



# **Social protection systems**

**in Latin America  
and the Caribbean**

**Brazil**

**Claudia Robles  
Vlado Mirosevic**



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**ECLAC**

# **Social protection systems in Latin America and the Caribbean: Brazil**

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This document was prepared by Claudia Robles, consultant with the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), and Vlado Mirosevic, and is part of a series of studies on "Social Protection Systems in Latin America and the Caribbean", edited by Simone Cecchini, Social Affairs Officer, and Claudia Robles, consultant with the same Division. This paper benefited greatly from the comments received from Simone Cecchini, Carlos Mussi, Milene Pavila and Fabio Veras Soares. The authors are very thankful for these comments.

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## Foreword

***Simone Cecchini***  
***Claudia Robles***

This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing of the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Given that, in 2011, 174 million Latin Americans were living in poverty —73 million of which in extreme poverty— and that the region continues being characterized by an extremely unequal income distribution (ECLAC, 2012), the case studies place particular emphasis on the inclusion of the poor and vulnerable population into social protection systems, as well as on the distributional impact of social protection policies.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. While social protection can be geared to meeting the specific needs of certain population groups —including people living in poverty or extreme poverty and highly vulnerable groups such as indigenous peoples—, it must be available to all citizens. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population, which are laid out in a series of national and international legal instruments, such as the United Nations’ 1948 Universal Declaration of Human Rights or the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR). These normative instruments recognize the rights to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

The responsibility of guaranteeing such rights lies primarily with the State, which has to play a leading role in social protection —for it to be seen as a right and not a privilege—, in collaboration with three other major stakeholders: families, the market and social and community organizations. Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of developing countries’ efforts to establish these guarantees, by implementing various types of transfers, including conditional cash transfer programmes

and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions (Cecchini and Martínez, 2011).

Social protection is central to social policy but is distinctive in terms of the social problems it addresses. Consequently, it does not cover all the areas of social policy, but rather it is one of its components, together with sectoral policies —such as health, education or housing— and social promotion policies —such as training, labour intermediation, promotion of production, financing and technical assistance to micro— and small enterprises. While sectoral policies are concerned with the delivery of social services that aim at enhancing human development, and promotion policies with capacity building for the improvement of people’s autonomous income generation, social protection aims at providing a basic level of economic and social welfare to all members of society. In particular, social protection should ensure a level of welfare sufficient to maintain a minimum quality of life for people’s development; facilitate access to social services; and secure decent work (Cecchini and Martínez, 2011).

Accordingly, the national case studies characterize two major components of social protection systems –non-contributory (traditionally known as “social assistance”, which can include both universal and targeted measures) and contributory social protection (or “social security”). The case studies also discuss employment policies as well as social sectors such as education, health and housing, as their comprehension is needed to understand the challenges for people’s access to those sectors in each country.

Furthermore, the case studies include a brief overview of socio-economic and development trends, with a particular focus on poverty and inequality. At this regard, we wish to note that the statistics presented in the case studies —be they on poverty, inequality, employment or social expenditure— do not necessarily correspond to official data validated by the Economic Commission for Latin America and the Caribbean (ECLAC).

## **I. Introduction: the pillars of social protection and promotion in Brazil**

In recent years, Brazil has developed a complex set of social and economic policies aimed to overcome social exclusion, hunger, inequality and poverty. Among these efforts, the most widely known are the set of non-contributory social protection programmes that have been developed over the last two decades. However, Brazil has also implemented substantive economic reforms that, articulated with non-contributory efforts, have had crucial effects in setting a path towards the realisation of citizens' rights. Combined, economic growth and the creation of new work opportunities, the regulation of the labour market—including the setting of an increasing minimum wage—, and the expansion and improvement of contributory and non-contributory benefits, have contributed, to different degrees, to expand access to welfare, dramatically reducing poverty and contributing to declining inequality. This document provides a panoramic review of these measures, with a greater emphasis on social protection policies and their impacts.

The bases for the reforms that led to the implementation of social protection policies must be sought in the democratisation process that Brazilian social and political forces led during the 1970s and 1980s. In particular, the promulgation of the 1988 Constitution was a crucial landmark for the political and social policy reforms that have been implemented ever since. Besides the 1988 Constitution, the ascendance to power of President Lula da Silva and the Workers' Party were also key factors for the implementation of decisive social policy efforts to eradicate hunger and poverty. Despite the fact that cash transfer programmes (CTPs) for the poorest families were first delivered during the government of President Fernando Henrique Cardoso, it was during the rule of Lula da Silva (2003-2010) that most systematic actions were led in order to confront social exclusion in the country. Social protection policies formed a central part of this project.

The Constitution established the principle of solidarity for a free and just society, aiming to eradicate poverty and social exclusion, explicitly recognising the social rights to education, health, work and social security. It also acknowledged the State's responsibility in providing social services, as well as the rights of both urban and rural workers to a labour contract, a fair wage and unemployment insurance. Thus, it set the conditions for the establishment of a rights-based social protection system.

Also, the Constitution promoted decentralisation and social participation at all levels of policy making, imprinting a unique feature to social policy in Brazil as an expression of the increasing demand for complementarity between representative and participative democracy (Barbosa da Silva,



Jaccoud and Beghin, 2005; Dagnino, 2002). As a result, several national social policy councils have been created, comprising both representatives of civil society and public institutions. These councils cover different social policy areas, including education, health, labour, social security, social assistance, food security, and urban and rural development. They follow clearly defined responsibilities, and in some cases, they have ruling power to define policies' directives and resources (Barbosa da Silva, Jaccoud and Beghin, 2005).

According to the 1988 Constitution, social protection policies are referred as the social security system (*Sistema de Seguridade Social*). Under this formulation, security is composed by social assistance consisting of non-contributory policies (*assistência social*), contributory social insurances (*previdência*) and health (*saúde*) policies (Rangel et al., 2009).

Non-contributory social transfers play a key part in assuring social protection for those who do not access contributory benefits. Among these, the following stand out: the rural pension for rural workers; the *Benefício de Prestação Continuada* (BPC), a cash transfer defined as a constitutional right for the disabled and persons with insufficient labour or pension incomes who do not count with any further sources of economic support; and cash transfer programmes—in particular, the *Bolsa Família* programme—for the population living in the most vulnerable situation. Other key actions for the implementation and expansion of the system are the set of laws and regulations that have guaranteed sources of financing for key social programmes (such as the case of the National Education Development Fund established by the Constitution) and that have equated the minimum wage to an income protection floor that defines the minimum level of benefits that citizens may access as part of the BPC and other social transfers. Also, new programmes have been added most recently mainstreaming a children-based approach to social protection. For instance, the introduction of the *Brasil Carinhoso* programme attests for the deepening of a life cycle approach to the design of social policies in the country.

In the case of contributory pensions and insurances, a two-tier system has been in place since the 1988 Constitution, with a different benefits' structure for public and private sector workers. The levels, conditions and ceilings of benefits that are defined by this system are above the international average (Gonzalez, 2010) and although it has managed to define a nurtured protection floor for the affiliates, issues of fiscal sustainability and efficiency have emerged. Besides the classical payroll taxes-related benefits, rural pensions of a semi-contributive nature and the non-contributory BPC are also under the responsibility of the institution in charge of managing the system, the Ministry of Social Security (*Ministério da Previdência Social*). The latter are highly progressive transfers that have contributed to decreasing poverty substantially among people aged 65 and above.

