



1. Project Data:		Date Posted : 08/20/2012	
PROJ ID : P087713		Appraisal	Actual
Project Name :	Br Bolsa Familia 1st Apl	Project Costs (US\$M):	6747.1
Country:	Brazil	Loan/Credit (US\$M):	573.1
Sector Board :	SP	Cofinancing (US\$M):	0
Sector(s):	Other social services (97%) Central government administration (2%) Sub-national government administration (1%)		
Theme(s):	Social safety nets (29% - P) Vulnerability assessment and monitoring (29% - P) Poverty strategy analysis and monitoring (28% - P) Administrative and civil service reform (14% - S)		
L/C Number:	L7234		
	Board Approval Date :		06/17/2004
Partners involved :	Closing Date :	06/30/2007	12/31/2009
Evaluator:	Panel Reviewer :	Group Manager :	Group:
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2. Project Objectives and Components:

a. Objectives:

The PAD and Loan Agreement have identical language for the Project Development Objective (PDO):

“The objective of the Project is to strengthen the BF [Bolsa Familia] Program’s ability to achieve its objective of reducing poverty and inequality and promoting human capital development by supporting:

- (a) a consolidation of conditional cash transfer programs and reductions in gaps and duplication in coverage;
- (b) a strengthening of the system for identifying the target population;
- (c) the development of a monitoring and evaluation system for the BF Program;
- (d) a strengthening of the basic institutional functioning of the BF Program.”

The project is the first in a two-phase APL. The overall program objective supported by the APL is “to

reduce poverty and inequality and promote human capital investments among poor families through the provision of direct monetary transfers to poor families and incentives for investing in human capital" (PAD p.8).

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components (or Key Conditions in the case of DPLs, as appropriate):

Component 1: Conditional Cash Transfers (Grants) (appraisal estimate: US\$6,174 million in project costs of which US\$551.5 million IBRD; actual US\$ 24,0164.5 million, of which US\$ 551.5 million IBRD). This component provided support to the Government in consolidating and rationalizing conditional cash transfers, and in reducing duplications and gaps in coverage of the BFP, as part of a broader and balanced strategy for economic and human capital development. The World Bank reimbursed the Treasury a share of the expenses (less than 10 percent) on conditional cash transfers made under the BF Program during the project period. The category of disbursements was cash transfers (BF grant transfers). Disbursement percentages increased as key technical improvements ("milestones") were made.

Component 2: Strengthening the System for Identifying the Target Population (appraisal estimate US\$4.4 million in project costs including contingencies, of which 4.4 million IBRD; actual US\$ 2.2 million, of which US\$ 2.2 million IBRD). This component provided assistance to improve the mechanisms used to identify the target population of the BF Program, which constitute a key element of the basic architecture of the program. Component 2 supported activities to strengthen the system for identifying the target population of the BFP and overhauled the Cadastro Unico (unified reporting) system in several key areas: (a) improving the strategic framework for the overall system including conducting a study to identify other programs that could potentially use the Cadastro for eligibility determination; (b) revising the eligibility criteria for the BFP and the Cadastro questionnaire and data collection strategy, taking into account different local realities reflecting urban vs . rural settings (including population and poverty density) and diverse cultural, ethnic and racial characteristics o f the populations; (c) reducing administrative errors in the Cadastro Unico; and (d) strengthening the technical and technological capacity o f the Cadastro Unit in the Ministry of Social Development (MDS) to monitor, verify and use the Cadastro Unico, as well as the capacity of municipalities and other potential cooperating institutions for carrying out data collection and beneficiary selection .

