Bolsa Familia Interfederative Coordination Instruments: the IGD

This is the first text of the WWP series designed to describe the interfederative coordination tools used for managing the Bolsa Familia Program (BFP). The aim is to inform readers about a number of strategic tools, including: the Decentralized Management Index (IGD) – a strategic tool used for supporting and encouraging states and municipalities to improve their management of the BFP and Unified Registry; the *Bolsa Familia* Management System *(SIGPBF)* – a website displaying different sets of tools related to decentralized management; *Bolsa Familia Informa* - the main channel of communication with municipal and state managers; and, finally, the *Central de Atendimento* (Call Center), a source of information for BFP beneficiaries and managers.

This series contains the following articles:

1. *Bolsa Familia* interfederative coordination instruments: the IGD
2. IGD brief history and timeline
3. Other tools for supporting *Bolsa Familia* decentralized management

Brazil is a federative republic consisting of the Union, states, municipalities and the Federal District. In order to correctly implement public policies in the context of this challenging federative arrangement, appropriate strategies are needed to ensure cooperation and coordination between the various actors. The Federal Constitution rules that Social Assistance is a universal social right embodied in those public policies that apply to the entire country and for which different stakeholders share responsibility. It follows that in the Social Assistance sphere all entities are tasked with implementing the relevant policies, including the *Bolsa Familia* Program (BFP) and the Unified Registry.

There are two core strategies on which interfederative coordination of the BFP and the Unified Registry is based: (i) **formal commitment to the scheme by federal entities**, and (ii) **provision of financial support for decentralized management.** These mechanisms have enabled the *Bolsa Familia* Program to expand systematically over the last ten years in all the municipalities and to ensure that benefits are paid to more than 14 million extremely poor Brazilian families.

The signature of a **Term of Adhesion** confers BFP membership on Brazil´s 26 states, 5,570 municipalities and the Federal District. This document sets out the standard obligations and responsibilities of each entity that participates in the program. All the states and municipalities currently belong to the BFP. Given that this is an ongoing government program, the municipal governments have no need to renew their BFP membership in the event of a change of mayor or governor. Formal adherence to the program involves the various entities committing to implementing the *Bolsa Familia* Program and the Unified Registry within their domains. Meanwhile, the Ministry of Social Development and Fight against Hunger (MDS) is responsible for drawing up the management rules and for providing performance-based funding as appropriate.

The **Decentralized Management Index (IGD)** has been adopted by the MDS to support and encourage the federative entities to invest in maintaining and improving the management of the *Bolsa Familia* Program and the Unified Registry. The IGD allows federal government co-financing to be earmarked for states and municipalities, and thus to partially reimburse the costs involved in running the BFP and the Unified Registry. Central government funds feature as revenue in state and municipal budgets and can therefore be directly applied to managing the BFP.

In addition to confirming the obligations entered into under the Term of Adherence, the IGD serves as an indicator for tracking the quality of BFP and Unified Registry decentralized management, as well as a benchmark control for the MDS to release funds to states and municipalities. The higher the value of the IGD, the greater the amount of funds eligible for transfer. To better understand BFP shared management and the role of the IGD it is worth looking at developments in recent years: some essential aspects remained unchanged over time, while others have evolved as the program has been implemented.

Why the Decentralized Management Index?

The *Bolsa Familia* Program was created in 2003 by consolidating a number of other conditional cash transfer programs (PTRC) existing in Brazil at the time. The main goal was to simplify and rationalize the management of the various programs and enhance their focus. Before 2003, the quality of registration (cadastral) data and other information underpinning these programs typified the innumerable problems found in other types of registry systems used by the municipalities.
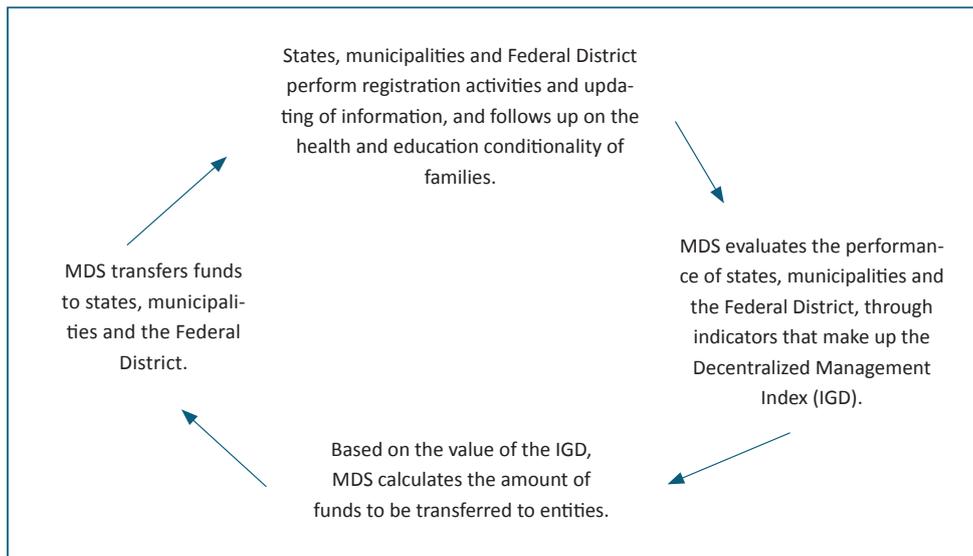
The incorporation of the PTRC in the BFP, and the creation of the MDS – responsible for setting up the National Secretariat of Citizenship Income (SENARC) in 2004 to manage the BFP and the Unified Registry at the federal level – laid the institutional basis for adopting interfederatively-approved strategies and various other coordination mechanisms. The latter included systematizing the Unified Registry and BFP guidelines in universally-valid national regulations and introducing financial support for management activities undertaken by sub-national governments.

