

# Development with social inclusion: The role of cash transfer programmes

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# Outline

- 1- Brief historical overview of the evolution of Social Assistance Policy**
- 2- The structure of Brazilian Social Security System**
- 3- Non-contributory benefits**
- 4- BPC (old age and disability benefit)**
- 5- *Bolsa Família* Programme (CCT)**
- 6- Achievements and Challenges of Income Security in Brazil**

# 1- Brief Historical Overview

## **Social Assistance Policy previous to the 1988 Federal Constitution:**

- Mostly under the responsibility of the private sector;
- Focus on services: organized and implemented by charity institutions with State subsidies and tax exemptions.
- Weak State responsibility.
- Potential beneficiaries: poor and vulnerable groups.
- Lack of non-contributory monetary benefits.

## Brief Historical Overview

# Social Assistance and Poverty

- Poverty reduction under the responsibility of the economic sphere;
- Social Assistance as aid to extreme poor groups (orphans, elderly, sick persons, disabled and women with children);
- Social security was meant to protect formal sector workers from social risks.

## Brief Historical Overview

### 1988 Constitution: Social Assistance as part of Social Security

- The 1988 Federal Constitution turned Social Security into a social right and defined its four policies:
  - a) Social Insurance → rural pension and minimum wage as the retirement benefit floor;
  - b) Social Assistance → services to those who need them and non-contributory benefit targeted at the poor who are unfit to work (old age and disability);
  - c) Health: creation of the Unique Health System (SUS);
  - d) Unemployment insurance: defined as a right and discrimination of funding sources.

## Brief Historical Overview

### New expansion of Social Assistance with the advent of Cash Transfer Programmes.

- 1995- first municipal experiences;
- 2000- Creation of the several standalone Federal programmes (*Bolsa Escola*, *Bolsa Alimentação e Auxílio Gás*) .
- 2004- Creation *Bolsa Família* Programme (PBF), with the unification of the previous programmes and its phased scaling-up.

## 2- The structure of Brazilian Social Security System

Income Security		Universal Services
Social Insurance	Social Assistance	
<ul style="list-style-type: none"> <li>■ RGPS (private sector workers)</li> <li>■ RPSP (public sector workers)</li> <li>■ rural pension</li> </ul>	<ul style="list-style-type: none"> <li>■ BPC: Old age and disability grant</li> <li>■ <i>Bolsa Familia</i> Programme</li> </ul>	<ul style="list-style-type: none"> <li>■ SUS (Unique Health System)</li> <li>■ SUAS (Unique Social Assistance System)</li> </ul>
<ul style="list-style-type: none"> <li>■ Coverage: 58% of the economically active population</li> <li>■ 23 million benefits/month</li> <li>■ Decentralized management</li> </ul>	<ul style="list-style-type: none"> <li>■ 14 million benefits/month</li> <li>■ Shared Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Health: 2.5 medical appointments per person/year in the SUS; PSF (Family Health Programme) reaches 50% of the population.</li> <li>■ SUAS: decentralized management.</li> </ul>

## 2- The structure of Brazilian Social Security System

### Characteristics :

- (i) High coverage;
- (ii) Monetary benefits under the Federal Government responsibility;
- (iii) Social services (health and social assistance) implemented through decentralized policies;
- (iv) Presence of both profit and non-profit private sector organizations in the provision of services;
- (v) Increase in social security spending (11.6% of GDP in 2005);
- (vi) Funding highly dependent on social contributions;
- (vii) Participatory approach to the decision making process.



# 3- Social Assistance Monetary Benefits

- Of a non-contributory nature → social solidarity principle
  - a) **BPC** – income guarantee to those living in extreme poverty and unable to work.
  - b) **PBF**- income guarantee to those living in extreme poverty regardless of work capacity.