On the side of sector policies, in recent years, the coverage of the education sector has been widened and a unified public health system (*Sistema Único de Saúde*, SUS) has been created (Jaccoud, Hadjab and Chaibub, 2010). There are various innovations implemented in the two sectors that will be reviewed below. Relevant challenges remain in both sectors in terms of the quality of the services that are provided, particularly for the poorest and most vulnerable population, and that constitute a key obstacle to achieving equality, eradicating poverty and social exclusion as planned in Brazil. Something similar occurs in the case of employment policies. Although strong public employment institutions and actions have been created and implemented since the 1970s, the existing benefits are targeted mostly on formal workers. Training and labour opportunities for the most vulnerable population has been dealt through mostly by the articulating programmes and initiatives that form part of social assistance' key strategies such as the *Bolsa Família* programme or the plan *Brasil Sem Miséria*.

Despite the undeniable progress that Brazil has experienced from the optic of welfare, the recognition of citizens' rights and poverty and inequality reduction, social protection and promotion policies are crossed by different tensions. While intersectorial initiatives such as the *Brasil Sem Miséria* plan are prominent efforts to articulate otherwise fragmented social assistance interventions, actions to integrate contributory and non-contributory programmes have not managed to achieve visible changes endangering sustainability risks for the future of the welfare system in the country. In

particular, bridges have not been fully built between the social insurances system and the health system, in particular, at the level of integrated budgets. Similarly, a clearer role of the federal and decentralised entities in managing social protection policies is needed.

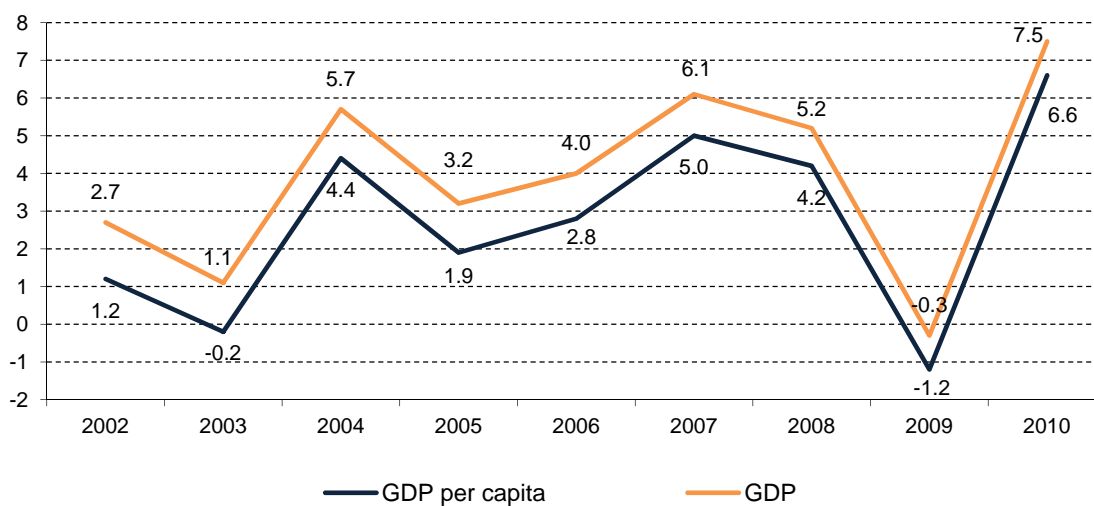
All these elements will be discussed throughout the next sections, reviewing the most salient initiatives that form part of non-contributory and contributory social protection and sector social promotion policies, after briefly reviewing the main recent economic, poverty and social spending indicators.



## II. Brazil: main economic and poverty indicators

The Brazilian economy grew steadily since 2004, until the 2008 economic crisis that led the economy to fall by -0.3% in 2009 (see figure 1). Until then, economic growth had contributed to the reduction of unemployment and rising wages. To overcome crisis and revert economic deceleration, the Brazil government introduced various measures aimed at fostering national production and consumption. Recovery was made possible by enlarging export's volume and providing stimulus to internal demand through increasing minimum wages, expanding the access to consumption and credits, and reducing the interest rates (Presidência, 2009: 50). Consequently, after 2009, the economy recovered and climbed far beyond previous years, growing by 7.5% in 2010.

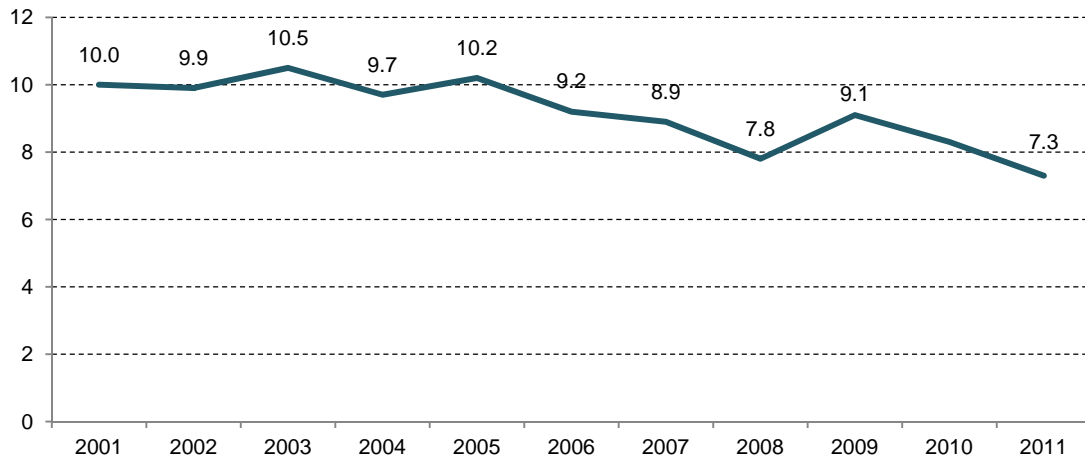
**FIGURE 1**  
**ANNUAL GDP AND GDP PER CAPITA GROWTH RATES, 2002-2011**  
*(Percentages)*



Source: Own elaboration based on Economic Commission for Latin America and the Caribbean (2011) Statistical Yearbook for Latin America and the Caribbean, Santiago, Chile: United Nations.

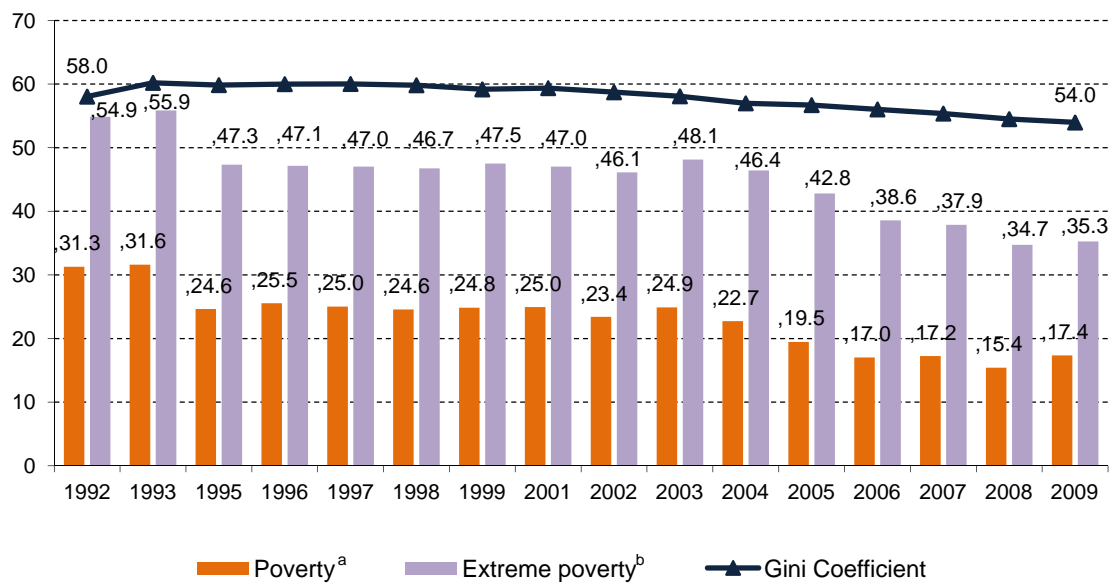
Hence, unemployment has continued falling, in spite of the crisis (see figure 2). Poverty, extreme poverty and inequality experienced an increase between 2008 and 2009 as an effect of the economic crisis, although they could have increased even further, if no social protection measures would have been introduced (see figure 3).

