



What can African countries learn from Brazil's inclusive growth and development?

Research briefing:

Antipoverty transfers and inclusive growth in Brazil

Summary

- Antipoverty transfers in Brazil are credited with having contributed to a sharp reduction in extreme poverty and to the reduction in inequality and social exclusion.
- While Bolsa Família is the flagship of social assistance in Brazil, other components are important. Two social pensions in Brazil reach over 10 million people with a budget twice that of Bolsa Família's.
- The 1988 Constitution constituted a watershed, enshrining the principle that government has a responsibility to ensure a minimum income security to all citizens independently of their capacity to contribute to social insurance.
- Brazil's approach has focused around three strategies: co-opting informal workers into social insurance institutions; providing transfers to older people and people with disabilities unable to work; and addressing intergenerational poverty persistence through human development income transfer programmes.
- Key factors in the success of antipoverty transfers in Brazil have been:
 - Explicitly targeting human development, rather than simply acting as a more traditional safety net for the sick and old.
 - A productivist element, concerned with economic inclusion.
 - A focus on citizenship- and rules-based transfers, avoiding clientelism.

The evolution of social assistance in Brazil

Brazil emerged from dictatorship in 1985 with a huge 'social debt', a commitment to address this debt, and a ferment of ideas on the way forward. The 1988 Constitution constituted a watershed in the development of social assistance in Brazil. It enshrined the principle that governments have a responsibility to ensure a minimum income security to all citizens independently of their capacity to contribute to social insurance. Agreement on this point provided the basis for the expansion of social assistance in the following two decades and was a break from the contributory principle dominant in the past.

Conceptually, the policy instruments the Constitution initially supported, Previdência Social Rural and the Benefício de Prestação Continuada, were not especially innovative or farsighted. Their orientation was firmly rooted in conventional welfare policy, on a distinction between individuals with or without the ability to work. They focused on old age poverty and on disability, but failed to address child poverty. However their reach has been impressive, which has pushed pension coverage of people aged 65 and over to just over 86 percent, among the highest in the region.

Bolsa Família developed instead out of municipal experimentation with Bolsa Escola in the early 1990s, rooted in a mix of guaranteed income proposals, multidimensional perspectives on poverty, and education interventions. Bolsa Família greatly expanded the coverage of Bolsa Escola and the other income transfer programmes, with the number of households participating increasing from 6.5 million in 2004 to 14 million in 2013.

The evolution of antipoverty policy in Brazil suggests a shift in focus over time from the

extension of social insurance to incorporate excluded sectors, to conventional social assistance directed at vulnerable groups, to human development focused income transfers. In 2011, the government announced the Plano Brasil Sem Miséria as its strategy to eradicate extreme poverty. The plan articulates policies and programmes around the view that the eradication of extreme poverty requires a coordinated effort aimed at improving income/consumption and improving access to basic services and facilitating productive employment.

Social assistance in Brazil: main programmes

All values are for 2014 (US\$ PPP 1= R\$1.713)

Benefício de Prestação Continuada

Focus: A nation-wide non-contributory pension scheme for old and disabled people in extreme poverty

Eligibility: Aged > 65 in households with per capita income < ¼ minimum wage

Monthly benefits: One minimum wage R\$724 (US\$422)

Reach: 3.7 million beneficiaries, split evenly between old age and disability.

Key features: Entitlement is acknowledged in the constitution. Relatively simple to administer.

Outcomes: Benefits are shared within households, leading to lower incidence of child labour.

Budget as % GDP: 0.7

Previdência Social Rural

Focus: A semi-contributory pension scheme for rural workers with low contribution capacity.

Eligibility: Long-term rural informal workers (>15 years), in family agriculture, fishing, mining.

Monthly benefits: One minimum wage R\$724 (US\$422)

Reach: 7.8 million beneficiaries

Key features: Incorporates informal and low income workers within the social insurance scheme. Relatively simple to administer.

Outcomes: Helped to lift an estimated 4 million people out of extreme poverty, and boosted economic activity in rural areas. Has reduced child labour and increased school enrolment when children co-reside with a pensioner.

Budget as % GDP: 1.4

Bolsa Família

Focus: A guaranteed minimum income for households in extreme poverty and households in moderate poverty with children.

Eligibility: Households with per capita monthly income < R\$77 (US\$45) and households with children with per capita income < R\$154 (US\$90)

Monthly benefits: Basic transfers=R\$77 (US\$43). Variable transfer=R\$35 (US\$20) per child (0-15) up to five; and R\$ 42 (US\$24.5) for each youth (16-17) up to two. Households with per capita income > R\$77 and < R\$154 receive child transfers only. From 2012, the Benefício de Superação da Extrema Pobreza provides a 'top up' to households with incomes below R\$77 after transfers

Reach: 14 million households

Key features: Designed to address multidimensional and persistent poverty. Making transfers conditional on health and education utilisation helped to sustain broad political support. Children from participating households must have an 85% school attendance record and complete a full immunisation schedule. A new Ministry for Social Development and Zero Hunger was established to manage the programme and coordinate other poverty reduction policies and programmes. The federal government allocates quotas, to which municipalities help match to potential beneficiaries.

Outcomes: Estimates suggest that Bolsa Família has been responsible for one sixth of the reduction in poverty in the decade 1999-2009 (2 percentage points of a period reduction from 26% to 14%) and around one third of the reduction in extreme poverty (1.6 percentage points of a period fall from 9.9% to 4.8%). It has also contributed to a reduction in inequality, accounting for 16% of the 10% decline in the Gini coefficient in the 1999-2009 period. Children in participating households are healthier, spend longer in school, and infant mortality is reduced. Labour force participation rates are largely unaffected.

