

# Bolsa Família: A Summary of Its Impacts

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**Targeted and Conditioned** Cash Transfers (CCTs) began hesitatingly and somewhat chaotically in Brazil in 1995 and have grown in relevance ever since. From 1995 to 2003, there were many CCT programs, run by all levels of government and, within the federal government, by five different ministries, with very little coordination among them. While the lack of coordination certainly reduced their effectiveness, there is little doubt that the municipal and state level experimentation was crucial in the design of what was to follow.

In 2003, the many initiatives were merged into a single programme, called *Bolsa Família*, with about eight million beneficiaries, accounting for about one in six Brazilian families at the time. Since 2003, more and more families have been incorporated into the programme and today they number close to 15 million—about one in four Brazilian families.

*Bolsa Família* benefits are exceedingly well-targeted to the poor. The Concentration Coefficient of these benefits hovers at around—0.54, which is much better than any other income source in Brazil and about as good as that of *Chile Solidario* or *Oportunidades*. One reason for this is that the benefit is very modest, which makes fraud and capture also small. These benefits vary from R\$29 to R\$218, or US\$16 to US\$118 according to Purchasing Power Parity conversion. Total benefits amount to slightly more than 0.4 per cent of Brazil's GDP and slightly less than 0.7 per cent of household income.

## What can be said of *Bolsa Família*'s impacts?

*Bolsa Família*'s effectiveness in reducing inequality has been vastly disproportionate to its modest share in household income or GDP. Depending on the methodology used in the decomposition, the programme's benefits account for something between 21 per cent and 16 per cent of the total fall in Brazilian inequality since 2001, as a result of their excellent targeting.

The program's impact upon overall poverty, though, has been modest. The Table shows that only an eight per cent poverty reduction can be attributed to *Bolsa Família* benefits. This is due to the small size of the benefits, which are not enough for most families to cross the poverty line. The impacts upon the poverty gap and the severity of poverty have been stronger, and these have fallen 18 per cent and 22 per cent, respectively.

*Bolsa Família* does not appear to have had the negative impacts that many had feared. A considerable literature has found that its impact upon labour market participation is very small and, in most studies, positive (at least for working age men). The programme

## Impacts of *Bolsa Família* Upon FGT Poverty Measures

Effect/Measure	P0: Per cent Poor	P1: Poverty Gap	P2: Severity
With <i>Bolsa Família</i>	21.7%	9.4%	5.9%
Without <i>Bolsa Família</i>	20.0%	7.8%	4.6%
Absolute Reduction	1.64	1.68	1.30
Per cent Reduction	8%	18%	22%

Source: Soares (2012).

also has no measurable fertility effects, at least for women already with children. We know nothing about the programme's effects upon teenage pregnancy, a topic that warrants investigation.

Some of the expected positive effects also failed to materialize. *Bolsa Família* apparently has very little effect upon nutrition. This finding also holds for other CCT programs. Even in the case of *Progresá* in Mexico, the positive impact on the height of children between 12-36 months could not be attributed to the cash transfer, since they also received nutritional supplements.

The educational effects of the transfer and the conditionalities are still relatively unknown, as methodologically rigorous studies are only now being undertaken on its effects on school attainment and achievement.

Finally, *Bolsa Família* has definitive, statistically significant electoral effects, even if they are not huge. Shikida et alii (2009) and Soares and Terron (2008) estimate that it increased Lula's vote by one or two percentage points, although he won by much wider margins. This means that he would have won re-election and elected his successor with or without *Bolsa Família*.

What does the future hold in store for Conditional Cash Transfers in Brazil? *Bolsa Família*, or something like it, will almost certainly continue to exist for the foreseeable future. Whether it increases or stays more or less the same is probably the hundred-dollar question. The Dilma Administration has stated that the eradication of extreme poverty is one of its major objectives. Without more transfers, particularly greater ones, it is difficult to see how this can occur. This is why one both hopes and believes that we may soon see *Bolsa Família* increase from 0.4 per cent of Brazil's GDP to about one per cent.

## References:

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