**FIGURE 2**  
**ANNUAL AVERAGE UNEMPLOYMENT RATE, 2001-2011**  
(Percentages)



Source: Instituto de Pesquisa Econômica Aplicada (IPEA), PNAD 2011: primeiras análises sobre o mercado de trabalho brasileiro, Comunicados do IPEA, No.156, Brasília, 2012.

**FIGURE 3**  
**PEOPLE LIVING IN HOUSEHOLDS WITH PER CAPITA INCOMES BELOW  
A HALF AND A FOURTH OF THE MINIMUM WAGE,  
AND GINI COEFFICIENT, 1992-2009**  
(Percentages)



Source: PNAD Microdata (IBGE). IPEA/DISCO/NINSOC - Núcleo de Gestão de Informações Sociais.

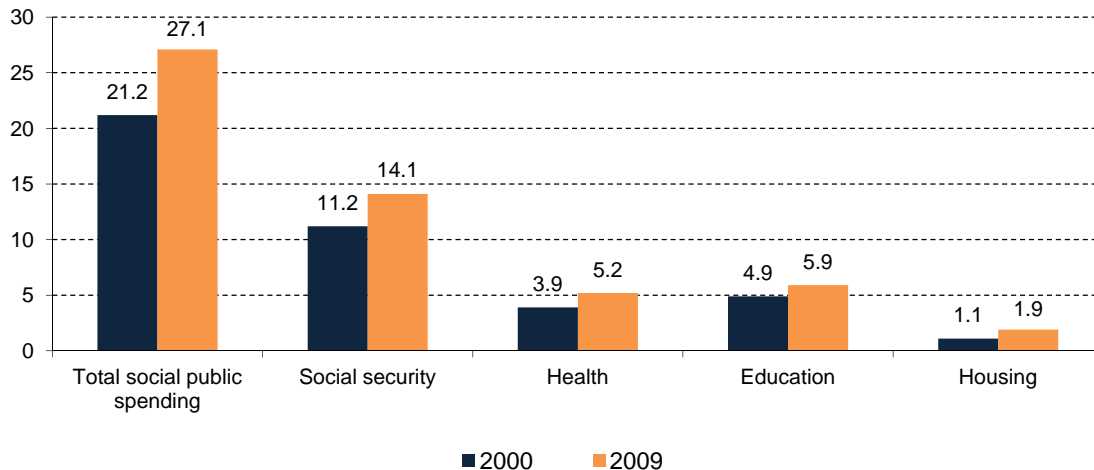
<sup>a</sup> People earning half the minimum wage.

<sup>b</sup> People earning a fourth of the minimum wage.

The trends followed by unemployment, poverty and inequality are an indication of the impact that social protection programmes have had in the country, contributing to protect wellbeing among citizens, even at times of crises. According to data from the PNAD (2011), social security and assistance programmes have had a substantive impact upon inequality: social insurances (*previdência social*), the *Bolsa Família* programme and the BPC have contributed to decreasing inequality by 19%, 13% and 4%, correspondingly. Yet, it is worth to remember that wages—which are the most relevant source of income for families—are also the most relevant factor affecting the decrease in inequality (58%) (IPEA, 2012b).

The expansion of social protection and promotion policies in Brazil has been accompanied by a rising social spending. According to data from ECLAC, public social spending in 2009 increased above 27% of GDP (see figure 4). Between 2000 and 2009, social spending is the most prominent sector spending and the one that has increased the most between 2000 and 2009.<sup>1</sup> This may be explained by the important fiscal demand placed by the two-tier pension system for public and private sector workers and the high costs involved in keeping the public pension sector's benefits (see section IV).

**FIGURE 4**  
**PUBLIC SOCIAL AND SECTOR SPENDING, 2000-2009<sup>a</sup>**  
(Percentages of GDP)



Source: Social spending database of Latin America and the Caribbean, [online]: <<http://dds.cepal.org/gasto/indicadores/ficha/query.php>>.

<sup>a</sup> Data for the Consolidated Government.

In order to understand the dynamics followed by poverty and inequality in Brazil, it is relevant to notice the impacts generated by setting the minimum wage as a reference value for retirement, pensions and the BPC. According to the Constitution, no person receiving social benefits can receive monthly transfers lower than the minimum wage, thus avoiding the loss of purchasing power on the part of the poorest households due to inflation and economic crises. This measure has become a crucial tool for households' welfare, as it is deeply connected to the evolution of labour incomes, as well as to the setting of social transfers, as mandated by the 1988 Constitution.

<sup>1</sup> It includes public spending on social security and protection, labour, training and social assistance. See [online]: <<http://dds.cepal.org/gasto/indicadores/ficha/query.php>>.

Between 1995 and 2005, the minimum wage increased in real terms by 3.8% annually. In 2007, a policy was set in place to adjust the minimum wage according to the variation of GDP and inflation (IPEA, 2011b), which became a law in 2011. As a result of this, the real minimum wage has increased by 3.0% per year between 2005 and 2011.<sup>2</sup>

In February of 2009, as part of the efforts to alleviate the impacts of the crisis, the minimum wage was nominally adjusted by 12% (6% of its real value) (Berg, 2009). On January 1<sup>st</sup>, 2010, the value of the minimum wage was set at R\$ 510 (US\$ 274) (IPEA, 2011b).

According to Berg (2009), this policy has a relevant redistributive effect, considering that the minimum wage is received by an important part of the most disadvantaged groups of the Brazilian population.<sup>3</sup> The minimum wage accounted for 73% of the improvement in the income distribution in Brazil between 1995 and 2005.

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<sup>2</sup> Own estimations based on data on real wages available at the IPEADATA website, see online at: <[www.ipeadata.gov.br](http://www.ipeadata.gov.br)>.

<sup>3</sup> Nearly 30% of domestic workers—equivalent to 8% of the employed population— receive the minimum wage.

### III. The first pillar of the system: social assistance policies

The origins of non-contributory social assistance policies in Brazil might be traced back to 1938, when the National Social Service Council (*Conselho Nacional do Serviço Social*, CNSS) was created, aimed to provide subsidies for the poorest groups of the population through organisations providing charity. Since the 1940s, several institutions addressed the protection of children, including the Brazilian Assistance Force (*Legião Brasileira de Assistência*) (1942) and the National Foundation for the Children's Welfare (*Fundação Nacional de Bem-Estar do Menor*, FUNABEM) (1964).