Once the programs had been brought under one umbrella, the MDS detected a pressing need to develop, jointly with the municipalities, more effective procedures for updating family details in the Unified Registry with a view to improving the quality and focus of the BFP. In 2005, the MDS launched a campaign to update the relevant data, using a co-financing arrangement whereby the federal government rewarded municipalities for each registration entered and updated in its databank.

In 2006, the MDS began the process of signing the *Bolsa Familia Program Term of Adhesion* which, as explained above, involved the municipalities not only joining the BFP but also taking on the management responsibilities required by the program. Once the ToA had been signed, the municipalities were able formally to guarantee that the BFP cash benefits would be made available for the poorest people in their areas, as well as to start receiving federal financial assistance needed to undertake the management activities related to the program.

Also in 2006, based on the co-financing experience of the previous year, the Decentralized Management Index (IGD) was created to measure BFP management performance using three main indicators linked to incentive factors. The IGD serves both to rate the quality of the actions pursued by management as well as to spur managers to better results. The closer the IGD score is to "1", the better the BFP and Unified Registry management quality.

The index serves as a baseline for calculating the value of funds to be transferred directly from the federal government to the municipalities, states and the DF. The following figure shows the IGD as a cooperation strategy for the decentralized management of the *Bolsa Familia Program.*

States, municipalities and Federal District perform registration activities and updating of information, and follows up on the health and education conditionality of families.

MDS transfers funds to states, municipalities and the Federal District.

MDS evaluates the performance of states, municipalities and the Federal District, through indicators that make up the Decentralized Management Index (IGD).

Based on the value of the IGD, MDS calculates the amount of funds to be transferred to entities.

The federal government IGD-based financial transfers to the states and municipalities are enshrined in law and are therefore regarded as "mandatory" transfers, with their availability guaranteed by the National Treasury. The IGD reinforces the intersectoral aspects of BFP implementation since it evaluates how families are monitored by the health care and education networks.

How the IGD works

There are two types of IGD:
  » IGD-M: decentralized management index of the municipalities
  » IGD-E: decentralized management index of the states

While the way in which the IGD is calculated has been fine-tuned since its inception (see Article 2 - brief history and timeline), the Index remains essentially a mechanism for recording data for the Unified Registry and for tracking health and education conditionalities compliance by BFP beneficiaries. Other factors also impact the final result of the Index. The financial support cycle based on the IGD-M is as follows:

Calculation of the IGD-M

The IGD-M is calculated by multiplying four factors:

IGD = FACTOR I X FACTOR II X FACTOR III X FACTOR IV

  » Factor I is the operational factor, produced by calculating the degree of effort involved in the registration and conditionalities-checking procedures:

$$F1 = \frac{TAC + \dfrac{TAFE + TAAS}{2}}{2}$$

Were:

» TAC (Registration Updating Score) refers to the number of records that have been updated over the preceding two years in accordance with the Unified Registry profile (i.e. families with monthly incomes of up to half a minimum salary *per capita*);

» TAFE (School Attendance Monitoring Score) shows the share of BFP children and adolescents in the municipality with school attendance compliance data; and

» TAAS (Health Agenda Monitoring Score) indicates the percentage of beneficiary families in the municipality who have complied with the health conditionalities in the municipality.

» Factor II represents the municipality´s adherence to the Unified Social Assistance System (SUAS) – the broadest network of social protection services operating within the context of the BFP and Unified Registry;

» Factor III indicates accounting proof to the Municipal Social Assistance Council (CMAS) of the disbursement of IGD-M funds; and

» Factor IV indicates whether the CMAS fully approved the above accounts submitted to it by the municipality.

FURTHER DETAILS

To receive the funds, the municipality must meet certain minimum requirements:

» Achieve a total IGD-M score greater than or equal to 0.55.

» Have a TAC score higher than 0.55 (registration data updating), and 0.30 relating to TAFE (school attendance monitoring) and TAAS (health agenda monitoring)

» Show that the municipality is up-to-date on 3 items: proof of disbursements, approval of accounts by the Social Assistance Councils, and the corresponding data correctly entered in the *SUASweb*.

