

*The main drivers of the income guarantee component of the “Brazil Without Extreme Poverty” Plan are the Bolsa Familia Program (BFP) and the Continuous Cash Benefit Program (BPC). Both are the responsibility of the Ministry of Social Development and Fight against Hunger (MDS), which is also the coordinator of the Plan.*

*The income provided by the Bolsa Familia Program and the BPC, in addition to providing immediate relief from poverty, assures families that they will receive every month the minimum amount necessary for their livelihood, especially with regard to food and nutritional security.*

*This regular income provides an opportunity for families to deal with other issues apart from basic subsistence, such as ensuring their children’s school attendance and performance, looking after the family’s health and seeking access to professional training. These and other factors are steps toward a better and more decent life.*

## BOLSA FAMILIA PROGRAM

The *Bolsa Familia* Program is the main income guarantee component of the “Brazil Without Extreme Poverty” Plan.

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### **The *Bolsa Familia* Program**

The *Bolsa Familia* is a direct cash transfer program that benefits poor families (considered as those with a monthly income of up to R\$154 per person) enrolled in the Unified Registry for Social Programs. In August 2015, the Program benefited 13.8 million households throughout the country. The federal government deposits, every month, a specific quantity for families registered in the Program. The money is drawn with the use of a magnetic card bearing the name of the beneficiary, preferably that of a woman.

Belonging to the *Bolsa Familia* Program entails a number of commitments for families: children must be vaccinated and receive nutritional counseling; pregnant women are required to attend prenatal care; and children and youths must attend school. This means that on the one hand the money serves to immediate relief from poverty, while on the other hand the families’ commitments, also called ‘conditionalities’, complement the effects of the cash transfers to help break the reproductive cycle of poverty across generations. Children and youths are therefore expected to have better prospects than their parents. More information about the *Bolsa Familia* Program and the Unified Registry for Social Programs can be accessed at [www.wwp.org.br](http://www.wwp.org.br) and [www.mds.gov.br](http://www.mds.gov.br).

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The *Bolsa Familia* Program was used as the core model for designing and implementing the “Brazil Without Extreme Poverty” Plan for three main reasons:

1. Given that the BFP is responsible for monitoring the conditionalities incumbent on enrolled families, it serves as an invaluable link between actions undertaken in different areas of government, especially social assistance, health and education. Two prominent examples are: the BFP cash transfers for pregnant women, a “Brazil Without Extreme Poverty” Plan initiative, was only made possible thanks to the partnership forged with the Ministry of Health; and prioritizing schools with a majority of BFP students during expansion of the Mais Educação Program, the outcome of a partnership between the Ministry of Education and MDS;

2. The BFP is a structural program, operating on a shared management basis involving the federative agencies. All the states and municipalities in Brazil participate in the activities of the BFP, from enrolling and monitoring beneficiary families through to training social assistance workers;

3. The expansion and strengthening of the BFP led to the development of the Unified Register for Social Programs, widely used at present in various other programs, and is the basic tool for identifying target audiences and planning the actions of the “Brazil Without Extreme Poverty” Plan.

## Challenges to the *Bolsa Familia* Program

Even a successful program like the BFP needed scaling up in order to meet the targets and deadlines established under the “Brazil Without Extreme Poverty” Plan, particularly the national target for overcoming extreme poverty in cash terms. The BFP was faced with two key challenges:

- » First, it was necessary to recognize the existence of BFP beneficiaries who, regardless of the fact that they were receiving cash transfers under the program, continued in a situation of poverty. The amounts received from the BFP, in addition to families’ original incomes, were insufficient for them to surpass the extreme poverty line established by the Plan, which amounted initially to R\$70 (increased to R\$77 in June 2014);
- » Second, adjustments were needed in terms of BFP coverage, aimed at reducing errors of exclusion (families which fulfilled the requirements for enrollment but were still not included in the program). This challenge duly led to the introduction of the ‘active searching’ strategy of the “Brazil Without Extreme Poverty” Plan, described in another document in this same series.

## *Bolsa Familia* enhancements

Responding to the first challenge noted above involved launching a cycle of enhancements to the BFP, based on the diagnosis which showed that at the time the “Brazil Without Extreme Poverty” Plan was launched, around 40% of the population in poverty was under 14 years of age<sup>1</sup>. The incidence of extreme poverty was, in reality, substantially greater among children and adolescents.

