

IGD Brief History and Timeline

The model used for calculating the BFP Decentralized Management Index (IGD) was not created overnight. It involved a process of continuous organization, study, readjustment and improvement over several years.

Creating, improving and continuously fine-tuning the management, oversight and institutional tools eventually resulted in the federal government devolving the necessary degree of autonomy to the federative entities for them to implement the Bolsa Familia Program (BFP) and Unified Registry.

To provide financial support to the states and municipalities for them to manage the BFP and Unified Registry, the National Secretariat of Citizenship Income (SENARC) regularly updates and adapts the mechanisms enshrined in various decrees, laws and government Ordinances to meet the management requirements of the BFP.

In 2004, the National Policy for Social Assistance (PNAS) was formally regulated, establishing the guidelines for government social assistance services in Brazil and placing these on an organized footing. The PNAS **highlighted the core role to be played by the municipalities in the implementation of social assistance policy**, given that the social assistance services and the decisions to award cash transfer benefits fell within the remit of local management, and it was therefore incumbent on municipal authorities to shoulder the task of running both.

In 2005, Ordinance No. 246 served to strengthen the BFP and the Unified Registry from an institutional standpoint. This government directive sanctioned the tools that were required for giving formal status to adherence by the municipalities to the BFP, for appointing the municipal BFP managers and for providing information on local social control bodies.

In 2005, the Unified Registry began a major effort to remove excess data from its databank and expand the registration of new families. Estimated figures for poor populations living in every municipality were also entered in the databank. **The municipalities faced severe challenges to supervise new registrations, as well as to update existing data. Given the problems arising from the lack of technical ability of the local federative authorities to simultaneously manage operation of the BFP, the Unified Registry and the Unified Social Assistance System (SUAS), it became clear that some mechanism for leveraging financial support to the municipalities needed to be found.**

In July 2005, Ordinance No. 360 established that R\$6,00¹ would be transferred to municipalities for each valid and up-to-date registration recorded. The key purpose was to enhance the structure of the Unified Registry and, as a result, to provide a better way of selecting families eligible to receive BFP benefits. This initiative contained the embryo of the IGD. In 2005 alone the federal government transferred R\$64.6 million to states and municipalities as a financial incentive for improving management of the BFP.

Following the diagnosis of the weak institutional capacity of many municipalities, SENARC was charged with developing a tool to support decentralized management. This instrument was to be capable of releasing funds to **municipalities to assist them to improve their operating structures. These structures needed to be flexible in terms of calculating municipal expenditure, easy to monitor and transparently accountable.**

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

In April 2006, Ordinance No. 148 created the IGD, based on criteria anchored in the registration and conditionalities procedures. The IGD would henceforth use these criteria as a benchmark for transferring funds to municipalities using the fund-to-fund mechanism, i.e. from the National Social Assistance Fund (FNAS) to the State Social Assistance Funds (FEAS) and the Municipal Social Assistance Funds (FMAS). The significant achievement of this initiative was to upgrade the services provided to BFP beneficiaries, especially in the education and health areas, in view of the IGD requirement for municipalities to comply with the 20% minimum monitoring rate of these conditionalities that was required before triggering the release of funds. In 2006-2012, around R\$ 2 billion was transferred to municipalities based on the IGD.

In 2008, the State IGD (IGD-E) was created with the goal of evaluating the “quality” of BFP management in each state (MDS Ordinance No. 76) on a monthly basis. The results of the management quality appraisals constituted a benchmark for the MDS to release funds to states with the aim of encouraging them to improve shared management of the BFP and Unified Registry. It was expected that the states would seek to achieve increasingly more effective coordination of the BFP and Unified Registry in their respective territories. Furthermore, this Ordinance contributed to strengthening the role of the states by incorporating them into the operational structure of the BFP and the Unified Registry in direct response to the prospect of receiving financial incentives linked to undertaking the activities incumbent upon them. While this directive represented progress in managing the BFP, it regulated the transfer of funds only for 2008. In 2009, due to the absence of legal support, no IGD-E funds were transferred.

In October 2009, the IGD-M became a compulsory transfer of funds to municipalities that had achieved the minimum scores and fulfilled the established requirements (Law No. 12.058 and Decree 7.332).

In March 2010, with the publication of Ordinance No. 256, transfers to the states were re-activated. The IGD-E began to reflect the BFP management performance of each state in a number of priority areas: registration activities; updating data; monitoring of conditionalities; proof of states’ adherence to SUAS management; whether an Intersectoral Coordination Unit had been established; and whether the Coordination Units and State Councils had entered the previous year’s statements of account in a specific data system. The new Ordinance set out the responsibilities of the states as follows:

- » Set up an Intersectoral Committee responsible for the activities of the BFP and Unified Registry, comprising representatives of the state government working in the social assistance, education, health, planning and employment sectors;
- » Promote actions to facilitate intersectoral management at the state level;
- » Promote awareness-raising and coordination with municipal managers;
- » Provide technical and institutional support to municipalities;
- » Make available, at the state level, institutional services and structures in the areas of social assistance, education, health, planning and employment;
- » Support and encourage the registration and updating of data by municipalities;
- » Encourage municipalities to establish partnerships with municipal state and federal entities and institutions, and governmental and non-governmental organizations, and to carry out supplementary social actions; and
- » Promote, in cooperation with the Union and the municipalities, the monitoring of compliance with conditionalities by BFP beneficiary families.

