MFA General Objective

Contribute to poverty reduction and income inequality, human capital training and improving life conditions of poor and vulnerable families by complementing their income.

Law 1532 of 2012
State Policy
Human Capital – Life cycle

Under 7 years

MFA Health and Nutrition

Up to 18 years

MFA Education

Assistance and school retention

Between 16 and 24 years

Youngsters in action

Capacities, competences, abilities and skills for work
MFA Co-responsibilities

Health:
Assisting to controls for growth and development (according to age)
1 family incentive per children from 0 to 7
12 months a year are paid

Education:
Assisting to 80% of classes monthly
Assisting to 80% of kindergarten classes for children from 5-6 years
Can repeat 2 years at most during school period
Incentives are paid for children that study
10 months of the year are paid
Two years of school lag are admitted.

Maximum of 3 economic stimulus for education per family (does not apply for kindergarten). Kindergartens assistance is a priority.
Groups of municipalities for intervention

<table>
<thead>
<tr>
<th>Group</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>Bogotá</td>
</tr>
<tr>
<td>Group 2</td>
<td>Cúcuta, Ibagué, Cali, Barranquilla, Cartagena, Montería, Pasto, Pereira, Villavicencio, Tunja, Florencia, Popayán, Valledupar, Neiva, Santa Marta, Armenia, Sincelejo, San Andrés, Medellín, Bucaramanga, Manizales</td>
</tr>
<tr>
<td>Group 3</td>
<td>Municipalities with poverty by MPI below 70%</td>
</tr>
<tr>
<td>Group 4</td>
<td>Municipalities with poverty incidence by MPI 70% or higher (2005 Census Data).</td>
</tr>
</tbody>
</table>
Sisben has been the most representative targeting tool for F.E.

**Sisbén I**
- Families in Action **First phase**: 2000 - 2006
- Target population: **Level 1 Sisben families**. Displaced population is included in 2005.

**Sisbén II**
- Families in Action **Second phase**: 2007 - 2012
- **Operation on Sisben Families is maintained (version 2) level 1** and on displaced population. In 2008 operations with indigenous populations begin.

**Sisbén III**
- Families in Action **Third phase** (More Families in Action): 2012 – current date
- **Sisben families under established cut points**, displaced families, indigenous population and families from the United Network - Red Unidos (Strategy against extreme poverty)
Results of families in action evidences the success of this program’s targeting. 74.4% of the GP in this program is received by the poorest and only 1.3% goes to the rich. “. Núñez (2009). Page. 69.
HISTORY

Coverage was geographically concentrated in some territories and low coverage with a high poverty incidence.
CONSTRAINTS OF THE PROGRAM’S LAST TARGETING AND OPERATION

1. **No normative prescription** existed which indicated the necessity of including every potential beneficiary (exclusion)

2. **Information asymmetry** (not all of the population had knowledge of the calling)

3. **Technical and technological barriers** (not all municipalities had the technological platform)

4. **Operational constraints** (during the first phase of operations the lack of bank offices excluded traditionally poor territories)
SOLUTIONS TO CONSTRAINTS PHASE III

1. **MFA law** *(More Families in Action)*

2. Operational and technological solution. Delivery of incentives covering 100% of national territory

3. Efficient targeting mechanism
Law 1532 of 2012

“Through which measures and policies will be adopted and the Families in Action program will be regulated”

The size of the program depends on the list of potential beneficiaries

- Determines the populations that should participate in the program
- Creates the necessity of having to cover the whole national territory
More Families in Action: 
Innovation in the targeting process

3 Stages

Identification

Selection

Allocation
Modernization of the targeting process

Identification
Sisbén III main design and implementation changes (Conpes Social 117):

1. Change of variables

2. Change in geographical disaggregation to estimate the index: Two indexes for Sisben II (rural and urban) and three for Sisben III (14 cities, other County seats and Rural)

3. Change in the definition of cutting points: In the last versions cutting points where the same for every program; in Sisben III each program defines it
Starting Point
If Sisben did not exist, how could the program’s potential beneficiaries be identified?

Selected variables and dimensions will allow to identify the degree of vulnerability of potential beneficiaries and also the program’s objectives. In order to characterize beneficiaries establishing the presence of a **negative condition** is required.
Dimensions and variables

- **Dimension 1 - Education**: school non-attendance, school lag and functional illiteracy.
- **Dimension 2 - Food and nutrition**: food insecurity.
- **Dimension 3 - Labor**: inadequate job and not receiving income.
- **Dimension 4 - Economic dependency**: from minors under 18 and adults over 64.
- **Dimension 5 - Household**: improper housing conditions.

