

The Dual Nature of Bolsa Família and its Implications for the Programme's Future

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To discuss the future of the Programa Bolsa Família it is necessary to acknowledge its dual nature—namely, a targeted minimum income programme and a targeted child allowance.

The targeted minimum income relates to the basic benefit (R\$70) paid to families living in **extreme poverty** regardless of their family composition.¹ The child allowance relates to the variable benefit paid to both **poor and extremely poor** families who have children of less than 18 years old and/or pregnant or nursing women. The total amount a family can receive from the variable benefit varies according to the number and age of children and adolescents in the family. There is a cap at five benefits for children aged 0–15 (also including pregnant and nursing women) and two for adolescents aged 16–17 years old.

Osorio and Souza (2013) show that the real value of the basic benefit has decreased by almost 10 per cent between 2003 and 2012, whereas the variable benefit for a child aged 0–15 has increased by 37 per cent, and the one for adolescents aged 16–17 years has increased slightly by 3.4 per cent. In May 2012, a new benefit aimed at closing the poverty gap for extremely poor families with children aged 0–6 years was created as part of the Brasil Carinhoso programme. The combination of the introduction of this new benefit, the increase in the cap of the number of beneficiary children aged 0–15 from three to five, and the real increase in the value of the variable benefit for children aged 0–15 years led to a 77 per cent real increase in the average value of the transfer per beneficiary family. The real average value increased from R\$18.50 in 2003 to R\$32.00 in 2012.

What do these changes mean for the dual nature of the programme? On the one hand, it suggests a clear priority on children, especially younger children, since families with children aged 0–15 years benefit from the increase in the value of the variable benefit. On the other hand, only extremely poor families with children aged 0–6 years were entitled to the benefit equivalent to their extreme poverty gap. Thus the eradication of extreme poverty was only guaranteed for families with young children.

In November 2012 the Brasil Carinhoso benefit was extended to all families with children aged 0–15 years living in extreme poverty, and in February 2013 to all families living in extreme poverty regardless of family composition. This benefit was then renamed as the benefit to overcome extreme poverty—a key component of the Brasil sem Miséria plan. As this benefit takes into account the overall poverty gap of the family—i.e. the difference between the family's monthly per capita income as self-reported in the Single Registry and the extreme poverty line (R\$70 per capita)—all extremely poor families should receive a sufficient transfer to, in principle, bridge that gap on a per capita basis. Thus, the government has established a minimum income below which no Brazilian citizen and their families should fall as long as they are in the Single Registry.

The recent changes in the Bolsa Família benefit structure were largely inspired by Ipea's Discussion Paper 'To Eradicate Extreme Poverty: a goal at Brazil's reach' (Osorio, Soares and Souza, 2013). In this paper, the authors advocate that the basic benefit should be replaced by a per person transfer equal to the value of the poverty line. Therefore, all extremely poor families would receive a transfer that equals R\$70.00 times the number of family members, regardless of their specific poverty gap. This is a more radical approach than the one later adopted by Ministry of Social Development (MDS) and described above. As the authors put it, "Bolsa Família would become a minimum income guarantee programme with full coverage of the extremely poor population." This expansion of the Bolsa Família would cost 0.45 per cent of the GDP according to their simulations, including the cost of reducing exclusion error through 'active search'.

What about the child allowance component of Bolsa Família, especially for poor and vulnerable families? Soares and Souza (2012) suggest that the Bolsa Família variable benefit, the family allowance for low-wage formal-sector workers (Salário Família)² and the income tax deduction for dependent children could be merged into a universal child allowance. Similar reforms have taken place in Uruguay and Argentina as a result of the evolution of their conditional cash transfer programmes, but unfortunately this discussion does not seem to be on the agenda in Brazil. There are clear inequities in the transfers from the State to Brazilian children that could be addressed through a universal child allowance.

From an institutional viewpoint it seems that, in the future, the dual nature of the Bolsa Família benefit will lead to two different programmes—namely, an unconditional targeted minimum income programme to tackle extreme poverty, which is the direction that has recently taken the core resources of the programme, and a universal child allowance. The variable benefit could be merged with other child-centred transfers, as suggested by Soares and Souza (2012), with a view to universalising and rationalising transfers from the State to families with children. The latter is a key component of social protection in many developed countries. However, transfers for children in Brazil take place through an unfair three-tier system. This system leaves out mainly those children whose families are in the middle of the income distribution, in favour of the extremes—poor and rich households.

References:

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Notes:

1. Currently 15.5 per cent of the beneficiary families have no children.
2. It is interesting to note that Salário Família also has health and education conditionalities.