

# Entitlement to Income in Brazil: the Experience of the *Bolsa Família* Programme<sup>i</sup>

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## 1. Contextualisation

In Brazil, the 1988 Federal Constitution can be seen as a landmark for guaranteeing citizenship rights and for the building of the social protection network. This Constitution, which concretises the process of redemocratisation experienced by the country, resulted from a broad process of political discussion and mobilisation. Among its most expressive contents it is worth highlighting the strong component for guaranteeing citizenship rights and for the corresponding accountability by the state, asserting the commitment towards direct democracy through the institutionalisation of channels for popular participation in controlling public management, and further, the construction of a new federative pact, with emphasis on decentralisation and on the strengthening of municipalities<sup>ii</sup>, the local governments.

Already in its Article 1, the Constitution asserts the federal and republican character of the state, innovating in relation to other federations: from then on, Brazil counts on three autonomous spheres of government, with recognition of the municipalities as federated entities, having their own authority, their own government, with autonomy to legislate and impose taxes within their scope of authority.

In Article 3 of the Constitution the fundamental principles of the Federative Republic of Brazil are defined, among them that of eradicating poverty and marginalisation, and that of reducing social and regional inequalities. In the field of public policy, the Constitution guarantees the universal right to health and education and, moreover, defines Social Security as being constituted by social welfare, health and social assistance policies.

Therefore, any analysis of public policy in the country should consider, among other things, the federative character of the State, the sharing of responsibilities of federal entities in relation to reducing poverty and inequality and ensuring the rights of citizenship, with the corresponding duty of the State, especially in the areas of health and education.

It is also necessary to consider that, despite recent advances in the reduction of inequality and poverty, Brazil has its history marked by unacceptable levels of economic, social and regional inequalities.

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## 2. Cash transfers as a strategy for reducing poverty and inequality

From the 90s, the policies of conditional cash transfer reflect a choice of the Public Authority, as part of poverty reduction strategies. During this period, the first experiences of conditional cash transfer programmes are observed in Latin America. The Brazilian experience in the area was very distinctive when compared to similar programmes in the region, particularly because, in Brazil, such policies began as initiatives of the local and state governments. The experiences in Campinas and in the Federal District, initiated in 1995, and Ribeirão Preto and Belo Horizonte, among others, take place before similar federal programmes.

The experience of Mexico, originally called "*Progres*a", today *Programa Oportunidades*, also had begun at that same time. Since then, several other countries in Latin America and the Caribbean have established conditional cash transfer programmes: in Colombia, *Familias en Acción*; in the Dominican Republic, *Solidariedad*, in Chile, *Chile Solidario*; in El Salvador, *Rede Solidaria*, in Peru, *Programa Juntos*; in Nicaragua, *Mi Familia* programme, in Panama, *Bono Alimentario* programme; in Paraguay, Tekoporã pilot programme, in Honduras, *Programa de Asignación Familiar*, in Guatemala, *Mi Familia Progres*a.

The debate over cash transfer programmes considers that poverty eradication and reducing inequality are hardly feasible without active cash transfer policies. Considering who should be the beneficiaries of such policies and also, if such transfers should be conditional or not, three main matrices can be reviewed.

The first of them includes those who consider that cash transfers should be universal, an entitlement of all citizens, without taking into account criteria of poverty and with no counterpart obligations from the beneficiaries. Within such conception, the cash transfer would be a form of guarantee of citizenship, autonomy and power of choice, of sharing the wealth produced by all and would strengthen the sense of solidarity and "belonging" of citizens. The aim would be to build a more egalitarian society, treating all citizens isonomically, equal before the law, without any targeting process. The processes of redistribution would be ensured by progressive tax policies.

A second concept is one that considers income transfer policies and even public policies in the broadest sense, to be important to ensure the survival of specific families or individuals, but they should be residual. Following such concept, they should be restricted to those extremely poor or unable to provide for their own survival. Such concept is not restricted to the cash transfer, also bearing the understanding that the performance of the state in areas such as health, education, welfare, among others, should also be residual, with the provision of basic services "kits" or "packages" for the extremely poor, and of market solutions to other social segments. Within

such concept, only those extremely poor should be assisted by way of very restrictive targeting designs both for cash transfer and for access to public services.

A third concept is one that considers policies for reducing poverty and inequality should imply a choice by the Public Authority to privilege the poorest<sup>2</sup>. For those espousing such a concept, a differentiated treatment of the poorest is required in order to reduce previously established inequalities and to promote equality in the future. Here, a translation of the equity principle is to be found, demanding for its implementation the use of distributive justice parameters. While advocating universal policies, such concept considers that even those rights, to which all are entitled, must be the object of a differentiated outlook directed at the poorest, including their prioritisation and the assurance of assistance to them. In order to privilege the poorest, this concept also emphasizes access criteria and thus operates with a targeting mechanism, but not with a concept of residual action that would only select the extremely poor. Targeting, is considered here as the application of criteria for prioritisation, especially to emphasize the entitlement to rights and the inclusion of those who were historically sidelined from public policy. The *Bolsa Familia* Programme adopts such a concept

### 3. The Brazilian Experience with Conditional Cash Transfers

In Brazil, various were the experiences that served as a reference for the design, improvement and expansion of conditional cash transfer programmes. The landmarks from among them were:

- 1995: Pioneer experiences in Campinas and in the Federal District, transferring such resources to families so that they could ensure school attendance by their children;
- 1996: *Bolsa-Escola* (Conditioned School Attendance Cash Transfer Programme) in Belo Horizonte;
- 1996: Programme for the Eradication of Child Labour - under the responsibility of the Federal Government, deployed in regions with the highest concentration of degrading work involving children;
- 1998: National Programme of Guaranteed Minimum Income - under the responsibility of the Ministry of Education - MEC;

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<sup>2</sup> This concept is even more important in those countries that have neither yet guaranteed basic social right nor yet have taxation capacity to ensure sustainability for the implementation of basic income policies. Philippe Van Parijs points "two key requirements" for the implementation of basic income policies. According to him, "*It is only with respect to societies that freed themselves from hunger, or that clearly can do so without violation of the own property, that it is worth talking about basic income.*" He also says that "sustainability" should be ensured and that "*it is useless, for example, to choose a level and a type of taxation that would make possible a generous basic income in the current period, if the average income in the next period was to fall.*" (VAN PARIJS, 1994)

