The Brazilian Bolsa Familia Program (BFP) and the New Strategy to Fight Extreme Poverty

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The Bolsa Família cash transfer program has become popular in Brazil over the last decade. It has been successful in reducing poverty and extreme poverty in several dimensions. Parents are encouraged to invest in their children’s health and education since these are conditions to receive the amount of money. Moreover, PBF provides a steady stream of income increasing consumption levels among the poor. It is important to distinguish this kind of consumption from a conspicuous one. The amount received goes entirely to the REAL economy, which allows some economic activity to local business in Brazilian small districts. The difference between PBF and other programs of social assistance is the number of beneficiaries, covering millions of household despite of the few amount of cash spent (0.4% of GDP). Even though 13 million households are enrolled there is a large quantity of people in extreme poverty situation who are not yet in the program. Therefore, it is the administration social goal to enlarge the program that was named BRASIL SEM MISÉRIA.

The new fact in the Brazilian social system with Dilma Roussef’s government is the Brasil Sem Miséria Plan (Brazil Without Misery Plan). It’s a strategy to eliminate the extreme poverty in Brazil. This strategy doesn’t substitute the cash transfer program, BOLSA FAMILIA. The new plan uses BOLSA FAMILIA to implement a new strategy. Thus, the government hopes to include that portion of the population living in extreme poverty that meets the requirements of the program BOLSA FAMILIA. These people for one reason or another are not enrolled in PBF program and therefore are not beneficiaries. Unlike the BOLSA FAMILIA, the intention with the new BWM plan is to seek or to locate these extremely poor families and the intention is to enroll all these people until the end of 2013.

The basis of this plan are guarantee social rights and the access to the public services and opportunities of occupation and income, as well as articulate many actions with different levels of government and the society to target living conditions improvement of the poorest. Therefore the BWM plan aims to increase income household per capita of the extreme poor families, public services access (health, education, house etc) and also it intends to provide productive inclusion.
But how many are they, where are these people and what is the profile of target beneficiaries?

The government estimates, from Census 2010, that there are around 16.2 millions extremely poor people, approximately 800 thousands families. This number represents 8.5 per cent of the Brazilian total population. These extremely poor families are distributed between rural areas (46.7%) and urban areas (53.3). They are mainly in the northeast area (59.1 per cent/ 9.6 million). The southeast is the next area and north area comes along.

When regarded only rural areas, the almost totality of the people in extreme poverty is localized in the northeast region (66.5 per cent) and north region (29.7 per cent). As you can see the urban areas has 52.9 per cent of the extremely poor people living in the northeast region and 13.4 per cent in the southeast region.

Considering another item, the sex, of the miserable, it is equally distributed between men and women. However, if we look the area where they are living, we can observe that men predominate in rural areas, while women are mainly in the urban areas.

From the perspective of the colour or ethnic background, the great majority is constituted by Afro-Brazilians who represent three among four of the people extremely poor (69.7 per cent between living in rural areas and 76.3 per cent between living in urban areas). Moreover, young people are the great part of the extremely poor, both in the rural area where 80.5 per cent of the people have up to 39 years old. They represent 76.7 per cent in the urban areas.

Which are the actions of the plan?

The plan is organized in three axes: cash transfer; access to public services and productive inclusion. To achieve it, it will be necessary to articulate many government departments and institutions, create new programs and modify the existent ones. This articulation maybe the most difficult part of the Plan, because it means to be able to include the three government levels and the society, as well.

In the first axis, cash transfer, the BOLSA FAMILIA program was modified to incorporated the families in extreme poverty. So, this program was expanded. Recently there was a big change. The family could receive for 3 children even though there were more children in the family. From now on the family is able to receive for 5 children up to 15 years of age.

In the second axis, the aim is to make the participation of the families in the public
services possible. (in health, education, social assistance and food security, electric energy and sanitation areas). The challenge is to articulate all of these areas and to operate among several ministries with success.

The third ax is the intention to include the extremely poor families members in the productive activities. Therefore the program acts in the rural areas as well as in the urban areas. In the rural areas, there will be cash transfer to structure of the agricultural productive family supporting them with technical assistance (for production and trade of goods). In the other hand it plans to expand the Food Acquisition Program to include productive families purchasing their goods to public institutions (hospitals, schools, prisons etc.) as well as to stimulate private sector to do the same. The plan includes tank construction for storing water to human consumption and to agriculture and cattle production. It also includes a kit that will provide the necessary items for irrigation in small farms. It will also expand electricity in the rural areas.

These programs (I just mentioned electricity…. And so on) already exist but they will be modified to suit the BWM plan. However, a new program was created, the Green Grant. This program is designed extreme poverty families who live in areas close to forests so they will be able to develop activities for conservation of the environment, and it includes families settled by agrarian reform, indigenous, those living in the riverside and descendants of slaves (maroons). The families enrolled in the program will receive 300 reais per quarter, which will be transferred through the BOLSA FAMILIA card.

The actions of inclusive production in urban areas will be conducted through professional training programs and programs which aim to generate employment and income. In addition, major support will be given to workers in recycling waste, providing them with training, infrastructure and marketing networks, thus improving their working conditions. It is important to remark that actions within the qualification are not restricted to those developed by the system of public employment, work and income but it includes also Pronatec (National Program of Access to Technical Schools) and ProJovem (national program for young people inclusion).

Sure it is too early to make an evaluation of this new plan. We can point out some important aspects of the plan progresses despite this consideration. First, it draws a clear objective to eliminate extreme poverty. Even if there are not exactly 16 million people, as Census 2010 data indicates, there is certainly a number target to be reached, a significative number.

A second aspect refers to the list of actions that are being put to the achievement to meet the plan objectives: the combination of cash transfers, training and technical
support and facilitation of access to public programs.

Regarding people of rural areas, it is remarkable the intention to support family agricultural actions along with the distribution of the goods, formation of stocks and purchases guaranteed by the state with a fair price. Public schools will buy directly to the producers or their associations.

The news in the program is the environmental preservation in extractive areas, income transfer conditional to environmental conservation commitments which will guarantee better quality of life for the people and nature concerns.

On the other hand, the inclusive production design in urban areas are more timid, relying mainly on professional training. This strategy rests on Brazil's recent economic growth which is generating an increasing number of new jobs. It requires more qualified workers with both technical and higher level schooling. The expansion of the education of young people is perhaps the best strategy for ensuring opportunities for their integration in the labor market. Yet there are a significant number of people who have low education and qualification levels. Productive inclusion is essential, but more difficult for this group. In this case it is necessary to formulate new actions aiming the generation of jobs and income widening these actions effectiveness.

At last it is important to mention that the greatest challenge of the plan is to create a mechanism that enables the State to guarantee the purchase of goods or services produced by the urban workers as it occurs already in the rural areas when the private demand is low.

I will mention two different examples (with opposite results). The recycling waste workers had problem with their income when aluminum prices (as a commodity) came down when global crisis stroke in 2008. At the opposite side we should mention the Osasco’s experience, where district government always ensures demand for sewing associations, buying school uniforms for public schools children.

These cooperatives were formed by people (mostly women) who were prepared (with courses: how to work with machines and how to organize themselves in cooperatives) by the state (district of Osasco). The training program lasts twelve months.

As we can see and conclude the state has the main role, the most important to reach the prior established goals.