



The extreme poverty line in the “Brazil Without Extreme Poverty” Plan serves multiple purposes: producing an initial diagnosis of the extremely poor throughout the country; monitoring the trajectory of the extreme poverty rate every year; selecting the population that will benefit from the Plan’s initiatives.

According to the Compendium of Best Practices in Poverty Measurement (page 141), in low-income per capita countries where the population is predominantly rural and the market economy is less developed, the use of the deprivation (multidimensional) approach is more appropriate than using monetary lines. By contrast, in countries with largely urban populations and substantial market economies, absolute poverty lines may be more suitable.

Brazil fits in the latter case. The one-dimensional approach provides a good approximation of the multiple dimensions of poverty in the target population. At the same time, a monetary line has the advantage of being simple and transparent, facilitating monitoring by society. However, that does not mean that the “Brazil Without Extreme Poverty” Plan neglects multidimensional actions and measurements.

Setting the Line

Over the years, there have been various attempts to establish a methodology and an official poverty line in Brazil, by forming working groups and technical committees devoted to this task. All those these initiatives failed to generate a consensus. However, when designing the “Brazil Without Extreme Poverty” Plan, the Ministry of Social Development and Fight against Hunger (MDS) had to define an extreme poverty line to use as a parameter.

Given that neither approach is widely recognized as better than the other — each having its advantages and limitations and aware of the time and energy already spent on unsuccessful attempts to set such a line (some with the participation of the ministry itself) the ministry realised it would have to be as pragmatic as possible. It set aside the idea of creating a new technical committee to seek consensus about the definition and measurement of poverty and decided to focus its efforts on public policymaking to overcome extreme poverty.

As for the line, the decision was made to use one of the alternatives already available; when the “Brazil Without Extreme Poverty” Plan was launched (in June 2011), *Bolsa Família* Program’s extreme poverty line was set at R\$ 70 monthly per person; it was selected as the main parameter for the Plan. Thus, even though the extreme poverty lines under the “Brazil Without Extreme Poverty” Plan and the *Bolsa Família* Program are defined according to different standards, they “walk” hand-in-hand. One of the main reasons is the synergy among Plan actions: the shared use of the *Bolsa Família* payments system (which serves other “Brazil Without Extreme Poverty” programmes, such as *Bolsa Verde*), for example, would not produce the same efficiency gains if there were many lines, as the operation would become overly difficult.

Although there is no criterion for periodically adjusting the “Brazil Without Extreme Poverty” line, both lines (“Brazil Without Extreme Poverty” and *Bolsa Família*) were adjusted in 2014 to R\$ 77 monthly *per capita*, to update purchasing power.

Extreme poverty diagnosis

Once the R\$ 70 monthly *per capita* extreme poverty line was set, the line was applied to the 2010 Census results, generating information on the size, location and socioeconomic characteristics of the population with incomes below the extreme poverty level.

For example, nearly half the extremely poor in the country lived in rural areas, even though these areas concentrate only 15% of Brazil's total population. This underscored the importance of setting different strategies for the rural population in the “Brazil Without Extreme Poverty” Plan.

In terms of age groups, the Census evidenced the need to focus on children and adolescents, as over half of the extremely poor were under 19 years of age, and four in ten were aged 14 and under. The Census also included information on access to water in rural areas, incidence of illiteracy and other data to help define the strategies of the “Brazil Without Extreme Poverty” Plan.

Monitoring changes in the extreme poverty rate

Although it does not disaggregate Census data at the municipal level, the National Household Sample Survey (PNAD, *Pesquisa Nacional por Amostra de Domicílios*) — published annually — enables the yearly monitoring of the extreme poverty rate and its evolution, based on the extreme poverty line parameter. The “Brazil Without Extreme Poverty” Plan does not consider the effect of inflation in this follow-up. As such, even in periods when the line is not adjusted, the monitoring of the evolution of extreme poverty is not compromised.

Selecting the priority population

More than just to measure extreme poverty, the “Brazil Without Extreme Poverty” Plan was created with the mission to overcome it. The Unified Registry for Social Program is the only source of information that locates, quantifies and qualifies the poorest of Brazilians, prompting government actions to relieve the multiple facets of poverty.

The “Brazil Without Extreme Poverty’s” priority target audience in the Unified Registry was composed of individuals in extremely poor households. The Unified Registry has complete information on each of the registered households, updated at least every two years, with information on who they are, where they live, the educational level of its members, employment and income profiles, principal expenses, how the households are constructed, if they have access to services such as electricity, sanitation and garbage collection and if the family is part of traditional or specific groups (such as indigenous and slave-descendant communities), among other data.

The Plan’s target population beyond extreme poverty

Informal labour is one of the main facets of the precarious insertion of the extremely poor into the labour market. This degree of precariousness means that incomes are low and quite unstable. This known volatility in the income of the poor is one of the reasons why the extreme poverty line is not the only way to define the target population — rather, it is used to define the priority primary population. If income instability causes households to transition between extreme poverty and poverty, excluding a poor household from an action today may mean an extremely poor and uncovered household tomorrow. In addition, those above the monetary line may suffer from other types of deprivations and hardships that, together, can constitute extreme poverty from a multidimensional perspective.

The various target populations of the “Brazil Without Extreme Poverty”

The line in the “Brazil Without Extreme Poverty” is a reference that does not exclude those above it from many of the Plan’s actions. Otherwise, the arbitrary nature inherent to poverty lines would be exacerbated — for example, a R\$ 1 difference in income per capita may preclude a family from an action with the potential to greatly improve its quality of life.

In the “Brazil Without Extreme Poverty” Plan, there are certain actions geared towards the extremely poor, other actions aimed at the poor and even additional actions for those vulnerable to poverty due to some kind of deprivation or hardship — usually found by the government through data available in the Unified Registry or by cross-referencing the Registry data with other administrative records.

As such, the funds for the Promotion of Rural Productive Activities were aimed at extremely poor family farmers in semi-arid regions, and the benefits of *Bolsa Verde* Program were reserved for the extremely poor populations in areas that must be preserved because of their environmental value.

However, *Bolsa Família* and the additional funds transferred to municipalities for poor children attending day care centres are linked to poverty — and, in the latter case, geared towards children.

Finally, *Pronatec* is an example of a programme aimed primarily at low-income young adults in the Unified Registry who wish to enter or improve their placement in the labour market. .

In short, these are distinct target populations with different income levels, but are all united by degree of vulnerability to more severe poverty, to be avoided at all costs.

Multidimensional actions

By combining the use of lines (poverty and extreme poverty) and the Unified Registry (with data about income and different types of deprivation), the “Brazil Without Extreme Poverty” can execute multidimensional actions based on the characteristics identified in the target population. Thus, the “Brazil Without Extreme Poverty” is not limited to people who experience the most severe forms of poverty, although they remain the primary targets.

The information in the Unified Registry and its cross-referencing with other administrative records when selecting the target population for the various actions of the “Brazil Without Extreme Poverty” Plan has enabled an enhanced approach, which goes beyond income and takes into account a number of other deprivations. That means that even when using a one-dimensional (monetary) extreme poverty line, the strategy and actions remain multidimensional in nature.

This text is based on the following article:

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