Brazil’s Bolsa Familia Program

As part of its dual focus of maintaining macro stability while achieving more equitable growth and rapid social progress, Brazil’s government is undertaking sweeping reforms to improve its social safety net. The issue of combining the federal government’s cash transfer programs was part of President Lula da Silva’s election platform. This discussion continued into 2003 within the Social Policy Council and culminated in the launching of the Bolsa Família Program and the establishment of an executive secretariat to oversee it in October 2003.

The political conditions created by the election of the new government gave further impetus to the debate at all three levels of government on the issue of combining the federal government’s cash transfer programs and coordinating them with other social programs and policies as a way of addressing the flaws and inequities in social spending in recent years.

The reforms seek to integrate several federal programs, including Bolsa Escola, Bolsa Alimentação, Cartão Alimentação, and Auxílio-Gás. Each of these programs had maintained its own emphasis—promoting schooling, health care, food consumption, or compensating for adjustment—while providing cash transfers to roughly the same target group of poor families. Each was managed with separate administrative structures, beneficiary selection processes, and banking-sector contracts for issuing payments. These separate structures created inefficiencies and administrative duplication, resulted in considerable gaps and duplications in coverage, and missed important synergies from jointly promoting education and health. The reforms integrate these programs (and possibly others later) into a single, improved conditional cash transfer (CCT) program called the Bolsa Família Program.

The new program builds on the foundations of previous programs and increases their impact through strengthened institutional arrangements, targeting, monitoring, and evaluation. Its main objectives are:

- Reducing poverty today through a direct monetary transfer to poor families
- Reducing poverty tomorrow by providing incentives and conditions for investments in human capital on behalf of beneficiary families.

The program has three important focal points: (1) the family unit (as the entity receiving the benefit and bearing the responsibility of meeting program requirements; (2) decentralization partnerships with states and municipalities; and (3) a Cadastro Único dos Programas Sociais (Unified Registry of Social Programs) as a policy planning and administrative tool.

The program’s objectives include creating pathways for beneficiary families to escape poverty and hence graduate permanently from the program; promoting local development; ensuring that the poorest segment of the population receives priority; making more effective use of resources; unifying, expanding and streamlining cash transfer programs; and finally, removing incentives for sector-based cash transfer policies (such as the previous programs combined under the Bolsa Família Program).
The key to effectiveness is institutional coordination—within government, between levels of government, and between government and society. Such coordination distinguishes Bolsa Familia from its sector-based predecessors. The main players in the federal arena are the Bolsa program’s national secretariat (which is directly linked to the office of the president), the new Ministry of Social Development and Combating Hunger, the sector ministries, and the Caixa Econômica Federal (Federal Savings Bank), in its capacity as the entity operating the Cadastro Único and responsible for payment.

The interaction between this type of targeted CCT program and the provision of more universal “supply side” services for health and education is complementary: On the one hand, the provision of quality health and education services is clearly a crucial requirement for conditional transfers to work; as such, efforts should be made to simultaneously invest in such services. On the other hand, even if health and education services were universally available, CCTs would be needed to help alleviate common demand-side constraints (direct and indirect costs) that prevent poor households from using those services.

The program will make cash transfers of $17–33 to families with monthly per capita incomes below $33, with higher benefits and priority granted to the extreme poor with incomes below $17. These amounts were set with the goal of minimizing the number of people benefiting from the previous programs who might lose under the integrated program. The exact transfer amount will depend on income levels and household composition. Monthly transfers are expected to average about $24 per beneficiary family (which would represent a scaling up in average benefits from the previous programs. On a per capita basis, the average transfer represents about 19 percent of the poverty line used by the World Bank and 6 percent of the minimum wage.

The transfers are conditional on all family members complying with key human development conditions as part of an important policy shift towards focusing assistance on the family (rather than on individuals). Previous programs provided support and conditions only for some individuals within the family. Synergies are expected from the simultaneous promotion of investments in health and education for all family members.

The political support of Brazil’s president for a more results-oriented approach in the social arena is clearly the reason for the extraordinary performance of the Bolsa Familia Program. By December 2003, 32 percent of poor families in Brazil had received benefits from the program. The Northeast and Central-West regions had the highest (40 percent) and lowest (18 percent) rates of coverage. Coverage is still low in some states in the North (Rondônia and Roraima) and quite high, up to almost 50 percent, in four states in the Northeast (Piauí, Ceará, Rio Grande do Norte and Paraíba). At the same time, strong intergovernmental partnerships have already led six states to pool their efforts during the first stage.

Bolsa Familia is rapidly becoming one of the Brazilian government’s major social initiatives. It seeks to reach 3.6 million families by the end of 2003 and 11.4 million families (or about 44 million people) by 2006. This represents a significant scaling up of social assistance as compared with the (overlapping) coverage of its predecessors, the largest of which covered approximately 5.7 million families in 2003.
Bolsa Família will require a significant increase in financing, beginning with a planned budget of $1.9 billion in 2004 (about $330 million higher than spending on the separate programs in 2003), reaching a total of more than $11 billion over the period from 2004 to 2007. The program is also seeking better complementarity and a pooling of resources with state and local programs for expanded coverage.

It remains to be seen if the Bolsa Família Program under the new ministry will retain the desired flexibility and institutional capacity and if it will be possible to harmonize agendas related to social welfare, combating hunger, and the Bolsa Família Program.

These problems must be targeted by new initiatives to create an integrated approach to evaluating and monitoring the program, coordinate with other initiatives in the social realm and with agencies that generate technical know-how, improve the targeting system (eligibility and selection criteria) and the Cadastro Unico, streamline ways of graduating from the program, develop different strategies for small and large municípios (for food security and the Bolsa Família Program), create better institutional conditions in the poorest municípios, and include civil society in implementing, monitoring, and evaluating the program.