generous in terms of the benefit (R\$180 or 50 per cent above the minimum wage in effect when it was introduced, plus a basic food basket). The programme did not include the training component (see Table 6).

²⁷ Of the cases analyzed, only the Ribeirão Preto Municipal District made no provision for handing out basic food baskets.

Table 6. Basic information on municipal programmes under way in Rio de Janeiro Municipal District

District and Date of Establishment	Duration	Selection Criteria	Quotas	Number of vacancies ¹	Workday/Training	Benefits ²
Franca (February 97)	6 months + 6 months	Unemployed Two-year residence	-	150 (60)	40 hours	R\$ 180 Basic food basket
Leme (May 97)	-	Unemployed Three-year residence Married with underage children, literate	-	(290)	40 hours	Similar to equivalent function at City Hall
Ribeirão Preto (October 97)	4 months + 4 months	Unemployed Five-year residence	-	(1,250)	20 hours	1 Minimum wage
Mauá (October 97)	-	Unemployed Two-year residence	5% handicapped	1,000 (850)	35 hour work 5 hour training	1 Minimum wage Basic food basket Meal voucher Transport
Santos (April 99)	6 months + 6 months	Unemployed One-year residence	10% 16 - 18 years 5% handicapped 10% > 40 years	1,200 (140)	4 days work 1 day training	1 Minimum wage Basic food basket Insurance
Santo André (June 99)	12 months +12 months	Unemployed Three-year residence	10% juveniles looking for first job 5% handicapped	820 (700)	36.5 hour work 7.5 hour training	1 Minimum wage Basic food basket R\$10 x child aged under 16 years
São Paulo (June 99)	6 months + 3 months	Unemployed Two-year residence	10% 16 - 18 years 10% > 40 years 10% illiterate 5% handicapped 5% prisoners	20,000 (12,828)	6 hour work 1 hour training	1 Minimum wage Basic food basket Transport Insurance
Itapevi (July 99 - December 99)	6 months	Unemployed Three-year residence Aged over 30 years Maximum complete primary education	-	200 (200)	32 hour work 8 hour training	R\$ 150 Basic food basket Insurance Uniform
Catanduva (November 99)	12 months +6 months	Unemployed Two-year residence	-	100 (100)	36 hour work 4 hour training	R\$ 150 Basic food basket
Itaquaquecetuba (March 2000)	6 months+ 6 months	Resident in the Municipality	-	220 (220)	44 hours	1 Minimum wage Basic food basket

Source: Frentes de Trabalho (Preliminary Report), IPEA/UNESA

Notes: 1 - The figures in brackets show the number of beneficiaries per month from March through May 2000; 2 - The value of the minimum wage in 1999 was R\$136 or US\$71.65.

- c) training: it was not a component in the initial programmes, such as those run in Franca, Ribeirão Preto and Leme, but was included in programmes introduced later. The definition of the programme as a vocational training grant provides the legal basis for avoiding any characterization of a labour link, which would result in additional charges.
- d) duration: it is a short-term benefit, generally six months, often extendable for an equivalent term. The programmes themselves are characterized as temporary, their completion date set in the document establishing them.
- e) target: the proposed targets in terms of the population to be assisted are modest, even taking into account the differences in the size of the population of the various municipalities, as shown in Table 7.

Table 7. Comparison between programme targets and size of estimated economically active population (EAP),²⁸ for selected municipalities in the State of São Paulo

Municipality	Target (thousands)	Estimated EAP 1999 ¹
Franca	150	142 385
Leme	290 ²	41 345
Ribeirão Preto	1 250 ²	229 925
Mauá	1 000	184 227
Santos	1 200	197 595
Santo André	820	309 617
São Paulo	20	4 887 605
Itapevi	200	74 445
Catanduva	100	51 935
Itaquaquecetuba	220	136 232

Notes: 1 - Estimated on the basis of the EAP/Total Population in São Paulo State (PNAD, 1999).

2 - Monthly average number of beneficiaries from march through May 2000.

In addition to their modest targets, when the programmes are in fact implemented, the actual number of beneficiaries falls below the levels planned in most cases. In São Paulo Municipal District, which runs the largest programme, there were 12,828 beneficiaries, compared to a stated target of 20,000 workers.

In other cases, although the programme is legally created, it was never actually implemented, as in Belo Horizonte. On the one hand, this was due to difficulties in ensuring the necessary funding. On the other, the drive behind this programme was lost, as the critical period just after Brazil's currency devaluation was followed by improving employment and income in the second half of 1999.

²⁸ The economically active population encompasses the working population and the unemployed.

