From Bolsa Familia to Auxílio Brasil: the Brazilian CCT experience

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WORLD BANK GROUP
Macroeconomics & Fiscal Management

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PEOPLE: 53,585,835

25% of the population

FAMILIES: 20,200,862

AVERAGE MONTHLY BENEFIT R$ 607.85 (U$D 116): 1/2 National Minimum Wage

MONTHLY AMOUNT DISBURSED: R$ 12.1 billion (U$D 2.3 billion)

ANNUAL BUDGET for 2023: R$ 105.7 billion (U$D 20.2 billion)

PERCENTAGE OF GDP: 1.2%

Timeline

| FHC 1995 - 2002 | LULA 2003 - 2010 | DILMA 2011 - 2016 | TEMER 2017 - 2018 | BOLSONARO 2019 - 2022 |

First CCT (local / federal) → Unification of Federal Programs - Bolsa Famíla 2003 → Expansion of coverage / targeting → Brazil without Extreme Poverty 2011- 2016 → Economic Crisis / Recovery → COVID 19 Auxílio Emergencial → Auxílio Brasil - 2021

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Main Objectives

Reduce poverty and overcome hunger
  - monetary benefits

Break the intergenerational poverty cycle
  - access to education and health (CONDITIONALITIES)

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Before the Bolsa Familia Program:

Several different CCT agencies

. isolated data systems

. multiple eligibility criteria

. different benefit amounts

. low coverage and several overlaps

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BF was created to fill a gap in the social protection system

Benefit Types	INACTIVE*	ACTIVE*
Contributory	Old age and disability pensions; sickness and work injury benefits	Unemployment insurance
Non-Contributory	Social assistance benefits (elderly and disabled persons)	*Bolsa Família* Program

(*) In the labor market

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Main Characteristics of the Bolsa Familia Program

- Created by **federal law**

- **Focused on family**

- **Conditionalities based on health (vaccination, prenatal, and height / weight control) and education (**attendance**)**

- **Specific roles** for the federal, state and local governments

- Automatically qualify based on information from the **Single Registry**

- Benefits paid **directly to beneficiary** families using bank cards / accounts

- Benefits **paid preferentially to women**

- **Free use of monetary benefits**

- **Social participation and oversight**
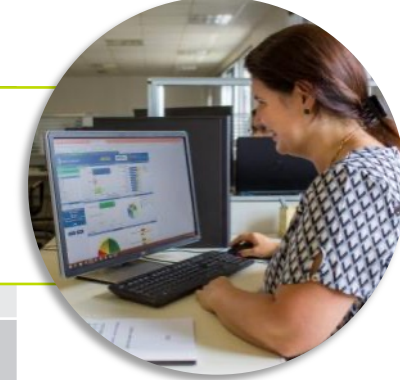
Coverage expansion and targeting quality

Legend:
- Percentage of BF's beneficiaries in the 40% poorest acording to total household income per capita (before BF)
- Number of families in BF (in millions)

Y-axis (left): MILLION FAMILIES — 0.0, 2.0, 4.0, 6.0, 8.0, 10.0, 12.0, 14.0, 16.0

Y-axis (right): % IN BOTTOM 40% — 78, 80, 82, 84, 86, 88, 90, 92

Data labels:
- PNAD 2004: 80.4
- PNAD 2006: 82.5
- PNADC 2012: 87.0
- PNADC 2013: 86.8
- PNADC 2014: 88.3
- PNADC 2015: 88.2
- PNADC 2016: 88.7
- PNADC 2017: 89.5
- PNADC 2018: 90.3
- PNADC 2019: 90.6

X-axis: 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019

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Self-declared Dynamic Registration