- 2001: *Bolsa Escola* Programme (BES), a school stipend programme linked to the Ministry of Education;
- 2001: *Bolsa Alimentação* (BAL) Programme, a nutrition-oriented cash transfer programme, linked to the Ministry of Health;
- 2002: *Programa Auxílio Gás*, a cooking fuel supplement scheme, administered by the Ministry of Mines and Energy. The Cooking Fuel Supplement scheme was not a conditional cash transfer programme, but a financial benefit for families with monthly per capita income of up to ½ minimum wage, as a way to offset the increase in the price of gas for cooking, resulting from the withdrawal of the subsidy at that time;
- 2003: *Cartão Alimentação* Programme, a Food Card scheme, as a component of the strategy named “*Fome Zero*” (Zero Hunger). The Food Card was operated by the former Ministry of Food Security - MESA;
- 2003: Creation by Provisional Measure No. 132/03, the *Bolsa Família* Programme - PBF;
- 2004: Promulgation of the Basic Income for Citizenship Law - Law No. 10.835, 2004;<sup>3</sup>
- 2004: Conversion into law of the Provisional Measure that established the PBF. Law No. 10.836, 2004.

The experiences of cash transfer schemes implemented by the Federal Government had their origins linked to specific population segments and to sectoral policies, with greater weight to the area of education, but also with experiences in the areas of health, food security and nutrition, and of social assistance. Since 2003, with the election of President Lula, the issues of combating hunger, poverty and inequality are now having centrality in the public agenda, spanning over various governmental policies, under coordination of the very President of the Republic.

From then on, cash transfer programmes gained greater importance as a policy that articulates economic and social dimensions, while at the same time, incorporating both long-term vision with impact for future generations, and initiatives with more immediate repercussion on poverty and inequality indicators.

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<sup>3</sup> Although not constituting a conditional cash transfer, the Brazilian experience with the *Benefício de Prestação Continuada* – BPC [Continuous Cash Benefit Programme] also deserves to be highlighted. This benefit, established by the Federal Constitution and subsequently regulated by the Organic Law of Social Welfare, can be understood as a guarantee of basic income, amounting to a minimum wage, to disabled persons and to the elderly from 65 years of age whose per capita monthly family income is up to ¼ of the minimum wage

#### **4. The Creation of the *Bolsa Família* Programme: the quest for a new pattern of policy for poverty reduction.**

The *Bolsa Família* Programme was established in October 2003 and was crucial for the expansion, consolidation and coordination of the social protection network in the country. Unlike the practice of various other countries in Latin America and the Caribbean, the Brazilian experience is anchored in a federal legal norm, Law No. 10.836, of January 9, 2004, which provides more stability and continuity prospect for its implementation.

The deployment of *Bolsa Família* did not ignore the prior existence of other cash transfer programmes. The law that established the PBF determined the unification of those then existing cash transfer programmes not provided for in the Constitution (some of them were conditional schemes, others not): *Bolsa Escola*, *Bolsa Alimentação*, *Auxílio Gás* and *Cartão Alimentação*. While that decision ensured the entitlement of families that were already being assisted, thus providing legitimacy to the idea that such programmes were not just the initiative of a single government, but rather demanded continued commitment, such integration process concurrently added complexity to the deployment of the PBF.

The creation of the *Bolsa Família*, however, cannot be understood as a mere unification of the earlier programmes or just a quest for a greater degree of administrative rationality by the government. The characteristics of the PBF, which will be detailed below, illustrate this. In particular, there was a change of concept as far as the programme is concerned with assistance to the whole family rather than to the individual members, with overcoming divergences in the eligibility criteria and in the overlapping of the targeted publics, and with the expansion of coverage and of allocated financial resources, among others.

##### **4.1. The design of the *Bolsa Família* Programme**

The *Bolsa Família* Programme - PBF is a conditional cash transfer programme turned towards poor families. The Programme defines poverty according to monthly per capita family income. Even recognizing that poverty is a multidimensional phenomenon, which is not limited to the deprivation of income, many scholars consider that the inadequacies of income constitute a good representation, a proxy of other dimensions of poverty.

The law that established the PBF considered as eligible those families with up to R\$ 100.00 monthly per capita income. In early 2006, the poverty line was readjusted and, today, the PBF considers as poor families those with a monthly per capita income of up to R\$ 120.00. From among those, the families with monthly per capita income of up to R\$ 60.00 are considered extremely poor and are eligible for the PBF regardless of its composition. Families with monthly

per capita income between R\$ 60.01 and R\$ 120.00, in turn, can join the Programme provided they have children and adolescents up to 17 years of age in their composition<sup>4</sup>.

A Family, as defined in the law that established the *Bolsa Família*, is understood as the "nuclear unit, eventually enlarged by people having ties of kinship or affinity with it, who form a household and live under the same roof, and that is maintained by the contribution of its members."<sup>5</sup>

The benefits of the *Bolsa Família* are of three types: Basic, Variable and *Benefício Variável Vinculado ao Adolescente* [Variable Youth Benefit], paid according to per capita family income and family composition. Each family receives between R\$ 18,00 (R\$ 10.90) and R\$ 172,00 (US\$ 104.24) per month, depending on the socio-economic situation and the number of children and adolescents up to 17 years of age. Originally the law that established the PBF provided for the granting of variable benefits for families with adolescents up to 15 years of age. However, at the end of 2007, in view of the positive results of the Programme, especially with increasing school attendance and reduction of the school dropout, the PBF extended the granting of variable benefits for families with adolescents up to 17 years of age, with a differential design for the assistance to adolescents.

Considering the law establishing the *Bolsa Família*, the Programme can be defined beginning with the articulation of three specific dimensions. They are:

- Immediate poverty relief through direct cash transfer to families;
- Contribution to intergenerational poverty reduction, through the strengthening of the right of access to the policies of health and education, and
- Articulation with other public policies in order to develop the beneficiary families' capabilities.

