

Avoiding the poverty pandemic: the potential of the *Bolsa Família* programme and the Single Registry as answers to COVID-19¹

Luis Henrique Paiva, Pedro H.G. Ferreira de Souza, Institute for Applied Economic Research (Ipea),
Letícia Bartholo and Sergei Soares, Ipea and International Policy Centre for Inclusive Growth (IPC-IG)

1 Introduction

In the wake of the COVID-19 pandemic, Brazil's Ministry of the Economy announced measures to attenuate the losses resulting from the economic slowdown for vulnerable groups, including low-income households enrolled in the federal government's Single Registry of Social Programmes (*Cadastro Único*).

Two initiatives referencing this database have been announced: (i) an increase in the thresholds of the *Bolsa Família* conditional cash transfer programme, to reduce its waiting lists, currently estimated at 1.7 million households; and (ii) the distribution of vouchers to informal or self-employed workers who meet the income criteria used by the Single Registry.

Given these announcements, the Ministry of the Economy has called on the Institute for Applied Economic Research (Instituto de Pesquisa Econômica Aplicada—Ipea) to formulate intervention scenarios to maximise the use of *Bolsa Família* and the Single Registry to reduce the economic losses incurred by low-income Brazilians as a result of the COVID-19 outbreak. This Policy Research Brief synthesises the results of 72 simulations with unique parameters.

Before we present the various scenarios, there are three crucial considerations to keep in mind. First, there are precedents at both local and international levels for the use of cash transfer programmes to respond to humanitarian emergencies. The social rent paid to people who lost their homes during the floods in Rio de Janeiro in January 2011 and the extra benefit paid to residents of Brumadinho (in the state of Minas Gerais) after the dam disaster in January 2019 are local examples. An ongoing mapping by World Bank economist Ugo Gentilini (Gentilini, Almenfi, and Orton 2020) illustrates that 58 countries (as of 27 March 2020) are already using some kind of cash transfer as part of their response to COVID-19, covering poor people, self-employed workers, elderly people and children, in quite different countries, such as Indonesia, Peru, China and Denmark. The number of countries announcing the expansion of cash transfers programmes is growing every day. If this type of initiative is working for these countries, it must also work for a country that pioneered conditional cash transfers.

Second, it must be clear that the recommendations in this brief are based on the structure and operational model currently in place for the *Bolsa Família* and the Single Registry (*Cadastro Único*).² This implies that these recommendations encompass over 30 per cent of the Brazilian population, whose monthly household income is below half a minimum wage per capita (BRL522.50). In other words, cash transfers to informal or self-employed workers above this income criterion will require other databases and will not be examined or suggested here.

Third, any answer to COVID-19 that involves financial support to poor, low-income households must consider institutional and operational difficulties. A 'good' response that takes three or four months to come into operation, leaving the poorest households without support during the most critical period of the crisis, is worthless. This is the criterion we have adopted: all our policy recommendations are for viable implementation during this critical period, and we present proposals in increasing order of institutional and operational difficulty.

The brief is organised as follows: Section 2 presents the general outline of the four policy measures assessed in this note to guarantee an income to Brazil's poor population in face of the COVID-19 crisis; Sections 3 and 4 describe in further detail the main simulated scenarios for each using different parameters and report the findings in terms of coverage and costs; in Section 5 we indicate our recommended scenario among the 72 simulations; and, finally, Annex 1 presents the figures obtained for each of the simulations.

2 Criteria and intervention scenarios

We present four policy measures, three of which include more than one simulated scenario. All of them promote an increase in the transfers to poor households and, thus, an injection of resources into the economy.

- a. Enrol all eligible households already in the *Cadastro Único* in *Bolsa Família* and postpone all verification and recertification processes that require visits to Social Assistance Reference Centres (*Centros em Referência de Assistência Social*—CRAS).

This is an essential measure for two reasons: first, it ensures income protection to all households that have already registered and have been waiting for months to enter the *Bolsa Família* programme; second, it prevents people from reaching out to the CRAS to update their Single Registry information. The CRAS will already face significant pressure during the crisis, and there is a pressing epidemiological need to avoid public gatherings in these spaces.

- b. Adjust the eligibility threshold and the value of *Bolsa Família* benefits.

As there is no indexing in *Bolsa Família*, the real value of eligibility thresholds and of the benefits depends on discretionary adjustments, which generally have not been made with enough regularity or intensity to maintain the purchasing power of households. The accumulated inflation since the last adjustment is almost 6 per cent.

- c. Create an emergency benefit for at least six months, for all households enrolled in *Bolsa Família*.

Bolsa Família plays a crucial role in guaranteeing income for Brazil's poorest households. However, the economic impacts of the COVID-19 pandemic will probably compromise the capacity of these households to generate income in the labour market even further. Given this scenario, to minimise the suffering of the poorest population, *Bolsa Família* transfers would need to become more generous for a limited time.

- d. Create an emergency benefit, for at least six months, for all households enrolled in the Single Registry (whether *Bolsa Família* beneficiaries or not) whose per capita income is below half a minimum wage.