Planned actions in Territories

Monitoring

Family information

Selection of beneficiaries

Transparency

Family members information

- Household Composition
- Access to water, sanitation and electricity
- Monthly expenses
- Participation in social programs
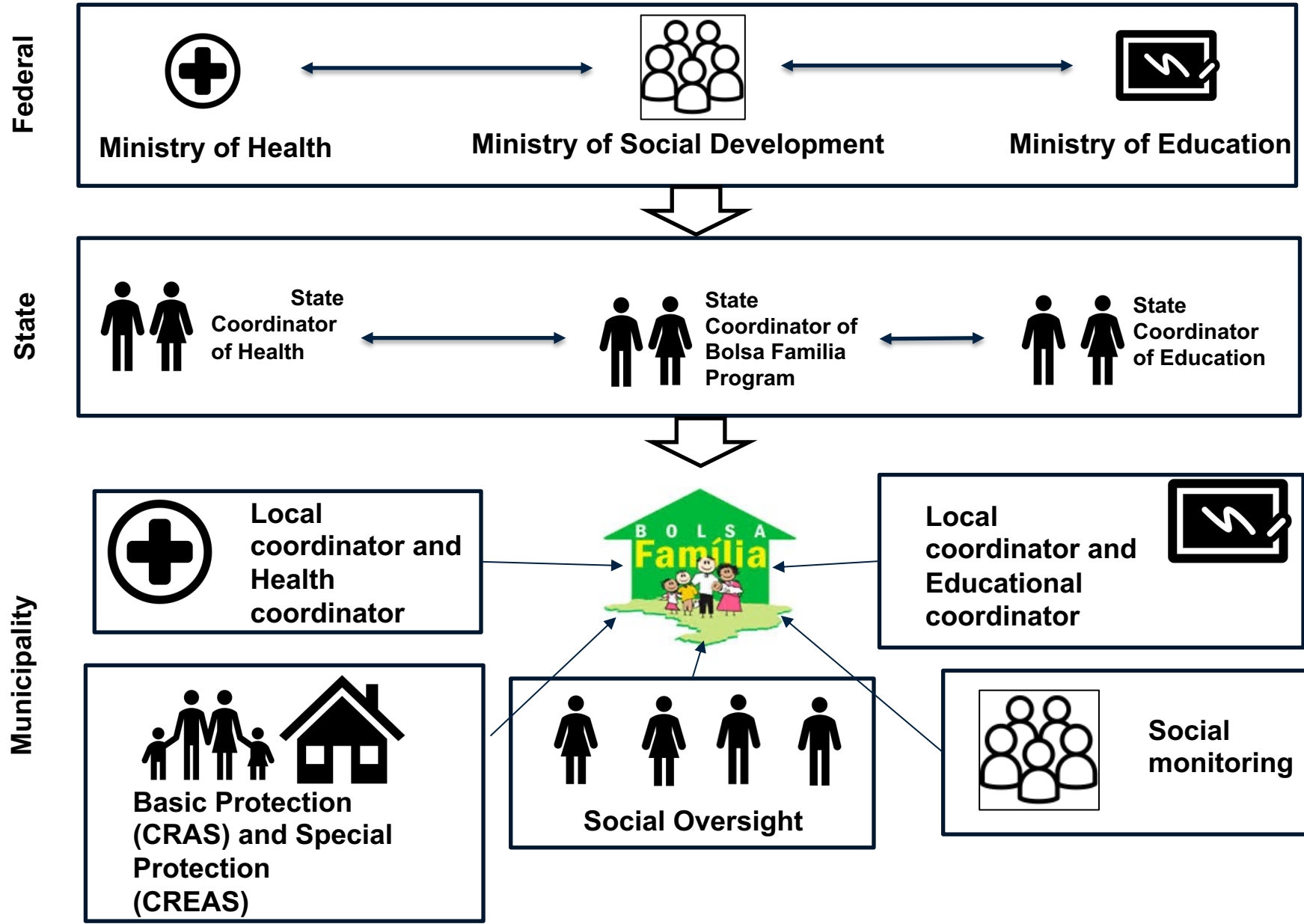- Traditional and Special needs groups

Service Network

In all municipalities

- Documentation
- Education
- Situation in the labor market
- Income
- Vulnerability situations (ex. child labor)