Component 3: Developing a Monitoring and Evaluation System (appraisal estimate US\$7.0 million of which US\$ 7.0 million IBRD; actual US\$ 3.0 million of which US\$ 3.0 million IBRD). This component supported the design and implementation of a monitoring and evaluation (M&E) system. Such a system would constitute a key element of the basic architecture of the program, and one that the Government has made a top priority since the launching of the BFP . To support this, Component 3 supported: (a) the development of a strategy for the overall M&E system and support for capacity building in the MDS (b) the strengthening of Bolsa Familia's management information system (MIS) which would provide up-to-date information on program activities and outputs; (c) the development o f instruments to monitor program processes to provide feedback on the quality of service delivery and program implementation and to detect problems so that they can be corrected early, including (i) inter-government processes; (ii) annual Quality Control Reviews to monitor BFP processes (including verification of health and education conditionalities, the selection of beneficiaries, and payments); and (iii) support for mechanisms for citizen oversight ("social control") respecting socio-cultural and ethnic specificities of prospective beneficiaries; and (d) the development, execution, and analysis of qualitative instruments and quantitative surveys to monitor and evaluate key outcomes and the impact of the program at both the "territorial" (municipal and sub-municipal) and family levels.

Component 4: Institutional Strengthening (appraisal estimate US\$ 5.1 million of which US\$ 5.1 million IBRD; actual US\$ 4.0 million of which US\$ 4.0 million IBRD). This component supported the BF Program's institutional functioning, including : (a) developing needed regulations and operational

guidelines for the BF Program and the Cadastro Unico; (b) program management; (c) communications and dissemination strategy; and (d) developing “empowerment” and other social welfare innovations.

Component 5: Project Management (appraisal estimate US\$ 1.0 million of which US\$ 1.0 million IBRD; actual US\$ 0.3 million, of which US\$ 0.3 million IBRD). Activities to strengthen the implementation capacity of MDS by financing incremental costs related to management and supervision of Project activities. These costs included consultants that would support strategic, technical and operational aspects of the project, as well as equipment and travel expenses.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project costs

The major difference between appraisal estimates and actual costs was the huge expansion in the conditional cash transfer program, which the Government financed. The expectation at appraisal was that the Government would spend US\$ 6,174 million, but it actually spent US\$ 24,016.5 million or nearly four times as much. The much higher government contribution reflected a number of factors—particularly the Government’s commitment to the program objective to decrease poverty and inequality through cash transfers, as well as strong indicators from the M&E system about the efficacy of the program.

The ICR (p. 3) pointed out a small mathematical error in the sum of project components, which added to US\$ 573.1 million and not US\$ 572.2 as in the PAD (p. 9). The PAD (unnumbered page) had the total project cost as US\$ 6,194.9 million but the ICR (p.31) had it as US\$ 6,174.0 million.

Financing

At appraisal, the SWAp was expected to finance 8.5 percent of Government expenditure on the BF program but in actuality, with the Government financing a much larger expansion of the program, the Bank ended up financing only 2.3 percent of total project/program costs. The Bank agreed to reallocate loan proceeds among categories to increase capacity building activities and for activities related to the “emancipation” of beneficiaries (ICR, p. 6).

Dates

The original closing date of the loan was 31 December 2006 but this date was extended twice, to 31 December 2009, to accommodate lags in the procurement of the technical components (components 2-5). As part of the second extension, US\$ 1.5 million allocated to technical components was cancelled. Subsequently, another US\$ 4 million in technical assistance was cancelled at the Government’s request and a “small amount” of undisbursed funds remaining in the Local Account on April 30, 2010 was also to be cancelled (ICR, p. 6).

3. Relevance of Objectives & Design:

Relevance of Objectives: **High.**

The Government’s strategy is to improve the lives of the poor today and in the future and to reduce inequality while fostering economic growth. According to the Region, the Bolsa Familia (BF) program by providing transfers to 13.5 million families in 2012 is the centerpiece of the Government’s social policy and was consistent with the 2008-2011 Country Partnership Strategy (CPS) pillar of a more equitable Brazil (CPS Progress Report p.7; CPS p. 12). The Government’s commitment to the BF program continued strongly after the Presidency changed in 2010.

Besides its congruence with the Government’s policy and the CPS, the BF program also directly addresses higher-level objectives such as the Millennium Development Goals of reducing poverty

and hunger, achieving primary education and reducing child and maternal mortality .

Relevance of Design. **Substantial** .