1 Diagnosis based on preliminary 2010 Census data

**Enhancements to the *Bolsa Familia* Program under the “Brazil Without Extreme Poverty” Plan, focused on children**

Year	Measure	Description
2011	Adjustment of benefit amounts	The benefits for families with children and adolescents aged up to 15 years were increased by 45.5%.
		The benefits for families with youths between 16 and 17 years old were increased by 15.2%.
2011	Increased number of benefits per family	The number of benefits for children and adolescents that each family can receive was increased from three to five.
2011	Benefit payments launched for families with pregnant women or nursing mothers	The benefit for pregnant women began to be paid for nine months as from the notification by the Ministry of Health that the family contained a pregnant beneficiary.
		The benefit for nursing mothers began to be paid for six months after the birth of the baby was notified (by the family to the municipal social assistance department).
2012	<i>Brasil Carinhoso I</i>	Payment began of extreme poverty benefits for families with children aged up to six years old *
2012	<i>Brasil Carinhoso II</i>	Payment began of extreme poverty benefits for families with children aged up to 15 years old *
2013	Closing the extreme poverty gap for all	Payments of extreme poverty benefits commenced for other families who had been unable to overcome extreme poverty, regardless of family composition *
2014	Adjustment of poverty line	The extreme poverty line was increased from R\$70 to R\$77 per month per person.

\* Details on this benefit in the text below.

All the enhancements listed in the above table required a number of adjustments to be made by the MDS and its partners in the *Bolsa Familia* Program. Two of the adjustments were particularly complex.

The first concerned the introduction of the variable benefit payment to pregnant women, given that it was not simply a question of pregnant women informing their condition to the municipal social assistance network. Pregnant women were required to be attended by the health services which would report the pregnancy to the Ministry of Health and subsequently to the MDS. One of the reasons for this is that the health services are qualified to identify and register a pregnancy and, more importantly, to perform prenatal care (one of the conditionalities of the BFP), to ensure the health and safety of both mother and baby. This called for intensive coordination between the MDS and the Ministry of Health, and involved the entire national health service network in the States and over 5,500 Brazilian municipalities. This was not a simple, easy or rapid task, but it has proved to be an important initiative leading to an increase in prenatal care for BFP women beneficiaries.

Another major challenge was the implementation of the *Brasil Carinhoso* program, given that closing the extreme poverty gap completely transformed the method for calculating BFP benefits. Previously, the program paid fixed amounts in benefits (R\$35 per child, R\$42 per adolescent, and R\$77 for families in extreme poverty). With the introduction of *Brasil Carinhoso*, the BFP had to start providing benefits calculated on a case by case basis, depending on each family’s income. This required both the MDS and the Federal Mortgage Bank (CAIXA – a public bank responsible for calculating and making payments to the *Bolsa Familia* beneficiaries) to make substantial changes in their modus operandi.

Of the above-mentioned changes, the most significant was that, with the introduction of the *Brasil Carinhoso* Plan, the *Bolsa Familia* program had to be partially reinvented. Following years of providing fixed amount of benefits, the BFP had to pay out the extreme poverty cash benefits in amounts that varied from family to family. This transformed the calculation logic of BFP benefits.

The new benefit closes the extreme poverty gap, representing the difference between the monthly income per person in a family (taking into account a family`s own income plus that of the normal benefits received from the BFP) and the extreme poverty line of the “Brazil Without Extreme Poverty” Plan and the *Bolsa Familia* Program (currently R\$77 per capita per month).

This means that each family receives the amount needed to cover this difference and enable all its members to surpass the extreme poverty level. It was possible to enhance the effects of the BFP at the lowest possible price. If the previous approach have been maintained (fixed value benefits), lifting people out of extreme poverty would have been much more expensive.

The new benefit, one of the pillars of the *Brasil Carinhoso* program, began to be paid in May 2012 to families with children less than 6 years old. It was so successful that subsequently, in November 2012, it was extended to families with children up to 15 years of age. In 2013 it was further extended to all families still living in extreme poverty, regardless of family composition.