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Impacts of Bolsa Familia

Sector	Impacts
Education	• Reduced grade repetition rates • Improved progress rates • Decreased age/grade discrepancy • Increased conclusion of secondary school
Health and nutrition	• Positive effects of of health services, particularly for prenatal care. • Increased food consumption, improved children's anthropometric measurements, and decreased anemia. • Lower rates of under-5 mortality (malnutrition and diarrheal diseases). • Lower rates of suicide and homicide and significant reductions in new cases of tuberculosis and leprosy. • Significantly enhanced health outcomes among the poor in Brazil.
Labor Market	• Less time spent with domestic work for girls • Continued labor force participation and work hours, but with women with children working less hours
Poverty / Inequality	• Significantly reduced poverty by 15% and extreme poverty by 25%. • Positive effects on inequality.

GDP Multiplier Effect
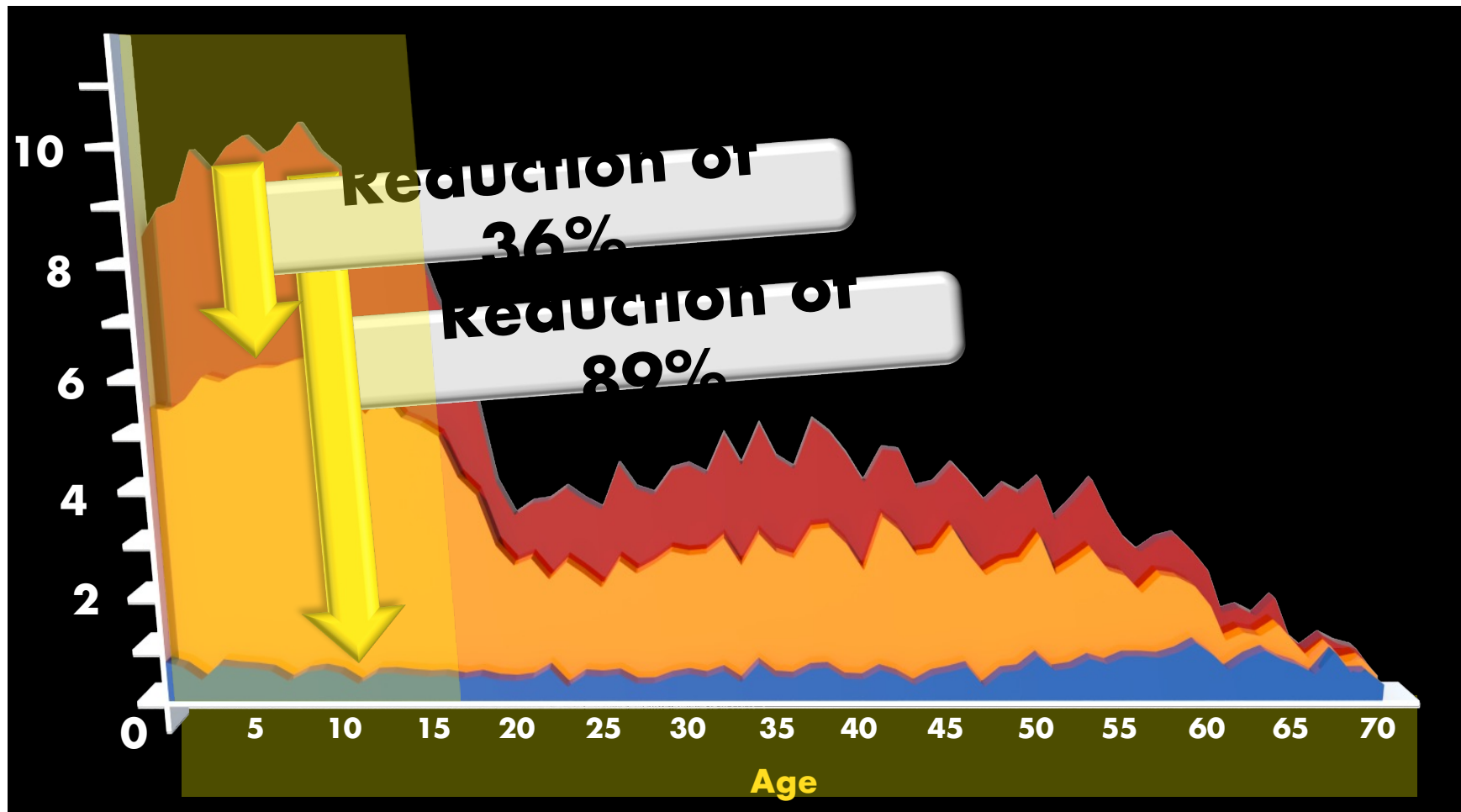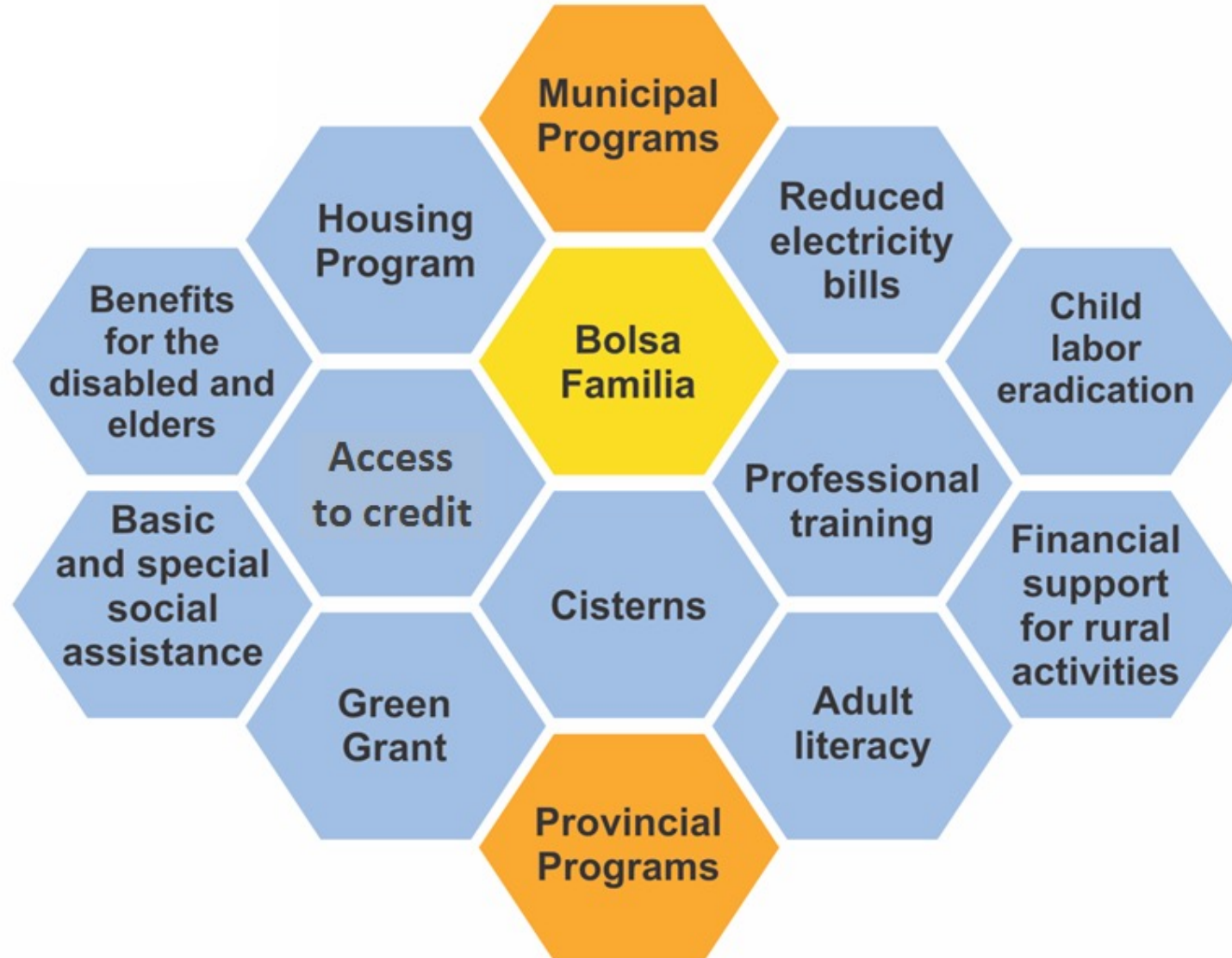
= US$ 1.78
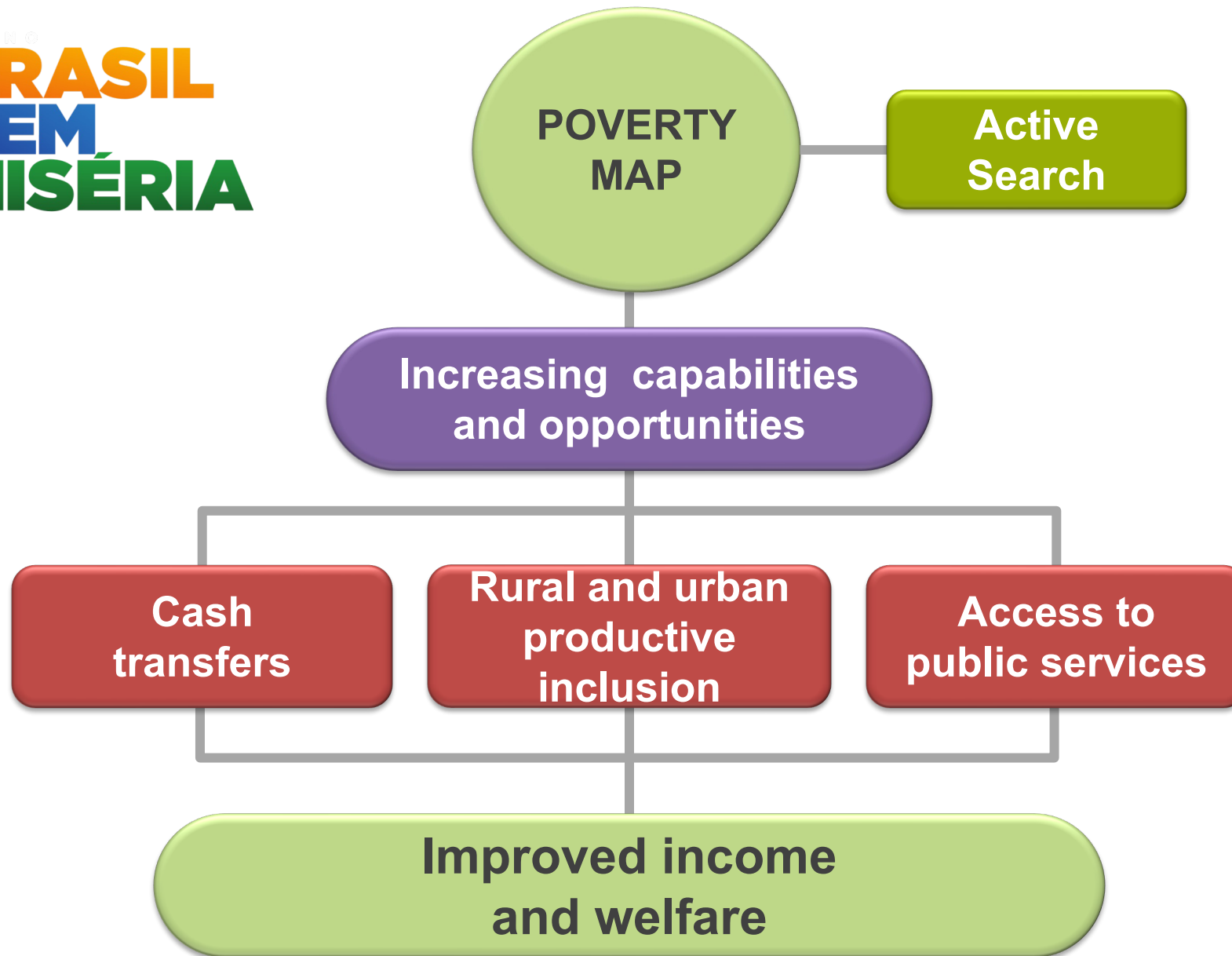
Extreme poverty reduction (%)

