

Soares, Sergei Suarez Dillon

Working Paper

Bolsa Família, its design, its impacts and possibilities for the future

Working Paper, No. 89

Provided in Cooperation with:

International Policy Centre for Inclusive Growth (IPC-IG)

Suggested Citation: Soares, Sergei Suarez Dillon (2012) : Bolsa Família, its design, its impacts and possibilities for the future, Working Paper, No. 89, International Policy Centre for Inclusive Growth (IPC-IG), Brasilia

This Version is available at:

<https://hdl.handle.net/10419/71810>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

BOLSA FAMÍLIA, ITS DESIGN, ITS IMPACTS AND POSSIBILITIES FOR THE FUTURE

Working Paper number 89 February, 2012

Sergei Soares

Institute for Applied Economic Research (IPEA)

Copyright© 2012
International Policy Centre for Inclusive Growth
United Nations Development Programme

International Policy Centre for Inclusive Growth (IPC - IG)
Poverty Practice, Bureau for Development Policy, UNDP
Esplanada dos Ministérios, Bloco O, 7º andar
70052-900 Brasília, DF - Brazil
Telephone: +55 61 2105 5000

E-mail: ipc@ipc-undp.org ■ URL: www.ipc-undp.org

The International Policy Centre for Inclusive Growth is jointly supported by the Poverty Practice, Bureau for Development Policy, UNDP and the Government of Brazil.

Rights and Permissions

All rights reserved.

The text and data in this publication may be reproduced as long as the source is cited.
Reproductions for commercial purposes are forbidden.

The International Policy Centre for Inclusive Growth disseminates the findings of its work in progress to encourage the exchange of ideas about development issues. The papers are signed by the authors and should be cited accordingly. The findings, interpretations, and conclusions that they express are those of the authors and not necessarily those of the United Nations Development Programme or the Government of Brazil.

Working Papers are available online at www.ipc-undp.org and subscriptions can be requested by email to ipc@ipc-undp.org

Print ISSN: 1812-108X

***BOLSA FAMÍLIA*, ITS DESIGN, ITS IMPACTS AND POSSIBILITIES FOR THE FUTURE**

Sergei Soares *

INTRODUCTION

Conditional Cash Transfer (CCT) programmes, including the *Bolsa Família* programme, have been extensively studied over recent years. The books, working papers and articles that have been written on the subject, if placed on top of each other, would pile up very high indeed. What excuse do I have for spending my time writing this one and asking you to spend yours reading it? My excuse is twofold.

The first excuse is that, in spite of the aforementioned pile of studies, much about the programme is still not common knowledge. In the different forums in which I have been I have seen that many elementary facts about *Bolsa Família* are still relatively unknown to audiences beyond (some) Brazilian policymakers and government officials. How did the programme come about? What exactly was the Lula government's role in its creation? What impact has it had on poverty, inequality, education, health and labour supply? Did it have any significant political effects? What are its contradictions and possibilities for the future? My objective is to give brief and, if possible, conclusive answers to all these questions in a single text.¹

My second excuse is timing. Brazil is at the end of an era. After eight years leading the country away from poverty and towards more equality, President Lula has passed the reins of power to his handpicked successor, the tough Dilma Rousseff. Like any end of an era, it is also a time of new beginnings, and President Dilma has already declared that one of her main objectives is not the mere reduction of extreme poverty but its complete eradication. To this end, *Bolsa Família* will certainly be an important item in the policy toolkit and will consequently face some kind of changes.

To tell the story as quickly as possible, I have divided this text into three parts. The first part is purely descriptive, telling the story of *Bolsa Família*'s origin and going into the details of how it works. The second part tries to put the extensive literature on the programme's impacts into as few pages as possible. Finally, I argue that, in spite of its success, *Bolsa Família* must change, and discuss possibilities for the future.

1 A BRIEF HISTORY OF *BOLSA FAMÍLIA*

Brazil, like most of Latin America, discovered social policy through its formal labour markets. This was in keeping with our longstanding traditions of benefits for only a few and exclusion

* Institute for Applied Economic Research (IPEA). I would like to thank Natália Sátyro, Sônia Terron, Cleyton Domingues de Moura, Rafael Guerreiro, Pedro Souza, Rafael Ribas and especially Fábio Veras Soares and Russell Bither-Terry for their help or comments on this paper. Any errors of fact or interpretation are, of course, mine alone.

of the rest. We adapted social protection models from societies that did not share our history of slavery, and built a system that perpetuated inequality and exclusion. The 1930s *Estado Novo* model left us with reasonably good social protection for urban, formal, predominantly white industrial workers and nothing at all for the rest. Many of our Latin American neighbours did the same, copying European models into societies that had only recently left behind black slavery or indigenous servitude, had never seen agrarian reform² and were characterised by extreme inequalities and exclusion of the majority of the population from any and all public services.

For those excluded from this formal social protection, which were mostly black or indigenous, the only hope for a future outside poverty was their gradual inclusion into the formal labour market through its expansion. For a period after the Second World War it seemed as if this might work out, but only Argentina and Uruguay ever came even close to incorporating a large majority into the formal labour market and its social protection. Even in these countries, social protection never really made it into agriculture or demographic groups that fell outside the contributory paradigm, such as racial minorities or single mothers.

In Brazil, the first step away from the contributory social protection paradigm was the 1971 Rural Pension scheme, which provided non-contributory pensions for all rural workers. In addition to contributing to the welfare of the rural elderly, this was the first time need, and not only contribution, entered into the social protection equation.

It was the 1988 Constitution, however, that really paved the way to a new social protection paradigm. The new Constitution established Brazil's first targeted benefit: the *Benefício de Prestação Continuada* (BPC), which is a minimum wage benefit for elderly or disabled people living in poverty. The BPC recognises poverty as a condition to be addressed by social protection, even if only when it occurs in tandem with other conditions such as old age or disability.

Brazil would have to wait until 1991 for the next step leading to *Bolsa Família*. In December of that year the Senate approved a minimum income programme, authored by Senator Eduardo Suplicy. According to the project, all Brazilians aged 25 or older living on less than Cr\$45,000 (about US\$100) a month would receive a bonus to bring their income up to that level. Never mind that the project explicitly leaves out children; never mind that it talks about individual and not family income; never mind that the Chamber of Deputies never voted on it. It was a turning point in the social protection debate in Brazil, recognising that poverty is a serious problem to be solved by government action. The political and academic atmosphere was ready for CCT programmes.

CONDITIONAL CASH TRANSFER PROGRAMMES

Although the Suplicy Project proposed unconditional targeted cash transfers, what was implemented were CCT programmes. The Brazilian debate on this is divided between those who consider this difference to be a minor point and those who consider the Suplicy Project to have been vilely betrayed. I count myself among the former: what matters is that poor people are getting money. In any case, all subsequent history revolved around CCT programmes.

It all started in 1995. In that year, three local and independent conditional cash transfer experiences sprang up simultaneously in Brazil. Perhaps serendipity occurs not only in science but also in social policy. The three were in the cities of Campinas, in March, the Federal District (Brasília), in May, and Riberão Preto, in December. Although the eligibility lines and transfer values varied, all three were limited to families with children under the age of 15 and required these families to send their children to school.

The next year, 1996, saw the birth of the first federal CCT programme in Brazil: the Child Labour Eradication Programme (*Programa de Erradicação do Trabalho Infantil* – PETI). It was highly targeted at children from 7 to 15 who worked or were at risk of working in activities considered dangerous, unhealthy or degrading. Examples were sugar cane harvesting or burning wood to make coal, which are really very dangerous and unhealthy for anyone and even more so for a child. The PETI benefit was R\$25 for children in rural areas and R\$40 in urban areas. These values equate today to about \$35 and \$55, respectively. Children under 15 were to stop working, with school attendance of at least 75 per cent. The PETI programme was run by the Social Assistance Secretariat.

In the following years, Brazil saw an explosion of CCTs, as they appealed to the imagination of politicians, the press and policy analysts. Between 1997 and 1998 Belém, Belo Horizonte, Boa Vista, Catanduva, Ferraz de Vasconcellos, Franca, Guaratinguetá, Guariba, Goiânia, Jaboticabal, Jundiaí, Mundo Novo, Limeira, Osasco, Ourinhos, Paracatu, Piracicaba, Presidente Prudente, Santo André, São Francisco do Conde, São José do Conde, São José dos Campos, São Luiz, Tocantins e Vitória (Lavinias, 1998) all created some kind of CCT. In 1998 the federal government started supporting poor municipalities that were implementing minimum income programmes with education conditionalities, through a programme named *Bolsa Criança Cidadã*. It would cover up to 50 per cent of the transfer. In 2008, 1,373 municipalities had some kind of shared CCT programme (Sposati, 2010).

In 2001, the *Bolsa Criança Cidadã* was changed and became the *de facto* second federal cash transfer programme. It was called *Bolsa Escola Federal* and was clearly inspired by the Brasília programme. The target group was composed of families with children between 6 and 15, and the conditionality was 85 per cent school attendance. The eligibility level was R\$90 (about US\$105), and the benefit was R\$15 per child, not to exceed R\$45 per family. This programme was run by the Ministry of Education.

Soon afterwards came the *Bolsa Alimentação* (Food Scholarship), run by the Health Ministry. The eligibility level and benefits were identical to those of *Bolsa Escola Federal*, but families were required to get prenatal exams and vaccines for their children between 0 and 6 years of age.

As if that were not enough, in 2003 the newly sworn-in Lula administration created a fourth programme, the *Cartão Alimentação* (Food Card),³ which was a flat R\$50 transfer to families, with no behavioural conditionality, but the money could be used only to buy food.

So by mid-2003, Brazil had four federal CCT programmes, each with its own implementing agency, its own financing scheme and its own benefits and eligibility levels. The federal government was transferring different amounts to different families, under virtually the same arguments. There was no communication between the different agencies; each programme had its own information system, and they were not in any way interlinked. One family could receive all four programmes, and a neighbouring family, living in identical circumstances, could receive nothing. And did I mention the thirty-something state and municipal programmes? It does not take a genius to see that this was the definition of administrative chaos.

In spite of the chaos, keep in mind that the federal, state and municipal governments had all recognised poverty as an issue and that poor people deserved social protection in the form of monetary transfers. The conceptual revolution was complete, but some good administrative housekeeping was in order.

In October 2003, the federal government created the *Bolsa Família* programme,⁴ whose objective was to organise and unify the four existing federal CCTs. *Bolsa Família* also incorporated the *Vale-Gas*, an unconditional targeted transfer run by the Mines and Energy Ministry (yes, you read it right, Mines and Energy). The keys to unifying the different programmes were the Single Registry (*Cadastro Único*), which had existed since 2001⁵ but had never before been really effective, and the creation of the Social Development Ministry, which became the implementing agency of all targeted cash transfers.⁶

2 HOW DOES *BOLSA FAMÍLIA* WORK?

Bolsa Família's basic layout has not changed significantly since 2003, and, although it is not likely to remain untouched for long, a good description is worth the time it takes to read.

WHO RUNS THE PROGRAMME?

The National Citizens Income Secretariat (*Secretaria Nacional de Renda de Cidadania* – SENARC) of the Ministry of Social Development (*Ministério do Desenvolvimento Social e Combate à Fome* – MDS) is responsible for the programme. It is responsible for:

- establishing norms and regulations for programme execution;
- dialogue with states and municipalities;
- defining how much each family is paid;
- defining conditionalities, how they are monitored and the sanctions for noncompliance;
- establishing coverage targets and, therefore, the programme's budget;
- establishing municipal targets and limits; dialogue with other parts of the federal government; and,
- monitoring programme execution and regular evaluations.⁷

In short, SENARC establishes rules for deciding who is to get paid and how much, what they have to do to keep getting paid, and what will happen to them if they do not keep their side of the bargain.

SENARC, however, is composed of only a couple of hundred people in three floors of the Ministry. A heavyweight is needed to actually make 14 million payments every month. The *Caixa Econômica Federal*, a federal bank, is in charge of actually running the programme. It is responsible for receiving information collected by each municipality on its population in poverty, processing this information, calculating per capita incomes and, thus, defining how much each particular family will receive, printing the ATM cards and sending them to each family and, last but not least, actually making the payments every month.

Caixa's role is not trivial. It is not only in charge of making payments but also receives and processes information. This limits anyone else's role in effectively choosing who gets paid and how much. While it is true that Caixa processes information following the rules set down by SENARC, it is relevant that Caixa, not SENARC, processes the information.

THE SINGLE REGISTRY

As mentioned above, the information base for *Bolsa Família* is the Single Registry. It is difficult to overstate the Registry's importance. If one were to define *Bolsa Família* as composed of two elements, they would be the Single Registry and an ATM card. The Registry is a rolling census, albeit imperfect and always incomplete, of poor people in Brazil. This means that the Registry is how government knows who the poor people are, where they live and how they make (or fail to make) a living. It also goes beyond the *Bolsa Família* and is used by various complementary programmes (to be explained later in this chapter) as well as, in principle, any new targeted programmes for poor people, whatever their relationship to *Bolsa Família*.