The BF APL1's planned activities/components were relevant to the PDO of strengthening the BF Program's ability to meet its higher-level objectives of reducing poverty and inequality in Brazil . The conditional cash transfer (CCT) component's targeting approach contributed strongly to the attempt to achieve this goal. The loan addressed several key areas for improved performance of the BF Program—in particular, targeting, monitoring and evaluation, and institutional support . The Adaptable Program Loan (APL) instrument was chosen as the best vehicle to allow for a long-term, on-going partnership between the Government and the Bank, and APL I contained a number of triggers for APL II (all of which were achieved). The discussion of the results framework on p. 36 of the PAD showed how the achievement of the project's components would support the PDO and overarching objectives . The casual chain between inputs, funding and outcomes was also clear, although it was spelled out in the annexes or in other parts of the PAD text rather than in the discussion of the results framework .

4. Achievement of Objectives (Efficacy):

Achievement of Objectives (Efficacy). **Substantial**

Consolidation of Conditional Cash Transfers

substantially Consolidation of the social assistance system into one, unified CCT program was substantially achieved. The four pre-reform social assistance programs covered together a total of 17.7 million recipients, but with considerable duplication /overlaps, so that the number of beneficiaries was much less (3.6 million in 2003). These four programs were: (1) Bolsa Escola (school benefit); (2) Bolsa Alimentacao (food benefit); (3) Cartao Alimentacao (food card); and (4) Auxilio Gas (cooking gas benefit). At the same time, the Government estimated that 11.2 million families were in need of assistance through CCT, so there was very significant undercoverage of the poor before the CCT were initiated. When the loan was in preparation in 2003, the BF program was reaching an estimated 3.6 million families, and the Government was planning to target 11.2 million families by 2006. During the period of the loan, the BF program increased rapidly to reach 12.3 million households (or about 48 million people or 25 percent of the Brazilian population) by 2009, according to the Region.

Strengthening the System for Identifying the Target Population

Here actual performance surpassed the goal. The BF Program made such significant achievements because the program was well targeted, with 69 percent of benefits received by the poorest quintile (against the target of 40 percent) and 90 percent of transfers received by the bottom forty percent (ICR, p. 17). Rigorous impact evaluation studies have demonstrated that BF is among the best-targeted conditional cash transfer programs in the world, with extremely low leakage of benefits to the non-poor.

The Development of a Monitoring and Evaluation System for the BF Program

The quality of the M&E system developed is high (see Section 10). The establishment of the Cadastro Unico (uniform reporting system) reflected the Government's commitment to detailed and effective monitoring and evaluation of the BF program. The Secretariat for Evaluation and Information Management (SAGI) was the first autonomous M&E unit in the entire Government.

Strengthening the Basic Institutional Functioning of the BF Program

Procurement delays meant that more than half of the funds originally allocated for technical assistance (TA) components were not utilized and the corresponding components were cancelled . The delays were caused by a lack of qualified procurement staff at MDS; the MDS institutional reform of 2004-2005 which delayed implementation; lack of familiarity with Bank procurement; and in retrospect, the mistake made in contracting procurement to an outside agency (see Section 11 below). These TA components are important to the Government, and the second APL has increased the TA amount from US\$ 10 million to US\$ 15 million to respond to these priorities . However, the TA

delays did not result in any failure or shortcomings in the operation's achievement of its other objectives, since the Government was able to fill in many gaps and some particularly important TA institutional enhancements (such as the MIS and targeting improvements) were implemented.

The APL I was a SWAp supporting a Government program, so it is not possible to map the impact of external financing on program outcomes. It is, however, clear that attainment of the four sub-objectives discussed above contributed to achieving the objectives of "strengthening the BF Program's ability to achieve its objective of reducing poverty and inequality and promoting human capital development." The ICR cites estimates that the net impact of the BF Program explained one-sixth of the reduction in extreme poverty in Brazil from 2003 to 2008 and 15 percent of the decline in inequality over the same period (p. 19).