In October 2010, Ordinance No. 754 fine-tuned several mechanisms used in the calculation methods and the funds transfer process: mandatory entry of IGD expenditure data in a specific data system; approval by the Municipal Social Assistance Council of the accounts showing how IGD funds were used; and an increase of the multiplier from R\$ 2.50 to R\$ 3.25 per family. Local managers used the funds for a wide variety of purposes such as:

- » Purchasing and maintaining computers, printers and modems;
- » Vehicles, including regular maintenance;
- » Hiring of temporary staff;
- » Leasing of premises for providing services to members of the public;
- » Operational support for health and education departmental staff; and
- » Development of supplementary programs.

In 2013, Ordinance No. 103 resulted in further improvements: bringing the IGD more into line with developments in the BFP and Unified Registry, and acting on recommendations made by the oversight bodies. Two improvements were especially important:

- » Definition of the method for setting deadlines for entering data in the MDS system to show how IGD-BFP funds had been used, together with setting time limits for the submission of financial statement evaluations to the Social Assistance Councils; and
- » Filling gaps in current legislation and harmonizing the various provisions related to activities eligible for IGD funding.

In 2015, a new directive partially amended the IGD-M and IGD-E calculation factors and the incentives-based subsidies with a view to aligning the IGD more to BFP and Unified Registry management requirements, e.g. by providing incentives for municipal authorities to use social assistance staff to monitor families in the BFP “suspension” phase, and to increase the minimum transfer from R\$687,50 to R\$1.430,00 for municipalities who succeeded in achieving the IGD scores² (Ordinance GM / MDS No. 81/2015).

IGD Timeline

July/2001	Creation of the Unified Registry for federal government social programs.
October/ 2003	Creation of the <i>Bolsa Familia</i> Program (BFP) by consolidating four conditional cash transfer programs – the School Grant, Food Grant, Food Card and Cooking Gas Voucher. BFP use of the Unified Registry defined.
January / 2004	Creation of MDS and SENARC to deal exclusively with the federal management of the BFP and Unified Registry. BFP formally regulated.
October / 2004	National Policy for Social Assistance (PNAS) regulated. The PNAS establishes the guidelines for social assistance services in Brazil and underpins the organization of State-provided services.

² The municipality must meet certain minimum requirements to render it eligible to receive funds:

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

-Achieve a score higher than 0.55 (registration data monitoring) and 0.30 relating to school attendance and health agenda monitoring.

May / 2005	Institutional strengthening resulting from a government directive (Decree No. 246/2005) which approved the tools that were required for giving formal status to adherence by the municipalities to the BFP, and for appointing municipal BFP managers. The Decree proved to be a milestone in social control of the BFP.
July / 2005	First financial support mechanism for municipalities (precursor of the IGD). An Ordinance (Decree No. 360/2005) was issued in July 2005 authorizing the MDS to transfer to municipalities the sum of R\$6,00 per valid and updated registration.
April / 2006	Ordinance No. 148/2006 created the IGD , based on criteria anchored in the registration and conditionalities procedures.
July / 2007	Formal regulation by Decree No. 6.135 of the Unified Registry clarifies the rules and procedures of decentralized management.
March / 2008	Creation of the State IGD (IGD-E) by Decree No. 76/2008 for evaluating BFP management quality in each state. The Ordinance however regulated transfer of funds only for 2008.
October / 2009	The IGD-M became a mandatory mechanism for the transfer of funds to municipalities that had achieved the minimum scores and met the established requirements (Law No. 12.058 and Decree 7.332). In 2009, in the absence of legal support, the MDS released no IGD-E funds to the states.
March / 2010	Reactivation of IGD-M and IGD-E funds transfers in accordance with Ordinance No. 256/2010. States' responsibilities clarified for providing enhanced technical support to municipalities to manage the BFP and Unified Register.
October / 2010	Ordinance No. 754/2010 upgraded the methods for calculating and transferring funds, and for strengthening social control and further integration of the BFP with the SUAS.
September 2013	Ordinance No. 103/2013 aimed at complying with recommendations made by oversight bodies regarding statements of account showing the use of IGD funds.
August / 2015	Ordinance No. 81/2015 partially modified the calculation methods for IGD-M and IGD-E and incentives-based subsidies.