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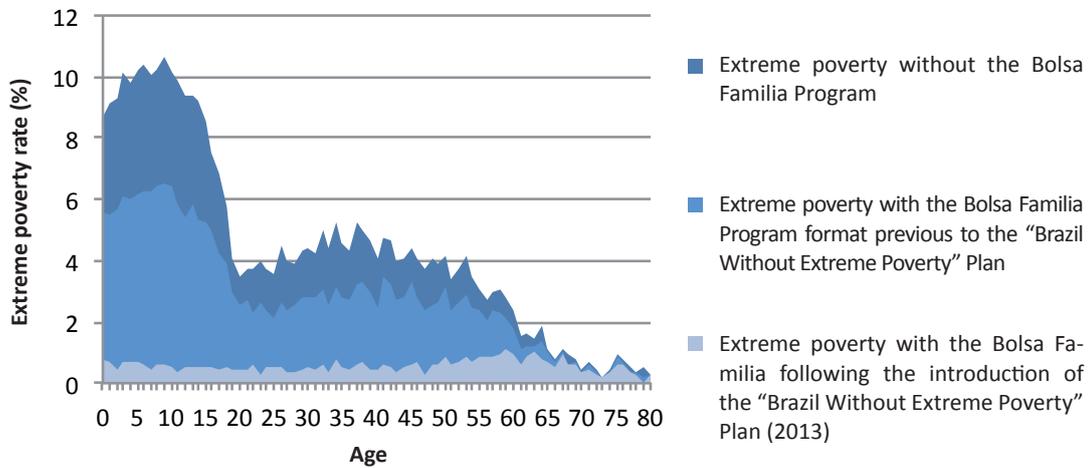
### **The *Brasil Carinhoso* program**

Early childhood (here understood as the period from zero to six years old) is a crucial phase of physical, intellectual and emotional development that influences the rest of an individual`s life and lays the foundation for all the following stages. Recent research has highlighted the importance of investing in public policies focused on comprehensive care for children in the early stages of life, thus ensuring that they have not only the necessary nutritional care, but also are able to grow up in a peaceful, healthy and safe environment.

With the above in mind, the *Brasil Carinhoso* program was conceived from a comprehensive care standpoint, involving child development aspects related to income, education and health. Given its intersectoral character, the *Brasil Carinhoso* program involved the Ministries of Health and Education as well as the MDS, and required the municipalities and states to play a major role in its implementation. The present text deals with the income aspects of this initiative. The document on ‘access to services’, in the same series, addresses education and health in the *Brasil Carinhoso* program.

One of the results of the BFP enhancements described above was the reduction of the gulf between children and adolescents and people in other age ranges regarding the rate of extreme poverty incidence, as shown in the graph below. Prepared by the Institute of Applied Economic Research (IPEA), the graph shows the extreme poverty level by age group (without the *Bolsa Familia*, with the *Bolsa Familia* as it was before the advent of the “Brazil Without Extreme Poverty” Plan, and with the *Bolsa Familia* after the enhancements made in accordance with the Plan).

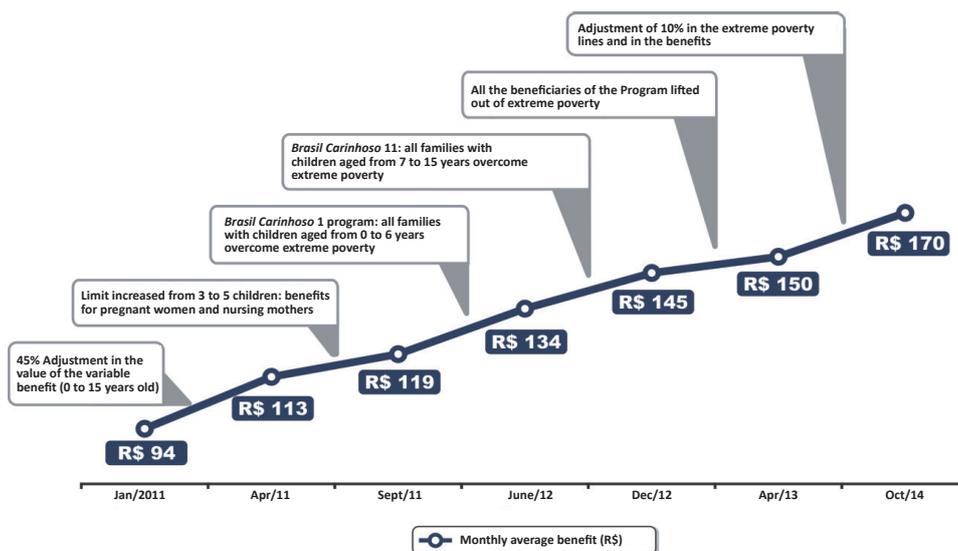
## SIMULATION OF THE POTENTIAL REDUCTION OF THE EXTREME POVERTY RATE IN THE NEW BENEFITS REGIME OF THE BOLSA FAMILIA PROGRAM, BY AGE



Source: DISOC / IPEA based on PNAD / IBGE 2011.