* This dimension is excluded from rural area 3, since it does not allow to discriminate population by its poverty condition.

Binary variables are created that refer to the presence or non-presence of the condition.
Population with ages under or = to 17 years and 11 months

Every person is classified according to the presence or not of dimensions and variables.

The % of erroneously included or excluded person is established:

<table>
<thead>
<tr>
<th>Ninguna dimensión (EI)</th>
<th>1,5%</th>
<th>6,7%</th>
<th>92%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Una dimensión (EE)</td>
<td>93,3%</td>
<td>82,8%</td>
<td>3,7%</td>
<td>0%</td>
</tr>
<tr>
<td>Dos dimensiones (EE)</td>
<td>82,2%</td>
<td>63,5%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Tres dimensiones (EE)</td>
<td>56,2%</td>
<td>34,7%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cuatro dimensiones (EE)</td>
<td>20,8%</td>
<td>7,7%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cinco dimensiones (EE)</td>
<td>6,9%</td>
<td>3,2%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Portion of the population that is included or excluded if the cutting point is established in that decile.
Inclusion and exclusion error graph for each area

Example area 1 – 14 main cities
Cutting points in the SISBEN program platform III

<table>
<thead>
<tr>
<th>Area</th>
<th>Included in the program</th>
<th>Transition period current beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area 1</td>
<td>0 - 30.56</td>
<td>30.57 - 54.86</td>
</tr>
<tr>
<td>(14 main cities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area 2</td>
<td>0 - 32.20</td>
<td>32.21 - 51.57</td>
</tr>
<tr>
<td>(urban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area 3</td>
<td>0 - 29.03</td>
<td>29.04 - 37.80</td>
</tr>
<tr>
<td>(rural)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Cutting point between areas are not comparable.
Improving coverage in 4 populations

**Sisben III**
Source: National Department of Planning DNP

**United**
Source: National Agency to Overcome Extreme Poverty

**Displaced**
Source: Unit for Integral reparation and attention to victims

**Indigenous**
Modernizing the targeting process

Selection
Program Size- National

- Potential beneficiaries:
  - SISBEN, Displaced, united, indigenous: 3,050,870
  - In transition: 310,649

- Do not require the program:
  - Capable of paying level III health: 157,497

Program coverage registers a 28% increase
Current subscriptions 3,055,051 beneficiary families
Targeting and operations to take conditional transfers to the poorest

Results
Data new coverage

3,055,051 registered families
(May 2014)

- 43% Sisbén
- 21% United
- 21% Displaced
- 5% Indigenous
- 11% Transition
Coverage comparison Families in Action vs. More Families in Action
In 14 out of 15 variables taken into consideration by the MPI, deprivation is the highest for potential families from More Families in Action compared to beneficiary families from Families in Action.

Source: DANE – Quality of life survey 2011 – Own calculations
Main variations and deprivations FA vs. MFA

<table>
<thead>
<tr>
<th>Deprivation</th>
<th>Families in Action</th>
<th>More Families in Action</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>School non-attendance</td>
<td>9,49%</td>
<td>17,90%</td>
<td>-8,4%</td>
</tr>
<tr>
<td>No health insurance</td>
<td>19,05%</td>
<td>26,08%</td>
<td>-7,0%</td>
</tr>
<tr>
<td>Child labor</td>
<td>8,16%</td>
<td>12,25%</td>
<td>-4,1%</td>
</tr>
<tr>
<td>School lag</td>
<td>65,23%</td>
<td>69,30%</td>
<td>-4,1%</td>
</tr>
<tr>
<td>Constraints to early childhood care</td>
<td>16,97%</td>
<td>19,64%</td>
<td>-2,7%</td>
</tr>
<tr>
<td>Illiteracy</td>
<td>18,99%</td>
<td>20,21%</td>
<td>-1,2%</td>
</tr>
<tr>
<td>Low school achievement</td>
<td>77,80%</td>
<td>78,94%</td>
<td>-1,1%</td>
</tr>
<tr>
<td>Constraints to healthcare services</td>
<td>10,62%</td>
<td>11,13%</td>
<td>-0,5%</td>
</tr>
</tbody>
</table>

Considering the variables of the MPI over which the program has an incidence according to its objectives, stronger differences between FA and MFA are in School non-attendance and no health insurance.

Source: DANE – Quality of life survey 2011 – Own calculations
Proportion of poor households according to the MPI in FA and MFA

Source: DANE – Quality of life survey 2011 – Own calculations
FA and MFA coverage in departments with high poverty incidence

Source: DANE – Quality of life survey 2011 – Own calculations

- Hogares de FA con pobreza multidimensional/Población departamento
- Hogares de MFA con pobreza multidimensional/Población departamento