Since the Registry goes beyond cash transfers, it also has more inclusive entry criteria. Most people enter by income, and here the level is higher than the *Bolsa Família* eligibility level: families whose per capita income is lower than half the minimum wage⁸ or whose total income is less than three minimum wages are entitled to be in the Single Registry. Since it is only a Registry and does not automatically qualify anyone for anything, these entry criteria are very loosely enforced. In addition, beneficiaries of specific programmes may be enrolled independently of income, but these are minority cases. At the time of writing, there were 21.5 million families enrolled.

The information in the Registry is collected by the municipal agents of *Bolsa Família*. In most municipalities, these are the social workers working for the local social assistance secretariat, but in smaller municipalities this task can fall to the education, health or other secretariats, or even the mayor's office (in the municipality of Volta Redonda, the local Red Cross does much of the work). These municipal agents receive a standardised questionnaire, decided upon by SENARC and *Caixa*, and transfer the information back to *Caixa*, either on paper or (increasingly) online. There have been seven versions of the Registry, each with its own questionnaire and each an improvement over the previous one.

The criteria for receiving a *Bolsa Família* benefit, of course, are both more rigid and more rigidly enforced than those for entering the Single Registry. At the time of writing, there were two eligibility levels: R\$70 and R\$140. Families earning R\$70 or less receive more benefits than those making between R\$70 and R\$140.

Many municipal agents and families know the criteria, as they are public, and there is little doubt that some among these two groups of people play the system, often in agreement with each other. For example, incomes from informal labour are much smaller in the Registry than they are in household surveys. This is not, however, as big a problem as it might seem. In fact it may be more a solution than a problem. For example, if a family happens to have high transitory incomes that take them above the eligibility level when they are interviewed for the Registry but the agent knows they are a highly vulnerable family, he (or more likely, she) might nudge the figure downwards to guarantee that they are covered. Knowledge of programme rules, however, varies widely from municipality to municipality. This means that there is considerable variation on how Registry forms are filled in. In principle, this is an issue that should be addressed.

COVERAGE

Bolsa Família is not an entitlement. The law that created the programme explicitly states that the number of beneficiaries must be adjusted to the available budget. Once the budget is

exhausted, new families are included only if other families leave the programme, unless a supplementary credit is voted by Congress. This is why the establishment of national and municipal quotas has been so important over the last six years.

What is weird is that *Bolsa Família* has eligibility criteria and not ordering criteria. These criteria are public and generate a strange category of family: eligible but not beneficiary. Some authors, such as Medeiros, Britto and Soares (2008), describe *Bolsa Família* as a quasi-right. There have even been reports of families suing the government to receive the benefit and winning, although I have never analysed such a case.

TABLE 1

Bolsa Família: a Little Big Programme

Criterion / Year	2003	2005	2007	2009
Size (in people)				
Brazilian population (millions) (Household survey)	171.6	180.1	182.4	185.1
Individuals in beneficiary families (millions) (Household survey)	27.4	31.0	33.1	41.2
Beneficiaries as percentage of population	16.0%	17.2%	18.1%	22.2%
Size (in households)				
Households in Brazil (millions) (Household survey)	48.7	52.0	54.5	56.9
Beneficiary households (millions) (Household survey)	5.75	6.62	7.16	9.2
Beneficiary / Total (Household survey)	11.8%	12.7%	13.2%	16.2%
Beneficiary households (millions) (Single Registry)	7.50	10.59	11.07	12.38
Beneficiary / Total (Single Registry)	15.4%	20.4%	20.3%	21.8%
Size (percentage of national income)				
Average household monthly income (R\$) (Household survey)	482	523	587	632
Participation in household income (Household survey)	0.3%	0.5%	0.6%	0.7%
Programme expenditure (R\$ billion of 2009) (Budget)		8.077	10.112	12.462
GDP (R\$ billion of 2009) (Budget)	2,490	2,716	2,995	3,143
Bolsa programme expenditure as percentage of GDP		0.30%	0.34%	0.40%

Source: Soares, Souza, Osório and Silveira (2010).

In any case, the first coverage target was created with the programme itself in 2003. The target was 11.2 million families and was based on the number of poor people counted in the 2001 National Household Survey. For operational reasons, the government decided to expand coverage gradually, and the 11 million mark was reached only three years later in 2006.

In 2007 and 2008, the programme's coverage remained at 11 million, with new families entering only as old ones left. This made *Bolsa Família* one of the largest social policies in Brazil in coverage. It is surpassed in number of beneficiaries by only the Single Health System, which covers the whole Brazilian population, by public education, with its 52 million students, and by social security, with its 21 million beneficiaries.

Table 1 shows the size of *Bolsa Família*. Depending on the indicator you choose, it is either big or not so big. It reaches almost a quarter of the Brazilian population but does not amount to even half a percentage point of GDP. This, of course, is because the benefits are modest.

BENEFITS

As mentioned in passing above, *Bolsa Família* is composed of two types of benefit and two eligibility levels. The levels always refer to per capita family income as measured in the Single Registry. A 'family' is defined by the *Bolsa Família* Law as a group of related people living under the same roof. This definition is virtually identical to the usual household survey definition of 'household'. Those families whose incomes fall below the extreme poverty eligibility level are entitled (or quasi-entitled) to a fixed benefit.

TABLE 2

Eligibility Levels and Benefits

Date	January 2004	July 2007	June 2008	July 2009	March 2011
Law	Lei 10.836	Decreto 6157	Lei 11.692 and Decreto 6491	Decreto 6917	Decreto 7447
Extreme poverty line	R\$50	R\$60	R\$60	R\$70	R\$70
Poverty line	R\$100	R\$120	R\$120	R\$140	R\$140
Variable benefit	R\$15 (0–14)	R\$18 (0–14)	R\$20 (0–15) R\$30(16–17)	R\$22 (0–15) R\$33(16–17)	R\$32 (0–15) R\$38(16–17)
Fixed benefit	R\$50	R\$58	R\$62	R\$68	R\$70

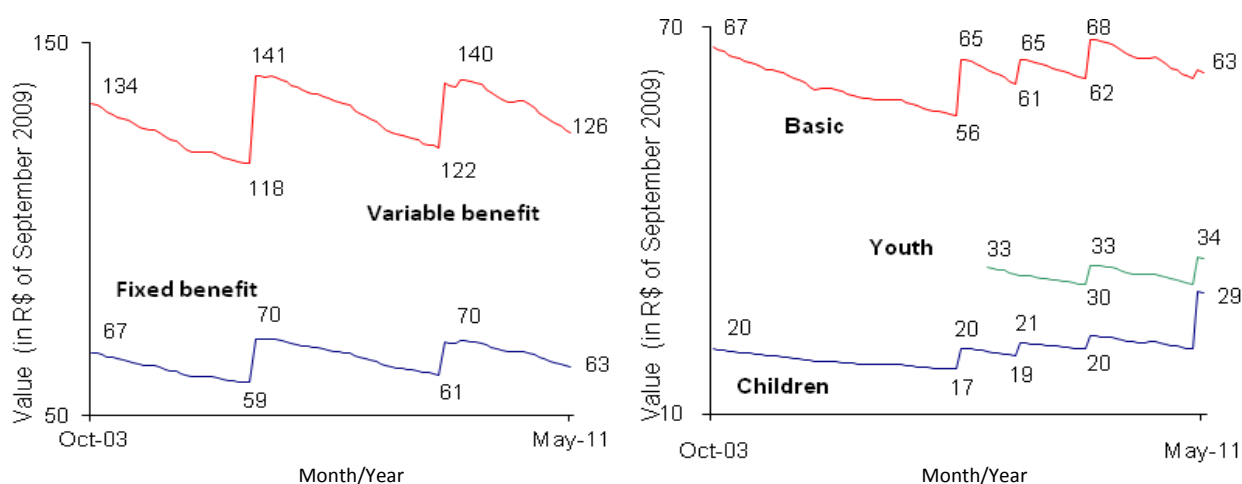
Source: SENARC/MDS; Casa Civil/Presidencia.

Families living on less than R\$140 per month are (quasi-) entitled to variable benefits according to the number of children they have. From 2003 to July 2008, each family received one benefit per child aged under 15, with a maximum of three per family. Since July 2008, the variable benefit has been expanded to include up to two teenagers aged 15 or 16. In 2011, the limit on the number of children was raised from three to five. The benefit is usually paid to the mother or, if she is not present in the household, to the father or other adult.

Bolsa Família benefits enjoy no formal indexation, but both they and eligibility levels have been periodically updated more or less to keep up with inflation. The two panels of Figure 1 show the real value of the eligibility levels and of the three benefits since the programme was created.

While there was an initial long period with no adjustment for inflation either for values or benefits, these adjustments have been quite regular since August 2007, and neither benefits nor values have been substantively eroded by inflation. On the contrary, child benefits have increased above and beyond inflation.

FIGURE 1

Real Eligibility Levels (Panel 1) and Benefit Values (Panel 2)

Source: Souza et al. (2011).

Benefits are conceded for a two-year period, which means that municipal agents must visit the family, or otherwise update the Registry information, every two years. In practice, far from all municipalities can keep their Registry updated, and there are some families that have not seen a social worker in a long time. Benefits may, of course, be renewed for as long as the family remains eligible.

In addition to periodic visits, other administrative records are used to regularly screen beneficiaries. Social security and formal labour market registries are matched with the Single Registry every year to check incomes. If someone in a beneficiary family receives an undeclared social security benefit or a formal labour market paycheck, both the family and their municipal administration are informed of the new situation, and it is hoped the social worker will visit the family (or the family visit the social assistance office) immediately to check whether they are still eligible. One month after the second notice is given, the benefit is blocked until the situation is sorted out.⁹ Once the Registry is updated, the benefit is unblocked if the family is still eligible and cancelled if not.¹⁰

Finally, there is a surprisingly high number of families that voluntarily ask to leave the programme. According to the Benefit System, 44,000 families requested to leave the programme because their living conditions improved. This, however, is a gross underestimate, since most municipal agents record families asking to leave under the 'improved income' category. This is true: their income did improve, but the variable that shows that many families are being honest about income gains is lost in the process.

CONDITIONALITY

This is a tough issue. One of the most divisive issues among the legion of *Bolsa Família* fans is conditionality. Law 10.836 states that, to receive the benefits, families must send their children to school and get their health check-ups and vaccines on time. Many of the programme's defenders maintain that conditionality is as important as the benefit itself. They really emphasise the first C in CCTs. According to their vision, *Bolsa Família* is, first and foremost, an incentive to human capital accumulation for poor families. In the public policy arena, this group of people proposes more emphatic monitoring of conditionalities and even the establishment of new ones. Their paradigm is *Progres/Oportunidades*, which is explicitly a human capital accumulation programme.

Another group, among whom I count myself, claims that *Bolsa Família* is, first and foremost, social protection. If the number of conditionalities is excessive or their monitoring too draconian, the most vulnerable families will be the first to be sanctioned for noncompliance.

The Brazilian government initially kept a healthy distance from both extremes, keeping conditionality as a part of the programme but being quite lax in its monitoring. Since 2006, its attitude has become increasingly harsh. Although no new conditionalities have been created and, in relative terms, few families have had their benefits cancelled for noncompliance, monitoring has become increasingly draconian.

The most important conditionality is the one that the Constitution requires of all Brazilian parents or guardians — to send their children to primary school. The health conditionalities are not legal obligations for non-beneficiaries, although they are strongly recommended for any citizen, whatever his or her income.

An important fact to keep in mind is that complying with apparently simple conditionalities is not as easy for families living in highly vulnerable conditions as for those with stronger links to formality. They live far from schools and clinics and often beyond the reach even of the Post Office. They are often fragile families or households headed by single women, and certainly have low social capital.

How has monitoring become harsher? Until September 2006 there was no effective monitoring of conditionalities. In October 2006, however, the Ministries of Social Development, Education and Health set up a monitoring system that has become increasingly complete and effective. Table 3 shows the effect of that monitoring effort. Educational conditionality monitoring has gone up from 62 per cent of children in 2006 to 85 per cent in 2008. Health monitoring has also risen: from 6 per cent in 2006 to almost 60 per cent in 2008.

Conditionality monitoring is a complex and successful effort by three different areas at three different federative levels in Brazil. The educational conditionality is monitored by municipal and state educational secretariats and consolidated by the Ministry of Education; health conditionalities are monitored by municipal and state health secretariats and consolidated by the Ministry of Health. The Ministry of Social Development receives the data and gives the beneficiaries feedback.

In more detail, the Single Registry is used to generate a list of children, indexed by their Social Information Number and school code. The Ministry of Education then distributes this list to municipal and state education secretariats, which then pass them onto school principals. Principals with online access receive a login to pass the information directly to the Ministry.

Schools without internet access provide the information on paper forms, which are consolidated by their education secretariats and then sent by internet to the Ministry of Education, which then consolidates the information and passes it to the Ministry of Social Development every two months.