Given the need for social distancing and to avoid mass gatherings, granting temporary benefits to vulnerable households is a more rational preventive measure than simply waiting for them to fall into poverty and having to seek out a CRAS to update their Single Registry information. Therefore, in this scenario, we consider that all households with up-to-date registration information and with a per capita income below half a minimum wage—even if they are not *Bolsa Família* beneficiaries—are in great risk of falling into poverty and, therefore, need a temporary emergency benefit. Households that are already enrolled in the programme would receive both the standard benefit and the emergency benefit.

Simulations were carried out based on data from the Single Registry that was current up to December 2018 and the *Bolsa Família* payroll up to January 2019. We must highlight that the base scenario is somewhat different from the current situation of the programme.

We will analyse each of these measures taking into account institutional and operational difficulties.

3 Scenarios based on *Bolsa Família*

Policy measure A: Enrol all eligible households in *Bolsa Família* and postpone verification and recertification processes

Bolsa Família has a waiting list of approximately 1.7 million households. We estimate that granting benefits to all eligible households in the Single Registry would expand the programme to almost 15.5 million households. This means incorporating almost 5 million new people into the programme, an increase of about 12 per cent. The simulation shows that due to the demographic profile and the average per capita family income of the eligible population to be included in the programme, the **average** value of the benefit would be marginally reduced.

TABLE 1

Coverage and cost of measure A: Inclusion of all eligible households on the waiting list

Scenario	Coverage (millions)		Average benefit per household (BRL)	Cost (BRL billion)		Total variation	
	Households	People		Per month	Total	Absolute (BRL billion)	Relative (%)
Current scenario	13.8	42.7	188	2.586	23.273	-	-
A. No waiting list	15.5	47.7	183	2.835	25.513	2.240	9.6

Note: Total cost represents the nine remaining months of 2020 (April–December).

Source: Authors' elaboration based on the Single Registry (December 2018) and the *Bolsa Família* payroll (January 2019).

If this measure were to be adopted for the April payroll and extended until the end of the year, its cost should be around BRL2.24 billion, an increase of slightly over 10 per cent compared to the current scenario (see Table 1). As the figure that has already been announced by the federal government to supplement the programme's budget is BRL3 billion, it will probably cover the cost of including new beneficiaries as well as the cost of

postponing verification and recertification processes, since it implies stopping blockages, suspensions and cancellations of benefits over the next few months, to prevent the physical concentration of beneficiaries at CRAS.

Level of institutional difficulty: Virtually non-existent. There is no need for a provisional measure or a presidential decree to include all eligible households registered in the

Single Registry, but simply an administrative decision. Delaying the assessment and review processes is carried out through operational instructions from the Secretary of Citizenship Income.

Level of operational difficulty: The issuance and distribution of 1.7 million electronic cards already falls within the operational procedures established in the programme and allows new beneficiaries to receive their cards in time to withdraw their benefits, but the scale is unusual. Caixa Econômica Federal—the bank responsible for payments—must be consulted as to what the scale of almost 2 million new cards will imply in delays to issuance and/or distribution. In principle, cards could be sent to the new beneficiary addresses already available in the Single Registry database. However, as an emergency solution to avoid payment delays, withdrawals could potentially be carried out before cards are delivered, by presenting a slip directly to bank tellers, providing individual identification, but this option is perhaps not advisable from an operational and/or public health standpoint.

Policy measure B: Adjusting the eligibility thresholds and the value of the benefits

For measure B, we present three adjustment scenarios for the following parameters:

Eligibility thresholds

Extreme poverty line: This defines eligibility for the basic benefit (flat benefit regardless of household composition) and for the benefit for overcoming extreme poverty (*Benefício de superação da pobreza extrema*—BSP), a component meant to ensure that the *Bolsa Família* transfer is sufficient for the per capita income of the household to reach the extreme poverty threshold, taking into account other components of the *Bolsa Família* transfers (e.g. basic benefit and variable benefits—related to the presence of children under 18 years of age in the household, as explained below).

Poverty line: This defines the eligibility threshold for the two variable benefits: 1) for pregnant women, and children under 15 years of age; and 2) for adolescents (*Benefício Variável Jovem*—BVJ) aged 16–17 years.

B1) By a percentage that sets the two eligibility thresholds at their historical average value. The extreme poverty line would be set at BRL105, the same value as the basic benefit and the reference value used to calculate the BSP, as explained above; the poverty line would increase to BRL210; variable benefits for pregnant women and children would increase to BRL48, and the variable benefit for adolescents would increase to BRL57. These values represent increases of between 17 per cent and 19 per cent, due to the necessary rounding of the value of the line and of the benefits to be plausible.

B2) By a percentage that brings eligibility thresholds back to the real value they had in January 2004 (when the law officially enacting the *Bolsa Família* programme was passed). The extreme poverty line would increase

to BRL115, the same value as the basic benefit and the reference value for the BSP; the poverty line would rise to BRL230; the variable benefit would rise to BRL53, and the BVJ would reach BRL62. These values represent an increase of around 29 per cent for all cases.