The immediate poverty relief, the first dimension to be pointed out, is the most perceptible and measurable result of the PBF, and is ensured by means of family access to income. Studies show that Brazil has reduced poverty, especially extreme poverty, inequality and hunger, and the *Bolsa Família* has a leading role in such outcome.

An important aspect in the direct transfer is that there is no intermediary in the payment of the benefit. The benefit is drawn directly by the beneficiary at the banking network by means of a magnetic card. The fact that there is no go-between for the payment of benefits is a radical change in relation to the history of *clientelismo*<sup>iii</sup> in the country, through which the social benefits

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<sup>4</sup> Considering the present rate of US\$ 1.00 for every R\$ 1.65, the poverty lines used by PBF apply to: extremely poor families, who are those with monthly per capita income up to \$ 36.36 and poor families, who are those whose income is between US\$ 36.36 and US\$ 72.72.

<sup>5</sup> Concept defined under item I of Paragraph 1 of Article 2 of Law No. 10.836, dated January 9, 2004

customarily have been tied to politicians, government officials or specific assistance entities. The use of an extensive banking network for monthly payment of benefits is also an innovation of the Brazilian experience and was only feasible to adopt it for the *Bolsa Familia* due to the prior existence of a rather capillary network providing logistics for payment and, moreover, due to the widespread access of the population to it.

To better understand the second dimension of the Programme, the PBF's contribution to intergenerational poverty reduction; we must discuss a little more the concept of "conditionalities" with which the *Bolsa Familia* works. The conditionalities in the concept adopted by the *Bolsa Familia*, may be understood as a "contract" between the families and the Public Authority, guided by three types of complementary responsibilities.

On the one hand they are responsibilities of families in relation to compliance with an agenda of assistance in the areas of health and education to improve the conditions so that children and young people of beneficiary families may enjoy greater well-being in future. That agenda, is constituted in the field of education by the enrolment and school attendance of at least 85% of children and adolescents between 6 and 15 years of age and of 75% for youths of 16 and 17 years of age members of the beneficiary families. In the area of health, the agenda is the monitoring of vaccination and of growth and development of children up to 6 years of age, and also of women during pregnancy, childbirth and puerperium. Furthermore, the commitment of the family that children are not exposed to child labour should also be assured.

It is important to remember that the right of access to health and education, in the case of Brazil, is universally guaranteed by the Federal Constitution and the Public Authority is accountable for providing the same. Thus, beside the responsibility of the family, and as the second component of the "contract", the commitment by the Public Authority to ensure the provisions of services in the areas of health and education is required, since although such services are formally of universal character, in many cases the most excluded persons do not have guarantee of access to them. Accordingly, the conditionalities can be interpreted as a strengthening of citizenship rights, a reinforcement of the right of access already provided for in the Federal Constitution. That is why the commitment of the family can only be required if there is provision of services and guaranteed access. More than that, it is a way to make the Public Authority accountable for "actively going in search" of those most excluded, if perhaps a spontaneous demand for such services is not identified. Within such concept, the entitlement to income strengthens the rights to education and health.

The third component of the "contract" is the monitoring of compliance therewith. The monitoring of conditionalities, rather than a punitive character of suspension of benefits for families, is related to monitoring of families access to basic social rights to education and health, as well as

to identifying the causes of eventual non-compliance. In this case, identifying the reasons for non-compliance with conditionalities is an important tool for identification of families who live with a greater degree of vulnerability and social risk and is therefore an indicator for the targeting of social policies and the for prioritisation of a more individualised family monitoring.

This concept of conditionality, such as strengthening the right of access by families, is only rendered feasible if their monitoring is shared by the three spheres of government, with an intersectoral approach. For this, it is required to integrate such actions and teams from the areas of social assistance, education, health and others, in those municipalities and states that are in charge of services providing the social protection of families in a situation of greater vulnerability.

Accordingly, the Ministry of Social Development and Fight against Hunger has supported the local governments in expanding and improving the monitoring of more vulnerable families through the *Programa de Atenção Integral à Família* (PAIF) a Family Full Care Program. The PAIF is implemented through Social Assistance Reference Centres, the *Centros de Referência da Assistência Social* - CRAS, public units with a territorial base, located in territories characterised by social vulnerability, that work with families and individuals in their community context. They develop social-welfare, socio-educational and community services, primarily for families assisted by the *Bolsa Família* that are no longer meeting conditionalities. The action of CRAS is strengthened by encouraging greater integration between the areas of health, education and social assistance, with focus on the most vulnerable families, those that do not meet conditionalities, who demand a specific systematic monitoring of such families.

The third dimension of the Programme - the articulation between the PBF and other public policies geared to the development of capabilities - is linked to the understanding of poverty as multidimensional and complex phenomenon. In other words, poverty should neither be understood simply as a synonym for inadequacies of income of families, nor fighting it may be restricted to the transfer of financial resources to the poorest families. Starting from such concept, the full achievement of the goals of the *Bolsa Família* is dependent on its integration with actions and services that enable the development of families' capabilities. The law that established the *Bolsa Família* referred to such policies as "complementary actions".

But, after all, what are the complementary actions? They are an articulated and integrated strategy of intervention, carried out among different areas of federal, state and local governments, and even of the society, allowing the development of families' capabilities or the reduction of particular vulnerabilities. They constitute the association between policies for poverty reduction and policies to promote citizenship. They necessarily demand intersectoral

articulation, as well as coordination and integration of policies that prioritize the assistance to the families included in the PBF.

Accordingly, the complementary actions are neither within the *Bolsa Família* nor are they subordinated to it. The Programme is constituted as an element of integration and articulation of various public actions that may, upon reaching out in an integrated manner to poor families, contribute to the development of their capabilities and to the broadening of their possibilities of choice, with impact on the social inclusion of individuals and nuclear families households.

Among the most significant complementary actions underway, deserve to be highlighted those in the areas of creation of employment and income generating opportunities and of professional qualification, of increasing schooling and expanding access to knowledge, of improvements in housing conditions, among others, aimed at the development of families receiving the *Bolsa Família*.