Non-contributory pensions were almost absent for most of the 20<sup>th</sup> century. Under the military dictatorship, in 1971 —8 years after the law was passed—, the Fund for Social Assistance to Rural Workers and the Programme for the Social Assistance of Rural Workers (*Fundo de Assistência do Trabalhador Rural*, FUNRURAL, and *Programa de Assistência ao Trabalhador Rural*, PRÓ-RURAL) was implemented. The benefits included at FUNRURAL/PRÓ-RURAL may be seen as the foundations of the constitutional rural pension that was established after the new Constitution was passed in 1988 (see section IV).

FUNRURAL/PRÓ-RURAL provided heads of households a benefit consisting in half the minimum wage for elders and disabled rural people (Delgado, 2012). Thus, although rural workers—as well as domestic employees— were virtually excluded from accessing contributory social insurances,<sup>4</sup> FUNRURAL provided minimum income subsistence to rural families. Survival benefits were also included and were one of the only benefits targeted on women, considered as men's dependents as the male breadwinner model prevailed at the time (FETAEMG, 2009).

Furthermore, a mixed instrument combining contributory and non-contributory criteria was the Lifetime Monthly Income (*Renda Mensal Vitalícia*, RMV), created in 1974 and granting a lifetime flat rate cash transfer to disabled people and elders aged 70 and above with earnings below the threshold of

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<sup>4</sup> In the case of rural workers this was due to the frequent lack of contracts and the nature of work, that frequently implied family self-employment and subsistence farming practices, besides sub-employment forestry activities (Delgado, 2012).



60% the minimum wage and no other source of income.<sup>5</sup> This benefit was targeted on persons who: (a) performed remunerated activities included under the regime of the Social Security Institute (*Instituto Nacional de Previdência Social*, INPS) or FUNRURAL, even if not affiliated to the social security regime, for at least 5 consecutive years; (b) had made at least 12 contributions to a pension account—operating as a contributory benefit—; and, (c) had entered the INPS's regime after aged 60 and consequently lacked access to regular contributory benefits. Despite the restrictions of the RMV and the limited income it provided, as with the case of FUNRURAL, it is worth noting that this was the most relevant precedent for the later introduction of the BPC, after the 1988 Constitution was passed.<sup>6</sup>

With the 1988 Constitution, social assistance became a social right in Brazil, increasing dramatically the offer of programmes guaranteeing social minimums for all citizens in need. In particular, the Constitution grants special protection to families, mothers, children, youth, elderly and persons living with disabilities (Article 203, section IV). Hence, transfers originated during the 1970s have become rights and their benefits have considerably increased since the 1990s. Non-contributory programmes have formed a decentralised, participative and coordinated system that is considerably different to that set previous to the 1988 Constitution (Jaccoud, Hadjab and Chaibub, 2010), as it will be reviewed in this section.

## A. Intersectoral strategies for social assistance

Probably, CTPs are the best known among all recent social policy innovations in the country (see section III.B). However, efforts to create integral approaches to combat poverty and hunger—which have encompassed CTPs as part of the strategy—are also remarkable. The *Fome Zero* (Zero Hunger) and the *Brasil Sem Miséria* (Brazil without Poverty) plans are the main two strategies on this regard.

The Zero Hunger strategy aimed to combat hunger and responded to the presidential commitment led by President Lula da Silva to eradicate hunger and address the many elements of social exclusion during his appointment (FAO, 2006). It was created in 2003, integrating various sectoral policies linked to food security and poverty-reduction, grouped around four core axes: (1) access to food; (2) strengthening family agriculture; (3) family incomes; and, (4) social accountability and participation (MDS, 2005 in FAO, 2006: 3).<sup>7</sup> This strategy aimed at coordinating actions that were scarcely linked, inspired in the experience of the programme *Cartão Alimentação* that mobilised a similar form of action (see section III.C).

Several programmes formed part of this strategy, one of the main being the CTP of federal coverage, *Bolsa Família* (see section III.C). However, other programmes were also included in this strategy, such as: food security programmes, including, among others, the School Food Programme (*Programa Nacional de Alimentação Escolar*, PNAE), popular kitchens, food banks, urban and community agriculture programmes, the Food and Nutritional Vigilance System (*Sistemas de Vigilância Alimentar e Nutricional*, SISVAN) to monitor the population's nutritional conditions, and the promotion of a tax reduction on products that form part of the basic consumption basket; programmes fostering family-based agriculture practices, which included the creation of insurances to protect families against climate and economic risks; income-generation programmes, through schemes aimed to foster entrepreneurship, community-based economies and training; and, actions aimed to increased empowerment and accountability, through training, education programmes, social councils

<sup>5</sup> See online at: <<http://www.mds.gov.br/aceso-informacao/legislacao/assistenciasocial/leis/1974/Lei%20no%206.179-%20de%2011%20de%20dezembro%20de%201974.pdf>>. In total, people's incomes could not surpass 60% the prevailing minimum wage.

<sup>6</sup> See online at: <<http://www.mds.gov.br/assistenciasocial/beneficiosassistenciais/renda-mensal-vitalicia-rmv>>. The RMV remained active until 1996.

<sup>7</sup> See [online]: <<http://www.fomezero.gov.br/programas-e-acoes>>.

which included representatives from civil society and the creation of family homes, such as the Social Assistance Reference Centre (*Centro de Referência de Assistência Social*, CRAS) (MDS, n/ref).

Despite the progress made through this strategy, seven years after the launch of *Fome Zero*, some groups of the population remained in extreme poverty and had not been yet integrated into cash transfers or other non-contributory programmes. Hence, under the Presidency of Dilma Rousseff (2011—) the *Brasil Sem Miséria* plan was created in 2011, focusing on households with monthly per capita incomes lower than R\$ 70 (equivalent to US\$ 39). This plan covers 16.2 million people, equivalent to 11.7% of the national population (IBGE, 2010) and has as main goal eradicating extreme poverty by 2014.

Again, this is an inter-sectoral plan, and aims to promote the articulation of social programmes in the areas of education, health, social assistance, sanitation and electricity (Brasil Sem Miséria, 2011). Policies for increasing economic growth and employment policies—the Growth Acceleration Programme (*Programa de Aceleração do Crescimento*, PAC)—were also introduced as part of the component on productive inclusion of the plan. The emphasis of the plan is focused on identifying and connecting the poorest families with the offer of public services and social assistance programmes currently in place in the country. As part of the plan, the expansion and increase of quality public services is fostered in order to promote equality of opportunities and reduce the incidence of vulnerabilities and negligence affecting disproportionately the poorest population (MDS, 2012a).