Rate by age

Without Bolsa Família

With Bolsa Família before "Brazil without Extreme Poverty Plan"

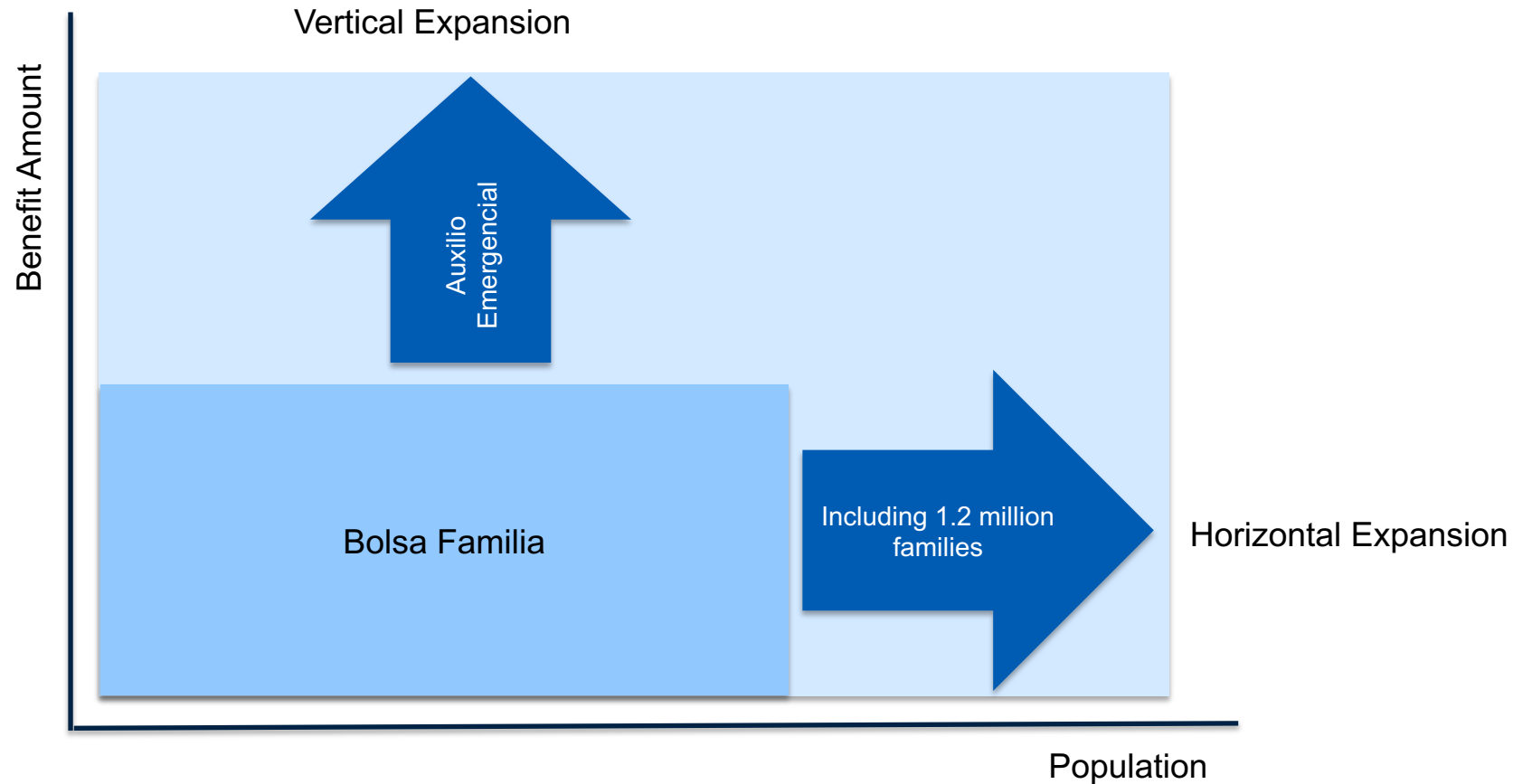With