3. The northeast work front

When the economic crisis following devaluation in January 1999 prompted the creation of urban workfare programmes as an emergency measure to prevent a probable worsening of conditions on the labour market and income levels, the *Programa Emergencial de Frentes Produtivas* was already in operation in Northeast Brazil, launched in June 1998. The purpose of this regional programme was to provide assistance to communities affected by the drought by enlisting local workers. This basically involves services designed to upgrade the water supply and sanitation infrastructure, in addition to constructing and repairing Government buildings. The monthly wage of around R\$80 a month per worker (around 60 per cent of the value of the minimum wage in 1998)²⁹ would keep income levels steady in the region, which is the poorest in Brazil, thus preventing a rural exodus to urban areas.

The programme was implemented by the federal development agency for the Northeast (SUDENE - *Superintendência de Desenvolvimento do Nordeste*), in partnership with the State governments in the region. This programme covers most rural areas in the states of Alagoas, Ceará, Paraíba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe. Lying outside the drought polygon, the state of Maranhão was not included. The affected areas in Bahia, Minas Gerais and Espírito Santo States are relatively small within the total areas of these states. In order to qualify for the programme, the municipality should have declared a state of public calamity, ratified by the State government and acknowledged by the Federal Government.³⁰ The conditions characterizing the state of public calamity include the occurrence of agricultural losses at over 50 per cent, a drastic reduction in wellsprings, and the existence of social tensions. The application of these criteria was apparently flexible, allowing the programme to cover areas outside the semi-arid scrublands of Northeast Brazil, for which the comparison of agricultural output in 1997 and 1998 does not provide *a posteriori* evidence of crop failure as caused by drought. Among the 31 meso-regions in which 97.6 per cent of the benefits were concentrated when the programme peaked, in December 1998, crop failure cannot be detected in nine of them.³¹ In Northern Ceará State (*Norte Cearense*) in particular, corn output dropped only 40 per cent, while cassava and beans rose 89 per cent and 52 per cent respectively (Annex I).

Once a municipality qualifies for the programme in terms of the effects of drought, the amount of benefits awarded is determined as a direct function of the size of the rural

²⁹ The amount initially paid by the Federal Government corresponds to one half of the minimum wage, plus R\$15 from the State as counterpart funding. However, the State counterpart varied: Piauí never paid in the counterpart funding while Ceará guaranteed an amount higher than that established (R\$25). In 1999, as cash ran short, the amount paid by the Federal Government was pruned to R\$56 and the State counterpart cut to R\$2. In most cases, the amount received corresponded only to the Federal Government funding.

³⁰ Through the Civil Defence Bureau, Ministry of the Interior.

³¹ Scrublands - Alagoas, Northeast Bahia, Northwest and North Ceará, Northwest Espírito Santo, North Coast - Espírito Santo, North Minas Gerais, North Piauí and Scrublands - Sergipe.

population (number of benefits = rural population/10) which basically means servicing 50 per cent of the rural population in each municipality with one benefit per family.³²

Despite the simplicity of this rule for determining the number of benefits, the number of people assisted in each area hovers around the theoretical average of 10 per cent of the rural population. In some areas³³ - such as the Scrublands of Sergipe (*Sertão Sergipano*) and Western Rio Grande do Norte (*Oeste Potiguar*) - up to 17 per cent of the rural population are serviced, while in others this figure drops to around 5 per cent, as is the case in Center-North and Center-South Bahia (*Centro-Norte / Centro Sul Baiano*) (Annex 2). These differences do not depend on the intensity of the local effects of the drought, as this was not used as a variable in determining the number of benefits, as mentioned before, but may be tentatively explained by two factors:

- a) *The adoption of a more flexible concept of rural population* - Although a clear statistical concept is used in the demographic surveys, a certain fuzziness remains when establishing rural/urban population based on functional criteria. In Northeast Brazil, communities classified as urban often include a significant proportion of rural families in terms of activities and source of income, and *vice-versa*.
- b) *The influence of political criteria* - It is probably the influence of this factor that prompts significant differences in the number of benefits granted compared to the figures obtained on the basis of the official standards.

Table 8. Number of workers enlisted in the northeast work front - 1998/2000

	1998	1999	2000
January	-	970 571	748 519
February	-	887 239	637 519
March	-	753 286	421 548
April	-	766 103	284 180
May	-	595 349	-
June	785 425	595 349	-
July	879 953	613 349	-
August	1 105 861	613 349	-
September	1 179 316	613 349	-
October	1 179 316	767 592	-
November	1 180 216	779 340	-
December	1 192 716	767 064	-

Source: SUDENE.

³² Average family of five people.

³³ Here area refers to meso-region, clustering of neighbouring municipalities by similar physical and geographical criteria.

