



BRAZIL CONDITIONAL TRANSFERS AS RESPONSE TO THE CRISIS THE *BOLSA FAMÍLIA* PROGRAMME

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The Brazilian conditional income-transfer programme, *Bolsa Família*,² provides financial assistance to 11.1 million Brazilian families –one-fourth of the country’s population– in the amount of R\$ 20 to R\$ 182 per month, on condition that they meet certain requirements related to the health and education of their children. To face the crisis, the Government decided to raise the programme eligibility ceiling (from R\$ 120 per capita to R\$ 137), which means that 1.3 million additional families will benefit. The measure will cost R\$ 550 million (equivalent to 0.02% of GDP) and total programme cost will now amount to R\$ 12.3 billion or 0.4% of GDP. The *Bolsa Família* Programme benefits can double household income for very poor families. In times of world economic crisis these transfers, besides protecting the income of the poorest families, play a dual role: on the one hand, by encouraging consumption they play a reactivating role in the economy; on the other, by making transfers contingent upon the children attending school, a rising school dropout rate resulting from economic difficulties is prevented.

1. Introduction

Ten years before the 2015 deadline, Brazil fulfilled its Millennium Development Goal of reducing the country’s poverty level by half. The number of individuals living on less than one US dollar a day dropped from 8.8% in 1990 to 4.2% in 2005. One of the main factors behind this outcome is the *Bolsa Família* Programme, a conditional income transfer programme benefiting one quarter of the total population. From the start in 2003, programme coverage spread rapidly and it is at present the most extensive conditional transfer programme in the world. *Bolsa Família* Programme benefits can as much as double household income for very poor families.

The Programme was conceived during a period of economic growth, aiming to reduce poverty in the short term through additional income; however, it also seeks to introduce structural changes in the medium and long term by fostering the retention of children and adolescents in formal education and attending family health-care controls. In times of world economic crisis, the additional cash transfers have a counter-cyclical effect, encouraging reactivation of the economy via increased consumption, while at the same time preventing the school dropout rate from rising.

2. Programme description

Bolsa Família is a conditional income-transfer programme created in 2003 and instituted under Federal Law. The programme aims to reduce poverty and reach social development goals linked to school attendance, health,

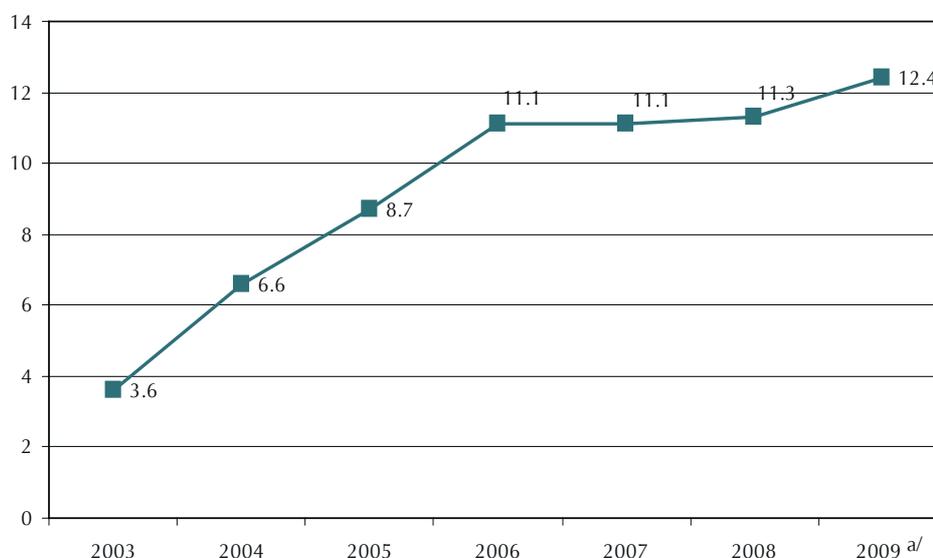
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2 In Spanish, *Beca Familia* (Family Grant).

and nutrition. In addition to mitigating poverty, its purpose is to improve the skills of future generations. It has contributed significantly to reduce not only the poverty rate but also income inequality (measured by the Gini Inequality Index) across the country.

In 2008 the programme benefited 11.1 million poor families, or 46 million people, equivalent to one-fourth of the total population. As a measure to face the economic crisis, the Government decided to raise the programme's eligibility ceiling (from R\$ 120 per capita to R\$ 137), allowing 1.3 million additional families to receive benefits. By the end of 2009, coverage is expected to extend to 12.4 million families, with 300,000 families joining in May, 500,000 in August, and 500,000 in October. The programme budget for 2009 is 11.4 billion Reales, equivalent to 0.4% of GDP. The operational cost of the programme is low and takes up 5% of the total budget.