B3) By a percentage that brings the eligibility thresholds back to the real value of their historical peak, observed in August 2009. The extreme poverty line would increase to BRL125, as would the value of the basic benefit and of the reference for the BSP calculation; the poverty line would increase to BRL250; variable benefits would reach BRL58, and the BVJ would reach BRL67. The increase would be between 40 per cent and 41 per cent. It is worth noting that even with this adjustment, *Bolsa Família's* extreme poverty line would remain below the international threshold of USD1.90/day in purchasing power parity (PPP) terms—approximately BRL150 per month—used by the World Bank, whose reference is the national poverty lines of some of the world's poorest countries.

The adjustment of thresholds and benefit values would impact the budget in two ways. First, it would increase the number of eligible households; second, it would increase the value of the benefits. Therefore, higher benefits would be paid to a greater number of households. In Table 2 we present the full impact of measure B—that is, the inclusion of all eligible households according to the new eligibility thresholds, as well as the effective costs of increasing the benefits. This can be understood as the combined impacts of measures A and B. The independent impact of the scenarios detailed for measure B (that is, the impact of the adjustment of benefits for current beneficiaries, excluding new beneficiaries), alongside all other 71 simulations that were carried out, can be found in Annex 1.

Scenarios AB1–AB3 would increase the number of *Bolsa Família* beneficiaries by between 17 per cent and 21 per cent, while the average benefit per household would increase by between 15 per cent and 38 per cent. In scenario AB3, almost 3 million families would be added to *Bolsa Família*; in other words, the programme's protection would be extended to almost 9 million people currently not covered.

Therefore, the cost would be between around BRL8 billion (scenario AB1) and BRL15.6 billion (scenario AB3). The intermediary alternative (AB2) would imply an expenditure of BRL11.6 billion. In relative terms, these figures entail that the programme's cost for the remainder of the year (from April to December) would be between 34 per cent and 67 per cent higher than in the current scenario.

Level of institutional difficulty: Low. The eligibility thresholds and the value of the benefits can be adjusted by presidential decree. There is no need for legislative change.

Level of operational difficulty: There is no operational difficulty for beneficiary households. The inclusion of new households implies the issuance and distribution of cards, as discussed above.

TABLE 2

Coverage and costs for the scenarios in measure B, combined with measure A

Scenario	Coverage (millions)		Average benefit per household (BRL)	Cost (BRL billion)		Total variation	
	Households	People		Per month	Total	Absolute (BRL billion)	Relative (%)
Current scenario	13.8	42.7	188	2.586	23.273	-	-
A + B1: 17–19% adjustment	16.0	49.5	217	3.474	31.265	7.992	34.3
A + B2: Approx. 29% adjustment	16.2	50.1	239	3.873	34.856	11.583	49.8
A + B3: 40–41% adjustment	16.6	51.6	260	4.314	38.826	15.553	66.8

Note: Total cost represents the nine remaining months of 2020 (April–December).

Source: Authors' elaboration based on the Single Registry (December 2018) and the *Bolsa Família* payroll (January 2019).

Measure C: Create an emergency benefit, for at least six months, for all *Bolsa Família* beneficiary households

Due to the payment of a one-off 13th instalment of *Bolsa Família* in 2019, Caixa Econômica Federal already has the tools to create an emergency benefit that is a multiple of the regular benefit. Thus, we simulate a six-month emergency benefit using two different values:

C1) 50 per cent of the value of the standard benefit received by the beneficiary household

C2) 100 per cent of the value of the standard benefit.

Results can be estimated independently of measures A and B or in combination with either or both. As in the previous case, in Table 3 we report only the figures estimated for the scenarios of measure C in combination with measure A, as we consider the latter absolutely necessary.³

The coverage in this scenario is the same as in scenario A, since the eligibility thresholds are not adjusted as in scenario B. However, the average benefits present a rather distinct behaviour compared to scenario A, with an increase of 46 per cent if the emergency benefit is set at 50 per cent of the standard benefit (scenario AC1), and 95 per cent if the emergency benefit is set at 100 per cent of the standard benefit (scenario AC2).⁴

With respect to the budget, it is worth pointing out that the total comparison covers a period of nine months, until December 2020, but the initial time-frame proposed for the emergency benefit is of six months; therefore, the relative variation in expenditures does not reach 50 per cent or 100 per cent.

Thus, by December, the combined cost of measure A and scenario C1 (emergency benefit valued at 50 per cent of the standard benefit) would be BRL10.7 billion. The combined cost of measure A and scenario C2 (emergency benefit valued at 100 per cent of the standard benefit) would be BRL19.2 billion (see Table 3).

