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Good Practices in Social Security

Good practice in operation since: 2003

Bolsa Familia Programme

A case of the Ministry of Social Insurance

Ministry of Social Insurance
Brazil

Summary

The Bolsa Familia programme is an innovative social programme launched by the Brazilian government in 2003. This programme has rapidly developed and currently benefits more than 11 million poor households (estimated to include 47 million people), providing them with a social security network by means of direct transfers. Families fulfilling the conditions receive family income support and must observe the conditions laid down relating to human development in return. For example, they undertake to send their children to school and undergo various types of vaccinations. The programme has contributed considerably to the improvement in the Brazilian low income population's life conditions and the reduction in the rate of poverty and inequalities. It is expected that coverage will be extended to cover 12.4 million families by the end of 2009.

CRITERIA 1:

What was the issue/problem/challenge addressed by your good practice?

The *Bolsa Familia* programme, which falls within the scope of a global welfare programme launched by the Brazilian government in 2003 to stimulate rapid growth and social progress, aims to improve the Brazilian social security system. Before the reform, the system was divided into fund transfer programmes and had many failures and shortcomings: bureaucratic complexity, high administrative costs, redundant programmes, ineffective targeting of beneficiaries and lack of synergies relating to the measures aimed at the poor in terms of education, healthcare and education. More recently, with the onset of the global financial and economic crisis, the government has increased payments under the *Bolsa Familia* in order to enable poor households to deal with the additional hardship posed by the crisis.

CRITERIA 2:

What were the main objectives and the expected outcomes?

The *Bolsa Familia* programme has two main objectives. First, reduce the poverty and inequalities currently marking Brazilian society by means of direct monetary transfers to poor families and, second, put a stop to the inter-generational transmission of poverty by developing human capital at the household level. This is to be achieved by subjecting the allocation of these transfers to beneficiaries' compliance with certain conditions, such as sending children to school, vaccination, food monitoring or using other additional social services.

The target groups are poor families and extremely poor families with a monthly income that does not exceed Brazilian *Reals* (R\$)60/US\$27 per month as at March 2009. They are entitled to the basic benefit, the level of which is presently set at R\$62; incremental benefit levels vary, depending on household income and composition.

CRITERIA 3:

What is the innovative approach/strategy followed to achieve the objectives?

The *Bolsa Familia* programme is based on a cooperative and coordinated strategy between federal government organisations, on the one hand, and national and regional/local organisations, on the other hand. It has merged four previous conditional fund transfer programmes – *Bolsa Escola* (educational grants), *Bolsa Alimentacao* (food subsidies), *Cartão Alimentação* (food coupons), *Auxílio Gas* (cooking gas subsidy) – into one monetary transfer programme.

The main features of the *Bolsa Familia* programme are as follows:

- The beneficiary is the family unit rather than separate family members.
- The family is obligated to comply with the conditions laid down relating to human development in order to qualify for fund transfers: education, nutritional monitoring, vaccination, use of additional social services; the “conditionalities” of the programme are seen as indicators, the non-fulfilment of which can serve to identify cases of vulnerability and signal a ‘social alarm’ and therefore facilitate a better understanding of families’ needs in terms of the utilization of services.
- Direct payment to the family without any intermediary.
- Benefits paid preferably to the female head of the family.
- The family is free to decide how to use the financial support.
- Decentralisation: shared management between the federal government, the states and town councils.
- National cover (5,564 town councils) is based on the estimate of poor families.

CRITERIA 4:

Have the resources and inputs been used in an optimal way to implement the practice?

The merging of four programmes into one conditional fund transfer programme led to an improved use of public resources (equal to approximately 0.4 per cent of GDP). This resulted in a reduction in administrative costs and the improvement in the system of targeting beneficiary groups. The vertical integration of the *Bolsa Familia* programme to the states’ and town councils’ social programmes resulted in extended, increased and improved coordination of the social security system. Moreover, bureaucratic complexity was reduced as a result of the standardisation of result indicators and administrative procedures for one single programme.

CRITERIA 5:

What impact/results have been achieved so far?

Since the implementation of the *Bolsa Familia* programme in October 2003, it has seen an extremely rapid development. It covers approximately 11 million families (average income of BRL 85.51), which represents a major part of the low income population in Brazil. By the end

of 2009, the government plans to cover 13 million families. Even though the impact of the *Bolsa Familia* programme is still in the process of being assessed, the programme has already triggered some considerable results:

- Increase in food and nutritional safety: positive effects on children's growth, food consumption, quality of diet.
- Increase in the number of children attending school and improvement in school results.
- Increased use of health services.
- Contribution to the reduction in extreme poverty and income inequalities (the Gini index has decreased from 0.573 in 2002 to 0.552 in 2005. This reduction is attributed to the *Bolsa Familia* programme). Results of the annual household survey (2004) show that this programme accounted for a significant share (20-25 per cent) of Brazil's recent reduction of inequality and 16 per cent of the recent fall in extreme poverty.
- Positive impact on local and regional economies as a result of the increase in household spending.
- Increased female labour market participation (approx. 4.3 percentage points higher) in beneficiary families compared to non-beneficiaries
- Improved targeting of the most vulnerable populations.
- In general, the programme has good operational efficiency, and it achieves a high level of effectiveness in benefit delivery: independent studies have shown that 80 per cent of its reported benefit expenditure is paid to families living below the poverty line.
- More recently, according to recent studies, the *Bolsa Familia* and other conditional cash transfers, seem to soften the impact of the financial crisis, by enabling cash to continue to circulate in communities and therefore help alleviate fall in overall economic activity. At times of crisis, the programme also reduces the negative impact on the nutritional intake of children and therefore keeps them in school and out of work. In effect, the *Bolsa Familia* can act as an important local automatic economic and social stabiliser.

CRITERIA 6:

What lessons have been learned from the introduction of this good practice?

- If programmes are well designed, monetary transfer programmes and effective public services can reduce short and long-term poverty, and provide poor households and the State with the possibility of sharing the responsibility for the efforts required to break the poverty cycle.
- By helping the most vulnerable, the *Bolsa Familia* programme is one of the best targeted programmes in the world. One of its advantages is the fact that it affects a large section of Brazilian society which never previously benefited from social programmes.
- By putting the emphasis on mothers and children and providing them with key benefits such as education and healthcare, the *Bolsa Familia* programme is a social security system of utmost importance for the most disadvantaged families, in particular during the recession.
- The use of conditionality should not necessarily be conceived as being punitive measures. On the contrary, the conditionalities synonymous with this programme can be understood as having a 'revealing' power. When a family cannot fulfil a conditionality, the authorities are alerted to the fact that the family is perhaps experiencing additional problems. In a feedback-loop fashion this enable the

authorities to refocus the programme to address the specific needs and vulnerabilities of the family, and connect them with the appropriate complementary services to overcome their difficulties. In other words, appropriate design can render programmes highly sensitised to the specific needs of poor families and therefore permit effective responses.

- Conditional cash transfer programmes like the *Bolsa Familia* can be effective local automatic economic and social stabilisers at times of financial and economic crisis.

CRITERIA 7:

To what extent would your good practice be appropriate for replication by other social security institutions?

With more than 11 million beneficiary families, the *Bolsa Familia* programme is currently one of the largest conditional fund transfer programmes in the world. The system on which it is based applies to other countries, such as for example in terms of selecting beneficiaries, monitoring and assessment, or control and quality. In short, the *Bolsa Familia* is very much a model example of a social assistance programme that could be replicated elsewhere.