Bolsa Família after "Brazil without Extreme Poverty Plan"
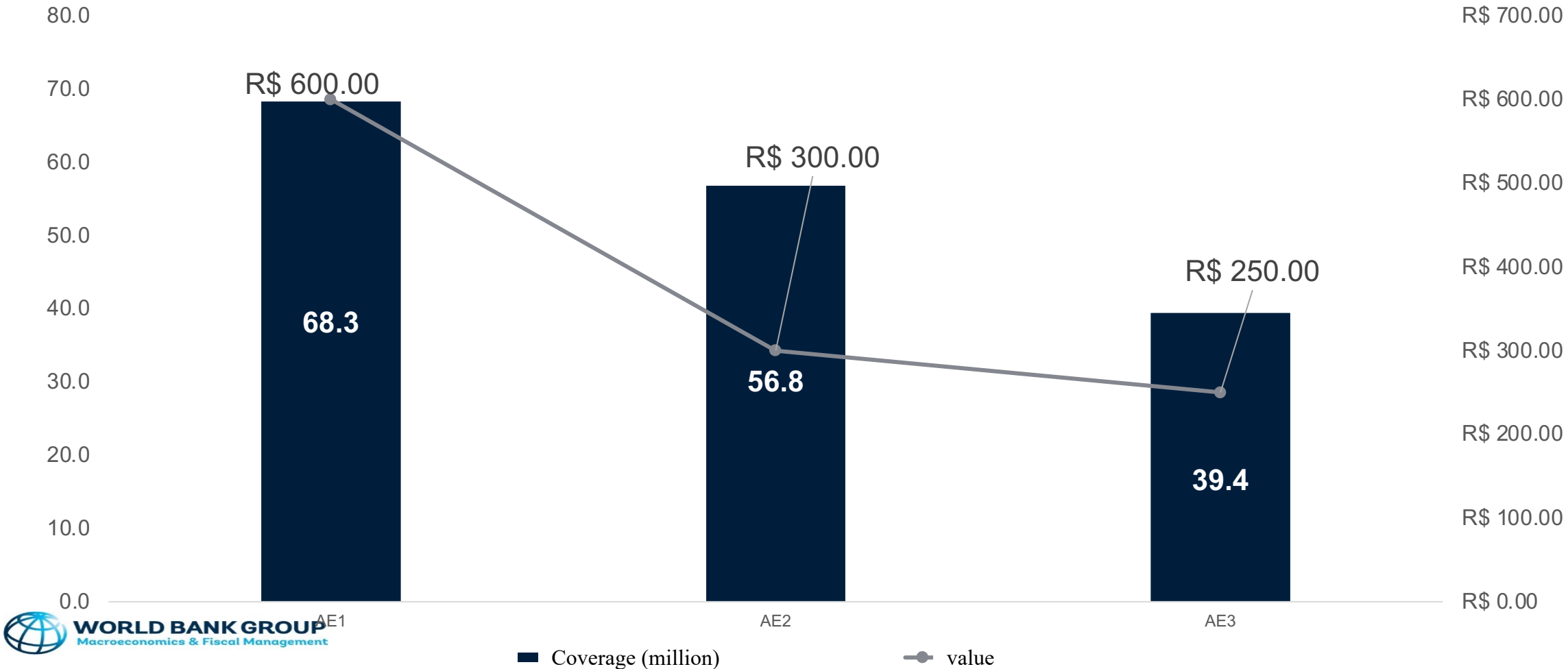
Single Registry for Social Programs

