

# Cross-region Transfer Multipliers in Developing Countries: Evidence from Brazil\*

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## Abstract

Cash transfers are increasingly popular antipoverty programs in developing countries, reaching around 500 million beneficiaries before COVID-19, with over 700 cash transfer programs in over 180 countries designed support incomes during the pandemic. While a large literature focuses on the microeconomic effects of these cash transfer programs, less is known about their macroeconomic effects on stimulating the economies of regions receiving them in these developing countries. This paper estimates the local transfer multiplier using Brazil's Bolsa Familia transfer program data between 2004 and 2019. Using a Bartik-style identification strategy, we find that Brazilian states whose residents receiving an extra 1% of GDP of Bolsa Familia transfers, have faster GDP growth in the same year of around 2%; a relative local cash transfer multiplier of around 2. The paper also explores the effects on employment and a number of robustness tests.

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