The Northeast Work Front Programme enlisted almost 1.2 million workers at its peak in December 1998. This contingent gradually declined during 1999/2000 (Table 8). The number of enlisted workers and the actual value of the stipend, which hovers around the average labour income in rural areas of the region, resulted in a significant inflow of income, adequately offsetting the adverse effects of the drought. Although the number of enlisted workers in each state varied according to the size of the drought-stricken area, and there were deviations in relation to the theoretical allocation to the qualified municipalities, the inflow of funding under this programme reached over 19 per cent of rural income in Ceará, and topped 10 per cent in four other States (Table 9). It should also be noted that Bahia rates third by the number of enlisted workers, due to the inclusion of more heavily populated areas in this programme, but where the loss of crops was relatively moderate.³⁴

Table 9. Monthly payment under the northeast work front and corresponding share in rural income by State (R\$)

States	Total	Rural family incomes ²		Payment as % of income
	Payment ¹	Average	Total	
Alagoas	3 957 200	303.91	66 815 305	5.92
Bahia	16 000 000	265.98	323 306 100	4.95
Ceará	22 500 000	212.88	116 191 154	19.36
Espírito Santo	1 964 400	381.39	72 958 379	2.69
Minas Gerais	6 960 240	393.25	405 060 477	1.72
Paraíba	8 744 720	233.65	65 283 399	13.40
Pernambuco	16 880 000	264.78	114 738 537	14.71
Piauí	7 759 960	236.36	65 762 233	11.80
Rio Grande do Norte	8 640 000	330.42	73 052 781	11.83
Sergipe	2 720 000	220.65	28 425 033	9.57

Source of basic data (SUDENE and IBGE/PNAD, 1998).

Notes: 1 - December 1998; 2 - September 1998.

4. Effects of workfare programmes on employment, income and poverty

The purpose of this section is to assess to what extent the proposed workfare programmes may have significant impacts in terms of creating jobs and increasing income at the bottom of the distribution. This assessment was carried out on the basis of the service targets, the value of the benefit and the areas covered in each case, taking the proposed targets as a base, and recalling that the effective number of enlisted workers generally falls below target and varies considerably over time, due partly to the high turnover of workers assisted. The analysis is necessarily limited to areas in which the National Household Sampling Survey (PNAD) is statistically significant. Consequently, although there are more municipal programmes than those run by other levels of

³⁴ Center North, Center South and Northeast Bahia State.

government, only the effects of programmes in the Rio de Janeiro and São Paulo Municipal Districts were considered: these municipal districts are the cores of their respective metropolitan regions, where the PNAD sample is sufficiently robust.

This emphasis is convenient in the case of São Paulo Municipal District, which has the largest municipal programme both in absolute terms, as well as considering the size of its population. In Rio de Janeiro, as shown in section 2, there is not a workfare programme, but rather a variety of initiatives implemented since the 1980s and designed to create jobs associated with local government initiatives in low-income communities. In the case of Rio, the “target” is noted as being the effective number of workers in July 2000, and the average value refers the average benefit paid by the various programmes.

The programmes run by the State of São Paulo and the Federal District are the only examples of work front initiatives in States. In the case of São Paulo, the appraisal of its effects is based on parameters covering only the metropolitan population. It is noteworthy that the programme was implemented in the metropolis only, although this restriction is not mentioned on the decree which created the programme. As the urban economically active population (EAP) of São Paulo State is almost double the urban EAP of the metropolis, the assessment underestimates the potential target population and consequently overestimates the possible effects of the programme.

The proposed nationwide programme - whose implementation would be limited to metropolitan regions - was never formalized. Nevertheless, it is interesting to analyze its potential impact, particularly in view of its nationwide scope and scale.

Table 10 shows that the programmes target relatively small numbers of workers, compared to the size of the employed and unemployed populations in their areas of action. It is important to recall that the purpose of this comparison is only to offer an idea of the scope of the targets in each programme, as there are certainly not much in common between, for instance, the number of unemployed - meaning individuals with no jobs but actively seeking a position ³⁵- and the target population of the programme. In fact, the profile of most of the unemployed has little in common with those to whom the programme is attractive. Potential candidates for urban workfare programmes are people outside the economically active population - many of them excluded due to discouragement - in addition to the under-employed who lack skills and have no permanent job. Thus, the explicit reference to “unemployment” in both the justification for the implementation of the programmes as well as in the selection criteria ³⁶ does not have the same meaning as when used in labour market surveys.

Comparing the average value of the benefit with the poverty line for each case is intended to measure the attractiveness of the payment, although different concepts are involved: the poverty line is related to the amount required to meet the basic needs of a person living within family setting, while the benefit finds a closer parallel with individual labour income. In most cases, the benefit is equal to or higher than the minimum wage in effect, but lower than the poverty line. This means that setting the

³⁵ This is the concept of “open” unemployment

³⁶ Proof of joblessness is required in order to enlist.

benefit above the minimum wage would not make the programme particularly attractive - at least in the more modern areas of Center-South Brazil,³⁷ as shown in Table 10. Within this context, enlistment in the work front programmes offers only an emergency solution that in fact would not even be sufficient to meet the basic needs of a single person, and consequently has a limited effect on reducing poverty, if it does in fact focus on the poor.

