The Brazilian experience with conditional cash transfers: A successful way to reduce inequity and to improve health

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Executive Summary

Concerns about poverty and inequity have been present in the Brazilian society for some decades. However, up until the year 2000, no clear reduction trend in income concentration was registered.

The use of Conditional Cash Transfers (CCT) as an instrument of social policy reflects the widespread belief in Brazil that people are poor due to the “fault of an unjust society”. The 1988 Constitution established a legal foundation of social assistance as guaranteed rights for the needy – and also an obligation of the state to provide health and education services, among others, the access to which is established as a basic right of all citizens.

In January 2003 President Lula promised to eradicate hunger and fight poverty in his inaugural speech and in fact, conferred high priority to the Zero Hunger strategy. This strategy included several interventions / programs, including the Bolsa Familia Program (BFP).

The BFP evolved from a long tradition of CCT in Brazil (1995-2003), which was the first country to pioneer the instrument of CCT in Latin America. From 2001 to 2003 Brazil created four cash transfer programs. There were some problems with these initial programs in that a) they were not articulated; b) they employed different enrollment criteria; c) they used databases that could not interface and two of them had very low coverage. In early 2004 these four programs were merged into the Bolsa Familia Program (BFP) and largely expanded. The BFP seeks to invest in human capital, by associating cash transfers with educational goals and uptake of health services.

The BFP is the world’s largest conditional cash transfer program. It reaches all 5,564 municipalities in the 27 states of Brazil and about 12.9 million families, or roughly 52 million people (25% of the Brazilian population). The government investments increased since 2003. Initially the BFP faced harsh criticism by some sectors of the press. However the seriousness of the program and its impacts on the society become evident over the years; today opinion polls show wide popular support for the BFP.

The BFP operations are very well regulated in the 5,564 Brazilian municipalities. There is one Law, nine Presidential Decrees, one Ordinance and about 50 Operating Instructions. This legislation guarantees direct cash transfer to families in poverty or extreme poverty contexts, which have in their composition pregnant women, nursing mothers, children between zero and twelve, and adolescents from twelve to fifteen years old. In 2008, the age group was extended to 17-year-olds.
The transferred values depend on the degree of poverty and the socio-demographic composition of the family. Recently, in 2011, the number of children under 15 years of age who can receive the benefit was increased from three to five per family.

Some studies have examined the effects of the BFP on poverty and inequity, food expenditure, education and health service uptake, food security and nutrition outcomes. The Gini index, an indicator of income distribution, remained stable in Brazil for many decades but has dropped consistently since 2001; almost one quarter of the drop is attributable to the BFP. Propensity score analysis used in the baseline study for the BFP showed larger family expenditures among enrolled families than in the comparison group, especially on food (US$ 172 more a year on food items). In another econometric study conducted in a rural area, enrolled families were found to spend US$ 107 more on food per year than the comparison group.

A study based on a national representative sample of households enrolled in the BFP showed an increase of 79% in the amount of food purchased by those families that were suffering severe food insecurity at baseline, compared with a 60% increase among families who reported food security. Additional evidence was afforded by the analysis of data on food security from the 2004 National Household Sample Survey. That data showed that the average US$ 30 transferred then by the BFP was associated with a 52% increase in food security among families. Another national study indicated that families in the BFP aspire to consume healthier foods, such as vegetables and fruits.

In one study, propensity scores showed lower rates of school evasion and less engagement in the labor market among children from families enrolled in the BFP; however, these children went through school more slowly. Because these services are less accessible than basic education, an effect on their use occurs at a later time. No significant differences were found between families in the BFP and other families in terms of vaccination coverage. This was predictable, because immunization coverage has been extremely high in Brazil for several decades.

A recent publication employed anthropometric data of a sample of 22,375 impoverished children 5 years of age and younger, to estimate nutritional outcomes among recipients of Bolsa Família. Children from families exposed to the BFP were 26% more likely to have normal height-for-age scores than those from non-exposed families; this difference also applied to weight-for-age scores. No statistically significant deficit in weight or height was found. Stratification by age group revealed 19% and 41% higher odds of having normal height for age at 12–35 and 36–59 months of age, respectively, in children receiving Bolsa Família, and no difference at 0–11 months of age. The
authors concluded that BFP can lead to better nutritional outcomes in children 12 to 59 months of age.