Auxílio Emergencial

Expansion of Bolsa Familia in response to the COVID-19 crisis

Auxílio Emergencial - COVID Emergency Aid

Main innovations – Auxílio Brasil
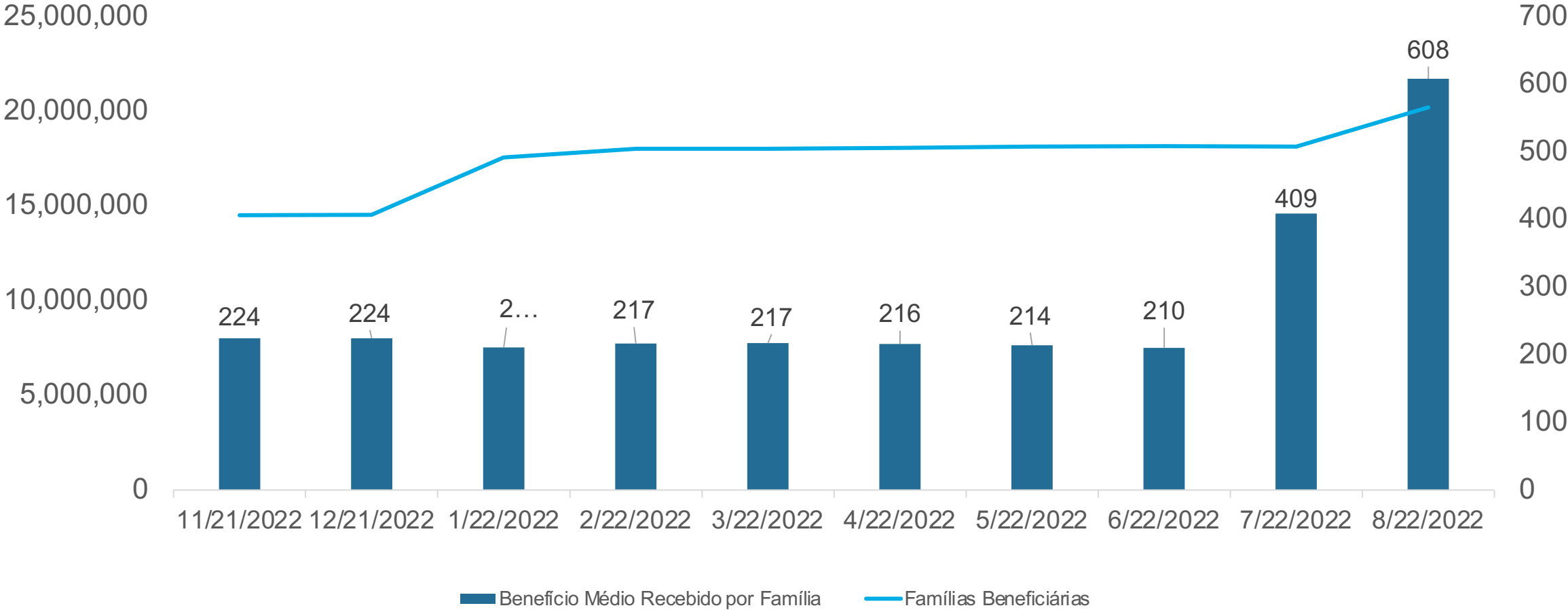
Simplified structure

Reward for excellence

Labor Market incentives

Focus on children

AB after Covid and elections

Key Challenges

- Fiscal Sustainability

- Poor design: (i) more generous for small families (ii) risk of labor market disincentives (iii) jeopardizes household information in the social registry.

- Conditionalities more complex

- Resources for decentralized management fell

- No systemic solution to maintain real value of the benefit

- Coverage dependence on annual budgets

Thank You!