The BF program went from covering 3.6 million families in 2003 to 12.3 million families in 2009. It is the largest conditional cash transfer program in the world, with 13.5 million families in 2012, according to the Region. The target for primary school attendance was surpassed, although the goal for health card distribution for 95% of children was only achieved partially. Nonetheless, 68% of children eligible for benefits had their vaccinations monitored. Less than 0.5 percent of the benefits of registered families are removed from the program annually for non-compliance with health and education conditionalities (ICR, p.20).

The goals of reduced food insecurity and increased spending on nutrition by recipient families were achieved (62 cents of each Real received was spent on food, as opposed to 24 cents per Real of income spent by non-participants). Between 74 and 85 percent of BF families increased the quality and variety of foods consumed, the number of daily meals, and the quantity of children's food. Intermediate educational outcomes included increases in attendance of between 3.6 and 7.1 percent, while long-run enrollment rates increased by 14 percent.

5. Efficiency (not applicable to DPLs):

Efficiency. **Substantial.**

SWAps do not generate traditional measures of efficiency such as internal rate of return but the BF program produced significant efficiencies in value for money terms. First, the BF program consolidated four existing transfer programs, all with their own administrative structures into one administration, producing unification of the target population. Considerable savings on eliminating duplications in multiple programs were reported but not specified in the ICR. Second, the BF program catalyzed municipal involvement through partnerships across Brazil. Third, the establishment of the Cadastro Unico (the BF management information system) was designed to be useable for several other social programs and its implementation spurred the development of state and local social efforts focused on particular vulnerable groups (such as combating illiteracy, lack of job skills or housing). Fourth, the improved targeting of the BF likely reduced leakage of benefits to the non-poor and minimized exclusion.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

With high relevance of objectives, substantial design relevance, efficacy, and efficiency, the outcome

of the project is rated as **Satisfactory**.

a. Outcome Rating : Satisfactory

7. Rationale for Risk to Development Outcome Rating:

BF is the largest conditional cash transfer program in the world and the President of the Republic who took office after the 2010 elections has pledged the continued support of her Administration. The BF program enjoys a wide spectrum of political support including at the state and local levels, and extensive coverage of the population. Numerous independent evaluations have demonstrated its worth. Brazil's rapid growth in the latter years of the program and its weathering of the 2008 financial crisis means that the program is fiscally sustainable and costs about 0.38 percent of GDP.

a. Risk to Development Outcome Rating : Negligible to Low

8. Assessment of Bank Performance:

(a) Quality at entry . Highly Satisfactory .

The Bank responded strategically to the Borrower's needs and requests through the support of the APL I using a Sector-Wide Approach. The SWAp underpinned the entire BF program and Brazil's social strategy. The strategic choice to use a SWAp addressed internal Bank concerns about providing substantial financial assistance to a not-fully established new Government program. The technical aspects of the APL were innovative at the time of project preparation when CCT programs were not as well established internationally as they are today (partly thanks to the impact of the BF program, which stimulated significant South-South learning).

M&E arrangements were at the core of the BF design and featured in the PDO. Risks were correctly assessed and mitigated by tying disbursements to the achievement of appropriate technical indicators.

(b) Supervision . Satisfactory .

The Bank displayed a strong focus on development impact throughout the implementation period. Financial management oversight was strong and closely coordinated with staff in the Treasury. Significant learning and close collaboration between the Bank and Borrower and achievement of all the APL 2 triggers led to a follow-on project. The Bank identified issues with procurement and responded proactively with increased support from procurement specialists and increased follow-up from the task team (ICR, page 28).

a. Ensuring Quality -at-Entry:Highly Satisfactory

b. Quality of Supervision :Satisfactory

c. Overall Bank Performance :Satisfactory

9. Assessment of Borrower Performance:

Government Performance . Highly Satisfactory .

The BF Program has a high degree of ownership by the Government, which committed to a tripling of program enrollment over the project period while only borrowing less than one -tenth of the cost, and then continued the BF and extended it to even more poor households out of Government

resources. Actions needed to accomplish the BF program, including the legal basis for and setting up of the MDS, the policy framework and operational rules and procedures were expedited by the Government. The Government took over some of the institutional strengthening activities when procurement was delayed in the implementing agency. The Government built support for BF through federal-state, federal-state-local partnerships, and with the general public. M&E information and evaluations were used in flexibly adapting the BF program to indigenous and Quilombola (African origin) peoples. Transition arrangements were more than adequate to permit the Government to extend the BF program further.