In Brazil, the BFP seeks to use financial incentives to change certain attitudes and behavior among impoverished families. It aims, specifically, to: (i) keep families from entering children under 14 years old in the labor market (forbidden by law); (ii) motivate families to ensure their children complete a secondary education; (iii) motivate these families to use health services, especially the pregnant women and children under 7 years of age.

In the long run, the aim is to break the intergenerational poverty cycle. The effects of the BFP on economic inclusion are not seen immediately due to the complex variables influencing economic inclusion and the challenges in implementing specific policies. Responding to the need to decrease the economic disparities, a wide-reaching program known as “Next Step” (Próximo Passo) was launched in 2008–2009. The program, which involves three ministries and the private sector, aims to provide technical training for adults from families in the BFP and to guarantee them jobs in government construction projects. At the time of this publication, 65 thousand adults from BFP families have already concluded their training and 20 thousand are now attending training sections. A total of 229 municipalities are already running the program.

**Problem description and context**

Conditional Cash Transfer (CCT) programs have been used both to promote social development and to respond to humanitarian needs (1). Within a span of 10 years CCT has become the social intervention of choice in Latin America, which has set examples in this respect for other developing regions (2).

Concerns about poverty and inequity have been present in the Brazilian society for some decades. However, up until the year 2000, no clear reduction trend was registered; for many decades, Brazil has remained a country with one of the highest income concentrations in the world (Figure 1).
Figure 1. Evolution on the Gini Index, Brazil 1976-2008

The use of CCT as an instrument of social policy reflects the widespread belief in Brazil that people are poor due to the “fault of an unjust society”; these beliefs are evident in the results of the World Values Survey, which show that 76% of Brazilians believe that the poor are poor because “society is unjust” while 71% state that the poor “have very little chance to escape from poverty” on their own (3). Concerns about the social injustice of this situation are reflected in Brazil’s 1988 Constitution, ratified in 1988, which places great emphasis on poverty reduction and the creation of a more just and equitable society. The Constitution established a legal foundation of social assistance as guaranteed rights for the needy – and also an obligation of the state to provide health and education services, among others, the access to which is established as a basic right of all citizens (3).

In January 2003 President Lula promised to eradicate hunger and fight poverty in his inaugural speech and in fact, conferred high priority to the Zero Hunger strategy. This included several actions among which the Bolsa Familia Program (BFP).

From 2001 to 2003 Brazil created four cash transfer programs; however, they were not articulated, they employed different enrollment criteria, they used databases that could not interface, and two of these had very low coverage. In early 2004 the four programs were merged into the Bolsa Familia program (BFP) (4) and have since largely expanded. The new program combined management and implementation processes and was devised for the purpose of: (i) promoting access to the public services network, particularly in health, education and social protection; (ii) combating hunger and promoting food and nutrition security; (iii) stimulating the sustained empowerment of families living
in poverty and extreme poverty; (iv) fighting poverty; and (v) promoting synergistic social action between governmental and nongovernmental sectors (5). The BFP seeks to invest in human capital by associating cash transfers with educational goals and uptake of health services.

The BFP is the world’s largest conditional cash transfer program (6). It reaches all 5,564 municipalities in the 27 states of Brazil and about 12.9 million families, or roughly 52 million people (25% of the Brazilian population). The program’s legislation guarantees direct cash transfers to: (i) families in poverty or extreme poverty (household income per capita below 90.00 United States dollars [US$] and below US$ 44.00, respectively, in 2005–06); (ii) families composed of children from 0 to 15 years of age; and (iii) families with a pregnant or lactating women. In 2008, the age age threshold for the children included in the program was extended to 17 years. In most cases the cash transfer is paid to the reference female of the family group. The per capita income cut-offs and the values of cash transferred are readjusted approximately every two years by decree. The value per family depends on the poverty threshold and family composition. No nutrition supplement is distributed. Details of how the BFP operates were presented in a World Bank publication (3).