Table 10. Simulation of the effects of urban work fronts on unemployment and poverty - September 1999

	Rio de Janeiro	São Paulo		Federal district	Metropolitan Brazil
	Municipal district	Municipal district	Metropolis		
Service target	3 236 ¹	20.000	50.000	10.000	400.000
as % of employed people	0.13	0.48	0.69	1.19	2.02
as % of unemployed	0.10	2.70	3.70	6.84	12.39
Average value of benefit in R\$	246	136	150	136	75
in minimum wages	1.81	1.00	1.10	1.00	0.55
Poverty line					
in R\$	130.74	167.97	167.97	148.81	134.08 ³
in US\$ ²	68.88	88.49	88.49	78.40	70.64
Income gap ⁴ (R\$ million)	70.29	225.76	483.79	53.55	1 079.32
Value of monthly target as % of income gap	1.13	1.20	1.55	2.54	2.78
Nr. of benefits at 1 Minimum wage					
for value equivalent to gap	516.817	1 659 995	3 557 303	394	7 936 184

Source (IBGE/PNAD 1999) – Special tabulations.

Notes: 1 - Approximate number of beneficiaries of different programs in July 2000;

2- The foreign exchange rate in September 1999 was R\$1,8981/US\$ 1.00;

3- Weighted average for the resident population in Metropolitan Regions, including the Federal District.

4- Income gap: amount needed to bring poor up to the poverty line

The relationship between the amounts transferred under the programmes and the income gap offers an indication of the potential of the workfare programmes for reducing the intensity of poverty, if the programme were to meet its target focusing on the poor.³⁸ The most marked impact would be noted through the national metropolitan programme, where the total amount of transfers would correspond to 2.8 per cent of the amount of income required to bring all the metropolitan poor up to the level of the poverty line. It is noteworthy that the potential impact of the Federal District programme is relatively marked due to the higher value of its benefit and the specific characteristics of the Federal District in terms of the incidence of poverty and the

³⁷ All areas in Table 10 are located in the Center-South, except the “Metropolitan Brazil”.

³⁸ Except for the federal programme, the gap is calculated by including all income received in September 1999, consequently including the transfers under the programmes.

income gap, which are lower compared to the metropolitan regions as a whole, that is, the area covered by the national programme.

The potential impact of the transfers in terms of reducing poverty is very weak, although the benefits actually paid are probably included as income, as measured in September 1999. If part of the benefits were channelled to poor individuals, affecting the value of the income gap, the consolidated monthly value of the benefits paid as a percentage of this gap is in fact less than calculated.

Finally, the number of benefits required to eliminate the income gap offers an indication of the extent to which the size of the programmes lags behind the objective of eliminating poverty from the standpoint of insufficient income.

Data in Table 10 indicate that, in terms of scale, there is an obvious incompatibility between the magnitude of the problems related to engagement in the labour market and to poverty on the one side, and the enlistment targets proposed by the programmes on the other. This incompatibility of scale makes the efficacy of targeting irrelevant. Nevertheless, under normal conditions, targeting would be an issue of vital importance when bringing programmes into operation in order to service a specific target population, in this case, low-income individuals excluded from the labour market.

In contrast, for the Northeast work front, the number of enlisted workers reached a magnitude far greater than that of the "urban programmes". As shown in Table 8, during the peak month, December 1998, there were 1.2 million enlisted workers, representing around 10 per cent of the rural population in the assisted areas. It is obvious that the coverage of this programme is broader-ranging, as the total rural population includes children and old people, in addition to non-working individuals, although of working age.

As a result of this high coverage rate of the programme, plus the fact that the value of the benefit is close to the average income of rural workers under normal conditions, the programme had a significant impact on income, corresponding to almost to 20 per cent of the rural income in Ceará State during the peak month. Within this context, it is relevant to examine its effect on poverty and some issues related to targeting.

Household Survey data on family income include transfers that may have been received, but do not allow transfers linked to the programme to be distinguished specifically. Thus, the issue of how adequately the work front targets the poorest sectors of the population depends on indirect evidence.³⁹

There is no doubt that income transfers through this programme prevented absolute poverty in Northeast Brazil from growing worse, as it normally does when stricken by drought. Due to the severity of the recent drought and to the level of vulnerability of farming activities, given the low technological intensity of the cultivation methods used - resulting in a 70 per cent loss of the corn harvest and 65 per cent for beans - ⁴⁰, it is to be assumed that the relative stability of poverty indicators in

³⁹ Income data from the National Household Sampling Survey (IBGE/PNAD).

⁴⁰ Northeast Brazil, except Bahia, Minas Gerais and Espírito Santo States.

1997 and 1998 reflect the positive effects of the programme. The proportions of poor in the rural areas of the assisted states in a normal year (1997) and a drought year (1998) show that this income indicator fell slightly during the drought year, except in Alagoas State, just where the coverage of the rural population in areas affected by drought was less ample.⁴¹ It is noteworthy that the intensity of poverty did not increase, as the average income of poor in relation to the poverty line tended to increase (Table 11).