TABLE 3

Conditionality Monitoring

	Education		Health	
	In Million Children	In %	In Million Families	In %
2005 1st semester			0.4	6.8
2005 2nd semester			1.9	36.0
2006 1st semester			3.0	43.1
2006 2nd semester	9.6	62.8	3.4	40.3
2007 1st semester	12.0	78.9	4.8	51.1
2007 2nd semester	13.2	84.7	5.2	54.6
2008 1st semester	13.0	84.9	6.1	62.7
2008 2nd semester	12.7	84.8	5.7	63.6
2009 1st semester	13.0	85.7	6.1	63.1
2009 2nd semester	14.0	89.5	6.3	64.5
2010 1st semester	13.6	85.7	6.8	67.5

Source: Sistema de Acompanhamento da Frequência Escolar do PBF and Sistema de Vigilância Alimentar e Nutricional (SISVAN). DEGES/SEANRC/MDS.

The number of children whose school status changes because they either change schools or grades is, evidently, quite large. It is up to the municipal secretariats to find these children, and they do a very good job. About 85 per cent of children are successfully found five times per year.

Table 3 shows that the federal government is successfully monitoring the attendance of close to 14 million children from 6 to 15 years of age. This is about 40 per cent of the 33.7 million children in Brazil. If sending your children to school is a Constitutional requirement for all parents and guardians, not using the system to monitor attendance of all the children in Brazil defies logic.

Health monitoring is analogous to education monitoring, except that only about 60 per cent of the children are found and the conditionalities are monitored twice yearly.

So what does the Ministry of Social Development do with this information? It depends on why the conditionality is not being met. If, for example, a child misses school because she broke her leg or because the bridge from her house to the school was washed away by a flood,

no action is taken because none is required. But if the reason is not acceptable or unknown, the municipal *Bolsa Família* agent and the family are both informed of the situation. Or, rather, the Ministry of Social Development attempts to inform the family through both a letter and a message displayed at the bank terminal when they withdraw their benefit, but many of the families are so marginally inserted into our society that they neither receive the letter nor are able to read the message.

If, after the first warning, attendance continues below 85 per cent and no acceptable justification is given, two months later a second letter is sent and the benefit is temporarily blocked. When the family attempts to withdraw the money, they will get a message telling them this time that their benefit is blocked. The benefit will be paid as soon as the attendance situation is resolved, but until then it remains blocked. If the child's attendance remains low for another two months, the benefit is suspended —meaning that it will not be paid even when the situation is rectified. Finally, after one year of noncompliance the benefit is permanently cancelled and passed on to another family.

Noncompliance on health conditionalities leads to the same sanctions, and both sets are monitored simultaneously. This means that a family can make an effort to boost attendance only to lose the benefit due to vaccines, for example. Table 4 shows how many families passed through each of the steps described above.

TABLE 4

Families Suffering Sanctions for Noncompliance, 2006–2008

Action	Number of Families	Percentage
Warning	2,092,394	100.0%
Blocked benefit	765,011	36.6%
1st Suspension	339,205	16.2%
1ndSuspension	149,439	7.1%
Cancellation	93,231	4.5%

Source: DEGES/SEANRC/MDS.

In spite of the government's attitude towards monitoring conditionality becoming clearly harsher over time, only 4.5 per cent of families that at one time or another failed to comply with their side of the bargain lost their benefit for this reason. This is a little over 4 per cent of all families that left the programme to date. However, for those of us who see *Bolsa Família* as social protection, this is unjustifiably draconian, since it is likely that these 4 per cent are precisely the 4 per cent that most need more support from the State.

A last comment is that, at least in discourse (talk is cheap, right?), conditionality monitoring is built to hold service providers accountable. In other words, if many *Bolsa Família* children are missing school because the municipal school is closed or because the teacher is not showing up, then, in principle, the monitoring system should point this out so that the mayor may be held accountable. The system will, in fact, point out the problem, but there is no built-in accountability system. Finally, conditionality monitoring is part of the Decentralised Management Index, explained next.

FEDERATIVE RELATIONS

Municipalities are absolutely central to the design of *Bolsa Família*. Mayors and their employees, and no one else, are responsible for identifying who the poor people are. If the Single Registry is the heart of *Bolsa Família*, mayors are the veins, and without them the Registry would be nothing but empty databases. A large part of health and education service delivery is also carried out by municipalities, and municipal agents are also in charge of conditionality verification. It is a crucial role, and without competent municipalities, the whole programme will suffer.

This decentralised design contrasts with that of other CCTs, such as *Progresa*, whose targeting and monitoring strategies are much more centralised. I will show below that, although the decentralised approach is much cheaper — since it counts on a pre-existing municipal administrative infrastructure — the two strategies lead to more or less equivalent outcomes.

Although this pre-existing municipal administrative infrastructure is one of the keys of *Bolsa Família*'s success, federative relations in Brazil have never been easy. With relation to CCTs this is even more complex, since the federal government was a latecomer. When it waded into the CCT ring with heavyweight budgets, states and municipalities had already been there for several years. After the 2003 unification, there was some initial confusion about duties and responsibilities, and the federal government began to sign agreements with municipalities, laying out who was to do what.

In 2006, the federal government became a little more daring and decided to pay municipalities for their role in *Bolsa Família*. The payment formula is simple: a maximum of R\$2.50 per beneficiary family, and the first 200 families in each municipality are paid double (Lindert et al., 2007). This maximum value is then multiplied by the Decentralised Management Index (*Índice de Gestão Descentralizada* – IGD). This index is designed to act as a performance-based financial incentive and is the simple average of four percentages:

1. The proportion of families in the Single Registry with complete and coherent information.
2. The proportion of families in the Single Registry whose last visit was less than two years ago.
3. The proportion of beneficiary children with complete education conditionality monitoring.
4. The proportion of beneficiary families with complete health conditionality monitoring.

The median value of the IGD is 75 per cent, which means that many municipalities lose resources due to poor-quality upkeep of the Registry or poor-quality conditionality monitoring.

Finally, the federal government encourages those states and municipalities that wish to put their own budgets into the programme to do so. They can either top up the value of the, admittedly modest, benefits or they can try to find unassisted families. If they choose to find unassisted families, the federal government gives them the Single Registry, and the state or municipalities try to find those who fell through the cracks. The Municipality of São Paulo has followed this approach.

If they choose to increase the value of their citizen's benefits, they pass the money to the federal government, which pays out the additional sum at the ATM and acknowledges the financial support on the ATM card. The Federal District, the States of Mato Grosso and São Paulo, and the Municipality of Belo Horizonte, for example, all chose this approach. With the new national objective of eradication of extreme poverty, many States have committed to or are considering complementing the federal benefit with their own money.

EXIT STRATEGIES

Another divisive issue is exit strategies. For some reason I cannot possibly fathom, many people in Brazil and elsewhere find the idea of giving money to poor people abhorrent. Many will only accept the idea if it is viewed as a temporary measure to people fallen upon hard times who will soon claw their way out of poverty by their own devices.

More academic and sophisticated critics of long-term transfers argue that there may be long-term negative consequences for the families themselves. If people get used to living on the dole, their human capital may depreciate. They may lose their social networks and reduce long-term prospects for themselves and even their children. This, of course, presupposes that the main reason (or at least an important reason) they are in poverty is lack of ambition, low expectations or other individual characteristics that poor people themselves can change—possibly with help from the State.

An extreme solution to this perceived conundrum is to impose limits on how long a family may stay in the programme, such as those that exist for unemployment benefit. Some CCTs, such as one of the benefits of *Chile Solidario*,¹¹ have maximum staying times, although these are usually not enforced with an iron hand.

A less extreme solution would be to charge *Bolsa Família* managers with finding the exit doors from poverty and from the programme. In other words, it is the social assistance network and not the families that are responsible for taking poor people out of poverty and out of income transfers. Once again *Chile Solidario* is an example. Considerable effort, time and money are spent on support for the families so that they can find a job or other source of income. They receive job training, labour intermediation, psychological support and microcredit, among other services. Once again, this approach is coherent with the hypothesis that some of the main causes of poverty are individual characteristics that can be changed by public policy.

Note that time limits and exit strategies are not at all coherent with CCTs as a means for human capital accumulation. Building up human capital requires time and is best done by children, not adults. The CCT programme that is most clearly identified with human capital accumulation, *Progresar/Oportunidades*, has nothing that remotely resembles time limits. The programme actually makes it hard for families to leave.

Another contrary position is that poverty is caused neither by the labour markets to which poor people have access nor by individual characteristics that public policy is powerless to change, at least in the short run. If poor families are families with virtually no human capital, no social capital and no social networks, then the search for exit strategies is pointless.

There is a relationship between theories of why people are poor and the optimal cash transfer rules for reducing poverty. As mentioned above, if you think people are poor due to lack of motivation or some other individual characteristic that can be changed by their effort and/or public policy, then maximum staying times and much effort spent on opportunity

creation make sense. If you wish to cut inter-generational transmission of poverty, then long staying times and harsh conditionality monitoring makes sense. If you think poverty is due to environmental conditions (such as labour demand) or individual characteristics, which neither the state nor the poor can easily change, then a social protection approach with neither maximum staying times nor harsh conditionality monitoring makes sense.

The wise position of the Brazilian government has been to reject time limits and exit strategies, but leave the door open to public policies that may help families to say goodbye to poverty through their own effort. This line of attack is called the complementary programmes approach. Other ministries provide adult education, opportunities for youth, job training, labour intermediation, subsidised electricity, rural electricity grid expansion, rural extension or microcredit to those who either are or may soon be *Bolsa Família* beneficiaries. Once again the key is the Single Registry. A host of programmes provide their services either exclusively or with priority to families or individuals in the Registry. The immense majority of these have been pre-existing programmes that have been reoriented towards the Single Registry. To date, only the *Plano Setorial de Qualificação* (PLANSEQ), whose objective is to prepare poor workers for jobs in the construction sector, has been made from scratch for *Bolsa Família* beneficiaries.

TARGETING

Targeting is one of the inescapable issues for all CCTs or non-universal income transfers. If the country is targeting its efforts towards poor people, it is vital that they go to those who are, in fact, poor. In tandem with targeting, coverage is really important. Unless we are talking about pilot programmes, it is important not only to reach some poor people, but as many as possible. Otherwise, impacts upon poverty or inequality will be quite limited.

Bolsa Família coverage did not begin at zero. When the programme began in 2003, there were 6.7 million beneficiary families in the four programmes that were merged to create *Bolsa Família*. In 2003, the 11 million family target was also set. As mentioned above, in the three years that followed, coverage increased continuously until 11 million were covered in 2006, but in 2007 and 2008 the total amount of benefits remained where it was. Throughout this period, there was a queue of about two million families waiting to get in, which was pretty good evidence that more benefits were required. These were families that, in the Registry, fulfilled all the requirements for being a beneficiary of *Bolsa Família* but never received one cent from the programme. One of the reasons that kept the federal government from increasing the number of benefits was that 11 million families was considerably more than the 8.6 million families in poverty according to Household Surveys.

What it took an unjustifiably long time for anyone to figure out was that the number of poor families (according to the *Bolsa Família* eligibility level) in the Household Surveys and the number of families were two different concepts and thus should never be the same. Why?

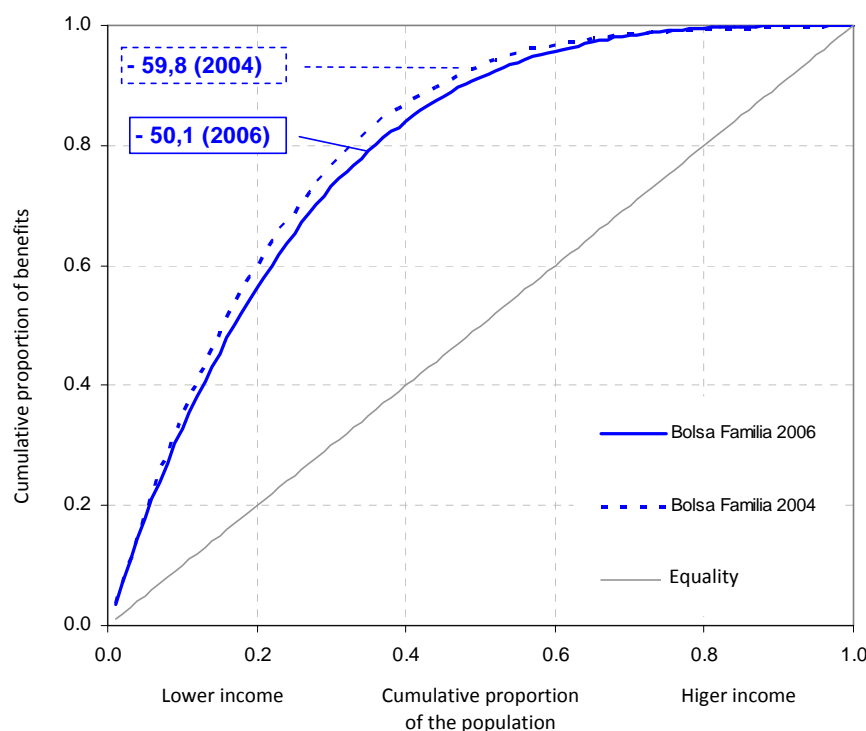
Because poor people's incomes are volatile. Using a four-month panel from the Metropolitan Employment Survey, Soares (2009)¹² showed that, if poverty were defined as being poor in at least one of the four months rather than the current month, poverty would rise from 15 per cent to 25 per cent. The study was limited to a four-month panel in the Metropolitan Employment Survey, but *Bolsa Família*'s rules allow each family to stay in the programme for two years before their income is re-evaluated. Soares estimates that over two years twice as many families fall into poverty as are poor in a given month.