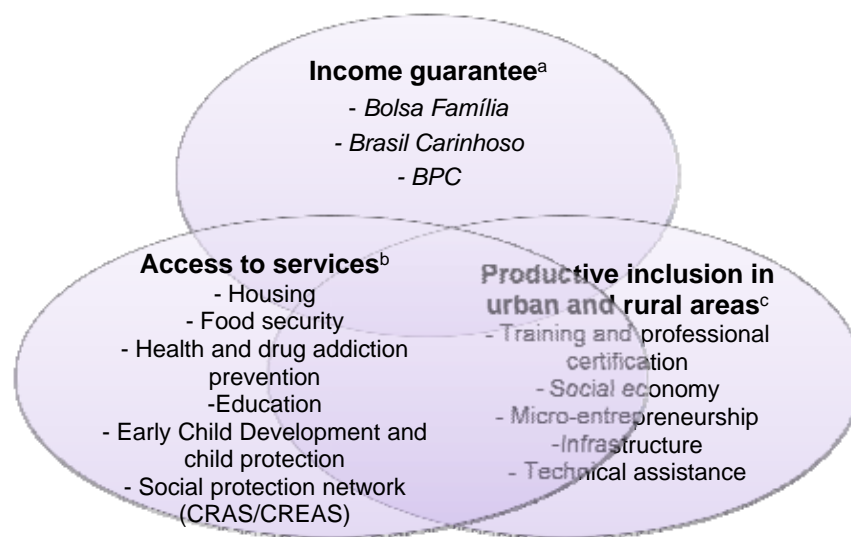
*Brasil Sem Miséria* has three main pillars: (a) an income guarantee, mainly delivered through *Bolsa Família* and the active search for families non-registered in the Single Registry (*Cadastro Único*) that may be in need of social assistance; (b) economic inclusion, through programmes aimed at promoting income and employment generation in urban areas (training, microcredit, entrepreneurship and labour intermediation services) and boosting production within rural areas; and, (c) access to public services available in the country (Brasil Sem Miséria, 2011).

Each of the pillars and the key programmes that form part of it (see diagram 1) will be explained in the next sections. It should be noted that the plan is permanently expanding and integrating new actions. Thus, for instance, in 2012 a new programme was added to the offer of public services and transfers initially considered: the *Brasil Carinhoso* programme (see section III.C). This programme was designed with a life cycle approach and seeks to assure that the goal of eliminating extreme poverty will be achieved in families that are already receiving the programme *Bolsa Família* but did not so far received enough income as to overcome the extreme poverty line.

In addition to these pillars, the plan implements a strategy aimed at actively searching and locating families who have not been identified yet and are not currently accessing public services. Among the groups of the population in this situation are those who lack a document of identification, are affected by migration, live in areas in conflict, belong to indigenous peoples, or live in remote areas. Families identified are registered at the *Cadastro Único* and are offered access to benefits and/or services (MDS, 2012a).

The operation of inter-sectoral strategies such as those reviewed in this section place complex demands upon the institutions in charge of delivering them. In the following section, the main innovations experienced by social institutions in Brazil will be reviewed.

**DIAGRAM 1**  
**BRASIL SEM MISÉRIA PLAN**



Source: Own elaboration based on available information at the website of the Ministério do Desenvolvimento Social e Combate à Fome (MDS): <<http://www.mds.gov.br/brasilemmiseria/sesep-2013-acoec>>; Brasil Sem Miséria (2013) *Plano Brasil Sem Miséria, Resultados de junho 2011/dezembro 2012*. Available online at: <<http://www.brasilemmiseria.gov.br/banners/caderno-de-graficos-bsm-2011-2012-v2.pdf>>; Guerreiro Osorio, Rafael and Ferreira da Souza, Pedro (2012) “O Bolsa Família depois do Brasil Carinhoso: uma análise do potencial de redução da pobreza extrema”, Brasília: Ipea.

<sup>a</sup> See in this document, section III.C.2 to III.C.4.

<sup>b</sup> See section III.B; V.A, VI.A; /c See section VII.A.

## B. Social assistance institutions

Further to the promulgation of the 1988 Constitution, two main landmarks for non-contributory social protection in Brazil were, on the one hand, the fact that legislation was introduced in order to support social programmes and their articulation; and, on the other hand, the creation of an entity in charge of organizing them in 2004, the Social Development and Combat to Hunger Ministry (*Ministério do Desenvolvimento Social e Combate à Fome*, MDS).

In 1993, five years after the promulgation of the Constitution, the Organic Law for Social Assistance (*Lei Orgânica da Assistência Social*, LOAS) was created. It aimed to protect families throughout their life cycle, advocating for their integration into the labour market and community life. Thus, social assistance is conceived as a citizen’s right and a duty for the State. Accordingly, this law established a minimum floor of social guarantees, among which the Continuous Benefit Programme (*Benefício de Prestação Continuada*, BPC) stands out. This benefit is implemented as a monthly minimum wage that is guaranteed for all disabled and elderly aged 65 and above who lack a pension or families with a per capita income below a quarter of the minimum wage (see section III.C.4). The BPC is under the responsibility of the Federal Government, forms part of the fiscal budget for social security, and is available for all municipalities of the country (MDS, 2009a).

The LOAS established that social assistance policies should be decentralised, differentiating among the responsibilities of the Federal Government, the states and the municipalities, all of which are fiscally and politically autonomous. Thus, there are various options: (1) programmes are implemented locally and co-financed by the states, municipalities and the Federal Government, as in the case of community kitchens or food supply programmes; (2) programmes’ management is shared, as in the case of social assistance programmes for vulnerable groups; (3) programmes require limited

local responsibility and are completely financed by the Federal Government —the case of *Bolsa Família* (see section III.C)—; and, (4) programmes are both managed and financed by the Federal Government —as in the case of BPC (see section III.C.4)— (Souza, 2009).

According to the LOAS, social assistance policies should also foster social participation. Social assistance councils (CNAS) were created at the national, state and municipal levels. At the national level, these are regulated by an executive secretary and have a parity composition among members belonging to civil society and the government —seven representatives of the Federal Government, one of the states, one of the municipalities and nine from civil society—. At the national level, these councils regulate the implementation of social services, vote upon the social assistance's budget, monitoring the investment, among other duties (De Marco, 2008). The relevance of these councils might be appreciated if considering that the National Policy for Social Assistance (*Política Nacional de Assistência Social*, PNAS) was created in 2004 as a result of the action of the CNAS.

At the state and municipal level, social assistance councils follow similar functions to those described for the CNAS, according to the state and municipal competences, performing normative, deliberative and monitoring roles with regards to social assistance policy. At the municipal level, these councils are formed with equal representation from the local government and the organised civil society. The number of total representatives defining the councils varies case to case, according to local decisions and the size of each municipality. Finally, at the state level, these councils are formed by 20 representatives named by the governor and belonging in equal number to the government (10 representatives) and non-governmental organisations (10 representatives).

As part of the PNAS, the System for Social Assistance (*Sistema Único de Assistência Social*, SUAS) was defined. The SUAS is the management model that operationalises the policy, based on the federal pact that supports the definition of different responsibilities for each level of government, following its participatory and decentralising principles and organising the actions. The SUAS provides a structure for both existing and new services, programmes and transfers, aiming for their integration and coordination as part of a system. Thus, it avoids segmentation and parallelism between activities carried by different government levels and tackles previous lack of definition of responsibilities and competencies, of appropriate data and information on local needs and of inter-sectorial co-ordination (MDS, n/ref).

The PNAS also generates a commitment to expand the network of social services based on different modalities for social assistance services: basic and specialised. Accordingly, both are considered under the SUAS under the following guidelines: (i) the provision of services, programmes, projects and benefits for basic social protection must be available for all persons in need of them; (ii) access to basic and specific social assistance services is guaranteed for the most vulnerable groups of the population; and, (iii) social assistance policies should have as a priority the family, strengthening family and community relations (MDS, 2009b).