Once a family is enrolled they must comply with certain health and education conditions to remain in the program: (i) a minimum school attendance of 85% of the monthly school hours for children 7 to 17 years old; and (ii) a health and nutrition agenda for beneficiary families with pregnant women, nursing mothers or children under 7 years of age (pre-natal care, vaccination, health and nutrition surveillance) (4).

Citation
Planning

The BFP evolved from a long tradition of CCT in Brazil (1995-2003); Brazil was the first country to pioneer the instrument of CCTs in Latin America (3). The idea for CCT emerged from two strands of debate: the first, involving the concept of providing minimum income to the poor and the second proposing that poverty reduction strategies needed to go beyond the symptoms (low current incomes) and address the underlying structural sources of poverty. The basic premise for linking school attendance to cash assistance was based on demand-side constraints: even if schools are available, poor children cannot always attend due to direct and indirect (opportunity) costs. Cash assistance was seen as an incentive to help counter these demand-side constraints and promote school attendance (3).

Following these debates local CCT programs were launched in some Brazilian municipalities starting in 1995. By 2001 over one hundred municipalities and many states were operating local CCT programs in Brazil, covering around 200,000 families.

All of these programs had three key features in common: (a) they were targeted to the poor through some sort of means testing (income ceilings); (b) they paid cash to the families (usually the women); and (c) they required some sort of “counterpart responsibilities” on behalf of the beneficiaries (3). These conditionalities usually involved: (a) enrollment requirements for school aged children; and (b) minimum daily school attendance requirements (80-90%), monitored by attendance records presented by the parents or in the schools themselves. In fact, the emphasis of the municipal programs was primarily on their role as education instruments – and with the income transfers serving as incentives to promote educational goals. Some of the early sub-national CCTs also included additional conditions, such as prohibiting beneficiary children from working, requiring child participation in extra-curricular activities, requiring adult participation in community meetings or seminars and/or literacy programs, and so forth.

In 2001, the Federal Government introduced two new programs: Federal Bolsa Escola Program (BE), modeled after the municipal programs and managed by the Ministry of Education. The other was Bolsa Alimentação (BA), aimed to confront the root causes of malnutrition and to reduce nutritional deficiencies and infant mortality among the poorest households in Brazil. This program was managed by the Ministry of Health. Auxílio Gas (AG) was launched in 2002, as a compensatory measure for the phasing out of cooking gas subsidies. The AG program was administered by the
Ministry of Mines and Energy and it used both the BA’s and the BE’s registries to select its target beneficiary population (3).

In 2003, President Lula launched his administration’s flagship initiative known as the “Fome Zero” (zero hunger) program. More than a program, Fome Zero serves as a mission statement that focused government efforts on eradicating the most extreme forms of poverty and hunger in Brazil. The Fome Zero initiative spans a collection of over 60 programs in many ministries related to the multi-dimensional facets of extreme poverty and hunger. One of the first measures under Fome Zero was the introduction of yet another cash transfer program called “Cartão Alimentação” (PCA). This program was managed by the (former) Ministry of Food Security (3).

Shortly after the launching of the PCA pilot, the Brazilian Government began considering the possibility of consolidating the four cash transfer programs (BE, BA, AG, and PCA) into a single program. Although each of these programs maintained its own emphasis (promoting schooling, health care, compensating for fewer price subsidies or promoting food consumption), they all provided cash transfers to roughly the same target group of poor families. Separate administrative structures and procedures created inefficiencies, resulted in considerable gaps and duplications in coverage, and missed important synergies from jointly promoting education and health (3).

On October 2003 the Bolsa Família Program was formally launched as a merger of the former programs (4). As part of the BFP’s institutionalization, the Ministry of Social Development and Fight Against Hunger (MDS) was established in January 2004. Following the program launch, the BFP underwent a “transition” year in 2004, in which the program’s conceptual, legal, and institutional foundations were established (and sometimes debated) – even as the program began its exponential expansion (3).