Implementing Agency Performance . Satisfactory .

As a new agency, the MDS was able to resolve most of its staffing issues quickly, although weaknesses in the area of procurement led to delays in project completion. The MDS was extremely committed to the goals of the BF program and worked closely with the Bank to develop and strengthen its capacity. The development of a strong culture of M&E (through collaboration with the IPEA think-tank) was especially notable. MDS forged strong partnerships with other government agencies, CAIXA, municipalities and the public.

However, procurement of technical assistance was delayed and about half of the TA funds were not utilized even though the project was extended twice. According to the Region, these delays occurred because: (i) the procurement and selection of consultants was processed by an external agency, which added many approval layers and caused huge delays; (ii) putting together shortlists of consultants for contracts estimated above USD 500 million required 6 consulting companies, with no more than 2 companies from the same country. Assembling such a shortlist requires proactive work of the borrower's procurement group, which proved beyond the ability of the newly formed team of MDS and of the external agency. The Government and Bank team had thought to contract out procurement as a way to move forward given the Government's lack of familiarity with Bank procurement, but this did not prove successful. According to the Region, while delays persisted throughout the duration of the loan, MDS worked closely with the Bank to strengthen the capacity of its procurement staff and to develop and follow an action plan to accelerate the contracting of technical activities.

a. Government Performance :Highly Satisfactory

b. Implementing Agency Performance :Satisfactory

c. Overall Borrower Performance :Satisfactory

10. M&E Design, Implementation, & Utilization:

M&E Design

Establishing an M&E system and providing the parameters for its use in adjusting the BF program and deciding on its continuation were part of the PDO. The M&E was designed to measure project outcomes as well as day to day oversight and management of the BF program (ICR, p. 17, pp. 32-44).

The Secretariat for Evaluation and Information Management (SAGI) developed mechanisms to track on a daily basis the performance of the BF Program. The data are shared with program managers, decision makers, and other state and local agencies. The instruments developed include: (1) the social information matrix, which provides internal and external information and indicators, and is a computer database; (2) the social atlas, which presents cartographic information and other data on specific MDS programs; (3) monitoring cards, which are based on web questionnaires for following up on the CRAS (Social Assistance Reference Centers); and (4) geo-referencing of social programs (not limited to the BF).

M&E Implementation .

The Government closely monitors the BF program through the monitoring system of SENARC but also through the Secretariat for Evaluation and Information Management (SAGI) established within the MDS. Under the project, SAGI was strengthened by technical assistance to monitor the BF program by using administrative data (social information matrix, social atlas, monitoring cards, and geo-referencing) and operational audits by the Audit Board. SAGI is responsible for a Monitoring System which tracks progress against indicators collected by the system and an Evaluation System, which conducts research and evaluation. A full impact evaluation of the BF Program was conducted by an independent international firm with extensive impact evaluation experience .

SAGI runs an extensive program of capacity building on operational and analytic issues for municipal and state staff of the BF program. The MIS collects information and generates reports on the progress of the BF program, verifies that the program is being implemented according to procedures, and gathers information from other agencies for monitoring conditionalities .

The ICR contains a wealth of indicators monitored by SAGI and the M&E system (PP. 32-44), as well as using administrative information from other relevant agencies (Ministries of Health and Education, CAIXA, think-tanks such as IPEA and IBGE, Supreme Audit Council).

M&E Utilization .

M&E was designed and implemented to produce real-time feedback about the BF program. The feedback was used to guide policy decisions concerning, for example, the age requirements for school attendance which were increased from 15 to 17 years; the introduction of additional benefits for youth aged 16-17; and most importantly, the continuation and expansion of the BF program and the usage of the Cadastro Unico for other social programs at the federal, state, and local levels .

a. M&E Quality Rating : High**11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):****Safeguards**

The project was classified as Category "C" and only OP 4.20 (Indigenous Peoples) was triggered. An Indigenous Peoples Development Plan (IPDP) was prepared at a time when indigenous and Quilombola people were not identified in Government databases . In the follow-on project (APL 2), an additional IPDP was not deemed necessary since country systems had been sufficiently strengthened.