Table 11. Proportion of poor in rural areas in States affected by drought: 1997 - 1998

States	Proportion poor (%)		Gap ratio (%)	
	1997	1998	1997	1998
Alagoas	50.4	52.8	44.2	43.9
Bahia	51.3	49.6	42.9	46.2
Ceará	63.0	62.4	50.3	46.7
Espírito Santo	28.2	25.4	46.2	38.9
Minas Gerais	32.9	32.3	45.1	44.5
Paraíba	60.4	53.7	50.6	44.0
Pernambuco	57.4	54.3	46.0	45.2
Piauí	65.5	63.5	54.9	47.8
Rio Grande do Norte	51.1	43.1	43.0	38.4
Sergipe	50.3	45.0	46.7	49.3

Source (Rocha, 2000) based on the 1998 and 1999 National Household Sampling Surveys (PNAD). Indicators for 1998 were calculated based on income which includes the programme's transfers.

The comparison between the size of the income gap - the amount needed to bring the income of all poor people up to the poverty line - in 1997 and 1998 and the monthly amount of the transfers show that the programme channels significant amounts of funding to produce relevant effects on the incidence of poverty in the region (Table 12). In some cases, such as Rio Grande do Norte and Pernambuco States, the amount of transfers in September 1998, if totally channelled to the poor, would have reduced the income gap to less than one half of what it would have been without the transfers. When the amount transferred is relatively low in comparison to the value of the gap - as in Bahia, Espírito Santo and Minas Gerais States - this involves States where the programme operated in a limited way, as the effects of the drought were localized, and did not affect rural areas in these States as a whole.

The stability of the poverty indicators in 1997 and 1998 suggests two types of comments on the programme targeting.

Firstly, if all programme funding did in fact target the poorest sectors of the population, without this assistance poverty would have grown catastrophically worse in

⁴¹ See Table 9, section 3.

the rural Northeast during 1998, particularly in the most severely-affected States.⁴² If this hypothesis holds, the total amount of funds under the programme would have been channeled to some 50 per cent of the poorest members of the population in each assisted area, meaning that the relative stability of the proportion of poor people and the gap ratio was maintained between 1997 and 1998, thanks to these transfers.

Table 12. Programme transfers and income gap by State (R\$1,000)

States	Value of Gap 1997*	Value of Transfer	Value of Gap 1998*
Alagoas	8 817.1	3 917.2	9 816.5
Bahia	42 574.8	16 000.0	47 009.8
Ceará	30 316.2	22 500.0	27 322.5
Espírito Santo	3 765.5	1 964.4	3 734.7
Minas Gerais	20 389.5	6 960.2	20 668.7
Paraíba	14 534.8	8 672.7	12 003.8
Pernambuco	17 467.2	16 880.0	16 407.0
Piauí	16 751.0	7 760.0	15 053.2
Rio Grande do Norte	7 900.8	7 680.0	6 747.8
Sergipe	4 112.3	2 720.0	4 137.3

Source (Rocha, 2000). Based on the 1997 and 1998 National Household Sampling Surveys (PNAD). The gap value for 1998 includes programme's transfers. $V = \sum(z - x_i)$ where z is the poverty line and x_i is the *per capita* income of the poor.

The second comment is on the limited feasibility of ensuring a tight focus on the poorest people affected by drought when this involves applying the same criteria for determining the number of beneficiaries in each municipality - 10 per cent of the rural population -, although the intensity of the drought, the vulnerability of economic activities to drought and the incidence of poverty all vary widely among them. This means that in areas less severely affected and/or with higher average incomes, the benefit ends up being assigned to people who are less poor than those in the more critical areas.

Due to the scale of the programme and its emergency nature, complex benefit allocation criteria are certainly counter-productive. However, with the *a posteriori* knowledge of the severity of crop failure at the municipal level, it seems that it would have been wise to classify the municipalities affected by the drought into at least two groups, in order to calibrate the number of beneficiaries differently, as a percentage of the rural population. This would have made it possible to focus more effectively on areas that are normally poorer, and which were also those most severely affected by the drought.

⁴² Northeast Brazil except Bahia, Minas Gerais and Espírito Santo States, where the effects of the drought are limited to small sub-areas.

5. Two basic operational issues: targeting and training

The urban work front programmes in Brazil were drawn up at a time of rising unemployment, within a context that generally associated unemployment with poverty, quite wrongly. Despite abundant empirical evidence that the profile of the poor does not correspond to the profile of the unemployed - particularly when considering “open” unemployment - the urban programmes were introduced with the justification of combating unemployment and the objective of re-engaging the unemployed in the labour market, thus justifying their training component. This resulted in two stumbling-blocks for bringing these programmes into operation. On the one hand, the inclusion of unemployment among the selection criteria resulted in the consequent loss of the self-targeting characteristic of the programme; on the other, the difficulties in implementing training procedures - already a complex task in itself - become even more critical due to the heterogeneity of the target population for these programmes.