In order to ensure the viability of the enhancements cycle, the budget for BFP payments was increased substantially, from R\$18.0 billion in 2010<sup>2</sup> to R\$26.3 billion in 2014, while the relative cost of the program was maintained at 0.5% of GDP. The average benefit per family, during the same period, increased from R\$94 to R\$170<sup>3</sup> — and as much as R\$242, on average, for families receiving the extreme poverty benefit.

## ENHANCEMENTS CYCLE IN THE BOLSA FAMILIA PROGRAM (2011-2014) (AVERAGE VALUE OF BENEFITS AFTER EACH MEASURE)



Source: MDS (Unified Registry and Bolsa Familia payrolls).

2 Value updated to October 2014

3 According to the Program payroll in October 2014.

The measures to enhance the *Bolsa Família* Program that were undertaken in the context of the “Brazil Without Extreme Poverty” Plan resulted in 22 million people being lifted out of extreme poverty since the beginning of the Plan. From a purely income standpoint, this marked the end of poverty in the universe of BFP beneficiaries.

## CONTINUOUS CASH BENEFIT (BPC)

The Continuous Cash Benefit for Social Assistance (BPC) ensures the monthly payment of a minimum wage to elderly people (65 or older) and to people of any age with physical, mental, intellectual or sensory impairments.

To receive the BPC, family income per person before receipt of benefits must be less than one quarter of the current minimum salary. The benefit is personal, non-transferable and not whole-life, and does not require the beneficiary to have contributed to the Social Security scheme in order to receive it.

While the MDS is responsible for the overall management of the BPC, the National Social Security Institute (INSS) is charged with the day-to-day aspects of providing the benefits, scrutinizing requests from claimants, making benefit awards and payments, and carrying out revaluations.

The amount of BPC beneficiaries increased significantly after the introduction of the “Brazil Without Extreme Poverty” Plan. Before the Plan was launched, in 2010, 3.4 million people were receiving an annual total of R\$20.4 billion. In August 2014 there were more than 4 million beneficiaries of the BPC, of which 1,856,874 were seniors and 2,212,614 people with disabilities. By 2014 the budget had increased to R\$34.7 billion.

## MAIN RESULTS

The income guarantee component of the “Brazil Without Extreme Poverty” Plan lifted 22 million Brazilians out of extreme poverty, thus signaling, from the income standpoint, the end of poverty among the universe of *Bolsa Família* beneficiaries, as described in the document in this series dealing with federative coordination related to the “Brazil Without Extreme Poverty” Plan.

The legacy of the enhancements to the *Bolsa Família* Program and Continuous Cash Benefit Program under the aegis of the “Brazil Without Extreme Poverty” Plan is the existence of a social protection system that is capable of rescuing any Brazilian citizen who has fallen into extreme poverty. The system owes much to the work of the social assistance network, the enrollment of people in the Unified Registry and the use of data from the Register aimed at including people in the BFP and in a series of other coordinated programs to assist people and families to overcome poverty and extreme poverty.

The big remaining challenge is to reduce further errors of inclusion and exclusion, in order to ensure that the system works as efficiently as possible, and to benefit all those needing it. It is necessary to locate, through active searching, the families that have not yet been reached, and to improve even further the lives of those who already receive *Bolsa Família* benefits.

The impact of the cycle of enhancements described in this paper is not however restricted to the provision of financial support. Research has shown that cash transfers generate results in the areas of inter alia health, education, social assistance and employment: more children and youths are attending school and are now better able to concentrate on their studies; people are healthier and at less risk of suffering poverty-related diseases; there has been a reduced incidence of child labor; and there are now greater opportunities for youths and adults to undertake professional training courses.

**This text is based on the following article:**

COSTA, Patricia Vieira da; FALCON, Tiago. The income guarantee axis of Brazil without Poverty Plan. In: CAMPELLO, Tereza; FALCON, Tiago; COSTA, Patricia Vieira da (Eds.). [O Brasil sem miseria](#). Brasilia: MDS, 2014.