The government investments have increased significantly since 2003, as shown in Figure 2. The initial times were difficult, as BFP faced harsh criticism by some sectors of the press. However, the seriousness of the program and its impacts on the society became evident over the years. Today opinion polls show wide popular support for the BFP.
Figure 2. Investments by the Federal Government in the Bolsa Familia program, Brazil 2003-2010

Source: Ministry of Social Development, 2011

Citations


Implementation

The BFP operations are very well regulated in the 5,564 Brazilian municipalities. There is one Law, nine Presidential Decrees, one Ordinance and 48 Operating Instructions. The BFP was created by Law 10836 on January 9, 2004 (4) and then regulated by Decree 5209, published in September 17, 2004 (5). The latter spelled out the basic objectives of the BFP, namely: (a) promote access to the public services network, in particular, health, education and social protection, (b) combat hunger and promote food and nutrition security, (c) stimulate sustained empowerment of families living in poverty and extreme poverty, (d) combat poverty, and (e) promote integration and complementation of different sectors to act in synergy with the governmental social actions.

This legislation guarantees direct cash transfer to families in poverty or extreme poverty contexts, which have in their composition pregnant women, nursing mothers, children between zero and twelve, and adolescents from twelve to fifteen years old. In 2008, the age threshold was extended to
include 17-year-olds. The transferred values depend on the degree of poverty and the socio-demographic composition of the family. In 2005-6 the cut-offs were below US$ 44.00 per capita/month and below US$ 22.00 per capita/month for poverty and extreme poverty, respectively. During the research field work, each family received an average of US$ 30.00. The transferred values per family varied from US$ 7.00 up to US$ 41.00 at that time (2005-6). The income cut-offs and the values of cash transferred are readjusted periodically by Decree (approximately every two years).

Decree 5209/04 (and subsequent Decrees) also regulated the implementation and defined the responsibilities inherent to the operations of BFP, which must be shared by different actors: the Federal Government (represented by the Ministry Social Development - MDS and the Federal Bank Caixa Econômica - CEF) and by the municipalities. Regarding the standardization of the benefit management, the decrees describe all steps, such as identification of families with monthly per capita income equal to or less than the defined poverty lines, inclusion of families in the Unified Registry (Cadastro Único) and the monitoring of the compliance to requirements by the beneficiary families.

According to the program’s legislation the conditions for continued program participation are:

- "I - In education: minimum school attendance of 85% of the monthly school hours for children 7 to 17 years old"
- "II - In health: compliance to a health and nutrition agenda for beneficiary families with pregnant women, nursing mothers or children under seven years old."

Decree 5209/04 normalized the criteria for cancellation of benefits in cases of: (I) evidence of child labor in the family; (II) failure to comply with conditionalities - first suspension and then cancellation; (III) evidence of fraud or deliberate provision of incorrect information upon registration; (IV) termination by voluntary act of the beneficiary or court order; and (V) change in socio-economic family conditions, resulting in ineligibility for BFP.

The cash transfers of BFP were enacted at household level, initially, by inclusion of families in the Unified Registry. In 2004-5, when the BFP rapid expansion occurred, families were invited to register at fixed points in the municipalities, usually where the social services were located. House to house visits also occurred. The CEF bank was (and remains) responsible for receiving, organizing and running the Unified Registry (CadÚnico) database in order to select the eligible families. A magnetic card is then issued for the reference person in each eligible family (preferably a woman). Every
month the cash transferred is available for withdrawal. Many municipalities do not have CEF facilities (a branch or automatic cash dispenser) and in those cases CEF authorizes a local commercial establishment to act in its behalf and process the payments. In very remote rural areas CEF officials travel by boats, army airplanes or helicopters to reach the families.

Every two years the information in the Unified Registry (CadUnico) must be updated with each family’s most recent address, employment and socioeconomic status. This activity is organized by the local social services, and family payments can be suspended or cancelled if there is evidence of child labor, fraud or the deliberate provision of incorrect information, improvement of the family’s socioeconomic conditions (resulting in ineligibility for BFP), or failure of a family to comply with established conditions.

There is a financial incentive, called Index for Decentralized Management, for municipalities that maintain the timely update of the CadUnico database, as well as for those that provide monthly reports on school attendance and bi-annual reports on the nutrition surveillance and health uptake.