Budget as % GDP: 0.6

Key IRIBA finding: Bolsa Familia has a greater impact in poorer municipalities

Studies on the outcomes of Bolsa Família on participant households focus on mean outcomes at the national level. Some studies have estimated outcomes at a more disaggregated level, for example by gender or by rural-urban location. We examined variations across municipalities by estimating quantile regressions of municipal participation rates on selected outcomes using PNAD household survey data for 2001 and 2006 – before and after the implementation of Bolsa Família.

We found significant differences in outcomes across municipalities for certain outcomes. Adult labour force participation rates, for example, rise with programme coverage at the municipal level. Overall, we find that Bolsa Família helped reduce the spread of labour force participation rates across municipalities in the period under examination. These results suggest that Bolsa Família has had positive and stronger effects on the more disadvantaged municipalities.

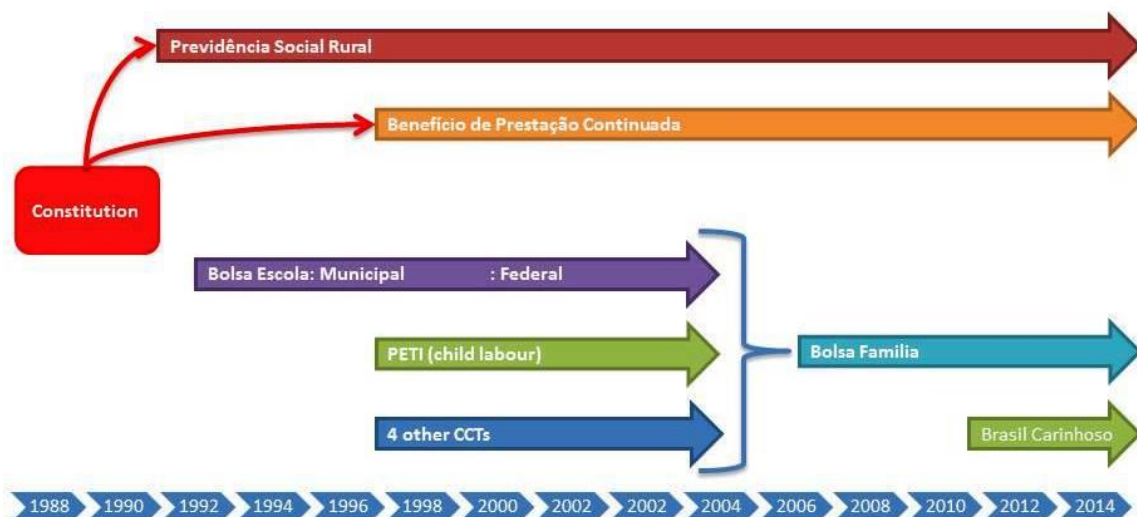
The sustainability of social assistance programmes

Two decades of rapid growth in social assistance institutions provide important lessons, but institutional development in Brazil is far from complete, with significant areas of uncertainty and challenges remaining. Three strategies for inclusion remain in place: co-opting informal workers into social insurance institutions; providing transfers to older or disabled people; and addressing intergenerational poverty persistence through human development income transfer programmes. The extent to which these three strategies combine will largely define the development of social assistance institutions in the future.

The growth of social assistance reflects government efforts to shift the balance of public subsidies from social insurance to social

assistance. Whilst the emergence of social assistance is a step forward, the imbalance remains large (Barrientos, 2013). Public subsidies to the public sector social insurance fund are roughly equal to of the sum of all public subsidies to social assistance. Given the relatively low level of public subsidies to social assistance programmes, and the contribution of low income groups to tax revenues, there are few concerns with the sustainability of current financial arrangements.

The Evolution of social assistance components and programmes in Brazil



To date, social assistance in Brazil has enjoyed broad political support, ensuring its political sustainability. All presidential candidates in elections since 2000 have supported Bolsa Familia, with the health and education conditions helping to bolster the consensus. There is little evidence that poverty reduction programmes have encouraged clientelism amongst beneficiaries. Bolsa Familia is perceived as a rules-based federal programme, not political patronage.

Relevance to African countries?

The effectiveness of Bolsa Familia, combined with the Lula administration's focus on re-engaging with Africa created an opportunity for knowledge sharing between Brazil and Africa. Brazil has hosted numerous study visits from African delegations and has given on-going technical support for some of the countries seeking to implement or expand their provision of social assistance. Mundo sem Miséria, launched in 2014, supports a poverty reduction knowledge base available for countries in Africa.

Key lessons:

- 1) **Prioritising human development objectives** within social assistance programmes has been vital. Bolsa Escola was established on the understanding that without strengthening human development, especially among children, income transfers are unlikely to have sustained effects on the targeted households. Social assistance has been designed to address the intergenerational persistence of poverty.
- 2) Bolsa Família and the social pensions are more strongly **productivist** than most existing antipoverty transfer programmes in Africa. Assistance is provided to all households in poverty, not just those without it and this has **boosted economic activity**, particularly in rural areas.

This briefing is based upon an IRIBA working paper 'Antipoverty Transfers and Inclusive Growth in Brazil' by Armando Barrientos, Dario Debowicz and Ingrid Woolard, available at:

<http://www.brazil4africa.org>

Further reading:

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- Souza, P. H. G. F. d. (2011). Poverty, inequality and social policies in Brazil, 1995-2005 (Mimeo). Brasília: IPEA.

IRIBA is a DFID funded research programme, based at the University of Manchester. It brings together an international team of researchers, examining how lessons from Brazil's development experience can be learned and adapted for African countries.

July 2014

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