TABLE 3

Coverage and costs of measure C scenarios, combined with measure A

Scenarios	Coverage (millions)		Average benefit per household (BRL)	Cost (BRL billion)		Total variation	
	Households	People		Per month	Total	Absolute (BRL billion)	Relative (%)
Current scenario	13.8	42.7	188	2.586	23.273	-	-
A + C1: Additional 50% of the standard benefit	15.5	47.7	275	4.252	34.017	10.744	46.2
A + C2: Additional 100% of the standard benefit	15.5	47.7	366	5.669	42.521	19.248	82.7

Note: Total cost represents the nine remaining months of 2020 (April–December). As the emergency benefit is planned for only six months, the total cost considers the monthly cost of six months of each scenario and the expected cost of scenario A for the last three months of the year. The average benefit per household was calculated using the monthly cost of each scenario.

Source: Authors' elaboration based on the Single Registry (December 2018) and the *Bolsa Família* payroll (January 2019).

Table 4 depicts values for the six scenarios resulting from the combination of measures A, B and C. Regarding coverage, the figures are by definition identical to the corresponding scenarios in Table 2. In other words, the simultaneous

implementation of these scenarios means that the emergency benefit reaches a greater number of households (between 16 million and 16.6 million), thanks to the adjustment in the eligibility threshold, and also reaches a higher benefit value

(because it would be a multiple of the standard benefit, which is also adjusted).

By combining measures A, B3 and C (both C1 and C2), 51.6 million Brazilians would be covered (roughly a quarter of the country's population), with the highest possible level of targeting for a transfer carried out by the Brazilian State.

For the emergency benefit with the highest value (100 per cent of the standard benefit—scenario C2), the cost after nine months (stressing that the emergency benefit would last only for six months) would vary between BRL28.8 billion and BRL41.4 billion, depending on the adjustment scenario. In the case of the emergency benefit with the lowest value (C1), the cost would vary by between BRL18.4 billion and BRL28.5 billion, compared to the current scenario.

In proportionate terms, these figures imply an increase in transfer expenditures by between 79 per cent (scenario A + B1 + C1) and 178 per cent (scenarios A + B3 + C2). Although this last estimate is striking—after all, the expenditure on transfers would be almost tripled—it is worth highlighting that the cost of *Bolsa Família* currently represents only 0.4 per cent of Brazil's gross domestic product (GDP), which means that even in Table 4's most generous scenario, expenditure in 2020—including the months of January through March—would reach only 1 per cent of GDP, which is a similar value to what is spent annually on social assistance (cash) transfers by some high-income countries. Furthermore, in 2021 the expenditures would decrease in both absolute and relative terms, given that the emergency benefit has a time-frame of only six months.

TABLE 4

Coverage and costs of measure C scenarios, combined with measure A and with measure B scenarios

Scenario	Coverage (millions)		Average benefit per household (BRL)	Cost (BRL billion)		Total variation	
	Households	People		Per month	Total	Absolute (BRL billion)	Relative (%)
Current scenario	13.8	42.7	188	2.586	23.273	-	-
A + B1 (17–19% adj.) + C1 (additional 50%)	16.0	49.5	325	5.211	41.686	18.413	79.1
A + B1 (17–19% adj.) + C2 (additional 100%)	16.0	49.5	433	6.948	52.108	28.835	123.9
A + B2 (29% adj.) + C1 (additional 50%)	16.2	50.1	358	5.809	46.475	23.202	99.7
A + B2 (29% adj.) + C2 (additional 100%)	16.2	50.1	478	7.746	58.093	34.820	149.6
A + B3 (40–41% adj.) + C1 (additional 50%)	16.6	51.6	390	6.471	51.768	28.495	122.4
A + B3 (40–41% adj.) + C2 (additional 100%)	16.6	51.6	520	8.628	64.710	41.437	178.1

Note: Total cost represents the nine remaining months of 2020 (April–December). As the emergency benefits are planned for only six months, the total cost considers the monthly cost of six months of each scenario and the expected cost of scenarios AB1–AB3 for the last three months of the year, depending on the threshold. The average benefit per household was calculated using the monthly cost of each scenario.

Source: Authors' elaboration based on the Single Registry (December 2018) and the *Bolsa Família* payroll (January 2019).

Level of institutional difficulty: Low/intermediate.

The measure would require new legislation. Given the duration of the benefit (six months, extendable if there is no improvement to the social situation), this legislation would need to be approved by Congress, which, given the context, would not be difficult.

Level of operational difficulty: Low/intermediate.

For measures A and B, the level of difficulty is low: the inclusion of new beneficiary households, who are already in the Single Registry, implies the issuance and distribution of cards, as previously discussed. There are some difficulties, but the operational procedure is already well established. Caixa Econômica Federal operationalised payment of the 13th instalment of *Bolsa Família* in 2019, which theoretically should facilitate the payment of an emergency benefit whose value is a multiple of the standard benefit. No specific operational procedures are required for the payment of this benefit. There is also the need for the Ministry of Citizenship to provide Caixa Econômica Federal with additional funding to create this benefit.