Despite the fact that the delivery of social assistance services is under the responsibility of municipalities in Brazil, in both cases there are public sector services available. These are called the Social Assistance Reference Centres (*Centros de Referência da Assistência Social*, CRAS)<sup>8</sup> and the Specialised Social Assistance Reference Centres (*Centro de Referência Especializado de Assistência Social*, CREAS). The private sector also complements this network of services at the local level (Jaccoud, Hadjab and Chaibub, 2010).

The basic social protection system seeks to prevent situations of risk especially affecting the population living in greater poverty and vulnerability, as well as to avoid any form of ethnic, age, gender or disability-related discrimination. It is implemented through the CRAS, which are public unities

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<sup>8</sup> In 2011, there were 7,721 CRAS in Brazil, 683 more than in 2010, according to data from the Cabinet of Evaluation and Information Management (*Secretaria de Avaliação e Gestão de Informação*, SAGI), [online]: <<http://aplicacoes.mds.gov.br/sagi/RIV3/geral/index.php>>.

located in highly vulnerable territories and providing attention up to 1,000 families by year. The targeted population may receive the BPC and other benefits defined by the LOAS. These programmes are integrated into the SUAS and comprise actions developed by the federal, state and municipal governments. As part of this programme, the Integral Attention and Protection Service for the Family (*Serviço de Proteção e Atenção Integral à Família*,<sup>9</sup> PAIF) was created. This is implemented by the CRAS, along with the coordination of the local network of socio-assistance services.

In turn, the specialised social protection system is focused on families and persons suffering from social exclusion or the violation of their rights. The groups that require specialised attention due to their personal and social risks include children, youth, elders and disabled people, as well as people who are experiencing other types of exclusion, such as homeless, migrants, drug users and abandoned elders. Attention is provided locally—either within a municipality or a group of municipalities—through the CREAS, which articulate the offer of social assistance services and other public policies, as well as the work performed by organisations for the defence of rights.

Specialised social protection is comprised by average and high complexity services. The former provide attention to families and individuals that have suffered from the violation of their rights, but still maintain family and community networks. Services include socio-labour support programmes, family guidance, in-house caring services, and socio-educative measures. In turn, high complexity services provide integral attention for persons who must leave their homes or are already homeless. These services include shelters and socio-educative measures in contexts of restricted or supervised liberty (MDS, 2009b).

Programmes that form part of specialised social protection are the Programme for the Eradication of Child Labour (*Programa de Erradicação do Trabalho Infantil*, PETI)<sup>10</sup> and the Programme to Combat Children's Sexual Exploitation (*Programa de Combate à Exploração Sexual de Crianças e Adolescentes*). PETI was created in 1996, providing attention to children aged between 7 and 16 who work in dangerous and harmful occupations, living in families with per capita family incomes below one minimum wage. These families receive a cash transfer of US\$ 20 in urban areas, and US\$ 13, in rural areas, if they withdraw children from labour and guarantee their attendance to school for at least 85% of the regular yearly education activities (Bartholo and Rodrigues Dutra, 2011: 117).

Besides SUAS, in 2006, the National System for Nutritional and Food Security (*Sistema Nacional de Segurança Alimentar e Nutricional*, SISAN) was created through Law 11.346 to protect the right to adequate food. SISAN coordinates several programmes seeking to reduce food insecurity in the country, including access to water in semi-arid areas and programmes for the acquisition of foods produced through family agriculture. SISAN also created the National Food and Nutritional Security Council (*Conselho Nacional de Segurança Alimentar e Nutricional*, CONSEA), comprised by State ministries and special secretaries—a third of total representatives—and civil society representatives—two thirds of total representatives.

This approach to social protection would be impossible to implement without a specific entity capable of coordinating this large group of services and programmes. Thus, in January 2004, the Social Development and Combat to Hunger Ministry (*Ministério do Desenvolvimento Social e Combate à Fome*, MDS) was created in order to design and manage policies to combat hunger and social exclusion, comprising cash transfer, food security and social assistance programmes. The MDS coordinates the SUAS and the SISAN. In addition, the MDS is in charge of implementing the main cash transfer programme in Brazil—*Bolsa Família* (see section III.C)—, as well as of administering the BPC (see section III.C.4) and coordinating the *Brasil Sem Miséria* strategy. In order to ensure the sustainability of poverty reduction policies in Brazil, in 2001, the Fund for the Combat and

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<sup>9</sup> The PAIF is currently known as the Integral Protection and Attention Service to Families (*Serviço de Proteção e Atendimento Integral à Família*). It aims to promote the protective role of families and increase their access to social services and assistance policies.

<sup>10</sup> Since 2005, it forms part of *Bolsa Família*.

Eradication of Poverty (*Fundo de Combate e Erradicação da Pobreza*) was created to grant a stable allocation of resources to this Ministry from the Federal Government (Draibe, 2006).

Similarly, in 2001, a registry and information system was created through Decree No. 3,877/2001. The CadÚnico (*Cadastro Único*) is a key instrument of the MDS to target and coordinate the policy and programme offer. It generates information on families eligible for programmes and monitors the benefits delivered to the recipients. CadÚnico provides information for the construction of the Family Development Index (*Índice do Desenvolvimento da Família*, IDF), which measures the level of vulnerability of families, so municipalities may implement complementary social policy actions.

Among the most recent actions for social planning, efforts are being made in order to develop a poverty map and an opportunity map as part of the *Brasil Sem Miséria* strategy. These maps will allow the more exhaustive identification of persons who have not yet been registered by the existing programmes (Brasil Sem Miséria, 2011). Also, in order to implement the plan, a special cabinet has been created within the MDS: the Special Secretariat to Overcome Extreme Poverty (*Secretaria Extraordinária para Superação da Extrema Pobreza*, SESEP) that is responsible for the intersectorial coordination of actions and programmes, implemented by the federal government, states and municipalities, that form part of *Brasil Sem Miséria*.

## C. Cash transfers' policy

### 1. Background

Cash transfers are probably the most well-known social assistance programmes in Brazil, although, as it will be reviewed in the next sections, these are only one among the wide range of instruments currently in place as part of the social protection system. There are several programmes of this kind in operation in the country, attending the population living in a situation of extreme poverty —mainly, families with children or pregnant women—, elders who lack a contributory pension and other groups of the population affected by a particular situation of vulnerability —as it is the case with child labour—. The nature and origin of these programmes vary considerably: while the BPC was defined by the 1988 Constitution, programmes such as *Bolsa Família* and *Brasil Carinhoso* were later introduced as policy tools to reach the population that remained outside of the scope of the State's action.

The debate on the different modalities of transfers —conditional or unconditional— and their purposes —as a basic citizen's income or a poverty-alleviate tool— has been intense since the 1990s. In 1991, Senator Suplicy introduced a bill to create the Basic Income Guarantee Programme, aiming to guarantee a minimum income to all persons aged 25 and above with incomes below to 2.5 times the minimum wage.<sup>11</sup> This approach represented a more universalistic stance of cash transfers as an unconditional right. Hence, this proposal differs from what was finally implemented through CTPs or even unconditional cash transfers focused on the poorest.