In 2010 an integrated protocol was signed to combine social services, education and health services, through joint actions of the respective ministries, in order to guarantee income security and community interaction. This will strengthen integration of the federal government services, benefits and CCT.

More recently, in 2011 a new Decree was published to establish the Program “Brazil without Extreme Poverty”. This readjusted the benefits by 45% and increased the limit of children below 15 years of age who can receive the benefit from three to five allowed to each family.

Citations

Evaluation of results and impacts, including on social determinants and health inequities

Some studies have examined the effects of the BFP on poverty and inequity (7), food expenditure (8, 9), education and health service uptake (8), food security (10-12), and nutrition outcomes (13). Most of these publications were recently reviewed (6).

The Gini index, an indicator of income distribution, had remained stable in Brazil for many decades but has dropped consistently since 2001 (Figure 1); almost one quarter of the drop is attributable to the BFP (7). Propensity score analysis used in the baseline study for the BFP showed larger family expenditures among enrolled families than in the comparison group, especially on food (US$ 172 more a year spent on food items) (8). In another econometric study conducted in a rural area, enrolled families were found to spend US$ 107 more on food per year than the comparison group (9).

A study based on a national representative sample of households enrolled in the BFP showed an increase of 79% in the amount of food purchased by those families that were suffering severe food insecurity at baseline, compared with a 60% increase among families who reported food security (10). Additional evidence was afforded by the analysis of data on food security from the 2004 National Household Sample Survey. That data showed that the average US$ 30 transferred then by the BFP was associated with a 52% increase in food security among families (11). Another national study indicated that families in the BFP aspire to consume healthier foods, such as vegetables and fruits (12). However, manufacturers of foods with low nutritional value have already repositioned themselves in the market and are targeting the emergent “new consumer” class, thereby jeopardizing any healthy change in food consumption patterns among households enrolled in the BFP.

In one study, propensity scores showed lower rates of school evasion and less engagement in the labor market among children from families enrolled in the BFP; however, these children went through school more slowly (8). Because these services are less accessible than basic education, any effect on their use occurs at a later time. No significant differences were found between families in the BFP and other families in terms of vaccination coverage (8). This observation was predictable, because immunization coverage has been extremely high in Brazil for several decades.
A recent publication employed anthropometric data of a sample of 22,375 impoverished children 5 years of age and younger, to estimate nutritional outcomes among recipients of Bolsa Família (13). Children from families exposed to the BFP were 26% more likely to have normal height for age than those from non-exposed families; this difference also applied to weight for age. No statistically significant deficit in weight or height was found. Stratification by age group revealed 19% and 41% higher odds of having normal height for age at 12–35 and 36–59 months of age, respectively, in children receiving Bolsa Família, and no difference at 0–11 months of age. The authors concluded that BFP can lead to better nutritional outcomes in children 12 to 59 months of age (13).

**Citations**


Follow-up and lessons learned

In Brazil, the BFP seeks to use financial incentives to change certain attitudes and behavior among impoverished families. It aims, specifically, to: (i) keep them from entering children under 14 years old in the labor market (forbidden by law); (ii) motivate them to ensure their children complete a secondary education; and (iii) motivate them to use health services, especially pregnant women and children under 7 years of age.

In the long run, the aim is to break the intergenerational poverty cycle. The effects of the BFP on economic inclusion are not seen immediately due to the complex variables influencing economic inclusion and the challenges in implementing specific policies. Responding to the need to decrease the economic disparities a wide-reaching program known as “Next Step” (Próximo Passo) was launched in 2008–2009. The program, which involves three ministries and the private sector, aims to provide technical training for adults from families in the BFP and to guarantee them jobs in government construction projects. This action was planned, initially, for a total of 173 thousand vacancies (147 thousand for construction work and 26 thousand for hotel staff positions). So far 155 thousand adults have enrolled, 65 thousand of those have already concluded their training; and 20 thousand are attending training sections. A total of 229 municipalities are already running the program.

Social security approaches to addressing economic and education disparities have reached important achievements over the last two decades. However this model is starting to show some limitations, and may be ultimately insufficient for the Brazilian society’s needs. Systems integration looks like the next step for building a better and more egalitarian society, the challenge for the next decades to come.