

Bolsa Familia as Seen Through the Lens of the Decent Work Agenda

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The Bolsa Familia Programme (PBF) is a conditional cash transfer (CCT) programme which is aimed at guaranteeing a minimum level of income to poor families and at the same time promoting access to education and health services by beneficiary children, and to social assistance more generally by the beneficiary families. This one pager contends that there are a number of ways that PBF contributes to the Decent Work Agenda where Decent Work is defined by the ILO as “productive work under conditions of freedom, equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided”. Social protection is one of the four pillars of the Decent Work Agenda (DWA) in addition to employment, rights at work and social dialogue.

The link of PBF with social protection is straightforward. The link with employment and the quality of work, however, is more complex. On the one hand, by providing poor families with a predictable alternative source of income, albeit limited, PBF has a direct impact on their reservation wage. This can result in a reduction of their labour supply and employment rate. On the other hand, this partial income guarantee can allow them to search more intensively for (better) jobs, which can lead to improvements in earnings and labour conditions. Therefore, the net impact of the effects on the labour supply and on the quality of the employment is an empirical question.

The net impact will also depend upon demand side factors and the overall performance of the economy. According to the annual household survey (PNAD), between 2002 and 2008, there was a reduction in unemployment and an increase in formalization of labour relations as the economy experienced a recovery after the crisis of the 1990s. GDP grew annually by 4.7 per cent resulting in a 2.6 per cent growth in employment and a 5.7 per cent growth in formal employment. Machado et al. (2011) show that PBF beneficiaries also benefited from these improvements in the labour market. Using the national household survey for 2004 and 2006 they follow three groups: beneficiaries, eligible but non-beneficiaries and a third group of non-eligible and non-beneficiaries. They find that the labour force activity rate remained unchanged at 59 per cent for the beneficiary and at 65 per cent for non-beneficiary groups and fell slightly for the eligible (from 57 to 55 per cent) group. For the latter group the proportion of those employed also fell but there was no change for beneficiaries and non beneficiaries.

While the degree of informality in the labour market was higher on the whole among beneficiaries, their rate of informality fell from 0.75 to 0.71. The same downward trend was observed for the eligible group (0.70 to 0.66) and for non-beneficiaries (0.54 to 0.49). As could be expected, the incidence of child and teenager labour (10 to 17 years)

is also high among the beneficiaries. However, here too there was a modest decline – i.e., from 14 to 13 per cent in 2006. For the group consisting of those eligible for the PBF, the rate fell from 10 to 8 per cent over the same period.

Machado et al. (2011) also observe an increase from 11 to 14 per cent between 2004 and 2006 in the proportion of beneficiaries earning exactly the minimum wage. This represents a greater increase than the one observed for non-beneficiaries, but lower than that for the eligible group whose proportion of minimum wage earners increased from 14 to 18 per cent. This is particularly important as there were real increases in the minimum wage over this period.

In order to check the robustness of these changes, Machado et al. (2011) control for changes in the composition of the three groups by using pseudo-cohorts for the same surveys. Four different combinations of the variables relating to gender, race, year of birth, and region of residence were used, resulting in 72 homogeneous groups in each formation. They find that for all homogeneous groups there was an increase in the employment rate of the economically active population, a reduction of inactivity and informality rates, an increase in the proportion of workers contributing to social security, and an increase in the average hourly wage for the primary occupation. One can conclude from these last three findings that the insertion of PBF beneficiaries in the labour market improved over the period studied.

Despite these positive results, there is room for improvement as regards the design and implementation of complementary programmes aimed at promoting job and income generating opportunities for beneficiaries. There are signs that the new government is in fact interested in investing in the improvement of such ‘complementary programmes’ and services. The study highlights the importance, in particular, of incorporating better assessments of the skill/job opportunity needs of the adult population in beneficiary families as well as of the local labour markets. Such improvements in the design would contribute to further enhancing the beneficial impacts already associated with the programme.

Lastly, given the important contribution of (inclusive) growth for some of the positive impacts noted above, the analysis in the paper also suggests that a ‘dynamic’ approach to the Decent Work Agenda which explores the intersections of such programmes with growth may be in order.