Since 1995, several municipally-led CTPs were implemented by mayors who belonged to different political parties and did not represent one sole ideological matrix (Godoy, 2004). In 1997, President Cardoso's government sponsored the federal government to co-fund municipal conditional cash transfers. In 2001, the first federally-funded conditional cash transfer programme, *Bolsa Escola*, was implemented (Britto and Veras Soares, 2010). The programme fell under the responsibility of the Ministry of Education, but was implemented by municipalities. It covered 8.6 million children who belonged to over five million families (De Janvry et al., 2005). Also, in 2001, two additional programmes were created by the federal government for the poorest families in the country: *Bolsa Alimentação* and *Auxílio Gás*. While the former was a CTP, the latter was an unconditional cash

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<sup>11</sup> As stated by Britto and Veras Soares (2010), this bill was unanimous voted in the Senate, although it was never passed in the Chamber of Deputies.

transfer, which illustrates the diversity of approaches that have accompanied the design of social assistance transfers in Brazil during the last decades.

As part of the *Fome Zero* strategy, in 2003, a monthly unconditional cash transfer of about US\$ 28.1, *Cartão Alimentação*, was implemented by the federal government for families living in extreme poverty, with children aged between 0 and 6, and/or pregnant women. It aimed at reducing food insecurity among participating families, as well as activating local markets and communities. The coverage of this programme was quite limited, as it only focused on the semiarid areas of the country, mainly in the Northeast. It was discontinued during the same year, as it was decided that *Bolsa Família*, was going to unify *Bolsa Alimentação*, *Bolsa Escola*, *Auxílio-Gás* and *Cartão Alimentação*, as an attempt to overcome the fragmentation of social policy.

## 2. The *Bolsa Família* programme

*Bolsa Família* falls under the responsibility of the Citizen's National Income Secretary (*Secretaria Nacional de Renda de Cidadania*, SENARC), part of the MDS. It provides a basic transfer to families living in extreme poverty, independently of the number of members and estimated according to the extreme poverty line.

The basic transfer accounts for R\$ 70 (US\$ 35) and is focused on families with incomes below R\$ 70 (US\$ 35) monthly per capita. There is also a complementary variable transfer of R\$ 32 (US\$ 16), granted to families with children aged under 15, with monthly per capita incomes below R\$ 140 (US\$ 78.4). The latter is provided for up to five children per family (before 2011, it benefited a maximum of three children per family). In 2007, a variable transfer of R\$ 38 (US\$ 19) for adolescents aged 16 and 17 was introduced for families with monthly per capita incomes below R\$ 140 (US\$ 78.4). This transfer is paid for up to two young members of the family attending school.<sup>12</sup> In total, families receive between R\$ 32 and R\$ 306, depending on their income before transfers (Peixoto, 2012).

Families receiving these transfers must ensure that children aged between 6 and 15, as well as those affected by child labour, have a minimum school attendance rate of 85%. It is also required that young persons aged 16 to 17 demonstrate at least 75% school attendance rate, that children aged between 0 and 6 attend nutritional and vaccination controls, and that pregnant women attend pre-natal controls.

Since 2006, *Bolsa Família* has introduced several complementary services and transfers, in areas such as education and literacy, job-seeking and dwelling. Among these services, a subsidy called Social Electric Energy Tariff (*Tarifa Social de Energia Elétrica*) is available for families that have a per capita income below half the poverty line, that are registered at the *CadÚnico*, belong to *Bolsa Família* or the BPC (*Benefício de Prestação Continuada da Assistência Social*, see section III.C.4). The subsidy is granted according to the energy consumption: families that consume less than 30 KW—as measured by the level of consumption during the last 12 months prior to receiving the subsidy—, receive a subsidy equivalent to 65% of the total cost of the bill, declining to 10%, if they consume between 101 and 220 KW.

The operation of *Bolsa Família* is eminently intersectoral, coordinating the public offer of health, education, food security, labour, social assistance and economic development services available for the targeted families. In its management, *Bolsa Família* follows the principle of decentralisation, and municipalities play a crucial part in identifying the beneficiaries of the programme, checking the compliance with the conditionalities and providing the large part of the delivery of health and education services. Since 2006, the Federal Government pays municipalities a maximum amount of R\$ 2.50 per beneficiary for their involvement in the programme—paying double for the first 200 families enrolled in the programme. Then, the total amount is multiplied by the Decentralised Management Index (*Índice de Gestão Descentralizada*), expressed as a percentage of

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<sup>12</sup> See online at: < <http://www.mds.gov.br/bolsafamilia/beneficios>>.

compliance with four key criteria of performance.<sup>13</sup> The information collected by the municipalities is stored in the Single Registry and processed and integrated by the Federal Savings Bank (*Caixa Econômica Federal*) to determine the level of benefits that each family will receive based on their per capita incomes. The *Caixa* also prints ATM cards, sends them to families and arranges that payments are made monthly (Soares, 2012).

There are also other municipal, state and federal cash transfer programmes —such as *Projovem* or *Bolsa Verde* (see section VII)—, so that families might receive further transfers to those referred above.

### 3. Cash transfers and social assistance based on a life cycle approach: *Brasil Carinhoso* and other child-centred subsidies

After a decade of implementation of *Bolsa Família* and in spite of the programme's impacts on health, nutrition and education indicators, poverty kept affecting disproportionately children, with little variation over the years. According to data from the 2010 Census, 42% of the extreme poor were aged under 15 (MDS, 2012b), a population representing almost half of the total coverage of *Bolsa Família*. Although CTPs may be thought of as having implicitly a child-centred approach, as most conditionalities are directly related to children accessing health or education services, it became apparent that more direct actions were needed in order to reverse the enduring inequality traps affecting this group of the population.<sup>14</sup>

Three substantive reforms were carried since 2011 in order to tackle this situation. In the first place, in May 2011, transfers for children and adolescents included in *Bolsa Família* were readjusted by 45% of their value in 2009.<sup>15</sup> This readjustment also considered the fact that the maximum number of children that may become beneficiary increased from 3 to 5 per family. Finally, in 2012, under President Dilma Rousseff, a new programme was created to eradicate extreme poverty among children: *Brasil Carinhoso*.

The programme, which is part of *Brasil Sem Miséria*, presupposes firm political commitment to eradicate income poverty among children, and has three pillars: (a) income provision, through the Benefit to Overcome Extreme Poverty in the Early Childhood (*Benefício de Superação da Extrema Pobreza na Primeira Infância*); (b) education, through the increase of the number of places available at crèches; and, (c) health, through actions to increase the supplementation of vitamin A, ferrous sulphate and access to free medicines against asthma.<sup>16</sup>

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<sup>13</sup> The index is used to foster good financial performance and is calculated based on the adequate registry of beneficiary families in the Single Registry by municipalities, as well as their monitoring of the health and education conditionalities and the frequency of visits that families receive (at least one every two years). The IGD's median value is 75%, which indicates that municipalities lose transfers from the Federal Government since they do not fully accomplish with the performance criteria (Soares, 2012).

<sup>14</sup> It is worth considering that there are two contributory cash benefits in place for families with children, although these are very limited in coverage and scope. The first is the deduction for minor dependents in personal income tax, created in 1961 and received by taxpayers with their individual tax returns. Its estimated monthly value is R\$ 44 per child (under 21, if not enrolled at school, and under 24, if undertaking formal studies). It is difficult to assess how many people receive this benefit as individual tax forms are virtually unobtainable in the country. In the second place, the *Salário Família* (Family Wage) is paid to formal workers with children under 14. The benefit is paid by employers —not by the State— and there is no registry of beneficiaries. Based on simulations, Soares and Souza (2012) have proposed to integrate all benefits, including those of *Bolsa Família*, to create a single universal child support benefit with clear operation rules, increasing the fiscal efficiency of the level of investment that is currently made by the Treasury.