This means that, to reach all poor people, *Bolsa Família* should have about twice as many beneficiary families as those that show up as poor in a cross-sectional household survey.

In June 2009, due in part to stubborn evidence of lack of coverage and in part due to the international crisis, the federal government decided to increase coverage to 12.9 million families. President Dilma authorised another increase in 2011.

Things become more complicated when we broaden our brush and let targeting interact with coverage. A standard tool for analysing targeting is the Incidence Curve and the number associated with it, the Incidence Coefficient.¹³ The closer to the upper left-hand corner the Curve, the more pro-poor the transfer and the closer to -1 the Incidence Coefficient; the closer to the lower right-hand corner, the more pro-rich and the closer to $+1$ the Coefficient. If the Incidence Curve is close to the line of perfect equality, the transfer is equally divided among the population and the Coefficient is close to zero.

FIGURE 2

Incidence Curves in 2004 and 2006

Source: Soares et al. (2008).

The population must be ordered by income net of benefits (and not total income) so that the criterion for receiving a benefit is family income without the benefit. In other words, we must know how poor a family is when it does not count on a *Bolsa Família* benefit.

Figure 2 shows that there was a small deterioration in *Bolsa Família* targeting during the expansion from 2004 to 2006. If the theory of diminishing returns applies to targeted income transfers, this was to be expected and is not really a negative result per se. If the 2006 *Bolsa Família* Incidence Coefficient is compared to that of other CCTs such as *Progres/Oportunidades* in Mexico (-0.56) and Chile's *Chile Solidario* (-0.57), we can see that the three values are quite close.

Another way to look at targeting is the hit:miss ratio. Table 5 shows that in 2004 and 2006, respectively, 42.5 per cent and 49.2 per cent of the families receiving *Bolsa Família* counted on per capita incomes higher than the eligibility level.

TABLE 5

Beneficiary and Eligible Families

2004	Not eligible	Eligible	Total
Non-beneficiary	77.9%	9.6%	87.5%
Beneficiary	5.3%	7.2%	12.5%
Total	83.2%	16.8%	100.0%
Among beneficiaries	42.5%	57.5%	100.0%
2006	Not eligible	Eligible	Total
Non-beneficiary	76.6%	6.6%	83.2%
Beneficiary	8.3%	8.5%	16.8%
Total	84.9%	15.1%	100.0%
Among beneficiaries	49.2%	50.8%	100.0%

Source: Soares et al. (2008).

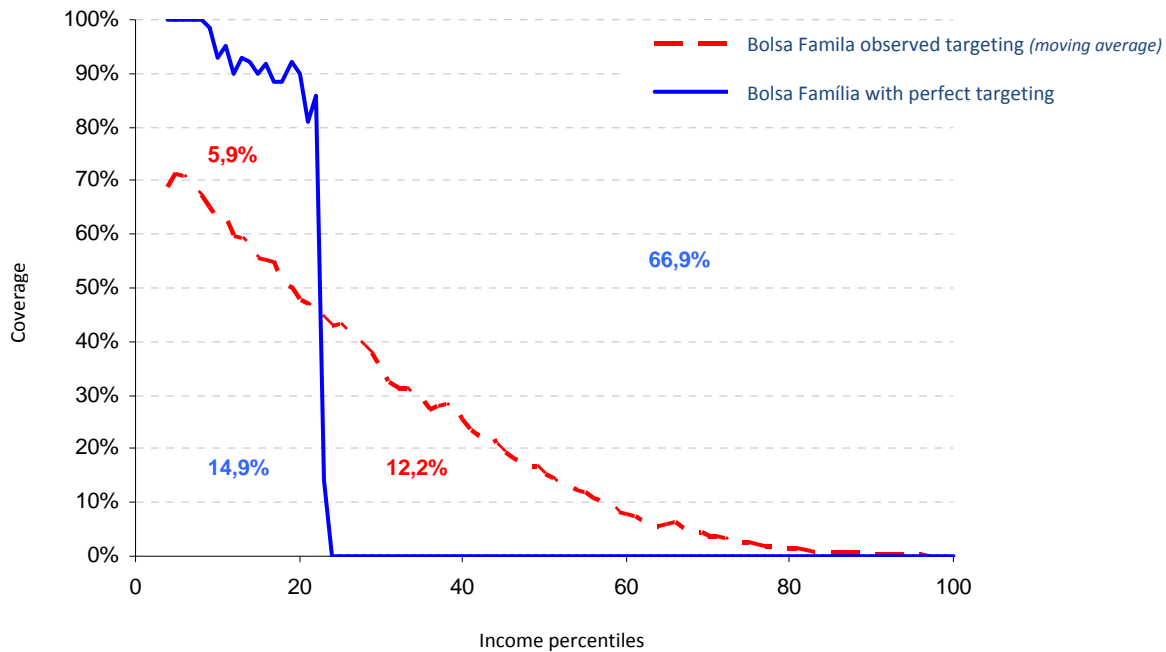
Figure 3 shows the same categories, but the unit of analysis is people and not families. The horizontal axis shows income centile, and the vertical axis shows two coverage ratios: an ideal one (solid blue line) and a moving average of what was observed (red dashed line). The blue numbers show the proportions of the people that are in the category they should be in: people in non-eligible families not receiving benefits, and people in eligible families receiving them. The red numbers show the opposite: either those in non-eligible families receiving benefits or those in eligible families not receiving anything.

The red dashed line shows that the families in poorer centiles have a much higher chance of counting on a *Bolsa Família* benefit. This is consistent with the good targeting shown by the Incidence Curves. Close to the eligibility line, however, the targeting error becomes quite large. Almost half of beneficiary families did not meet programme criteria — a large number apparently in contradiction with the Incidence Curve results. What could possibly explain both the disparity and the apparently poor targeting? Three candidates come to mind: (i) fraud, (ii) income measurement error, (iii) income volatility. I will comment on each in turn.

It is common knowledge that fraud exists. Putting it in other terms, it would be very strange if there were no fraud in a programme distributing 11 million benefits in almost 6000 municipalities across Brazil. Relatives and friends of mayors and political appointees that clearly fall nowhere near eligibility criteria have been found on *Bolsa Família* payrolls. The problem with this explanation is magnitude. Quantitative analyses of fraud, such as those by our prestigious

Accounting Office (*Tribunal de Contas da União*),¹⁴ have found that they number in the hundreds or at most thousands of cases. Not very relevant if compared to 14 million benefits.

FIGURE 3

Eligible and Beneficiary Population, by Income Centile

Source: Soares et al. (2009).

Measurement error and volatility appear to be more relevant. Families close to but above the eligibility level have a clear incentive to nudge their incomes downward. Their social workers may also identify a family as vulnerable even if their current income falls above the eligibility level, and nudge their income down to make sure they get in. Perhaps even more important is that many people, especially poor people, do not know precisely what their monthly income is. An illiterate informal street vendor may know exactly how much he sold on a particular day, but calculating his net profits for the whole month may be quite beyond him.

It is hard to estimate the prevalence of this type of targeting error because it gets mixed up with income volatility of poor families, which I have already advanced as an explanation of why the programme's targets cannot be calculated using cross-sectional poverty measurements. This happens because household surveys¹⁵ without panels cannot distinguish between errors in measurement and volatility. This means that, in addition to not knowing exactly what his income was in a given month, our hypothetical street vendor also makes different amounts in different months. Someone who falls beneath the poverty line and requests a *Bolsa Família* benefit will receive it for two years before being re-interviewed. This means that: (a) the number of beneficiaries will be much larger than estimated using a cross-sectional household survey, and (b) if the survey interviews them during the two-year period their income may well be momentarily above the poverty line, thus leading to an over-estimate of targeting error.

THE REGISTRY, INFORMATION MANAGEMENT, AND THE ROLE OF CAIXA

It is my belief that *Caixa Econômica Federal*, the federal bank that handles the *Bolsa Família* benefits, plays too big a role in managing the programme. This is because *Caixa* does much more than pay benefits. It also operates the Registry, which means that it controls the database on which all of *Bolsa Família* is based. Logically, SENARC, the National Citizenship Income Secretariat, should operate the Registry.

Why should *Caixa* not operate the Registry? Because *Caixa* is a bank.

Caixa's computers are excellent, and its IT people extremely competent, but they are used to dealing with information for other purposes, not social policy. Using Registry data for analysis or even run-of-the-mill monitoring is harder than it should be. The Registry is, therefore, a payment system which happens to have social information that can be used for targeting, and not a social information system which can also be used for payment.

In all justice, there has been much improvement. In recent years SENARC has been increasingly present in the design of the Single Registry system, and Version 7, which was inaugurated in December 2010, is much better than any of the previous versions. But the computers that collect the data and the people who run them are still in a bank and not in the Ministry of Social Development.

The Registry also suffers from several shortcomings common to many administrative record systems. There is a serious selection bias, since some mayors go out of their way to find all their poor people, while others apparently could not care less. This means that great care should be used when using Registry information for inter-municipal comparisons. Large municipalities seem to encounter great difficulty in their search for poor people. This is not a great surprise, since anyone—not only poor people—is hard to find lost in a crowd of millions. What is surprising is that wealthy municipalities in the South and Southeast—Brazil's rich areas—are surprisingly timid in their search for their poor people. Mayors of small, mostly rural municipalities in the Northeast—Brazil's really poor area—do the best job of finding their poor.

The Registry is thus obviously incomplete, and some families do not receive benefits because they have never been registered. The IGD shows that about one fifth of the families in the Registry have incomplete and incoherent information, and another fifth have not seen a social worker in over two years.

In spite of these shortcomings, the Single Registry is a good database of poor people. It has a good questionnaire, closely modeled on Brazilian Household Survey questionnaires, and a good IT system, particularly user-friendly to those updating their municipal Registry (although very user-unfriendly to those using its data for analysis). By far more important, thousands of municipal social workers, teachers, health agents and mayors believe in the Registry and do their best to guarantee that social protection is carried out with the best information possible.

The Single Registry is the first time any systematic attempt has been made to collect information on millions of families who had previously been completely absent from the radars of the State in Brazil. It is an admirable effort that has opened an important communication channel between poor people and the State that should care for them.

3 IMPACTS

Perhaps because it was a new animal in the Brazilian social policy zoo, perhaps because people who strongly believe in evaluation were among its idealisers, perhaps because of its political visibility, *Bolsa Família* has been more extensively evaluated than almost any other social programme.¹⁶ While an experimental evaluation was never included in its design, all kind of techniques, both quantitative and qualitative, have been used to evaluate the programme. Since the universe of *Bolsa Família* evaluations in Brazil is vast, only some of the main results are covered here.

INEQUALITY

There is a considerable literature documenting the contribution of *Bolsa Família* to the surprising reduction of inequality in Brazil from 2001 onwards. While the general conclusion—*Bolsa Família* contributed mightily to the reduction of inequality but was far from its main source—is the same, the numbers vary quite a bit.

The reasons for the variation are two groups of methodological differences. Most of the studies decompose changes in the Gini Coefficient by factor components. It is a parametric approach that is valid not only for the popular Gini Coefficient but also for the Mehran and Piesch indices, although only Hoffmann (2010) calculates them.

Barros, Carvalho and Franco (2007) follow another approach, using micro-simulations to create counterfactual distributions and then calculating different indices based on them. While flexible, this micro-simulation approach has not been very popular due to difficulties in reproducing results.¹⁷

Another difference is how the benefit income is identified. The PNAD household survey will only include a specific question for *Bolsa Família* income from September 2011 onwards. Before then, *Bolsa Família* income was in the category ‘other income’, which also includes dividends from stocks, interest payments, and income from other benefits such as some old-age non-contributory benefits. This is an absurdly heterogeneous category, and further statistical treatment is necessary to identify *Bolsa Família* benefits.

One solution is not to attempt any type of identification and just inform the reader that transfer income is reported with interest payments and stock and bond dividends. As Table 6 shows, these studies conclude that the ‘other income’ variable was responsible for about a reduction of about 0.6 to 0.9 Gini points (x100).

A second solution is to use the 2001, 2004 and 2006 CCT supplements to the survey. This is no doubt the most precise solution, but it limits the number of years that can be analysed to three. Those that follow this approach conclude that *Bolsa Família* lopped 0.6 Gini points (x100) off Brazilian inequality between 2001 and 2004 and another 0.2 points between 2004 and 2006.

