From Bolsa Familia to Auxílio Brasil: the Brazilian CCT experience
AUGUST 2022

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 Família 2003
Expansion of coverage / targeting
Brazil without Extreme Poverty 2011-2016
Economic Crisis / Recovery
COVID 19 Auxílio Emergencial
Auxílio Brasil - 2021
Main Objectives

Reduce poverty and overcome hunger
- monetary benefits

Break the intergenerational poverty cycle
- access to education and health (CONDITIONALITIES)
Before the Bolsa Familia Program:
Several different CCT agencies
- isolated data systems
- multiple eligibility criteria
- different benefit amounts
- low coverage and several overlaps

Streamlining pre-existing programs
BF was created to fill a gap in the social protection system.

<table>
<thead>
<tr>
<th>Benefit Types</th>
<th>INACTIVE*</th>
<th>ACTIVE*</th>
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<tbody>
<tr>
<td>Contributory</td>
<td>Old age and disability pensions; sickness and work injury benefits</td>
<td>Unemployment insurance</td>
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<tr>
<td>Non-Contributory</td>
<td>Social assistance benefits (elderly and disabled persons)</td>
<td>Bolsa Família Program</td>
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(*) In the labor market
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

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

Graph showing the increase in the number of families in the bottom 40% over time, from PNAD 2004 to PNAD 2019.
Self-declared Dynamic Registration

**Planned actions in Territories**
- Selection of beneficiaries

**Monitoring**
- Service Network
- Transparency

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

**In all municipalities**
- Family members information
  - Documentation
  - Education
  - Situation in the labor market
  - Income
  - Vulnerability situations (ex. child labor)
## Impacts of Bolsa Familia

<table>
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<tr>
<th>Sector</th>
<th>Impacts</th>
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| **Education**        | • Reduced grade repetition rates  
                        • Improved progress rates  
                        • Decreased age/grade discrepancy  
                        • Increased conclusion of secondary school |
| **Health and nutrition** | • Positive effects 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
POVERTY
MAP
Active
Search
Increasing capabilities and opportunities

Cash transfers
Rural and urban productive inclusion
Access to public services

Improved income and welfare
Extreme poverty reduction (%)

Rate by age

Reduction of 36% Reduction of 89%

Without Bolsa Familia With Bolsa Familia before "Brazil without Extreme Poverty Plan" With Bolsa Familia after "Brazil without Extreme Poverty Plan"
Auxílio Emergencial
Expansion of Bolsa Familia in response to the COVID-19 crisis

- **Auxilio Emergencial**
- Including 1.2 million families

**Vertical Expansion**
- **Benefit Amount**

**Horizontal Expansion**
- **Population**

*Source: World Bank Group*
Auxílio Emergencial - COVID Emergency Aid

Coverage (million) | Value
---|---
AE1 | R$ 600.00
AE2 | R$ 300.00
AE3 | R$ 250.00
Main innovations – Auxílio Brasil

- Simplified structure
- Focus on children
- Reward for excellence
- Labor Market incentives
AB after Covid and elections

Benefício Médio Recebido por Família

Famílias Beneficiárias
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!