4 Scenarios based on the Single Registry

Measure D: Create a temporary emergency benefit for all households enrolled in the Single Registry whose per capita income is under half a minimum wage

Measure D entails the creation of an emergency benefit paid to all *Bolsa Família* beneficiary households (which would continue to receive their regular benefits), as well as to all other households enrolled in the Single Registry but **not eligible** for *Bolsa Família* whose information has been updated within the last two years and whose per capita income is below half a minimum wage—that is, BRL522.50. For *Bolsa Família* beneficiaries, measure D would be an **alternative** to measure C.

We have simulated six different values for the emergency benefit: three scenarios with flat benefits per household and three scenarios with per capita benefits (varying according to the size of the household) with a duration of six months:

D1) BRL150 per household

D2) BRL300 per household

D3) BRL450 per household

D4) BRL50 per capita

D5) BRL100 per capita

D6) BRL150 per capita

With the creation of this emergency benefit, a greater number of people would then be able to count on some income at a time of a great negative shock to the economy. To preserve equity, these emergency benefits would target both households that are already *Bolsa Família* beneficiaries and non-beneficiary households with a per capita income of up to half a minimum wage whose Single Registry information has been updated within the last two years. The rationale behind this is to ensure that the poorest households, already included in *Bolsa Família*, do not receive a lower amount than slightly better-off households. Theoretically, this problem could be avoided by a system that would choose the greater value between the standard and the emergency benefit, but this would be difficult in operational terms; additionally, the goal is precisely to reinforce social protection to more vulnerable households. Clearly, if the social crisis caused by the COVID-19 outbreak lasts longer than predicted, the emergency benefit could and should be extended for as long as deemed necessary.

As in previous cases, Table 5 first presents the results of the simulation of scenarios D1 through D6, in combination with measure A. Specific results for scenarios D1 to D6 are available in Annex 1.

By definition, the scenarios simulated in Table 5 present greater coverage than any of the previous simulations, as

the emergency benefits would be paid to all 21.1 million households with a per capita income below half a minimum wage that are registered in the Single Registry.⁵ Given these scenarios, the coverage of the emergency benefit would increase by around 50 per cent, extending a minimum level of social protection to around 63.3 million people—or slightly over 30 per cent of Brazil's population.

Due to the demographic features of households in the Single Registry, the simulated emergency benefit levels imply budget levels for scenarios D1 to D3 and D4 to D6 that are very similar. In principle, scenarios D4 to D6 seem fairest, as they transfer benefits with the same per capita value to all households (i.e. higher values for larger households). However, there is a risk of significant operational difficulties in the implementation of a benefit of this kind with the current structure. We will return to this discussion later.

In any case, the average benefit per household would increase significantly. In the most conservative scenarios (A + D1 and A + D4), the increase would be slightly over 50 per cent. In the more ambitious scenarios (A + D3 and A + D6), the increase would be over 210 per cent, with an average benefit of around BRL585 per household.

Obviously, these figures are also reflected in the cost of the scenarios: as there is both an expansion in coverage and an increase in the average value, the relative cost increase over the remaining nine months of the year varies between 91 per cent and 256 per cent, even taking into consideration the temporary nature of the emergency benefit. In absolute terms, the additional cost would be between BRL21 billion and BRL59 billion. Notwithstanding the magnitude of these figures, it is worth highlighting once again that even in the most generous scenario, the total cost of welfare transfers would grow from 0.4 per cent to 1.2 per cent of GDP—including those from January to March—a value which is compatible with what is observed in many high-income countries during normal times.

TABLE 5
Coverage and costs of measure D scenarios, combined with measure A

Scenario	Coverage (millions)		Average benefit per household (BRL)	Cost (BRL billion)		Total variation	
	Households	People		Per month	Total	Absolute (BRL billion)	Relative (%)
Current scenario	13.8	42.7	188	2.586	23.273	-	-
A + D1 (BRL150 per household)	21.1	63.6	284	6.005	44.536	21.263	91.4
A + D2 (BRL300 per household)	21.1	63.6	434	9.176	63.558	40.286	173.1
A + D3 (BRL450 per household)	21.1	63.6	584	12.346	82.581	59.309	254.8
A + D4 (BRL50 per capita)	21.1	63.6	285	6.015	44.591	21.319	91.6
A + D5 (BRL100 per capita)	21.1	63.6	435	9.194	63.670	40.398	173.6
A + D6 (BRL150 per capita)	21.1	63.6	585	12.374	82.749	59.476	255.6

Note: Total cost represents the nine remaining months of 2020 (April–December). As the emergency benefit is planned for only six months, the total cost considers the monthly cost of six months of each scenario and the expected cost of measure A for the last three months of the year. The average benefit per household was calculated using the monthly cost of each scenario.

Source: Authors' elaboration based on the Single Registry (December 2018) and the *Bolsa Família* payroll (January 2019).

As the scenarios in measure D imply the payment of emergency benefits also to households currently enrolled in *Bolsa Família*, it would be redundant to simulate the concomitant implementation of measures C and D.