What do to for the other years? A creative solution was developed by Barros, Carvalho and Franco, which is to use the value of the ‘other income’ variable to identify *Bolsa Família* income. Basically, while small values or values that are multiples of benefit values are likely to be *Bolsa Família* benefits, large values are likely to be interest or dividends. Foguel and Barros (2010) show that the typical value identification strategy slightly under-estimates targeting of

Bolsa Família, relative to the use of supplements. Souza (2010) shows that typical values over-estimate coverage, again slightly. This is what would be expected.

Table 6 summarises the literature to date. *Bolsa Família* had an important effect on inequality reduction but was clearly not the main reason behind it. What is surprising is that a programme that amounts to less than 1 per cent of household income could be responsible for up to a quarter of a not insignificant reduction in inequality. Recent periods also show a tendency towards more modest results. Once again, this is not surprising to those who believe in diminishing returns.

TABLE 6

***Bolsa Família* Impacts on Inequality**

Study	Identification strategy	Methodology	Period	Absolute impact in Gini Points (x100)	As percentage of ΔG
Soares (2006)	No identification	Decomposition by factor components	1995–2004	–0.64	27%
			2001–2004	–0.86	30%
Hoffmann (2006)	No identification	Decomposition by factor components	1997–2004	–0.79	25%
			2002–2004	–0.41	31%
Soares F. et al. (2007)	Supplement	Decomposition by factor components	1995–2004	–0.57	21%
Soares S. et al. (2007)	Supplement	Decomposition by factor components	1995–2004	–0.57	21%
Barros, Carvalho and Franco (2007)	Typical values	Micro-simulation	2001–2005	–0.32	12%
Hoffmann (2010)	No identification	Decomposition by factor components	2001–2007	–0.80	19%
Soares, Ribas and Soares (2009)	Supplement	Decomposition by factor components	2004–2006	–0.20	21%
Soares, Souza, Osório and Silveira (2010)	Typical values	Decomposition by factor components	1999–2009 (Odd years)	–0.81	16%

Source: See first column.

POVERTY

Bolsa Família has had a modest impact on poverty and even on extreme poverty, defined as the percentage of people living on less than the programme's eligibility levels. This should not be too surprising, since the values transferred are also quite modest. Equally modest are the number of studies addressing the issue, particularly when compared to the number of studies

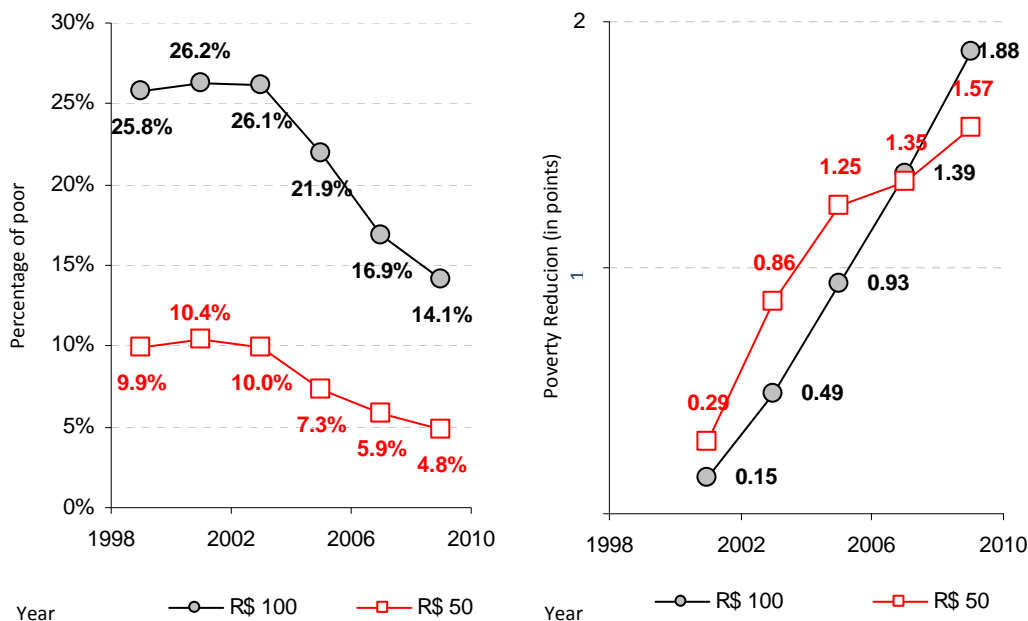
on inequality. The best of the three studies I know of is Soares et al. (2010),¹⁸ and this section will closely follow their discussion.

Figure 4 shows the evolution of poverty as a percentage of the population, according to the programme's two eligibility levels in 2003, updated using the inflation index. The lower line will be called extreme poverty. The fall in poverty in Brazil over the last decade is quite impressive, but uneven over time. Poverty fell from 26 per cent to 14 per cent of the population and extreme poverty from 10 per cent to 5 per cent, but almost all of this fall was from 2003 to 2009.

To calculate *Bolsa Família's* effects on poverty, Soares et al. (2010) calculate for each year a counterfactual poverty figure that is what poverty would have been if transfers did not exist. In 1999, when the programmes were almost non-existent, there was almost no effect. In 2001, the programmes that preceded *Bolsa Família* made extreme poverty 0.1 percentage point less than it would otherwise have been. Not terribly impressive.

From 2005, the effect doubles, and in 2009 the programme's benefits brought poverty and extreme poverty down 1.9 and 1.6 percentage points, respectively. These numbers represent 13 per cent of poverty and 32 per cent of extreme poverty in that year, which is much more impressive.

FIGURE 4

Poverty and Extreme Poverty in Brazil, 1999 to 2009, Odd Years

Panel 1 – Poverty and extreme poverty

Panel 2 – Reductions due to *Bolsa Família*

Source: Soares et al. (2010).

Bolsa Família's impacts on other poverty measures are stronger. The poverty gap and the severity of poverty, also known as FGT(1) and FGT(2), have been more responsive to the programme's benefits than just the number of poor people. This is to be expected, since these

benefits are able to push up over the poverty line only those families that were previously close to it. These same benefits, however, represent a large percentage of poor people's income, greatly improving their lives even if they remain in poverty. This explains why the poverty gap and the severity of poverty fell more than the percentage of poor people.

Table 7 shows that while *Bolsa Família* reduces the percentage of poor people in the population – P(0) – by only 1.6 percentage points, it reduces the poverty gap by 18 per cent and the severity of poverty by almost a quarter. In spite of the improvement of welfare among those who remain poor, greater impacts on the percentage in poverty require higher benefits.

TABLE 7

Impacts on FGT Poverty Measures

Effect / Measure	P0: Percentage 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
Percent Reduction	8%	18%	22%

Source: Soares and Satyro (2010).

SCHOOLING

There are two basic sources of information on schooling: household surveys and educational administrative records. Silveira Neto (2010) uses the former and Glewwe and Kassouf (2008) the latter to estimate the impact of *Bolsa Família* on schooling.

Silveira Neto uses Propensity Score Matching to estimate *Bolsa Família*'s impact on school attendance/enrolment.¹⁹ He finds that the programme increases attendance/enrolment by about two to three percentage points. This is because attendance/enrolment in Brazil was already close to universal—about 97 per cent—before CCT programmes really took on scale.

Glewwe and Kassouf use a richer educational dataset—the yearly School Census—to estimate the programme's effects on enrolment, grade promotion and drop-out. The limitation of their study is that the unit of analysis is the school, and they know only if a school has at least one *Bolsa Família* beneficiary enrolled, but not how many. Their results on enrolment are unimpressive and hard to interpret: having a beneficiary increases enrolment by about two percentage points, but this could mean that schools with *Bolsa Família* beneficiaries are bigger than average. The results on grade promotion and drop-out, on the other hand, are so impressive as to be suspicious: having a beneficiary in your school reduces your drop-out probabilities by 31 per cent and increases your promotion probabilities by 53 per cent. A possible interpretation of these immense effects is that movement of students between schools is often recorded as drop-out, and *Bolsa Família* students, due to conditionality monitoring, are followed from school to school. Glewwe and Kassouf's is an excellent effort but is limited by the limitation of available data.

Rogério Santarrosa (2011), in an excellent Master's dissertation, matches individual standardised test data and *Bolsa Família* administrative records for the State of São Paulo.

He has access to socioeconomic and cognitive skill data, often for the same children, for 2007, 2008 and 2009. Using pooled regression analysis, fixed effects regression analysis, as well as various forms of matching and difference in difference estimators, Santarrosa concludes that *Bolsa Família* has no significant effects upon cognitive skills. This should perhaps not be too much of a surprise, since *Bolsa Família* requires the children to stay in school, but once there, they are taught by the same poorly paid and poorly motivated teachers, using the same limited pedagogical materials and working in the same lousy installations in the same poor neighbourhoods.

Clearly, this is an area in need of more work. Luckily, there are at least four research efforts in progress in this area.

NUTRITION

One of the main reasons for fighting poverty is nutrition. Most scientific poverty lines define poverty as someone not having enough to eat. Furthermore, *Bolsa Família* itself was created within the Zero Hunger initiative. Last but not least, there is ample evidence that poor nutritional conditions of young children can adversely affect their productive capacity and well-being for the rest of their lives. Segall-Corrêa et al. (2008) evaluate the programme's impact on perception of food insecurity, and Andrade, Chein and Ribas (2007) evaluate its impact upon *de facto* measured child nutrition. Segall-Corrêa et al. (2008) estimate a probit to show that every R\$10 transferred by *Bolsa Família* reduces a perception index of food insecurity by approximately 8 per cent.

Searching for more objective measures of impacts, Andrade, Chein and Ribas use Propensity Score Matching, comparing nutrition of children in *Bolsa Família* families with those in comparable families with no benefit. The authors analysed the usual indicators for children from 6 to 60 months: (i) height for age; (ii) weight for height; (iii) weight for age; and (iv) Body Mass Index for age. Separate analyses were undertaken in the Northeast, North/Center-West, and South/Southeast and for poor and very poor families separately. The results show no impacts at all. Children in families with a *Bolsa Família* benefit had the same nutritional profile as those with no benefit.

This is not a novel result. The effect on nutrition for *Progres/Oportunidades* beneficiaries, for example, is unclear. Significant positive impacts were observed on the height of children who were 12–36 months old (Behrman and Hoddinott, 2005). However, there is no way of knowing whether this positive impact was due to the nutritional supplements given by the programme or to the cash transfer itself.

The lack of nutritional impact is particularly serious when we consider that increasing the next generation's human capital is the main or one of the main objectives of these types of programmes. Due to these poor results, the nutritional component was redesigned, with nutritional supplements being distributed to the beneficiaries. This result suggests that a complementary nutritional programme may be necessary for *Bolsa Família*.

WORK

One of the criticisms repeated ad nauseam by the press is that *Bolsa Família* provides its beneficiaries with disincentives to participate in the labour market. This is actually an excessively nice way of putting it, because what we see in the press is more along

the lines of saying that poor people are poor because they are lazy, and free money will make them even lazier. Returning to polite conversation, the criticism is that a means-tested transfer will create a labour disincentive, particularly in those extremely poor families that receive the fixed benefit, for which the only condition is being poor.

Microeconomic analysis of the effects on labour participation of a transfer conditioned both on school attendance and low income is not trivial. An unconditional transfer can increase or reduce labour supply, since it involves only a wealth effect and does not change relative prices. When the benefit is means-tested, or conditioned to family income, relative prices change. For those labour participation decisions in which the programme income eligibility level is not reached, the effect is the same as that of an unconditional transfer, but for labour decisions which go beyond the eligibility level, there is an unambiguous incentive towards reducing labour supply.

However—and this is important—looking for a job is a costly activity, and maybe an exogenous income will increase the chances of finding a job. This means even a means-tested transfer may actually increase employment. Finally, once child labour is considered, the inclusion of the education conditionality will lead to an unambiguous reduction of their labour supply, which may or may not affect the labour supply of the adult members but could conceivably increase it. In conclusion, economic theory does not shed much light on the existence of labour market disincentives, transforming it into a purely empirical issue.

By luck or by providence, there are at least eight good evaluations of the impact of *Bolsa Família* on labour supply. Given the importance of the issue, we will provide a brief overview of each.

Ferro, Kassouf and Levinson (2009) and Ferro and Nicollela (2007) apply probits and other regression methods to 2003 household survey data and find that child labour falls and adult labour rises. The effects, while significant, are small.

Cardoso and Souza (2008) use the 2000 Census and Propensity Score Matching (PSM) to estimate the impact of those programmes in existence in 2000 on school attendance and child labour. Their results are a significant one percentage point reduction in female child labour and a 0.5 point reduction in male child labour.

Tavares (2010) also uses PSM to estimate the changes in the labour participation behaviour of mothers. She uses the 2004 supplement that identifies beneficiary families. She concludes that the benefit reduces the working week by about 5 per cent to 10 per cent, which amounts to something between 0.8 and 1.7 hours. This is statistically significant but not exactly impressive.