5.1 Unemployment criteria and the loss of the self-targeting component

Most of the programmes established unemployment as one of the criteria for enlistment, using the length of time unemployed - always more than one year - as a variable for rating the candidates. The longer the time unemployed, the higher the priority for obtaining a vacancy on the work front.

Obviously, this results in operating difficulties, as the term *unemployment* is used generically in these programmes, covering all types of informal work and under-employment typical of the more vulnerable sectors of the population. People with no source of income and “unemployed” for more than one year - regardless of the understanding the term unemployment by either the candidates or the administration - are all candidates for the programme. This means that the status of “unemployed” is in most cases based exclusively on the declarations of the candidates.

The inclusion of unemployment among the selection criteria has two undesirable effects. The first is its irrelevance in defining the order of priority for servicing the candidates, in view of the objectives of the programme. This means that an individual who lost a formal job with a signed labour card less than a year ago would be at a disadvantage in obtaining a place on the work front compared to another individual who had only held - or might even still be holding - informal, sporadic jobs. In fact, there is little point in using criteria that are remote from the reality of the labour market for most of the programmes’ potential candidates.

The second constraint is more important, because it operates against the most essential characteristic of this type of programme: self-targeting participation. Self-targeting has the obvious advantage of eliminating the need for selection procedures, as the programme is conceived to service all applicants who are in a position to carry out the proposed tasks. The scoring system adopted by all the programmes in operation in order to rank applicants makes their functioning more complex, increasing overhead and making them less transparent and susceptible to distortions through favouritism.

Abandoning the self-targeting procedure is directly associated with the value of the benefit. A number of candidates far exceeding the number of vacancies proves that the monetary benefit was established at a level too high, given the characteristics of the

programme. Apparently, the minimum wage was used as parameter, as the benefits were higher than this level in all programmes examined. On the one side, the fact that the benefit is equal to or higher than the minimum wage avoids any controversy over the legality of the programme paying less than the minimum wage. On the other, this results in a high drop-out rate during either the convocation phase or after enlistment in the work fronts. These drop-outs are people with better working prospects, for whom a monetary benefit set at a lower level would not constitute motivation to enlist. The lower drop-out rate among women reflects the harsher conditions they face on the labour market, particularly in terms of income levels.

Reducing the value of the benefit might well be the best way to return to the self-targeting model that is characteristic of this type of programme. It is important to stress here that the Federal project - which never progressed beyond the study stage - was based on self-targeting. It is also true that it was never put to the test of reality, but merely suggested a benefit far lower than the minimum wage. How could the self-targeting procedure be maintained if the number of candidates outstripped the expectations of the programme?

One possibility consists of initially establishing a relatively tight target population screening process based on simple and objective characteristics such as age, gender and number of children. Based on the number of candidates during this tightly-targeted phase, the participation conditions could be gradually eased, but always focused on servicing all candidates meeting the established conditions, rather than allowing a waiting list to build up.

An alternative to ultra-tight targeting is area selection within the broader territory covered by the programme, with each work front initially limited to accepting local residents. Naturally, area selection and the establishment of their boundaries would be subject to problems of a different type. The advantage of area-based targeting is that, in addition to avoiding the selection procedure for enlisted workers, this programme becomes a tool for upgrading local living conditions through works and services undertaken by the enlisted workers, while fostering social cohesion within the assisted community.

5.2 The training component

The training component of the programmes implies that the enlisted workers can and should be trained so that when their participation period ends, generally after a year, they can move smoothly into the labour market. Due to the wide variety of the target population, this intention is certainly unrealistic. It would be more reasonable to make the training component voluntary for both parties involved - enlisted workers and government. This avoid training becoming merely a *pro-forma* initiative, increasing costs and making it more complicated to bring the programme into operation, without meeting the objective of qualifying the workforce to enter the labour market. The specialists unanimously agree that the training component is a weak link in the programmes in operation.

However, specific sectors such as young people could well benefit a workfare model stressing training. Initiatives blending work with training thus become more promising if they are focused on a less heterogeneous target population.

It is also possible that the tasks carried out in the scope of the programmes and the performance of the enlisted workers may suggest some type of training. This necessarily involves individual solutions that are based on the welfare nature of the programme, and are not in keeping with mandatory training.

The inclusion of training as a mandatory component in the programme becomes even more unrealistic when taking into account the difficulties already involved in organizing the tasks to be performed by participants. Although there are always jobs to be done, it is no easy matter to manage the assignment of specific tasks to the workforce under the programme. Perhaps the most complex model is that proposed by the Federal programme, requiring a labour-intensive project for the enlisted workers. In this case, there are obvious technical and operating difficulties, that are probably so severe that they may well block the feasibility of this model. On the other hand, the most simple format is the one adopted by the State of São Paulo, which consists of assigning enlisted workers to local government agencies, depending on individual characteristics and current manpower needs. Even in this case, for the training/labour market engagement to have a better chance of success, the enlisted workforce should be assigned when requested by the various agencies, rather than merely being arbitrarily allocated. An intermediate situation occurs when the programme defines the work to be carried out *a priori*, which becomes the natural selection criterion, thus streamlining the implementation of the training component, due to the relative homogenization of the target population.