All the municipalities that achieve these scores are guaranteed a minimum transfer of R$ 1,430.00.[1]

If the municipality in question fulfils these requirements, two **incentive factors** can increase the amount of funds transferred:

» An additional 5%, proportionate to the number of families in the benefit "suspension" phase that are being followed up by Social Assistance staff. This number is based on data in the Family Monitoring records generated in the Conditionalities System (SICON).

» An additional 5%, when the municipality has updated, less than one year ago, 100% of the data relating to municipal management in the BFP Management System (SIGPBF).[2]

These additional incentives are designed to encourage municipalities to conduct activities that are considered strategic by the federal managers of the BFP and Unified Registry.

---

1   Average exchange rate of US$ 1.00 = R$ 4.00 (second half 2015).

2   More details about the BFP Management System (SigPBF) in Text 3.

To receive the IGD

A municipality is eligible to receive IGD funds after formally acceding to the Bolsa Familia Program, the Unified Registry and the Unified Social Assistance System (ITS).

Amount of funds

The amount of funds to be transferred to the municipality is calculated by multiplying the value of the IGD-M in a given month by R$3.25 and by the total number of updated records of families in the municipality with per capita monthly incomes of up to half a minimum salary, up to the limit of the estimated number of families with *per capita* incomes of up to half the minimum salary.[3]

Funds to be transferred = (IGD-M) × (R$3,25) × (number of families with up-to-date data recorded in the Unified Registry and monthly per capita incomes of up to ½ of a minimum salary)

In 2006 - 2012, around R$2 billion were transferred to municipalities based on the IGD scores:

Table 1 – IGD transfers to municipalities - 2006/2012

YEAR	AMOUNT TRANSFERRED	NUMBER OF MONTHS
2006	R$ 161.360.379,71	9 months
2007	R$ 230.667.982,62	12 months
2008	R$ 256.671.070,21	12 months
2009	R$ 252.958.715,31	12 months
2010	R$ 287.651.567,49	12 months
2011	R$ 299.488.145,66	12 months
2012	R$ 489.048.301,21	12 months
Total	R$ 1.977.846.162,21	81 months

IGD-E, IGD of the states

After the successful creation of the IGD-M in 2006, the IGD-E was launched in 2008. A similar incentive to the IGD-M, this focused on the states´ management of the BFP and Unified Registry. Among the factors involved in calculating the IGD-E, the following are noteworthy:

» Data updating scores in the municipalities of the state;
» Education and health conditionalities monitoring scores in the municipalities of the state.

The better the implementation performance of municipalities in the state catchment area, the greater the amount transferred to the state. The IGD-E encourages states to conduct closer monitoring of their municipalities, while providing support to those facing difficulties in specific areas of BFP and Unified Registry management.

---

3   SENARC periodically discloses estimates of low-income families in each Brazilian municipality in order to facilitate registration planning by municipal managers. The estimates of these calculations is defined by the Brazilian Institute of Geography and Statistics (IBGE) and the Institute for Applied Economic Research (IPEA). The main input used is the Demographic Census. In 2009, the calculation procedure was improved by incorporating the poverty maps designed by the World Bank and an IPEA index that took into account the income fluctuations of poor families. The SENARC issues via the Internet a monthly report showing the most recent estimate and the number of families (and individuals) already registered by the municipality according to income profile.

Use of financial resources

IGD funds are directly released by the federal government to states and municipalities through the National Social Assistance Fund to the State / Municipal Social Assistance Funds. The funds must be invested in activities aimed at managing the BFP and Unified Registry, such as:

» To support and enhance inclusion and updating of the data of low-income families in the Unified Registry, including by promoting the collective issuance of civil registration documents;

» To reinforce the operational structures of municipal management by purchasing computer equipment and software;

» To improve and facilitate activities related to the management of benefits and conditionalities;

» To undertake monitoring of BFP families;

» To promote Bolsa Familia and Unified Registry enforcement strategies;

» To carry out actions for strengthening social control of the BFP within the municipality;

» To improve the infrastructure needed to attend to families by procuring e.g. furniture, permanent and support materials, etc; and

» To undertake training activities related to the BFP and Unified Registry.

Continued receipt of funds

The persons responsible for IGD funds in the states and municipalities must enter in a computerized system (SUASweb), within deadlines set by the MDS, data relating to IGD funding disbursements in their areas. Thereafter, the State and Municipal Social Assistance Councils are tasked with scrutinizing and assessing the evidence of proven spending and recording their findings in the system. In the event of the Councils´ failure to fully or partially approve the accounts, any funds relating to rejected expenditure must be reimbursed by the states and municipalities to their state and local Social Assistance Funds.

The following diagram illustrates the IGD cycle.

The IGD Cycle

1 Municipality plans activities and present it to the Council

2 Municipality implements activities

3 MDS evaluates the effort by calculating the IGD

4 MDS sends funds to municipalities

5 Municipalities use the funds as planned

6 Municipality reports financial accountability and Council approves it.

7 MDS continues to evaluate the IGD and transferring resources.