The combination of measures A, B and D yields 18 possible scenarios (three scenarios for measure B times six scenarios for measure D). For the sake of simplicity, we have opted to consider only the result of the combination of measures A, B2 and D1–D3, as measure B2 is the intermediary point between B1 and B3, and the cost of D4, D5 and D6 are practically identical to those of D1, D2 and D3. Again, the figures for the other combinations are presented in Annex 1.

Table 6 depicts the estimates for the selected combinations. The coverage of the scenarios is identical to that of Table 5, as once again the benefits are granted to all households with an income of up to half a minimum wage. Differences are due to the average value of the benefits and their cost.

The average benefit would increase by between 77 per cent and 237 per cent. In this last case (scenario A + B2 + D3), each household would receive, on average, around BRL633 for as long as the emergency benefit lasts. In per capita terms, this means an average benefit of BRL210 per person for at least six months, the highest value presented in this brief. After the initial six months, around 4.9 million households would stop receiving any benefit whatsoever, while the remaining households would receive the *Bolsa Família* adjusted benefits, with an average value of BRL239 per household (or BRL77 per person).

The cost would vary between BRL30.6 billion (A + B2 + D1) and BRL68.7 billion (A + B2 + D3) up to the end of the year. Compared to the current scenario, all simulations more than double the budget—in the upper limit, almost tripling it. Proportionally, taking 2019 GDP as a reference, the total cost of transfers (including the months from January to March) would rise from 0.4 per cent to something between 0.8 per cent and 1.4 per cent of GDP.

TABLE 6
Coverage and costs of scenarios D1–D3, combined with measure A and scenario B2

Scenario	Coverage (millions)		Average benefit per household (BRL)	Cost (BRL billion)		Total variation	
	Households	People		Per month	Total	Absolute (BRL billion)	Relative (%)
Current scenario	13.8	42.7	188	2.586	23.273	-	-
A + B2 (29% adj.) + D1 (BRL150 per household)	21.1	63.6	333	7.043	53.879	30.606	131.5
A + B2 (29% adj.) + D2 (BRL300 per household)	21.1	63.6	483	10.214	72.902	49.629	213.2
A + B2 (29% adj.) + D3 (BRL450 per household)	21.1	63.6	633	13.384	91.925	68.652	295.0

Note: Total cost represents the nine remaining months of 2020 (April–December). As the emergency benefits are planned for only six months, the total cost considers the monthly cost of six months of each scenario and the expected cost of measure A + B2 for the last three months of the year. The average benefit per household was calculated using the monthly cost of each scenario.

Source: Authors' elaboration based on the Single Registry (December 2018) and the *Bolsa Família* payroll (January 2019).

Level of institutional difficulty: Intermediate. This measure requires new legislation, given the duration of the payment of the emergency benefit (six months). We recommend that this benefit be created by specific legislation, not associated with *Bolsa Família* legislation: it would reach not only beneficiaries but also a population with a significantly different profile. Ideally, it would be created as a separate, emergency benefit, paid through a card issued by Caixa Econômica Federal (which, for *Bolsa Família* beneficiaries, would be the same card), making use of *Bolsa Família's* existing operational structure.

Level of operational difficulty: Medium/high. Caixa's Citizen Benefit System (*Sistema de Benefícios ao Cidadão*—SIBEC) is not prepared to automatically create a benefit of this nature. It is an old system, with a low level of parametrisation. This means that typically parametric alterations (such as the creation of a new benefit, with its own eligibility rules, payroll etc.) would almost always imply changes in the system's low-level code. Creating a benefit outside the *Bolsa Família's* eligibility thresholds involves defining a new process to select beneficiaries and generating a new payroll.

For operational reasons, we recommend the adoption of the model with a flat value per household (instead of a per capita

value varying according to household size), due to the fact that Caixa has already carried out one-off payments per household in the case of Brumadinho, mentioned in the Introduction. This would reduce any probability of error in the operationalisation of the benefit.

Even if it were possible to make the necessary alterations to SIBEC in such a short time-frame, it would probably allow generation of a payroll starting in April, for payment by the end of the month. The scale of the new benefit would require enormous efforts to issue and distribute millions of cards. There is the possibility of delays in the effective payment of the benefit.

Another possibility is for beneficiaries to directly withdraw cash in person at physical Caixa branches, lottery shops and bank agencies, making access to the benefit independent of the issuance of cards and, therefore, faster. However, it is necessary to evaluate, together with the health authorities, whether in-person withdrawals of the benefit would hinder COVID-19 containment measures.

Another option would be for Caixa to assess how many of the recipients of the emergency benefit have a bank account

at the institution (either a current or a savings account), and instead make a deposit in such cases; or, when appropriate, guide beneficiaries to use an existing citizen's card (former *Bolsa Família* beneficiaries; people that might have received some other benefit paid through a social card, such as salary allowance or unemployment benefits). Whatever the case, any emergency measure taken beyond the current limits of *Bolsa Família* would very likely face operational difficulties, which must be considered given the current severity of the spread of COVID-19.