6. Conclusions and recommendations

The previous analysis of the welfare programmes drawn up and brought into operation recently in Brazil is based on the core dichotomy between the urban programmes and those combating the drought in Northeast Brazil in 1998 through 2000. These programmes differ in terms of scale and more particularly in terms of their objectives, which are closely linked to their urban or rural characteristics.

The Northeast anti-drought work fronts had a marked impact on income due to the amount of funding involved. The challenge that remains in terms of the design of this type of programme and putting it into operation is obtaining the best possible return on the funding applied, which goes back to the core issues of the selection of both areas and individuals, and the use of the labour activity to the benefit of the community. The main purpose of the programme is to provide temporary income for a relatively homogeneous target population. Once the drought ends, the enlisted workers return to their normal activities, and the programme is shut down.

In contrast, the urban programmes are designed to reduce the impact of structural changes in the labour market, which is obviously not a short-term task. Due to the small scale of the different programmes, their effects on employment and income have been minor. The weakest link of the programmes in operation consists of attempting to engage or re-engage a very heterogeneous target population in the labour market, while lacking the proper tools to do so.

The main characteristic of the urban programmes is that, despite clearly having welfare objectives - that is, guaranteeing income for the poor - their keynote and justification is fighting unemployment. The documents establishing the different

programmes unanimously refer to unemployment, and the vast majority propose a training component as the mechanism paving the way for entry into the labour market for those assisted by the programme. The two weakest links in the urban programmes currently in operation in Brazil consist of the use of unemployment among the criteria for selecting the enlisted workers, and the training component.

By using unemployment as one of the selection criteria, while establishing benefits at relatively high levels, the programmes lose their main operating advantage: the self-targeting feature. This results in the need to adopt selection procedures that are undesirable, not only because of their adverse effects in terms of costs and management, but also because they make the programmes more vulnerable to favouritism.

Training - which has become a basic element in urban workfare programmes due to their declared objective of engaging/re-engaging individuals into the labour market - generally seems an undesirable feature. In fact, abandoning the training means accepting the assistential nature of the programme, as well as a more limited objective of guaranteeing some income for people who, in realistic terms, are in no position to engage in the labour market. Training could eventually be established as an option open to the enlisted workers who may benefit from this component, due to their profiles.

Even without the training component, workfare programmes are relatively complex programmes, particularly in modern urban areas. It is not trivial to organize enlisted workers to carry out a task that may be useful to the community. The typical heterogeneity of the programme applicants in urban areas suggests that in drawing up welfare programmes for the more vulnerable groups the Government should focus more on designing specific programmes for specific groups of beneficiaries. This would mean, that when deciding to introduce workfare programmes, certain assumptions must be borne in mind:

- a) What type of work is there to be done? How many workers can be assigned to each kind of job? And what are their profiles? The purpose is to build up relatively homogeneous groups of enlisted workers tailored to the specific objectives of each work front.
- b) What is the value of the benefit which will ensure well-balanced supply and demand for the programme? The objective is to ensure self-targeting, given the profile of the workers and the value of the benefit.

Workfare cannot be viewed as a panacea for dealing with poverty and social exclusion. It is rather a possible action for helping poorer sectors of the population for whom it is hard to engage in the labour market, by transferring income designed for consumption at the private level. Whether or not to introduce these programmes depends, on the one side, on local conditions in terms of the possibilities of using the workforce; on the other, it depends on the extent of the poverty and the profile of the poor. There is a reasonable consensus that sub-groups among the poor should be assisted through social programmes anchored on basic education and healthcare services. This means that the workfare will be more efficient by focusing on a specific target population within the broader-ranging context of anti-poverty policies.

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Appendices

Appendix 1. Agricultural output in meso-regions assisted by the northeast work front where crop failure was below the level used as criterion - 1997/1998