In addition to those already addressed, another characteristic of the *Bolsa Família* that deserves mention is the full assistance to the nuclear family household, not to family members individually. This definition overcomes the fragmented and segmented approach to each of the individuals that compose a family, starting from different criteria (age and sex, by example). This is an important difference in relation to previous Brazilian experiences, such as the *Bolsa Escola* and *Bolsa Alimentação*.

Even taking the family as a target of its action, the PBF recognizes and reinforces the importance of the role of women within the family. She is the person legally and preferentially in charge of receiving the benefits, a situation occurring in 95% of beneficiary families. Studies show that women do better manage the financial resources for the benefit of the whole family. They make the best choices about where to better apply the resources, so that the whole family can be benefited. The fact that they receive and administer the resources has resulted, that the women, according to surveys conducted by MDS and other institutions, have strengthened their role in their families and their communities.

Finally, the beneficiary family is entitled to choose how to use the financial resource received. For the PBF, no one better than the family to decide where the financial resource is more important, what are the family needs that should be met, which allocating decision best contributes to the benefit of the whole family. Even today the subject is controversial and the debate on the subject has been conducted with some disputes. Some critics of the choice made by the *Bolsa Família* consider that when the family uses the resources, although residual ones, to purchase goods or services other than food, the Programme is being distorted. The concept underpinning such criticisms is that the poor do not know how to make choices, they need

tutelage, and they need the government to define in what they can use the money transferred by the PBF.

For the PBF, the financial benefit is intended to supplement the family income in order to ensure the satisfaction of basic needs of the nuclear family household and the family knows, better than the government, what such needs are. There is therefore no need to provide documentary evidence of the use of this resource. Studies show that families use the resources preferably for the purchase of food in shops close to their homes, which contributes to the satisfaction of needs and the development of the local economy.

#### **4.2. Decentralisation and Federative Cooperation**

It is the very Federal Constitution that establishes the basis for joint responsibility and cooperation between the Union, the federal states and municipalities in reducing poverty, inequality and social exclusion. Among the fundamental objectives of the Federative Republic of Brazil is the commitment to eradicating poverty and marginalisation, as well as the reduction of social and regional inequalities (CF/88, Article 3, inc III). Still, the constitutional text establishes that the Union, the federal states, the Federal District and the municipalities have in common the power " *to fight the causes of poverty and the factors leading to marginalisation , promoting the social integration of the disadvantaged sectors of the population;* " (CF/88, Article 23, inc X)

At the same time as the constitution sets out joint responsibilities for the federated entities in combating poverty and inequality, the fact that it does not provide for entitlement to income as a constitutional right and further the establishment of the *Bolsa Familia* Programme as statutory, infraconstitutional law, made it necessary for the implementation of the Programme to build federal processes of negotiation and coordination with different characteristics from those that are usual in the Brazilian public policies. Voluntary mechanisms of adesão [Joint Management Agreement] and *pactuação* [Cooperation Partnerships] were therefore required.

Such design of cooperative partnership for decentralisation materialised into two main modalities. The first one, called *pactuação*, a compact for cooperation partnership, is represented by formal processes of integration between the PBF and own federal states and municipalities initiatives for cash transfer. In this modality, running in just over 20 federal states and municipalities, there is complementation of benefit amounts through the additional allocation of budget resources by the government that signed the document towards Cooperation Partnership [*Termo de Pactuação*], with positive impacts resulting in increasing the amount paid to families.

The second type of federative relationship takes place by means of the formalisation of a process of Joint Management Agreement [*adesão*], in which the municipalities or federal states undertake to develop specific actions, previously formalised, to support the implementation of the PBF in their territories. This second modality is present in nearly all Brazilian municipalities.

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The process towards *adesão* [Joint Management Agreement] has been formalised as from May 2005 through publication of the MDS<sup>iv</sup> ordinance that defined the responsibilities of the federal government and those that should, by means of voluntary act, be borne by states and municipalities. As a requirement for such Agreement, and respecting the constitutional principle of self-organisation, the local and federal state governments would be in charge of defining the areas responsible for the management of PBF in their spheres of authority and, furthermore, to provide evidence of the existence of social control<sup>7</sup> of the Programme.

In most cases the management of the Programme is linked to the area of welfare, but there are also cases in which departments of health, education, or even the areas of planning and government are in charge of the Programme. Among the tasks of managers are those to promote intersectoral action, articulating other public policies such as health, education, welfare, among others, with a focus on eligible families; the identification of poor families and their registration with the *Cadastro Único* (Single Registry); the monitoring of conditionalities, with different strategies for monitoring of the most vulnerable families; and the joint provision of complementary actions, among others.

To support the local governments in the management of PBF and the assistance to families, the federal government passes money to local governments. This transfer of resources has as reference the *Índice de Gestão Descentralizada* - IGD, index of decentralised management , which is calculated based on four variables: a) quality of information from the *Cadastro Único* (Single Registry), b) update of the information from the registry at least every two years, c) health monitoring, and respective information of families and d) information of school attendance of children and adolescents from the beneficiary families.

The IGD ranges from 0 to 1 and each variable has weight corresponding to 25% when calculating the index. Resources for management support are passed to local governments each month and it is essential that the municipality has achieved at least 0.4 on the index to be

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<sup>6</sup> In 5564 Brazilian municipalities, only 4 did not formalize their adherence to such agreements to jointly manage the PBF.

<sup>7</sup> Social control refers to mechanisms of accountability where citizens can monitor the programme via the establishment of councils.

entitled to the receipt of resources<sup>8</sup>. The index found is multiplied by the number of families included in the PBF in each municipality and the corresponding figure is multiplied by R\$ 2.50. This is the value that local governments receive each month. A preliminary assessment allows one to state that this is now the main instrument for ensuring the quality of decentralised management of the *Bolsa Família* and one of the main innovations in the Programme.

Among the activities that may be undertaken by local governments with IGD resources are:

- Management of conditionalities
- Monitoring of beneficiary families, especially the most vulnerable ones
- Registration of new families, updating and revision of the registry
- Deployment of complementary actions, including actions toward professional qualification and creation of employment and income generating opportunities for the beneficiary families.