Teixeira (2010) uses the intensity of treatment in a very creative paper. In other words, she estimates whether the size of the transfer has any impact upon the supply of hours in informal and formal activities. The effects are zero for both men and women in the formal labour market, but negative and significant for those in the informal sector. Despite their statistical significance, the impacts are quite small.

Foguel and Barros (2010) make a panel of municipalities covered by the PNAD Household Survey from 2001 to 2005 to investigate the programme's impact on the labour market. The authors divide the panel by gender and income groups, so that results are obtained for men and women separately. They state that a 10 per cent increase in the proportion of

beneficiaries in a municipality increases the female participation rate by a negligible 0.1 per cent. For men, the effect is even smaller, so that a 10 per cent increase in the beneficiary population increased their supply by only 0.05 per cent. For the poorer men, the elasticity is slightly higher (0.01), since a 10 per cent increase in the beneficiary population increases the supply by 0.1 per cent. For hours worked the elasticity for women in general is about -0.01. Among men, there is no impact at all.

Ribas and Soares (2010) use the same database, at a more disaggregated level (census tract), with a slightly different methodology, and look separately at rural, urban and metropolitan areas. They find that *Bolsa Família* increases informality—people do not become lazy, but they do try to hide their income from the government—and that rural women reduce by nine hours the time they dedicate to paid work. However, in the metropolitan areas, their results point to a reduction in labour supply, not only labour market participation but also a reduction in labour force participation. This is slightly at odds with previous findings, although the effects are quite small and only borderline significant.

In conclusion, although the exact size and statistical significance of effects varies from study to study, they are always small. The possible exception is the number of hours worked by women with children. Given the importance of early childhood development, this is hardly a negative effect.

FERTILITY

Another theory raised by opponents of cash transfers to poor children is that parents will breed like rabbits to get more money. This fear led to the limit on the number of beneficiaries of child benefits per family: originally three (now five) for children up to 14 years of age and another two for teenagers aged 15 and 16. This can hardly be regarded as a serious fear when Brazil's birthrate is below replacement level and we are looking at potentially serious demographic contraction effects in a few decades. A more justifiable theory is that maybe young girls failing in school will be encouraged to get pregnant when they are still young, and this will severely handicap their human capital accumulation, frustrating the programme's very objectives.

Rocha (2009) estimates *Bolsa Família*'s impacts on fertility using a very clever approach in which he uses as an instrumental variable the programme's three-child limit. He builds a treatment group composed of women with two children and a comparison group of those with three or more. Those with three or more have no monetary incentive from *Bolsa Família* to have more children. The impact variable is whether the woman bore a child in the last 12 months. The results are that *Bolsa Família* has absolutely no effect whatsoever on fertility decisions. I know of no studies on teenage pregnancy and *Bolsa Família*. This is clearly another area that needs more work.

CITIZENSHIP, GENDER ROLES AND SOCIAL ISOLATION

Quantitative measurement of the effect of an income transfer upon citizenship, gender roles and social isolation is notoriously hard. There are, however, qualitative studies, such as Suarez and Libardoni (2007), who use semi-structured questionnaires and focus groups composed of both beneficiaries and municipal agents in 10 different municipalities. Suarez and Libardoni conclude that the programme has strong impacts on feelings of empowerment and

citizenship, and on gender relations by empowering women in household decision-making, and also reduces the social isolation of women.

Beneficiaries and municipal agents state strongly that *Bolsa Família* had strong impacts on both possession of official documents such as birth certificates and identity cards and on notions of what citizenship means.

In gender relations the transformation is clear. Although there are undoubtedly cases of violence against women to get the benefits they control, none of the interviewees had ever seen or been exposed to any. Almost all of them stated that the benefit increased their autonomy with relation to their husbands. Now that they have their own money, they no longer have to beg their husbands for money to buy food or clothes.

Finally, one of the conditions that poor people suffer and that both reduces their welfare and keeps them in poverty is their social isolation or small social networks. Poor people live in isolated areas and have little contact with neighbours or relatives. Both the money they receive, which provides them with the means to leave home, and also *Bolsa Família* beneficiary groups reduce this isolation.

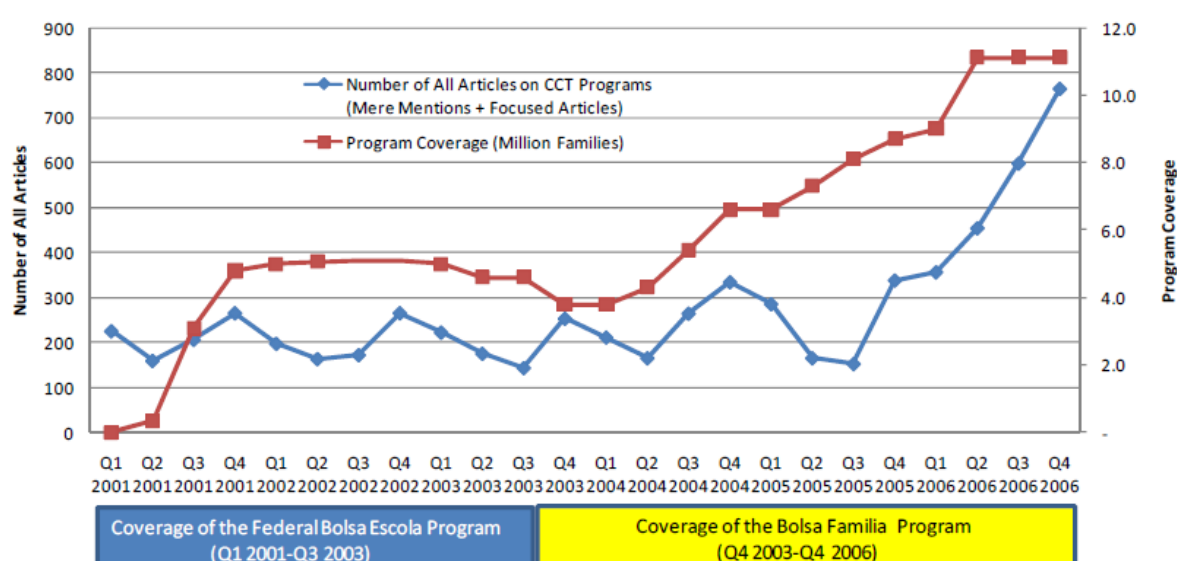
MEDIA IMPACTS

Considering the exposure *Bolsa Família* has had in the media, it is surprising that there are not many studies of the relationship between the two. The only quantitative study I could find is Lindert and Vanina (2008), who analyse this relationship from a variety of angles.

Their most important conclusions are that both *Bolsa Família* and its most relevant predecessor, *Bolsa Escola*, have been and still are highly visible in the Brazilian press, and media coverage increases with the scale of the programme. The authors do not calculate the correlation coefficient, but Figure 5 shows that it must be elevated.

FIGURE 5

Press and Programme Coverage of *Bolsa Escola* and *Bolsa Família*

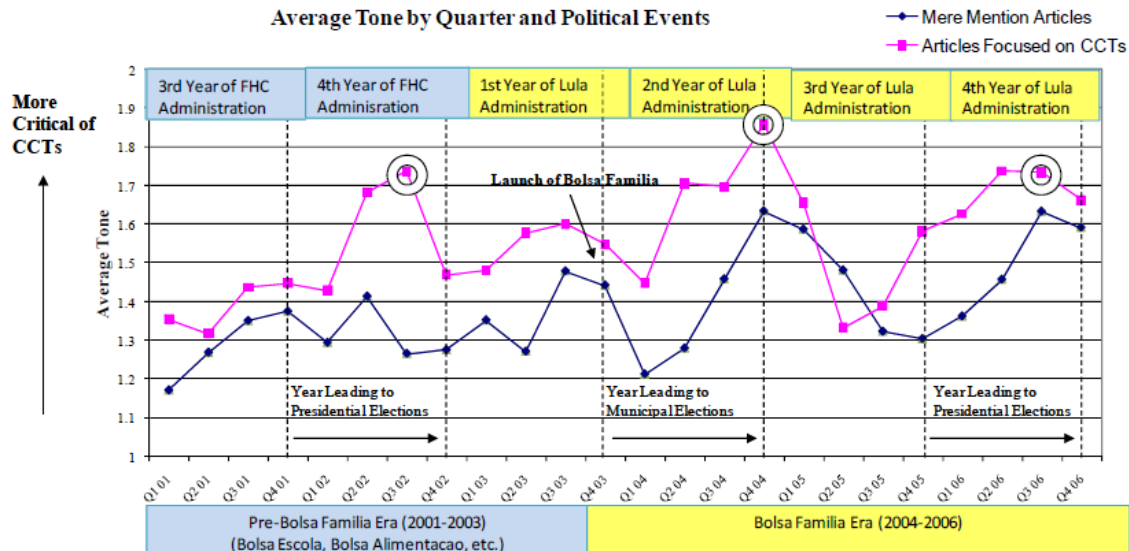


Source: Lindert and Vanina (2008).

A second message is that elections, both national and municipal, bring increased scrutiny of highly visible cash transfer programmes. Figure 6 shows that, in particular, articles focused specifically on *Bolsa Família* or *Bolsa Escola* become more critical as elections approach.

FIGURE 6

Tone of Press Coverage and the Electoral Cycle



Source: Lindert and Vanina (2008).

Perhaps Figure 6 is only to be expected. After all, the proximity of elections will raise worries of any programme being used for political patronage, and a discretionary cash transfer to millions of families is really a prime suspect. The obvious question that follows is whether *Bolsa Família* has, in fact, any impact upon electoral behaviour.

ELECTORAL IMPACTS

This is a not as touchy a subject as one would expect. Perhaps because *Bolsa Família* has been subject to strong academic and other scrutiny, perhaps because all municipalities—government- or opposition-aligned—receive benefits, or perhaps for some other reason the accusation that *Bolsa Família* is an electoral stunt has been mostly absent from mainstream media (in extremist blogs, on the contrary, it has been quite present).

A strong electoral impact of *Bolsa Família* does not, per se, mean the programme is an electoral stunt. It can be seen simply as the electorate rewarding good government, much the same way that a government that fosters price stability and employment should be rewarded by the electorate for doing so. This is fortunate, because all studies show a statistically significant impact on voting behaviour. Zucco (2011), Marques et al. (2009), Nicolau and Peixoto (2007), Shikida et al. (2009), Soares and Terron (2008) and Bohn (2011), among others, all analyse the impact of the *Bolsa Família* benefit on President Lula's vote in the 2006 re-election, using municipalities as units of analysis.

Although all six come to more or less the same conclusions, probably the best analyses are those of Shikida et al. and Soares and Terron. The two studies consider spatial correlation in

their model and use more covariates than either Zucco or Nicolau and Peixoto, so we will reproduce their results here. The main difference between the two is the number of covariates and the how the *Bolsa Família* variable is built: Soares and Terron use the ratio between *Bolsa Família* income and total income, and Shikida et al. use the ratio between *Bolsa Família* beneficiaries and total population.

TABLE 8

Bolsa Família's Electoral Impact

Variable	Soares and Terron		Shikida et al.	
	OLS	Spatial	OLS	Spatial
<i>Bolsa Família</i> Variable	1.63	0.81	0.07	0.04
Constant	30.08	33.27	-0.04	-0.45
Per capita income, 2000	-0.04	-0.02	-0.15	-0.11
Percentage Lula vote in 2002	0.47	0.37	0.02	0.02
Urbanisation rate	0.06	0.04		
North (dummy)	9.82	11.33		
Northeast (dummy)	12.69	17.13		
Southeast (dummy)	6.07	6.01		
Center-West (dummy)	0.10	-0.79		
Distance			0.01	0.00
Inequality			0.12	0.04
Demographic density			0.05	0.04
Child mortality			0.04	0.04
Illiteracy			0.02	0.05

Source: Soares and Terron (2008), p. 296; Shikida et al. (2009), p. 12–13.

Note: Numbers in GREY are not significant at 10 per cent.

The first result, patently visible in all articles, is a strong correlation between any indicator of *Bolsa Família's* presence and the electorate's preference for Lula. This, of course, may be because the benefit was targeted at poor people, who tended to side with Lula in 2006. When regression analysis is performed, however, the result remains strong. Both Soares and Terron and Shikida et al. estimate two models: an Ordinary Least Squares regression with no spatial correlation, and a model in which the residuals are spatially correlated. Spatially correlated residuals amount to supposing that there are spatially correlated unobservable factors influencing the Lula vote.

Table 8 shows that the inclusion of spatially correlated residuals reduces the impact by about half, but the impact remains significant (in the analysis by Shikida et al. it becomes significant with the inclusion of spatial correlation). But how strong is it?