Fiduciary

The ICR reports that all five audits were acceptable to the Bank and unqualified . "The Bank's requirements for financial management ...relied exclusively upon Government systems that were being strengthened under the project and that would strengthen the BFP as a whole" (ICR, page 8). The ICR also reports that "Throughout implementation, there were no issues or concerns with respect to the project's financial management" (page 13). The only fiduciary concern was related to the procurement delays leading to the cancellation of some TA activities, but this was due to difficulty in applying Bank procurement standards, not to any malfeasance or mis-procurement. Subcontracting out international procurement to an outside agency led to additional delays from duplication since both the UN and the Bank's procurement procedures had to be used.

Unintended Positive and Negative Impacts .

There were no unintended negative impacts. The ICR reports that the Bolsa Familia program increased the human capital of female beneficiaries and had important spillovers in improving the

situation of women in decision making and power sharing for their households (as shown in two studies cited on p. 23 of the ICR).

12. Ratings :	ICR	IEG Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Risk to Development Outcome :	Negligible to Low	Negligible to Low	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Performance :	Satisfactory	Satisfactory	
Quality of ICR :		Exemplary	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

13. Lessons:

The following lessons are taken from the ICR with some adaptation .

Lessons with respect to Conditional Cash Transfer Programs :

- Well-defined, targeted, managed and monitored CCT programs can be an important instrument of social policy.
- Political leadership combined with strong technical implementation capacity and rigorous evaluation is key to the setting-up and sustainability of conditional cash transfer programs .
- Clear definition of institutional responsibilities in turn ensures adequate coordination and improves institutionalization and sustainability .
- Families who fail to comply with conditionalities may need additional support to take full advantage of CCT programs.
- Strengthening human capital, especially among the poor, requires tight coordination between demand and supply side interventions.
- Transparent targeting mechanisms ensure that a CCT program reaches its intended beneficiaries and maximizes its impact .
- Clear and transparent rules to provide support and apply sanctions ensure CCT programs' credibility .
- Linking beneficiaries to skills and income generating activities ensures the medium -term sustainability of poverty alleviation impacts .
- CCT programs, while designed to foster medium-term improvements in human capital, can also have a role to play in responding to crises and protecting poor households' investments in human capital.
- Communication throughout program implementation sustains CCT programs in their daily operations and also promotes wide-spread "buy-in" for the program.
- While CCTs have traditionally focused on school-aged children, reaping the highest yields for this investment may require enhancing supply side factors for schools and health clinics .

Lessons with respect to the Bank's Assistance:

- The Sector Wide Approach (SWAp) to investment lending can effectively leverage Bank

assistance to impact the entirety of the program. By financing a program through a SWAp, flexibility for responding to emerging priorities is brought into the instrument .

- Complementary programs of Bank analytical and advisory services, such as the programmatic Brazil Social Assistance Program ("BRASA") and Brazil Evaluation Program ("BRAVA") Analytical and Advisory Assistance tasks that supported the design of social assistance in Brazil offer an effective vehicle for leveraging the Bank's technical assistance to parallel that financed under investment lending operations.
- When an Implementing Agency requires the support of an external agency to procure goods and services, clear strategies should be defined to transfer knowledge to that Agency's fiduciary units.

14. Assessment Recommended? ☐ Yes ☒ No

15. Comments on Quality of ICR:

The writing and analysis were excellent and the storyline was easy to follow . Lessons learned were clearly drawn from project experience . The ICR's focus was on results achieved and it was not a narrative about how the project was implemented . The ICR was internally coherent and followed OPSC guidelines comprehensively . While there was a great deal of material and relevant evidence presented, the ICR did not include extraneous information and made judicious use of Annexes .

a.Quality of ICR Rating : Exemplary