In early 2008 the MDS has built an instrument similar to the IGD in order to financially support the management of *Bolsa Família* by states. It is the Índice de Gestão Descentralizada Estadual - IGDE, an index of decentralised management for states, with similar design to that used for support to local governments. The budget for the *Bolsa Família* for the year 2008 envisages the transfer of R\$ 310 million to support decentralised management.

The strengthening of decentralised management has also demanded the construction of systems that allow greater autonomy and quality of management, especially for local governments. It has also demanded the conduction of intensive processes of capacity-building and information for managers and social control nucleus.

#### **4.3. The Control of Society over the Programme**

The Law No. 10.836, 2004, establishes social control as one of its components, ensuring the participation of society in supervising and monitoring the Programme. The legislation establishing the *Bolsa Família* Programme defined that the municipality can create an instance of control specifically for the PBF, or may delegate powers to a previously existing body as long as there is equal participation between government and society, with intersectoral composition.

By agreeing to cooperate with the *Bolsa Família* and the *CadÚnico* (The Single Registry), the municipality must provide evidence of the existence of an instance of social control. This means that 5560 Brazilian municipalities have an instance of control, with the participation of society, to

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<sup>8</sup> From August 2008 the minimum percentage that the municipalities must meet to receive resources from the IGD will be 0.55 and no longer 0.4.

monitor the PBF. About 50% of them were created in a specific way to control the *Bolsa Família* and, among the other 50%, the largest number is that of social welfare councils.

Their tasks are, amongst others: to monitor the implementation of the PBF, to support the work of other social policies to support the benefited families; verify that the health and education services are properly offered by the municipality and help in identifying the poorest and more vulnerable families in the municipal territory, so that they are registered and may enter the *Bolsa Família*.

#### **4.4. The Single Registry of Social Programmes of the Federal Government as an Instrument for the Identification and Selection of Beneficiaries**

The Single Registry of Social Programmes of the Federal Government, established in 2001, also known as *CadÚnico*, is the database used to record details of socioeconomic status of families with monthly income of up to half a minimum wage per person. The selection of beneficiaries of *Bolsa Família*, among other programmes of the Federal Government targeted at poor families, is made using this registry. The *CadÚnico* is composed of three clusters of basic information: (a) **identification of the person** (generating the Social Identification Number, the *Número de Identificação Social* - NIS, for each person registered), composed of: full name of the citizen, mother's name, date of birth, City of birth and any document of identification with national emission control; (b) **identification of the address** and (c) **socio-economic characterisation**, consisting of: family composition (number of people, whether there are pregnant women, elderly or individuals with disabilities), characteristics of the household (number of rooms, type of construction, water, sewage and garbage), educational qualification of family members, professional qualification, situation in the labour market and income and family expenses (rent, transportation, food and other).

The registration of families is made by local governments, using a computerised system provided by the Federal Government and the veracity of the information recorded in *CadÚnico* is the responsibility of the local manager. The citizen who answered the questionnaire also is informed about their responsibilities regarding the veracity of the information provided. After collecting data, the information is transmitted to the Federal Government, which evaluates the quality and consistency of it.

Subsequent to this process a Social Identification Number (NIS), which is the basis for the entire management of the *Bolsa Família* is generated for each citizen registered. This is the primary key for the identification of individuals, avoiding multiplicity of entries in different Registries and allowing comparison with other databases and is similar to existing social

security numbers in several countries. The NIS is used to identify the person legally in charge of the family when receiving benefits from the PBF.

The socioeconomic data contained in the *Cadastro Único* (Single Registry), in addition to enabling the selection of families for the PBF and other social programmes, also allows for the monitoring and evaluation of the effects of such programmes on the lives of the beneficiaries. To that end, the quality of the data recorded and their ability to reflect the reality of families registered became imperative. For this reason, various have been the initiatives for the improvement of the registry, involving massive and continuous processes of updating of registered data, audits of the database, comparing the registered information with those in other administrative databases of the Federal Government, among others.

Considering that exclusion errors are the most common and more complex to solve, and also that the most vulnerable families have customarily been sidelined from public policy outreach, and that they are those more demanding and more difficult to locate and to assist, the implementation of the PBF has prioritised a number of strategies for actively going in search of poorest families. They are active processes of registration, with specific methodologies, geared especially towards indigenous families, quilombola<sup>9</sup> families, families exposed to situation of child labour, families with members freed from situations similar to slave labour, among others.

Although the federal government, since 2001, sought the unifying of information from social programmes into a single database, such information, however, was collected following different criteria, dictated by the logic and interests of each of the programmes that then existed. The unification of cash transfer programmes in the *Bolsa Família* Programme imposed the need to gather that information into a national database, changing the concept of the *CadÚnico*. It became an essential tool to identify and locate the poor families and thereby facilitate the planning of public policies of the federal, state and municipal governments in a coordinated manner.

Reflecting this new concept, in June 2007 the Decree No. 6135 was issued, which, among other contents, defines the concepts considered to be fundamental for ensuring the quality of procedures for registration, makes mandatory the use of the registry by all Federal Government policies turned towards poor families and, further, regulates the policy governing access to information in order to preserve aspects of ethics, privacy and confidentiality in the use of them. As a result, the information currently available at the *Cadastro Único* (Single Registry) not only

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<sup>9</sup> *Quilombolas* are the inhabitants of *Comunidades remanescentes de quilombos* - Surviving *quilombo* communities. A *quilombo* is a Brazilian settlement founded by escaped slaves of African origin. Slavery lasted until 1888 in Brazil.

enables the granting of benefits of the PBF, but also the articulation of different public policies towards poor families, according to the profile and demand they present.

#### **4.5. The identification and application of benefits of PBF**

As previously mentioned, the targeted public of *Bolsa Família* Programme are families in situation of extreme poverty and poverty. The lines of poverty which enable the measurement and identification of those families use income criteria.

The process of selecting families for the PBF articulates three main instruments: 1) an estimate of poor families for every Brazilian municipality, which serves as a reference for registration; 2) the individual identification and registration of the poorest families by local governments, which operates as a pre-selection of the poorest families in their territories; 3) mechanisms for independent audit and control.