# Social Assistance Benefit

## Benefits and Transfers, December 2009

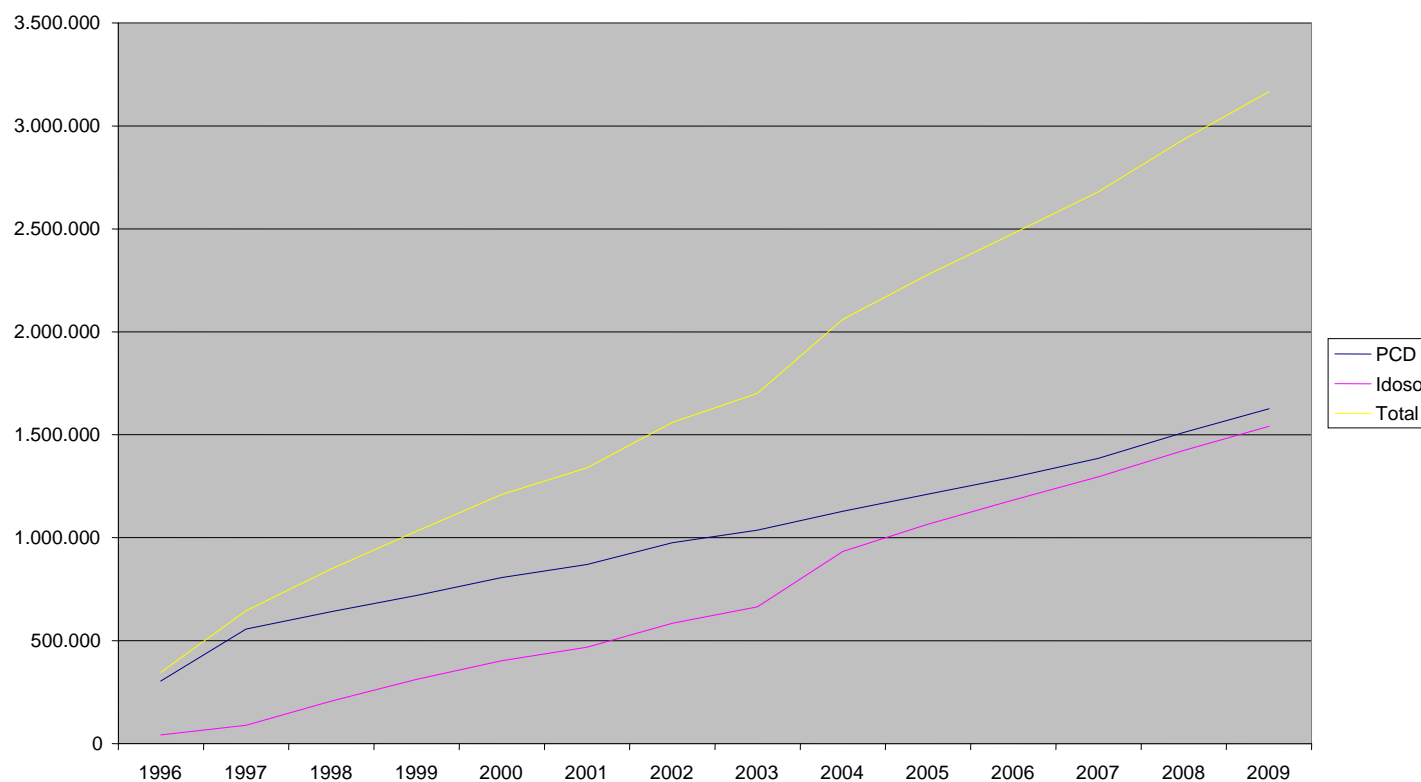
	<b>PBF –Bolsa Família programme (families)</b>	<b>BPC (persons)</b>
<b>Benefits (in million)</b>	12.4	3.1
<b>Total Spending (R\$ millions)</b>	12.3	16.8

# 4- Old age and Disability Grant- BPC

- Objective: guarantee income to the elderly (65 years or more) and people with disability who cannot work and live an independent life, living in extreme poverty (family *per capita income* below  $\frac{1}{4}$  of the minimum wage - R\$ 116.25 as per October 2009);
- Benefit: monthly transfer of one minimum wage;
- Beneficiaries: 3.1 million people (December/2009) - 1.6 millions disabled and 1.5 millions elderly;
- No conditionalities.

# BPC Benefits (1996 to 2009)

Number of Beneficiaries - 1996 a 2009



Fonte: MDS – Elaboração: Disoc/Ipea

# 5- *Bolsa Família* Programme

- Objective: to guarantee a basic income to the poor population defined as those with per capita family income is under R\$ 140.01, prioritizing family with children;
- Variable benefits: amounts paid vary according to the monthly per capita family income and with the number of children up to 15 years and teenagers between 16 and 17 years.
- Benefit : average amount of R\$ 95.00 (September 2009);
- Beneficiaries: 11 million families (Dec/2009). Around 55 million people;
- Require some conditionalities.