Using Soares and Terron's coefficient (0.81), if we consider that in 2006 *Bolsa Família* accounted for around 0.7 per cent of household income, this means that the somewhat less than 0.5 per cent of GDP Lula spent on programme benefits won him about 0.5 per cent of the vote. Using the coefficient of Shikida et al. (0.04), if we consider that *Bolsa Família* benefits about 22 per cent of people in Brazil, then the programme won Lula about 0.9 per cent of the vote. In both cases, the electoral effect of the programme is not irrelevant, but neither is it responsible for an electoral tidal wave.

The analyses by Shikida et al. and Soares and Terron consider only the direct effect the value of the benefit has on voting. It does not consider an indirect story such as *Bolsa Família* establishing Lula as a candidate who feels the pain of poor people, who in turn vote for him, whether or not they receive a benefit. In any case, once the proper model is run, *Bolsa Família's* electoral impact is undoubtedly real but hardly overwhelming. Bohn (2011) uses survey microdata and so has access to individual answers. Her story is much the same: *Bolsa Família* has some electoral impact, but it is small.

The conclusion that I draw from the studies reviewed in this section is that *Bolsa Família* is unquestionably a success story. It is relatively cheap and very well targeted; it has important impacts upon income distribution, reducing inequality in disproportion to its modest contribution to average household income; its impacts on the poverty rate are not as impressive as some might expect due to the low benefits, but they are greater on extreme poverty and on poverty measures that distinguish higher and lower incomes among poor people, such as the poverty gap and the severity of poverty; it does all the above with no noteworthy negative impacts upon labour markets; and, finally, it has become an important issue in all of Brazil and has slightly changed voting behaviour.

But what now? A new administration has recently been sworn in which has made eradication of extreme poverty one of its main objectives. Will this change *Bolsa Família*?

4 THE FUTURE IS NOW

Brazil saw considerable changes in how cash transfers are managed from the mid-1990s until about 2004. We went from decentralised CCTs to chaos to a very large programme with both centralised and decentralised aspects. The last six years, however, have seen little more than marginal increases in coverage and benefits getting updated to keep pace with price inflation. There have been no major design or conceptual changes since 2003.

However, on 1 January 2011, Dilma Rousseff became the new president of Brazil, and she has made it clear that ending extreme poverty is a top item on her agenda. I believe that this cannot be done without a significant change in *Bolsa Família* or the creation of a new, but similar, programme. Why?

Because of *Bolsa Família's* hybrid nature. There are two non-exclusive paths to the eradication of extreme poverty: social protection and generation of opportunities. While it leans clearly more towards social protection than opportunity generation, *Bolsa Família* remains a hybrid programme whose clear definition Brazilian society preferred to leave to the future.

Bolsa Família is really not an opportunity generation programme such as *Chile Solidario*: it does not kick out its beneficiaries, and its articulation to things such as job training or microcredit is relatively weak. It is not a human capital accumulation programme such as *Oportunidades/Progres*a: it does not necessarily support beneficiaries for the time needed for a generation of children to complete school, and the conditionalities are still less than draconian. It is not a full-blooded social protection programme such as Uruguay's reformed *Asignación Familiar* (the inheritor of *Plan de Asistencia Nacional a la Emergencia Social* – PANES) or the original Suplicy Basic Income Programme: it is not an entitlement and has only weak links to the remainder of the social protection system in Brazil.

Being none of these things, *Bolsa Família* is a hybrid creature being pushed and pulled in different directions by different constituencies, both inside and outside government. If *Bolsa Família's* hybrid nature were a mere problem of classification, it would give social policy analysts yet another issue to wrangle about. Unfortunately, the problem is more profound: while this chimera remains all things and none, its internal contradictions become more acute, and the pursuit of one objective frustrates the others.

Each of the three directions *Bolsa Família* can go in leads to a different programme layout and to different answers to questions that have haunted the programme since its conception. Should conditionalities be draconian or a minor detail? Should they be extended to include chasing opportunity? If it is social protection, should its information system not be integrated with those of social security and unemployment insurance? Should families be expelled after a certain period? Should exit strategies be a worry at all? In short, *quo vadis, Bolsa Família?*

The Mexican model has been largely absent from the media debate and defended only by a minority of people in the academic debate. Draconian conditionalities and intentionally long benefit periods are not positions much defended in Brazil. In our country, the two paradigms that vie for supremacy are the opportunity generation model and the pure social protection model. Since the extreme poverty eradication debate caught fire, there is little space for a programme that promises its real benefits only many years down the road. The choice is between either immediate social protection or immediate generation of opportunities.

What are the consequences of each? There are at least three important design issues that depend on the road chosen: the Single Registry, conditionality and the entitlement issue.

The Single Registry

Right now the Single Registry, for all its shortcomings, is a surprisingly good registry of poor people. This is not a problem for an information system if its objective is generation of opportunities, as no one expects rich people to sign up for microcredit and the like. If the rich are well-off, it is precisely because they had opportunities and took advantage of them, so by definition they do not need any more. Furthermore, if the objective of the benefit is only to pave the way to opportunity, temporary illicit accumulation with other cash transfers becomes less serious.

Rich people, however, do participate in social protection and, in fact, are some of its main beneficiaries. This means that if *Bolsa Família* is to become 100 per cent social protection, integrated into social security and unemployment insurance, the Single Registry should also be

integrated into the social security and unemployment insurance information systems. In other words, it should become a registry of citizens, of all the people, and not only of poor people. Furthermore, if *Bolsa Família* is to be only social protection, illicit accumulation becomes a much more serious issue.

Conditionality

Here the choice is stark: while going to school and getting health check-ups are very weak conditionalities for an opportunity generation programme, they are adequate or even excessive for social protection. There are arguments for conditionality both for social protection and generation of opportunities, but its intensity and scope varies.

If the objective of *Bolsa Família* is social protection, then it should protect the poorest and most vulnerable families and, within these, it should protect the most vulnerable individuals. Vulnerable families are exactly those that will have the most difficulty meeting even mild requirements. In this case, programme conditionality should be limited to ensuring that the social protection is passed on to the most vulnerable family members—children—and does not get captured by rotten parents.

On the other hand, if *Bolsa Família* becomes generation of opportunities, its conditionalities should be closely linked to the services offered. Families should be required not only to send their children to school but also to sign up for labour intermediation, go to job training, get microcredit or otherwise get off the couch and look for work.

Should it be an entitlement?

Once again the choice is clear-cut. If the objective is to get people to make their own money, of course it should not. Making the benefit an entitlement will only weaken the incentives to get out of poverty by your own effort. If the objective is to protect those most in need, then there is no doubt that the benefit should be an entitlement.

Where will Brazil go now that eradication of extreme poverty is a presidential promise?

My own opinion is that *Bolsa Família* should follow in the steps of the *Asignación Familiar* in Uruguay and become integrated into the social protection system. This does not mean that we should give up on helping people leave poverty through their own effort, but that this should be undertaken by another set of programmes, less focused on poor people and more focused on results. To date, Brazil has developed an efficient system of institutions, laws and norms for transferring money to poor people that works surprisingly well. We can identify poor people with reasonable precision and get the money to them with almost no loss to attrition. Taking advantage of this to rescue all the extremely poor people from extreme poverty and incorporating it into social security is little more than common sense. My colleagues and I (Osório, Soares and Souza, 2011) have estimated the cost of doing so at close to 1 per cent of GDP.

Brazil has a long and glorious history of failure in government-led generation of opportunities. Precious little has been evaluated, and when there are rigorous evaluations, the results show meagre results. If we are to do 'opportunities' seriously, we should try as many new things as

possible, but everything we try should be done first on a small scale and with control groups to ascertain whether it works. This requires a programme that is substantially different from *Bolsa Família*. In other words, we know how to do cash transfers, so addressing extreme poverty through them requires more budget and some significant changes in rules but will be more of the same. We do not know how to do opportunity generation well, so going down this road should require a lot of experimentation and rigorous evaluation. These are two very different approaches. They can be done at the same time by the same government but not in the same programme.

If Brazil is to rapidly reduce its extreme poverty, I think we have no alternative to an increase in benefits and coverage of transfers to very poor people. Opportunities for poor people may increase, but this will take time, even with the best government programmes. So I see no alternative to a strengthened *Bolsa Família*, preferably integrated into the remainder of the social protection system.

Do I think this is where Brazil will go?

To a certain extent and through tortuous paths, yes I do. I believe that there will be a wave of integrated opportunity generation programmes, in addition to various and uncoordinated efforts to allow poor people to exit poverty on their own. They will fail in the same way that previous attempts have failed, and, apart from some improvement in the incomes of the poorest 5 per cent due to economic growth, labour incomes will not change much. Since there will be no or little rigorous evaluation, if anything does work, it will not be known to work, and its impact will be lost in the crowd of other productive inclusion programmes.

The fact that some states, such as São Paulo, Rio de Janeiro and the Federal District, have committed to complementary cash transfers high enough to significantly reduce extreme poverty will make the failure of opportunity generation with our limited know-how even more stark. The Federal District is likely to reduce extreme poverty to very residual levels, and São Paulo and Rio are likely to reduce it significantly by 2012. States that either spend their efforts on opportunity generation or just leave the struggle against poverty up to the federal government will see very limited improvement.

Once this becomes apparent and the 2014 deadline for making significant progress against poverty looms ever closer on the horizon, *Bolsa Família* or its successor will step in and fill the extreme poverty gap with money from transfers. This can be done quickly and efficiently, since the infrastructure is all in place. And Brazil will no longer have extremely poor people.

REFERENCES

- Andrade, M. V., Chein, F. and Ribas, R. P. (2007). 'Políticas de Transferência de Renda e Condição Nutricional de Crianças: Uma Avaliação do *Bolsa Família*', *Cedeplar Discussion Text Series*, No. 312. Belo Horizonte, Cedeplar.
- Barros, R. P., Carvalho, M., Franco, S. and Mendonça, R. (2007). 'A Queda Recente da Desigualdade de Renda no Brasil', *Ipea Discussion Text Series*, No. 1258. Rio de Janeiro, Ipea. Available at: <http://www.ipea.gov.br/sites/000/2/publicacoes/tds/td_1258.pdf>.
- _____ (2008). 'A importância das cotas para a focalização do Programa *Bolsa Família*', *UFF Discussion Text Series*, No. 238. Niterói, Faculdade de Economia, Universidade Federal Fluminense.
- Bohn, S. (2011). 'Social Policy and Vote in Brazil: *Bolsa Família* and the Shifts in Lula's Electoral Base', in *Latin American Research Review*, Vol. 46, No. 1.
- Cardoso, E. and Souza, A. P. (2011). 'The Impact of Cash Transfers on Child Labor and School Attendance in Brazil' in *Latin American Research Review*, Vol. 46, No. 1.
- De Castro, J. A. and Modesto, L. (Organisers) (2010). *Bolsa Família 2003–2010: Avanços e Desafios*, Volume 2. Brasília.
- Ferro, A. R. and Nicollela, A. C. (2007). 'The Impact of Conditional Cash Transfers on Household Work Decisions in Brazil', presented at the IZA/World Bank Conference on Employment and Development in 2007. Available at: <http://www.iza.org/conference_files/worldb2007/ferro_a3468.pdf>.
- Ferro, A. R., Kassouf, A. L. and Levison, D. (2009) 'The impact of conditional cash transfer programs on household work decisions in Brazil' in *Anais do XXXVII Encontro Nacional de Economia*. Proceedings of the 37th Brazilian Economics Meeting. Available at: <<http://www.anpec.org.br/encontro2009/inscricao.on/arquivos/000-dde4869521f17def1b2e6c6111aa203.pdf>>.
- Foguel, M. N. and Barros, R. P. (2010). 'The Effects of Conditional Cash Transfer Programmes on Adult Labour Supply: An Empirical Analysis Using a Time-Series-Cross-Section Sample of Brazilian Municipalities' in *Estudos Economicos* Vol. 40, No. 2. São Paulo, 259–293. Available at: <<http://www.scielo.br/>>.
- Galasso, E. (2006). "With their effort and one opportunity": Alleviating extreme poverty in Chile. Mimeo, IDB. Available at: <<http://www.iadb.org/res/publications/pubfiles/pubS-001.pdf>>.
- Glewwe, P. and Kassouf, A. L. (2008). 'The Impact of the Bolsa Escola/Família Conditional Cash Transfer Program on Enrollment, Grade Promotion and Drop out Rates in Brazil' in *Anais do XXXVIII Encontro Nacional de Economia*. Salvador, Anpec.
- Hoffmann, R. (2007). 'Transferências de Renda e Redução da Desigualdade no Brasil e em Cinco Regiões, entre 1997 e 2005' in Barros, R. P., Foguel, M. N. and Ulyssea, G. (eds), *Desigualdade de Renda no Brasil: Uma Análise da Queda Recente*, Vol. 2. Brasília, Ipea, 17–40 Available at: <<http://www.ipea.gov.br/sites/000/2/livros/desigualdaderendanobrasilv2/Cap15.pdf>>.