5 Recommendation

The COVID-19 pandemic presents unprecedented challenges to the Brazilian social protection system. In economic terms, we can expect shocks to both the supply and the demand sides. A new global recession is almost certainly under way. We do not know how long the extraordinary social isolation measures will last. We also do not know how much strain the country's Universal Health System (*Sistema Único de Saúde*—SUS) will come under.

Informal workers, unemployed people and poor households in general are especially exposed to the combination of pandemic and recession. We understand the fiscal restrictions that haunt the Brazilian State, but given the probability of catastrophic consequences from the social point of view, our recommendation tends inevitably towards the more generous scenarios. After all, in the worst-case scenario, even if the social risks are overestimated, the additional expenditure would be almost entirely temporary and would not reach 1.5 per cent of GDP—a value that is lower than the country's annual social security deficit.

In this context, we recommend the implementation of scenario A + B2 + D3 at the very least. In other words, we suggest:

Include all eligible households already in the Single Registry in the *Bolsa Família* programme, and suspend verification and recertification processes until the end of the health crisis.

Permanently adjust *Bolsa Família's* eligibility thresholds and benefits by approximately 29 per cent, so that poverty and extreme poverty lines can regain the same real value they had at the start of the programme, in January 2004.

The government should create a temporary emergency benefit, with an expected duration of six months but with the possibility of extension, of a flat value of BRL450 per household for all households with up-to-date information in the Single Registry and per capita income under half a minimum wage (BRL522.50). The emergency benefit would be paid to both households that already benefit from *Bolsa Família* (which would continue to receive the standard benefits) and to non-beneficiary households with an income below the threshold of half a minimum wage per capita.

While the emergency benefit is active, the poorest 30 per cent of the population in Brazil would receive a minimum monthly income of BRL450 per household. *Bolsa Família* beneficiary households, combining the basic benefit and the emergency benefit, would receive an income of almost BRL690 per month per household. After the end of the emergency benefit,

beneficiary households would continue to receive, on average, something close to BRL240 per household (or BRL77 per capita)—a value that is 27 per cent higher than they currently receive.

These changes would represent an increase of BRL68.6 billion in welfare transfer expenditures in 2020. However, over 80 per cent of the additional costs would be due to the temporary emergency benefits; therefore, the costs in 2021 would be very modest—only BRL11.6 billion, or less than 0.2 per cent of Brazil's 2019 GDP.

If the crisis extends for a longer period than initially expected and/or the economic recovery after the pandemic is slow, we strongly recommend that the emergency benefit be extended for as long as necessary to overcome the social crisis.

Finally, there is a crucial point that must be considered: even if these recommendations have tried to avoid the increased demand for registration at CRAS units so as to avoid mass gatherings, the economic losses resulting from the COVID-19 outbreak will inevitably lead to an increase in poverty and, therefore, greater demand from the population to be included in the Single Registry, and for support from local social assistance services.

However, the plight of social assistance in the country is dramatic. The Ministry of Citizenship estimates that, to keep services running under a normal health scenario, the annual resources needed would add up to around BRL1.7 billion (for basic protection) and BRL814 million (for special protection).⁶ However, from 2019 to 2020, the funding for basic social protection decreased by about BRL800 million—from BRL1.8 billion to BRL1.03 billion. Considering the golden rule and funding conditioned on the approval of a draft bill, this value falls even further, to BRL687 million.

The same trend is occurring with the special protection provided by the Unified Social Assistance System (*Sistema Único de Assistência Social*—SUAS), which is also responsible for caring for people living on the street and in shelters, whose budget resources fell from BRL637 million in 2019 to BRL518 million in 2020. Given the same limitations noted above for basic social protection, the value is limited even further, to BRL345 million.⁷

We must remember that the social assistance sector is responsible for sheltering people living on the street, and even bearing the costs of burying individuals whose families are unable to pay for a proper service. It is important to highlight, therefore, that successfully implementing the suggestions for emergency and increased benefits detailed in this brief hinges on increasing the available budget for social assistance services.

Considering the lagging purchasing power of current *Bolsa Família* benefits and the economic and social risks resulting from the COVID-19 pandemic, it seems a small price to pay to ensure a minimum level of well-being for the country's poorest people. This conclusion holds even if the emergency benefit must be extended for an additional six months—or for however long is necessary.

1. This is the English version of a brief originally published in Portuguese by Ipea <<https://bit.ly/2Uy67yZ>>.

2. See Bartholo et al. (2018) and Direito et al. (2016) for more information about Brazil's Single Registry.

3. Figures for scenarios C1 and C2 in isolation can be found in Annex 1.

4. These values do not reach 50 per cent and 100 per cent because the simulation also implements measure A, which, as seen in Table 1, reduces the average value of the benefit compared to the current scenario.

5. These figures refer to the situation of the Single Registry up to December 2018. As previously stated, we unfortunately have not had access to more recent data.

6. Data obtained from a presentation by the National Secretariat of Social Assistance to the National Social Assistance Board in July 2019.