For the estimation of poor families, a specially developed methodology is used by the Institute of Applied Economic Planning - IPEA, which considers as reference the information provided by the National Household Sample Survey - PNAD, held every year by the Brazilian Institute of Geography and Statistics - IBGE. Such procedure generates the estimate of poor families across the country, today at 11.1 million families. Further on, the breakdown of the estimates is made specifically for each Brazilian municipality, calculated on the basis of PNAD and on information from the Demographic Census. The results of this methodology are widely disseminated and are available, with data for every Brazilian municipality, on the Internet (<http://www.mds.gov.br/bolsafamilia/>) and through other instruments of dissemination used by the MDS.

Based on estimates of poor families, local governments identify and register the poorest families of their territories. The municipalities, through the municipal managers of the Programme, play a strategic role in identifying the families who are in a situation of poverty in their municipality, so as to more accurately direct the inclusion of families in the *Cadastro Único* (Single Registry) and therefore in the PBF. The inclusion of a family in the PBF is carried exclusively out of those families registered with *Cadastro Único* (Single Registry), the eligibility criteria of the Programme to be observed.

The granting of benefits, with a corresponding inclusion of families in the Programme, is exclusively carried out by the Federal Government, starting with the identification of eligible families in the *Cadastro Único* (Single Registry), and further, considering as reference the estimate of poor families for each Brazilian municipality. It is important to draw attention to the fact that there is no indication of families individually. The process is fully computerised and impersonal, which ensures greater security to the granting of benefits.

As to the third phase of the process described, mechanisms of independent audit and control, regular audits are carried out in the databases of *CadÚnico* and benefits<sup>10</sup>. From among those, the audit to identify duplicities, the analysis of quality and consistency of information and the comparison between the database of the *Cadastro Único* (Single Registry), specifically with regard to income, with the information contained in the Annual Report of Social Information - RAIS are highlighted here. The latter, with information on all Brazilian workers placed in the formal labour market, contains the information on income completed by the employer.

#### **4.6. Other managing operating procedures for the *Bolsa Família***

The management of the *Bolsa Família* Programme within the federal sphere is the responsibility of the Ministry of Social Development and Fight against Hunger - MDS, through the *Secretaria Nacional de Renda de Cidadania - Senarc*, National Secretariat for Citizenship Income. Other federal agencies also have responsibilities in implementing the Programme, such as the Ministries of Health and Education, responsible for monitoring the conditionalities in their areas, and *Caixa Economica Federal [the federally controlled savings bank]*, operating agent for the Programme, under contract with MDS.

Each month new benefit payrolls of PBF are issued. In cases of new beneficiaries, in addition to the entry of a family on the payroll, there is the issuing of the magnetic card and sending the same to the residence of the beneficiary. Before the issuing of payroll, however, Senarc assesses, from information received from the Ministries of Health and Education (according to specific schedule) which families did not comply with the conditionalities in the specific period.

Upon determination of situations of non-compliance with conditionalities, a gradual application of sanctions follows. The goal, as stated earlier, is not to punish the family, but support strategies to assist these families that will lead to solving the problems that entailed the non-compliance with the conditionality. Based on the information on the non-compliance with conditionalities, the Senarc is in charge of the task of implementing the sanctions. For each record of non-compliance with conditionality there is a corresponding sanction, with different effects on the payment of the benefit:

- Upon the first situation of non-compliance, there is a warning, but the family still receives the benefit normally.

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<sup>10</sup> The benefits database is a subset of the *Cadastro Único* [Single Registry]. It is composed of those families that once registered were selected for the *Bolsa Família*. It is important to remember that the income criteria for the registration is different from those used by PBF- families with monthly per capita income up to R\$ 205,00 are registered, while those families with up to US\$ 120.00 monthly per capita income are eligible for the PBF.

- For the second time that the family does not meet the conditionality, there is a blocking of payment. A part of the payment of the benefit is retained for 30 days and after this period, the family again receives the benefit normally, including retroactive payment.
- Upon the third non-compliance, there is suspension of payment; two parts of payment of the benefit are not paid to the family. After 60 days the family again receives the benefit normally.
- Upon the fourth time, there is again a suspension, and two parts for payment of the benefit are not paid out. After 60 days the family again receives the benefit normally.
- Upon the fifth record of non-compliance, there is a cancellation of the benefit and the participation of the family in the PBF is terminated.

All these situations are communicated to the families, by means of notice in writing to their respective persons legally in charge. All information on compliance with conditionalities is sent to local governments, as a way to inform the strategies for monitoring of families, preferably in an integrated way across the areas of health, education and welfare.

Once the payroll is issued and the families that are no longer eligible to the Programme are excluded and the new families are included, Senarc releases financial resources to operate the PBF, of the order of R\$865.00 million per month for covering the payroll. The Operating Agent passes these resources to around 32 thousand branches and banking correspondents, so that they can pay the benefits to families. There is a regular schedule for payment and benefits are paid in the last 10 days of each month.

The same payroll is informed to the municipalities and federal states, through the *Sistema de Gestão de Benefícios* - Sibeca [Benefits Management System] and posted on the Internet in order to provide transparency to the management of the Programme.

## **5. Coverage and financial resources allocated in *Bolsa Família* Programme**

The *Bolsa Família* was launched at the end of 2003 with a commitment to assist 11.1 million poor families by the year 2006, taking as reference the poverty line used by the Programme. This is the estimate of poor families with which the federal government works.