Graph 1
Number of Bolsa Família Programme beneficiary families, 2003-2009
 (millions)



Source: *Ministério de Desenvolvimento Social e Combate a Fome* (Ministry for Social Development and Combating Hunger), 2009.

a/ Estimated.

Benefits

Benefits are paid by the Federal Government directly to families, who withdraw the money each month from a banking network by means of a magnetic card. Benefits are the sum total of three components:

- Basic Benefit (R\$ 62): paid to families with monthly income per person up to R\$ 69, irrespective of the number of children, adolescents, or youth
- Variable benefit (R\$ 20): paid to families with monthly income per person up to R\$ 137, per child or adolescent up to 15 years of age (maximum 3 benefits per family)
- Variable youth benefit: paid to programme families with teenagers aged 16-17 who are studying (R\$ 60; maximum two benefits per family).

Thus, the amount paid to families varies from R\$ 20 to R\$ 182, depending on the composition of the family and their level of poverty, the mean amount being R\$ 80 (US\$ 37) per family.

Gender

Programme benefits are paid preferably to the women in the family; this has had a positive effect by encouraging women's autonomy, strengthening their position in the home and community, increasing their bargaining power

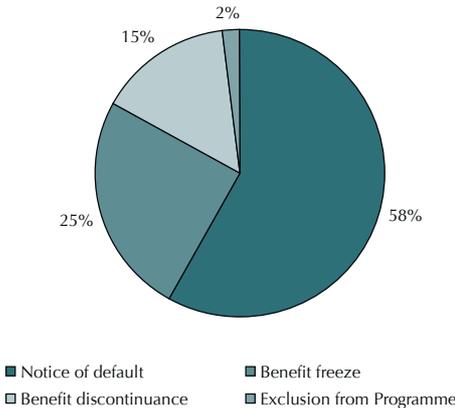
in the family circle, and boosting their self-esteem. In 2005, 93% of beneficiaries were women and 27% were heads of households.

Requirements

Beneficiaries are selected through a database for unified register (*Catastro Único para Programas Sociales*) which serves to assess the socioeconomic profiles and social needs of beneficiaries. In addition to being in poverty, families participating in the *Bolsa Família* Programme, must fulfil programme conditions in the areas of health and education.³ These conditions include keeping school-age children in school and complying with basic health care requirements, such as keeping the inoculation schedules for children, and attending medical appointments for pregnant women and nursing mothers. The object of the foregoing conditions is not to punish families but to lay responsibility jointly on beneficiaries and the public authorities, the latter being bound to identify the reasons for possible non-compliance with conditions and implement public policies to assist such families. The programme thus emphasizes the guarantee of the rights of persons.

Compliance with requirements is monitored by the Ministries of Social Development, Education, and Health, in coordination with local authorities. In the event of non-compliance with the rules, families receive notice with no penalty, and benefits continue. Upon the second notice, the benefit is blocked for a period of 30 days and may be unblocked if the case returns to normal. The third notice causes suspension of benefits for 60 days. With the fifth notice benefits are cancelled and the family is removed from the Programme. In 2007 there were 1.5 million cases of non-compliance, or 14% of all beneficiaries. Benefits were cancelled in only 34,050 cases (2%).

Graph 2
Action by the authorities in the event of non-compliance with *Bolsa Família* Programme conditions, 2007



Source: *Ministério de Desenvolvimento Social e Combate a Fome* (Ministry for Social Development and Combating Hunger), 2008

Promoting social inclusion

The information contained in the unified record allows families to be located, their characteristics identified, and supply of public services matched to their profile, all of which contributes to the autonomy and personal development of family members. Some of the programmes supporting social inclusion are literacy courses for adults, low-cost housing programmes, access to electric power, and access to banking services. Other efforts are also under way to promote the insertion of adult beneficiaries into the labour market. The Programme known as PLANSEQ *Bolsa Família*-I Construction of Civil Works expects to train 185,000 persons in 2009 for work in the construction sector, linked to the government investment programme in public infrastructure known as Growth Acceleration Programme (*Programa de Aceleración del Crecimiento – PAC*). The programme target is to include 30% women beneficiaries, in an effort to raise the number of women employed in the sector. A similar programme is PLANSEQ *Bolsa Família*-Tourism, which aims to train 27,600 beneficiaries for job opportunities in the tourism sector.

³ Workers rescued from forced labour are a special case; they are automatically registered in the Programme as a basic form of supporting their reinsertion in society.

3. Outcomes

Assessments of the *Bolsa Família* Programme show that it has had immediate and significant effect on the living conditions of poor people as it helps to promote food and nutritional safety, reduce poverty and inequality, lower the risk of child labour, dynamize local economies, and promote gender equality. In addition, studies show that the programme does not impede the incentive to work, on the contrary, the benefit has increased participation of men and women beneficiaries in the labour market, helping to reduce marginalization among many poor families.

References

ILO (2009) *Bolsa Família in Brazil: Context, concept and impacts* (Geneva, Social Security Department, ILO).