7. Data from the federal government's Integrated System for Financial Administration.

Annex 1 — Results of the 72 simulated scenarios

Number	Scenario	Coverage (millions)		Cost per month (BRL billion)	Average monthly benefit (BRL)	
		Households	People		Per household	Per person
1	Benchmark	13.761	42.732	2.586	188	61
2	A	15.482	47.658	2.835	183	59
3	B1	13.761	42.732	3.108	226	73
4	B2	13.761	42.732	3.446	250	81
5	B3	13.761	42.732	3.798	276	89
6	C1	13.761	42.732	3.879	282	91
7	C2	13.761	42.732	5.172	376	121
8	D1	21.137	63.596	5.756	272	91
9	D2	21.137	63.596	8.927	422	140
10	D3	21.137	63.596	12.097	572	190
11	D4	21.137	63.596	5.766	273	91
12	D5	21.137	63.596	8.945	423	141
13	D6	21.137	63.596	12.125	574	191
14	A+B1	16.045	49.488	3.474	217	70
15	A+B2	16.221	50.150	3.873	239	77
16	A+B3	16.605	51.599	4.314	260	84
17	A+C1	15.482	47.658	4.252	275	89
18	A+C2	15.482	47.658	5.669	366	119
19	A+D1	21.137	63.596	6.005	284	94
20	A+D2	21.137	63.596	9.176	434	144
21	A+D3	21.137	63.596	12.346	584	194
22	A+D4	21.137	63.596	6.015	285	95
23	A+D5	21.137	63.596	9.194	435	145
24	A+D6	21.137	63.596	12.374	585	195
25	B1+C1	13.761	42.732	4.662	339	109
26	B1+C2	13.761	42.732	6.216	452	145
27	B1+D1	21.137	63.596	6.278	297	99
28	B1+D2	21.137	63.596	9.449	447	149
29	B1+D3	21.137	63.596	12.619	597	198



Number	Scenario	Coverage (millions)		Cost per month (BRL billion)	Average monthly benefit (BRL)	
		Households	People		Per household	Per person
30	B1+D4	21.137	63.596	6.288	297	99
31	B1+D5	21.137	63.596	9.467	448	149
32	B1+D6	21.137	63.596	12.647	598	199
33	B2+C1	13.761	42.732	5.169	376	121
34	B2+C2	13.761	42.732	6.892	501	161
35	B2+D1	21.137	63.596	6.616	313	104
36	B2+D2	21.137	63.596	9.787	463	154
37	B2+D3	21.137	63.596	12.957	613	204
38	B2+D4	21.137	63.596	6.626	313	104
39	B2+D5	21.137	63.596	9.805	464	154
40	B2+D6	21.137	63.596	12.985	614	204
41	B3+C1	13.761	42.732	5.697	414	133
42	B3+C2	13.761	42.732	7.596	552	178
43	B3+D1	21.137	63.596	6.969	330	110
44	B3+D2	21.137	63.596	10.139	480	159
45	B3+D3	21.137	63.596	13.310	630	209
46	B3+D4	21.137	63.596	6.978	330	110
47	B3+D5	21.137	63.596	10.158	481	160
48	B3+D6	21.137	63.596	13.338	631	210
49	A+B1+C1	16.045	49.488	5.211	325	105
50	A+B1+C2	16.045	49.488	6.948	433	140
51	A+B1+D1	21.137	63.596	6.644	314	104
52	A+B1+D2	21.137	63.596	9.815	464	154
53	A+B1+D3	21.137	63.596	12.985	614	204
54	A+B1+D4	21.137	63.596	6.654	315	105
55	A+B1+D5	21.137	63.596	9.833	465	155
56	A+B1+D6	21.137	63.596	13.013	616	205
57	A+B2+C1	16.221	50.150	5.809	358	116
58	A+B2+C2	16.221	50.150	7.746	478	154
59	A+B2+D1	21.137	63.596	7.043	333	111
60	A+B2+D2	21.137	63.596	10.214	483	161
61	A+B2+D3	21.137	63.596	13.384	633	210
62	A+B2+D4	21.137	63.596	7.053	334	111
63	A+B2+D5	21.137	63.596	10.233	484	161
64	A+B2+D6	21.137	63.596	13.412	635	211
65	A+B3+C1	16.605	51.599	6.471	390	125
66	A+B3+C2	16.605	51.599	8.628	520	167
67	A+B3+D1	21.137	63.596	7.484	354	118
68	A+B3+D2	21.137	63.596	10.655	504	168
69	A+B3+D3	21.137	63.596	13.825	654	217
70	A+B3+D4	21.137	63.596	7.494	355	118
71	A+B3+D5	21.137	63.596	10.674	505	168
72	A+B3+D6	21.137	63.596	13.853	655	218

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The views expressed in this brief are the authors' and not necessarily those of the Government of Brazil or the United Nations Development Programme.

International Policy Centre for Inclusive Growth

SBS, Quadra 1, Bloco J, Ed. BNDES, 13º andar
70076-900 Brasília, DF - Brazil
Telephone: +55 61 2105 5000

ipc@ipc-undp.org ▪ www.ipcig.org