- Hofmann, R. (2010). 'The evolution of income distribution in Brazil: what promotes and what restricts the decline in inequality', presented at the conference 'A comparative analysis of growth and development: Argentina and Brazil', University of Illinois, 22–23 April 2010.
- Lavinas, M. H. (1998). 'Programas de Garantia de Renda Mínima', *Ipea Discussion Text Series*, No. 596. Rio de Janeiro, Ipea. Available at: <http://www.ipea.gov.br/pub/td/1998/td_0596.pdf>.
- Lindert, K. and Vincensini, V. (2010). 'Social Policy, Perceptions and the Press: An Analysis of the Media's Treatment of Conditional Cash Transfers in Brazil', *World Bank Social Policy Discussion Paper Series*, No. 1008. Washington DC, World Bank.
- Lindert, K., Linder, A., Hobbs, J. and de la Briere, B. (2007) 'The Nuts and Bolts of Brazil's *Bolsa Família* Program: Implementing Conditional Cash Transfers in a Decentralized Context', *World Bank SP Discussion Paper Series*, No. 0709. Washington DC, World Bank.
- Marques, R. M., Leite, M. G., Mendes, A. and Ferreira, M. R. J. (2009) 'Discutindo o Papel do Programa *Bolsa Família* na Decisão das Eleições Presidenciais Brasileiras de 2006' in *Revista de Economia Política*, Vol. 29, No. 1.
- Medeiros, M., Britto, T. and Soares, F. V. (2008). 'Targeted Cash Transfer Programmes in Brazil: BPC and the *Bolsa Família*', *IPC Working Paper Series*, No. 46. Brasília, IPC. Available at: <<http://www.ipc-undp.org/pub/IPCWorkingPaper35.pdf>>.
- Nicolau, J. and Peixoto, V. (2007). 'As Bases Municipais da Votação de Lula em 2006', presented at 'Fórum Nacional'. *Cadernos do Fórum Nacional*, No. 6.
- Osorio, R. G., Soares, S. S. D. and de Souza, P. H. G. F. (2011). 'Erradicar a Pobreza Extrema: Um objetivo ao Alcance no Brasil', *Ipea Discussion Text Series*, No. 1619. Brasília, Ipea.
- Ribas, R. P. and Soares, F. V. (2011). *Is the Effect of Conditional Transfers on Labor Supply Negligible Everywhere?* Mimeo.
- Rocha, R. (2009). 'Programas Condicionais de Transferência de Renda e Fecundidade: Evidências do *Bolsa Família*', presented at 'Sociedade Brasileira de Econometria'.
- Rocha, S. (2008). 'Transferências de Renda Federais: Focalização e Impactos sobre Pobreza e Desigualdade' in *Revista de Economia Contemporânea*, Vol. 12, No. 1, 67–96. Available at: <<http://www.scientificcircle.com/pt/15852/transferencias-renda-federais-focalizacao-impactos-sobre/>>.
- Santarrosa, R. (2011). *Impacto das Transferências Condicionadas de Renda sobre a Proficiência dos alunos do Ensino Fundamental no Brasil*. Master's Dissertation. São Paulo, Fundação Getúlio Vargas – Escolas de Economia de São Paulo.
- Segall-Corrêa, A. M., Marin-Leon, L., Helito, H. Ribas, R. P., Santos, L. M. P. and Paes-Souza, R. (2008). 'Transferência de Renda e Segurança Alimentar no Brasil: Análise dos Dados Nacionais' in *Revista de Nutrição*, Vol. 21 (supplement), 39–51.
- Shikida, C. D., Monastério, L. M., Araujo Jr., A. F., Carraro, A. and Damé, O. M. (2009). "'It is the Economy, Companheiro!': An Empirical Analysis of Lula's Re-election Based on Municipal Data' in *Economics Bulletin*, 29(2). Available at: <<http://ideas.repec.org/a/eb/ebull/eb-08c30073.html>>.
- Silva, M. O., Yazbeck, M. C., di Giovanni, G. (2004). *A política social brasileira no século XXI: a prevalência dos programas de transferência de renda*. São Paulo, Cortez.

Silveira Neto, R. M. (2010). 'Impacto do Programa *Bolsa Família* Sobre a Frequência à Escola: Estimativas a Partir de Informações da Pesquisa Nacional por Amostra de Domicílios (PNAD)' in de Castro, J. A. and Modesto, L. (eds), *Bolsa Família 2003–2010: Avanços e Desafios – Volume 2*. Brasília, Ipea, 53–71.

Soares, F. V., Ribas, R. P. and Osório, R. G. (2010). 'Evaluating the Impact of Brazil's *Bolsa Família*: Conditional Cash Transfers in Perspective' in *Latin American Research Review*, Vol. 45 No. 2, 173–190.

Soares, F. V., Soares, S., Medeiros, M., and Osório, R. G. (2006). 'Programas de transferência de renda no Brasil: impactos sobre a desigualdade', *Ipea Discussion Text Series*, No. 1228. Brasília, Ipea. Available at: <http://www.ipea.gov.br/sites/000/2/publicacoes/tds/td_1228.pdf>.

Soares, G. A. D. and Terron, S. L. (2008) 'Dois Lulas: A Geografia Eleitoral da Reeleição (Explorando Conceitos, Métodos e Técnicas de Análise Geoespacial)' in *Opinião Pública*, 14(2). Campinas, 269–301.

Soares, S. (2006). 'Análise de bem-estar e decomposição por fatores na queda da desigualdade entre 1995 e 2004' in *Econômica: revista do programa de pós-graduação em Economia da UFF*. Rio de Janeiro, UFF, Vol. 8, No. 1, 83–115.

_____ (2009). 'Volatilidade de Renda e a Cobertura do Programa *Bolsa Família*', *Ipea Discussion Text Series*, No. 1459. Brasília, Ipea.

Soares, S. and Sátyro, N. (2010). 'O Programa *Bolsa Família*: Desenho Institucional, Impactos e Possibilidades Futuras', *Ipea Discussion Text Series*, No. 1424. Brasília, Ipea. Available at: <http://www.ipea.gov.br/sites/000/2/publicacoes/tds/td_1424.pdf>.

Soares, S., Osório, R. G., Soares, F. V., Medeiros, M. and Zepeda, E. (2009). 'Conditional Cash Transfers in Brazil, Chile and Mexico: Impacts upon Inequality' in *Estudios Económicos*, Número Extraordinario. Mexico, 207–224. Available at: <<http://ideas.repec.org>>.

Soares, S., Ribas, R. P. and Soares, F. V. (2010). 'Targeting and Coverage of the *Bolsa Família* Programme: Why Knowing What You Measure Is Important In Choosing the Numbers' in *IPC Working Paper Series*, No. 71. Brasília, IPC. Available at: <<http://www.ipc-undp.org/pub/IPCWorkingPaper71.pdf>>.

Soares, S., de Souza, P. H. G. F., Osório, R. G. and Silveira, F. G. (2010) 'Os Impactos do Benefício do Programa *Bolsa Família* Sobre a Desigualdade e Pobreza' in de Castro, J. A. and Modesto, L. (eds), *Bolsa Família 2003–2010: Avanços e Desafios – Volume 2*. Brasília, Ipea, 27–52.

Souza, A. M. and Fonseca, A. M. M. (1997). 'O Debate Sobre Renda Mínima: a experiência de Campinas' in *São Paulo em Perspectiva*, 11(4), 22–32. Available at: <http://www.seade.gov.br/produtos/spp/v11n04/v11n04_03.pdf>.

De Souza, P. H. G. F. (2010). 'Uma Metodologia para Decompor Diferenças entre dados Administrativos e Pesquisas Amostrais, com Aplicação para o Programa *Bolsa Família* e o Benefício de Prestação Continuada na PNAD' in *Ipea Discussion Text Series*, No. 1517. Brasília, Ipea.

De Souza, P. H. G. F., Osorio, R. G. and Soares, S. S. D. (2011). *Uma Metodologia para Simular o Programa Bolsa Família*. Mimeo, Ipea.

Sposati, A. (2010). 'Bolsa Família: Um Programa com Futuro(s)' in de Castro, J. A. and Modesto, L. (eds), *Bolsa Família 2003–2010: Avanços e Desafios – Volume 2*. Brasília, Ipea, 273–305.

Suarez, M. and Libardoni, M. (2007). 'O Impacto do Programa *Bolsa Família*: Mudanças e Continuidades na Condição Social das Mulheres' in Vaitsman, J. and Paes-Souza, R. (eds), *Avaliação de Políticas e Programas do MDS – Resultados. Volume II: Bolsa Família e Assistência Social*. Brasília, MDS.

Tavares, P. A. (2010). 'Efeito do Programa *Bolsa Família* sobre a oferta de trabalho das mães' in *Economia e Sociedade*, Vol. 19, No. 3, 613–635.

Available at: <<http://www.scielo.br/pdf/ecos/v19n3/08.pdf>. 2010>.

Teixeira, C. G. (2010) 'A Heterogeneity Analysis of the *Bolsa Família* Programme Effect on Men and Women's Work Supply', *IPC Working Paper Series*, No. 61. Brasília, IPC.

Available at: <<http://www.ipc-undp.org/pub/IPCWorkingPaper61.pdf>>.

Yaschine, I. and Dávila, L. (2008) 'Why, When and How Should Beneficiaries Leave a CCT Programme?' in *Poverty in Focus*, No. 15.

Available at: <<http://www.ipc-undp.org/pub/esp/IPCPovertyInFocus15.pdf>>.

Zucco, C. (2008). 'The President's "New" Constituency: Lula and the Pragmatic Vote in Brazil's 2006 Presidential Elections' in *Journal of Latin American Studies*, 40, 29–49.

NOTES

1. Soares, Ribas, and Osório (2010) also review the literature on *Bolsa Família*'s design and impacts. While it is a smaller piece than this text, it is certainly complementary, since their focus is on comparisons with *Chile Solidario* and *Oportunidades*.
 2. With a few exceptions, such as Mexico, which saw quite comprehensive land reform a little less than a century ago.
 3. Actually the *Cartão Alimentação* was inspired more by the American Food Stamp programme than our CCTs.
 4. [Medida Provisória No. 132, de 20 de outubro 2003](#).
 5. [Decreto No. 6.135, de 26 de junho de 2007](#) (repealed: [Decreto No. 3.877, De 24 De Julho De 2001](#) and [Decreto de 24 de outubro de 2001](#)).
 6. [Lei 10.836, de 09 de janeiro de 2004](#) and [Decreto No. 5.209, de 17 de setembro de 2004](#).
 7. The Evaluation and Information Secretariat (*Secretaria de Avaliação e Gestão da Informação – SAGE*) of the same ministry is in charge of more analytical evaluations.
 8. At the time of writing (December 2011), the Brazilian minimum wage was R\$545 per month.
 9. The only administrative record that entails immediate cancellation of benefits is when a beneficiary shows up in the *Sistema de Controle de Óbitos* (SISOB), a registry of dead people.
 10. These screenings could be much improved. Social security and labour market registries are available about one year after the events they register occur. If the social security, labour market and the Single Registry were to be merged into a really 'Single' Registry, this could be done in real time.
 11. *Chile Solidario* is not to be confused with income transfer policy in Chile, which counts on other programmes, such as the *Subsidio Único Familiar* (SUF) and the *Pensión Básica Solidaria*, that are paid unconditionally to all poor families in Chile.
 12. This Soares is me, but there are four different Soares who have published works on *Bolsa Família* cited here.
 13. The steps to drawing an Incidence Curve are:
 - Order the population by incomes without the benefit whose incidence you wish to analyse;
 - On the horizontal axis, accumulate population ordered by income;
 - On the vertical axis, accumulate the benefits (or other variable whose incidence you wish to analyse).
- The area between the Incidence Curve and the line of perfect equality (a straight line linking the lower left- and upper right-hand corners), with areas above the line counting negatively, is called the Incidence Coefficient.
14. The TCU is an accounting office linked to the Congress almost completely outside the influence of the executive branch.
 15. The Household Survey used for almost anything relating to *Bolsa Família* is the *Pesquisa Nacional por Amostragem de Domicílios* – PNAD. The PNAD was, from 1974 to 2009, a cross-sectional survey. It will become a panel survey in 2011, but this had not yet happened when this article was written.
 16. Much remains to be evaluated, and the institutional evaluations by the Ministry of Social Development are far from complete or satisfactory, but remember that Brazil is a country that is only now beginning to have a culture of evaluation.
 17. Micro-simulation of an entire household income distribution is very complex and requires many 'administrative' decisions. Without access to the computer code itself, it is very hard to reproduce results.
 18. Perhaps I like it best because I helped to write it. See Sonia Rocha (2008) for an alternative (and slightly more pessimistic) view.
 19. The PNAD question on enrolment/attendance is not very precise. It asks attendance, but the consensus is that most people answer enrolment.



International Policy Centre for Inclusive Growth (IPC-IG)

Poverty Practice, Bureau for Development Policy, UNDP

Esplanada dos Ministérios, Bloco O, 7º andar

70052-900 Brasília, DF - Brazil

Telephone: +55 61 2105 5000

E-mail: ipc@ipc-undp.org ▪ URL: www.ipc-undp.org