# PBF Benefits

	<b>Extreme poor families</b> (monthly per capita income up to R\$ 70.00) (US\$39.76)	<b>Poor families</b> (monthly per capita income between 70,01 and 140,00 reais) (US\$ 39,77 and 79,52)
<b>Basic benefit</b>	R\$ 68,00 (US\$ 38,63)	-
<b>Variable benefit</b>	R\$ 22,00 (US\$ 12,50) per child up to 15 years (maximum 3 benefits)	R\$ 22,00 (US\$ 12,50) per child up to 15 years (maximum 3 benefits)
<b>Variable benefit for youngsters (BVJ)</b>	R\$ 33,00 (US\$ 18,74) per teenager between 16 and 17 years (maximum 2 benefits)	R\$ 33,00 (US\$ 18,74) per teenager between 16 and 17 years (maximum 2 benefits)
<b>Maximum value per family</b>	R\$ 200,00 (US\$ 113,63)	R\$ 132,00 (US\$ 74,98)

# PBF conditionalities

- Conditionalities are commitments to undertake some actions in the areas of education, health and social assistance that beneficiary families assume in order to receive the benefits.

- ✓ Education: minimum school attendance of 85% for children between 6 and 15 years and 75% for teenagers between 16 and 17 years.
- ✓ Health: immunization according , child developments (weight and height check-up) for children below 7 years; and prenatal and postnatal appointment for mothers between 14 and 44 years according to health protocol.
- ✓ Social assistance: minimum assistance of 85% for socio-educational activities for children and teenagers below 15 years who face some risk and who have been withdrawn from child labour.

# Monitoring Conditionalities

- Improvements in the monitoring of conditionalities through the involvement of municipal managers in the area of health and education, and through the introduction of IT systems to speed-up the process;
- Health conditionalities: 64.5% of families were monitored (December 2009);
- Education conditionalities: 89,6% of beneficiary students between 6 and 15 years; 79.4% of students between 16 and 18 years (December 2009).



# Conditionalities, what for?

- Conditionalities as incentives for behavioural change or as tools to guarantee access to basic social rights, namely, health and education?
- Conditionalities and a moral approach to poverty;
- Conditionalities and State responsibility:
  - (i) in the supply of services
  - (ii) in the support to families facing severe vulnerabilities;
- Challenges for institutional and intersectoral coordination.
- Intergeneration cycle of poverty and conditionalities: a false question in the context of an adequate supply of services?
- Income transfers, guarantee of opportunities and development.

# PBF: Shared management and intersectoral coordination

- Sharing of management and implementation duties and responsibilities with municipal level including social accountability;
- Sharing of duties and responsibilities with health, education and social assistance areas, particularly, in the monitoring of conditionalities.
- Federal government responsibilities: general guidelines of management and implementation and payment of the benefits.
- Municipalities responsibilities: registering of potential beneficiaries, monitoring of conditionalities and family support, besides operating suspension and cancelling of benefit payments.
- States responsibility: activities of support and capacity building for municipalities.
- Federal funding.

# PBF: Management Strategies

- Recent improvements in PBF management:
  - ✓ Standardization of process and procedures: issuing normative and operational guidelines with clarifications with regards to the implementation of PBF. These guidelines are mostly target to the municipal managers.
  - ✓ Investment in the capacity development of state and municipal level managers and public servants who work with PBF and with the Single Registry.
  - ✓ Investment in the design of IT systems to improve the management of the programme.
  - ✓ Financial support to the shared management model (IGDE e IGD)
  - ✓ Decentralized Management Index (IGD) introduced in 2005, measures the performance of the municipality with regards to the quality of the single registry and monitoring of conditionalities and determine how much financial support the municipality will receive. Better performing municipalities receive more resources.
  - ✓ Also in 2005, it was introduced the state level IGD for states, IGDE, with the objective of strengthening and developing administrative and technical support from the states towards municipalities.

# 6- Achievements and Challenges in Income Security

- Creation of a non-contributory income guarantee scheme integrated with the contributory one;
- Positive impacts on poverty and inequality reduction; decreases in vulnerability and exclusion;
- 7% of the elderly (65 year or more) are poor and only 2% are extreme poor;
- 45% of children (0 to 15 years) are poor and 19% are extreme poor.

# Achievements and Challenges in Income Security

- PBF as a social security right;
- Social Protection System: what is the role of Cash Transfer programmes?
- Harmonizing and integrating contributory and non-contributory programmes;
- Importance and limitations of contributory programmes;
- Importance and limitations of the social solidarity principles in consolidating non-contributory cash transfer programmes;
- Poverty, employment and unemployment;
- Income guarantee and supply of quality services: how to build social citizenship in a highly unequal society?