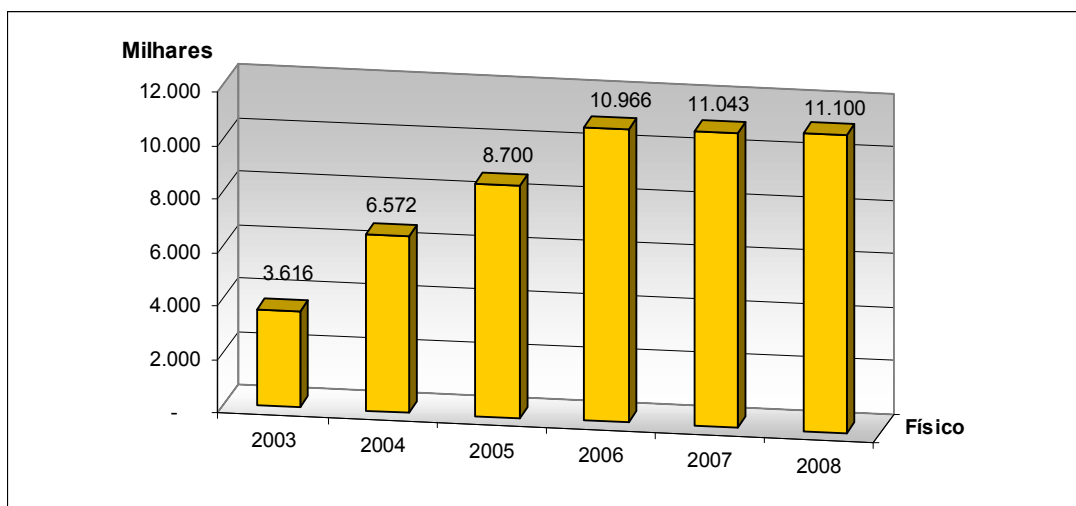
The Programme also had goals to be met every year. At the end of 2003 there should be 3.6 million Families assisted, at a cost of R\$ 570 million that year, 5.5 million families at the end of 2004, with a budget of R\$ 3,8 million; 8.7 millions of families at the end of 2005, at a cost of R\$ 5,7 million and 11.1 million families by the end of 2006. All these targets were strictly achieved every year.

The *Bolsa Familia* benefits families in all Brazilian municipalities. There are 11.1 million families benefited, about 46 million people, with an average benefit of R\$ 77,95 (US\$ 47.24). The annual cost of the Programme is R\$ 10,9 billion, considering the budget for the year 2008. Out of that, R\$ 10.3 billion (US\$ 6.2 billion), or 95%, amount to resources for payment of benefits and the remaining 5% are resources for supporting the management, divided between funds for payment of the Operating Agent, resources for transfer to federal states and municipalities for supporting decentralised management and other resources to fund management costs. The charts below show the coverage of the *Bolsa Familia* and the costs of corresponding benefits since 2003.

Chart I

**Number of families assisted by the PBF each year**

Ref: December each year



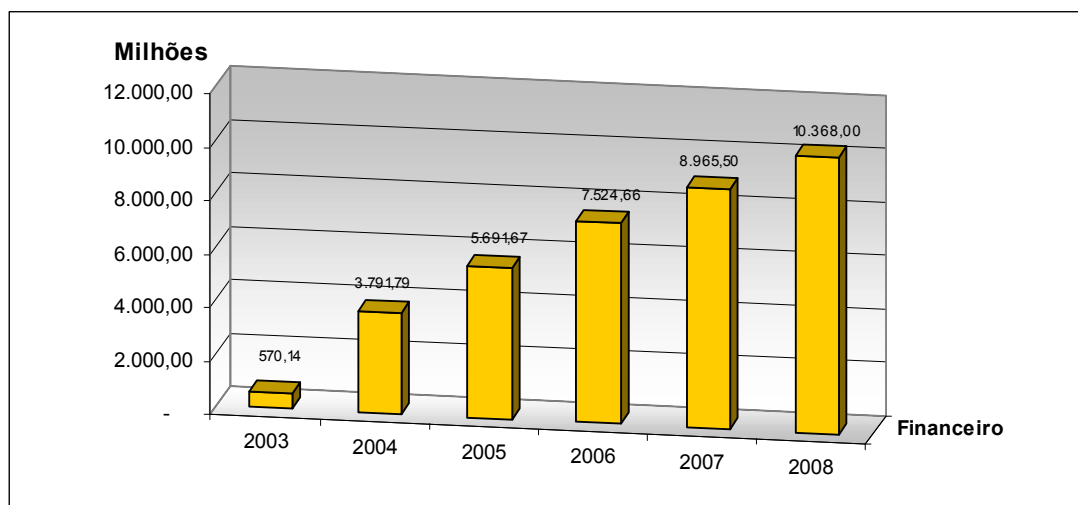
Translator's note: Milhares=Thousands

Físico=-Physical

Source: Senarc

Chart II

### Annual Financial Resources for Payment of Benefits



Translator's note: Milhares=Thousands

Físico=-Physical

Source: Senarc

The fiscal cost of PBF is around 0.4% of Gross Domestic Product - GDP and management cost, considering the federal spending and the resources passed to federal states and municipalities for supporting management are equivalent to 5% of the total cost of the Programme.

## 6. A Summary of the main Results of the *Bolsa Família* Programme

Different specialists, research institutions and multilateral cooperation agencies have reviewed the impact of the *Bolsa Família* Programme. These impacts are even more significant when considering that the Programme has only four and a half years of existence. Three main issues have been addressed in more detail by ongoing studies: the contributions of the Programme to reduce poverty and inequality, the impact on ensuring food and nutritional security of the beneficiary families and the contributions of the PBF to reduce the school dropout and towards increasing school attendance.

Preliminarily it is important to consider that the various studies available show that the PBF reaches the poorest families, those who were traditionally sidelined from public policy in Brazil and several of its results come just from targeting the poorest.

The results presented by the National Household Sample Surveys - PNAD's 2004 - 2006 show that Brazil is reducing poverty, particularly in its most extreme degree, as well as inequality. Since Brazil has undertaken commitment to the Millennium Development Goals, the country has already reduced extreme poverty in more than 60%, fulfilling therefore the first goal of reducing extreme poverty by half, with 10 years in advance. In 2006, for the first time the poor population accounted for less than 20% of the Brazilian population.

Regarding inequality, Brazil reduced the Gini coefficient by 1% in 2003, by 1.9% in 2004, 0.6% in 2005 and 1.06% in 2006. According to Professor Marcelo Neri, from 2003 to 2006, the poorest 10% increased their income by 9.62% on average, as against 5.09% of the 10 richest. According to various researchers, the *Bolsa Familia* Programme singly accounts for 21% decline in inequality, measured by the Gini coefficient, as observed till 2005. The real increase in the minimum wage and the PBF, according to those researchers, have the main responsibility for reducing poverty and inequality observed in the country.