Geographical Meso-region (State)	Temporary Crops	1997 (ton)	1998 (ton)	% Variation
Scrublands - Alagoas (Alagoas)	Cotton (herbaceous)	1 984	1 799	-9.3
	Beans	16 217	16 791	3.5
	Cassava	254 957	293 274	15.0
	Corn	14 837	13 539	-8.7
Northeast Bahia ¹ (Bahia)	Cotton (herbaceous)	12	6	-50.0
	Beans	127 970	99 894	-21.9
	Cassava	492 900	491 191	-0.3
	Corn	134 281	123 190	-8.3
Northwest Ceará (Ceará)	Cotton (herbaceous)	174	509	192.5
	Beans	17 921	10 088	-43.7
	Cassava	130 090	200 292	54.0
	Corn	33 209	15 841	-52.3
North Ceará (Ceará)	Cotton (herbaceous)	233	1 034	343.8
	Beans	6 987	10 615	51.9
	Cassava	78 839	148 855	88.8
	Corn	21 047	12 584	-40.2
Northwest Espírito Santo (Espírito Santo)	Cotton (herbaceous)	-	-	-
	Beans	2 180	1.964	-9.9
	Cassava	28 310	25.380	-10.3
	Corn	20 434	18.266	-10.6
North Coast Espírito-Santo (Espírito Santo)	Cotton (herbaceous)	-	-	-
	Beans	10 363	8 429	-18.7
	Cassava	137 815	108 350	-21.4
	Corn	32 880	18 677	-43.2
North Minas Gerais (Minas Gerais)	Cotton (herbaceous)	18 343	7 066	-61.5
	Beans	53 662	51 686	-3.7
	Cassava	206 578	223 061	8.0
	Corn	126 473	109 163	-13.7
Northern Piauí (Piauí)	Cotton (herbaceous)	1	-	-100.0
	Beans	3 396	3 021	-11.0
	Cassava	92 820	59 640	-35.7
	Corn	8 887	8 296	-6.7
Scrublands - Sergipe (Sergipe)	Cotton (herbaceous)	10	-	-100.0
	Beans	21 087	21 298	1.0
	Cassava	422 775	400 195	-5.3
	Corn	32 848	35 645	8.5

Source: IBGE / Municipal Agricultural Output 1997 and 1998.

Note: 1- Excluding the Entre Rios micro-region.

Appendix 2. Enlisted workers and rural population in meso-regions assisted by the Northeast Work Front Programme - 1998

Meso-region	State	Enlisted workers December 1998	Rural population September 1998	Enlisted workers in rural population (%)
Scrublands - Alagoas	Alagoas	26.390	257.509	10.25
Drylands - Alagoas	Alagoas	23.069	219.578	10.51
Center-North Bahia ¹	Bahia	53.187	889.476	5.98
Center-South Bahia ²	Bahia	62.660	1,258,772	4.98
Northeast Bahia ³	Bahia	50.756	808.988	6.27
Sao-Francisco Valley - Bahia	Bahia	25.689	386.191	6.65
Center-South Ceará	Ceará	22.636	178.550	12.68
Jaguaribe	Ceará	31.782	238.481	13.33
Northwest Ceará ⁴	Ceará	52.584	566.807	9.28
North Ceará	Ceará	45.621	442.827	10.30
Drylands - Ceará	Ceará	65.053	468.609	13.88
South Ceará	Ceará	28.698	292.407	9.81
North Coast - Espírito Santo ⁵	Espírito Santo	9.414	116.227	8.10
Northwest Espírito Santo	Espírito Santo	15.141	165.224	9.16
North Minas Gerais	Minas Gerais	53.003	591.051	8.97
Jequitinhonha ⁷	Minas Gerais	30.598	334.237	9.15
Scrublands - Paraíba	Paraíba	41.342	452.405	9.14
Borborema	Paraíba	18.554	142.530	13.02
Drylands - Paraíba	Paraíba	49.413	379.564	13.02
Scrublands - Pernambuco	Pernambuco	120.501	727.489	16.56
São Francisco - Pernambuco	Pernambuco	24.487	160.404	15.27
Drylands - Pernambuco	Pernambuco	66.012	397.962	16.59
Center-North Piauí	Piauí	36.969	339.032	10.90
North Piauí ⁸	Piauí	23.639	224.028	10.55
Southeast Piauí	Piauí	32.401	279.594	11.59
Southwest Piauí	Piauí	26.375	238.313	11.07
Scrublands - Rio Grande do Norte ⁹	Rio Grande do Norte	25.530	206.261	12.38
Center Rio Grande do Norte	Rio Grande do Norte	20.109	130.121	15.45
West Rio Grande do Norte	Rio Grande do Norte	50.027	291.516	17.16
Scrublands - Sergipe ¹⁰	Sergipe	15.050	142.016	10.60
Drylands - Sergipe	Sergipe	16.950	94.854	17.87

Source of data at Municipal level: Northeast Development Superintendency (SUDENE).

Notes: 1- Except the following municipalities: Tapiramutá, Conceição da Feira, São Gonçalo dos Campos, Teodoro Sampaio, Coração de Maria and Conceição do Jacuípe. 2- Except the Itapetinga micro-region. 3- Except the Entre Rios micro-region.

4- Except the Jijoca de Jericoacoara Municipal District. 5- Except the following municipalities: Ibirajú, Aracruz, Joao Neiva and Fundão.

6- Except the following municipalities: Riachinho, Santa Fé de Minas and São Romão.

7- Except the following municipalities: Gouvea and Presidente Kubitschek. 8- Except the following municipalities: Luis Correia and Parnaíba.

9- Except the following municipalities: Januario Cicco and Presidente Juscelino.

10- Except the following municipalities: Areia Branca, Malhador, Campo do Brito and Itabaiana.