Also in relation to eradicating hunger and ensuring food and nutritional security the results of the *Bolsa Familia* are expressive. Various studies show that the *Bolsa Familia* had important impact on improving food and nutritional situation of its beneficiaries, and especially of children. The nutritional survey "*Chamada Nutricional*" jointly held by the Ministries of Health and Social Development, with nutritional assessment of about 15 thousand children of the semi-arid region in 2005 showed that participation in the Programme reduces the risk of chronic malnutrition in all age groups. The largest reductions in malnutrition are among children aged 6 to 11 months, age group in which a 62.1% risk reduction is observed. This result is of great importance, since deficits of growth in this age group are irreversible later.

Study by DataUFF and the Federal University of Bahia, with the aim of evaluating the impact of the *Bolsa Familia* Programme on food security and nutrition, showed that food quantity increased and the quality of food improved for families benefiting from the grant of the benefit: 85,6% of families considered that the food of the family improved or very much improved, 73.3% of the families of beneficiaries reported that the variety of foods in the diet has improved a lot, 26.7% attested that the diet improved (satisfaction of 100%) and 54.7% of families considered that the quantity of food consumed is good or very good, 41.0% considered it regular.

Similar results are pointed by the Ibase survey, which when asking about 5 thousand beneficiaries included in the PBF what happened with the family food after inclusion in the Programme, had the answer that for 74% of beneficiaries the amount of food that were consumed has increased, for 70% the variety of foods has increased and for 63% the purchase of food that children like has increased.

Also available are studies that show that the transfer of funds for payment of benefits mobilizes the local economy, especially in small-sized municipalities. Furthermore, according to preliminary results of the research “O Programa Bolsa Família e o Enfrentamento das Desigualdades de Gênero”<sup>v</sup>, the fact that the benefit is paid to women improves self-esteem of women, reducing the dependence as regards the partner and reduces domestic conflict.

With regard to educational impacts, impact assessment of PBF conducted by the Cedeplar / UFMG shows that among the public from 7 to 14 years of age assisted by the *Bolsa Família*, the school attendance rate is 3.6% higher than that observed in the whole of all non-beneficiaries with the same profile. In the female public this difference reaches 6.5% and is even greater in the Northeast: 7.1%. School drop-out among the beneficiaries reaches 2.1 percentage points lower than among the whole of the children in extreme poverty. As the rate of school attendance is high in the country (97.3%), those differences are quite relevant in the assessment of researchers who analysed the data

The supplement of PNAD 2006, specific for assessing cash transfer, shows similar results for the reduction of school drop-outs and increase in the school attendance by beneficiaries. The same supplement shows that there is no demotivation of families with the receipt of benefits, a criticism that is made by some more conservative sectors of Brazilian society.

### **Final considerations**

Despite the results already measured and the consensus that has been established around the *Bolsa Família* in the country, the Programme can not be considered complete. There are several agendas for its ongoing improvement, whether related to the expansion of the Programme, improvement of ongoing activities and further design adjustments.

Regarding the expansion of the Programme, the identification, registration and granting of benefits for the poorest families is a constant concern. Today, despite working with an official estimate of 11.1 million poor families, the *Cadastro Único* (Single Registry) shows 13 million families with the profile of the *Bolsa Família*. This means that about 2 million families meet the profile of the PBF and still do not receive benefits from the Programme. To ensure that all families who meet the eligibility criteria of the Programme are assisted, it is necessary to revise the estimate of poor families and expand the coverage of the *Bolsa Família*. Another issue under discussion is the recomposition of the value of benefits as a way to cope with food inflation and ensure the maintenance of the results obtained by the Programme so far.

In the area of complementary programmes, the federal government has prioritised activities of integration of the PBF and programmes for increasing adult literacy and schooling and for articulation of initiatives for qualification and employability. Extending the use of the *Cadastro Único* (Single Registry) to other public policies enhances the integration of actions targeted to poor families, with positive impacts on the development of capabilities by those families.

The concern with integration and the intersectoral action is also present in efforts to improve strategies to monitor the most vulnerable families, those that do not comply with conditionalities. For this, it is necessary to improve the mechanisms for coordination of government policies. The challenges of coordination, however, are among the major challenges for the implementation and improvement of the *Bolsa Família*.

Regarding the adjustments of design, recently there was a broadening of the age group eligible for the variable benefit of PBF, with the adequacy of the Programme to assist adolescents, as well as the ruling on the minimum period of time of ongoing participation in the programme subsequent to which families can have the benefits reviewed.

In conclusion, conditional cash transfer programmes, along the lines of the *Bolsa Família* can be defined as policies that address the immediate reduction of poverty and its overcoming especially for the next generation, in articulation with other programmes. Accordingly, the dimension of the cash transfer, although it is the most visible component, should not be seen as an end in itself.

Within this design, the PBF is a strategy that reinforces Entitlement to Income, starting by ensuring the same for the poorest families. Putting emphasis on intersectoral action and the development of capabilities, including for the future generation, the PBF also enhances the transversal and intersectoral action necessary to confront the various dimensions of poverty.

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#### Abbreviations

PBF - *Programa Bolsa Família - Bolsa Família Programme*

R\$ Brazilian Reais

US\$ US Dollars

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<sup>1</sup> A conditional cash transfer programme, Programa *Bolsa Família*, in English literally translated as Family Grant Programme. *Bolsa Família* has also been translated into English as "Family Stipend" or "Family Income Grant"

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<sup>ii</sup> in Portuguese the term used is *município*, which refers to a subnational entity and is conceived as autonomous sphere of government. It has been often translated into English as municipality, cf. the Text of The Brazilian 1988 Constitution in English translation at <http://www.v-brazil.com/government/laws/constitution.html>

<sup>iii</sup> Translator's note: *Clientelismo* or political clientelism has been characterized in Brazil by unofficial systems of political organization based on patronage.

<sup>iv</sup> Ministry of Social Development and Fight against Hunger.

<sup>v</sup> Translator's Note: "The *Bolsa Família* Programme and the coping with Gender Inequalities"