<sup>15</sup> Between 2009 and 2011, transfers increased from R\$ 22 to R\$ 66 (minimum and maximum amounts) in the case of children, and R\$ 33 to R\$ 66, in the case of adolescents, to R\$ 32 to R\$ 160 for the former and R\$ 38 to R\$ 76 for the latter.

<sup>16</sup> It must be noted that other actions are added to these in the area of early child development, as explained in section V.A.



The most common benefit so far is the cash transfer provided to families with children aged 0 to 15 years old in extreme poverty. The transfer is calculated as the difference between per capita family income and the extreme poverty line fixed at R\$ 70 and it is added to those already received as part of *Bolsa Família*. However, differently to the case of the child transfer considered under *Bolsa Família*, *Brasil Carinhoso* does not define a maximum number of children receiving the transfer by family. Thus, considering both transfers together, per capita monthly incomes among participating families might sum up to R\$ 235 (US\$ 113) (MDS, 2012b). Table 1 summarises the new transfer structure, considering jointly the *Bolsa Família* and *Brasil Carinhoso* programmes.

**TABLE 1**  
**TRANSFERS OF THE *BOLSA FAMÍLIA* (BFP) AND *BRASIL CARINHOSO* (BCP) PROGRAMMES**  
(In R\$)

Transfers	Amount
Families living in extreme poverty (per capita income up to R\$ 70 per month)	
Basic BFP	70
For children aged 0 to 15 (BFP) <sup>a</sup>	32 to 160
For adolescents (BFP) <sup>b</sup>	38 to 76
BCP	Difference between per capita income and poverty line
Families living in poverty (per capita income between R\$ 70 and R\$ 140 per month)	
For children aged 0 to 15 (BFP) <sup>a</sup>	32 to 160
For adolescents (BFP) <sup>b</sup>	38 to 76

Source: Guerreiro Osorio, Rafael and Ferreira da Souza, Pedro (2012) “O Bolsa Família depois do Brasil Carinhoso: uma análise do potencial de redução da pobreza extrema”, Brasília: Ipea.

<sup>a</sup> Limited to a maximum of 5 children.

<sup>b</sup> Limited to a maximum of 2 adolescents.

It is estimated that, thanks to this programme, two million families will overcome income poverty. By July 2012, the programme had reached over 2 million families and 8.6 million children (MDS, 2012a). With this investment, the Brazilian government guarantees that all members in those families reach the threshold of an income above R\$ 70 per month. In 2013, R\$ 23 billion will be invested in this programme (MDS, 2012b).

#### **4. Cash transfers as an expression of constitutional guarantees: the case of the *Benefício de Prestação Continuada da Assistência Social* (BPC)**

The Continuous Benefit Programme (*Benefício de Prestação Continuada da Assistência Social*, BPC) was created in 1996 to implement the social guarantee to income for families with elderly and disabled people. Income is set at the level of the minimum wage, thus establishing an important difference with *Bolsa Família*. The BPC is implemented by the SUAS, coordinated by the MDS and financed by the Ministry of Social Security (*Ministério da Previdência Social*, MPS). The National Social Security Institute (*Instituto Nacional do Seguro Social*, INSS) is the institution in charge of administering payments.<sup>17</sup>

<sup>17</sup> Even if the BPC is not a contributory benefit, due to the organization of the social security system, it is considered in the allocation of resources and financing of the sector which combines both contributory and non-contributory sources of income, as it will be reviewed in section IV.

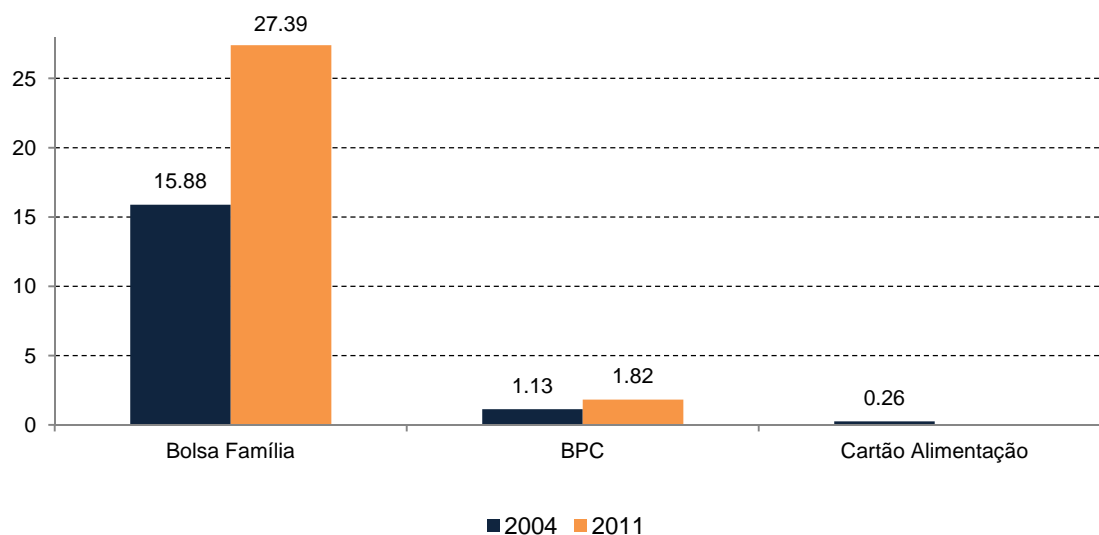
The BPC is an unconditional transfer targeted to families with an elderly (aged 65 and above) or disabled member who do not receive a public or private pension—in the case of elders—and whose family income is below a fourth of the minimum wage. According to data from the MDS, in 2011, more than 3.5 million people were beneficiaries of the BPC, of whom little more than 1.6 million were elders and 1.8 million, were disabled persons (MDS, 2011).<sup>18</sup>

## D. Coverage, results and challenges of non-contributory social protection policies

According to data for 2011, *Bolsa Família* is the non-contributory conditional cash transfer programme with the largest budget in Brazil and the one that has grown the most between 2004 and 2011. However, according to data from the MDS, its budget is comparatively lower to that of the unconditional BPC: in 2011, *Bolsa Família* accounted for R\$ 17.3 billion, whereas BCP demanded R\$ 22.3 billion. As a percentage of GDP,<sup>19</sup> *Bolsa Família* only represented 0.4% in 2011, increasing its participation since 2004, when it represented 0.1% of GDP. BPC's participation has decreased its participation from 0.2% of GDP in 2004 to 0.1% in 2011.

*Bolsa Família* is the cash transfer programme with the largest coverage, reaching in 2011, 27.4% of the Brazilian population equivalent to more than 54 million people (see figure 5). According to estimations for the *Brasil sem Miséria* strategy, it is planned to integrate another 800,000 persons to *Bolsa Família*, as the result of actions to improve the identification of potential beneficiaries (Brasil Sem Miséria, 2011).

**FIGURE 5**  
**COVERAGE OF SELECTED PROGRAMMES, 2004-2011**  
(Percentages of the population)<sup>a</sup>



Source: Own elaboration based on data from the Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory social protection programmes in Latin America and the Caribbean database.

<sup>a</sup> Estimated according to official population figures from Economic Commission for Latin America and the Caribbean (2011) Statistical Yearbook for Latin America and the Caribbean, Santiago, Chile: United Nations.

<sup>18</sup> See [online]: <http://aplicacoes.mds.gov.br/sagi/mi2007/home/index.php>.

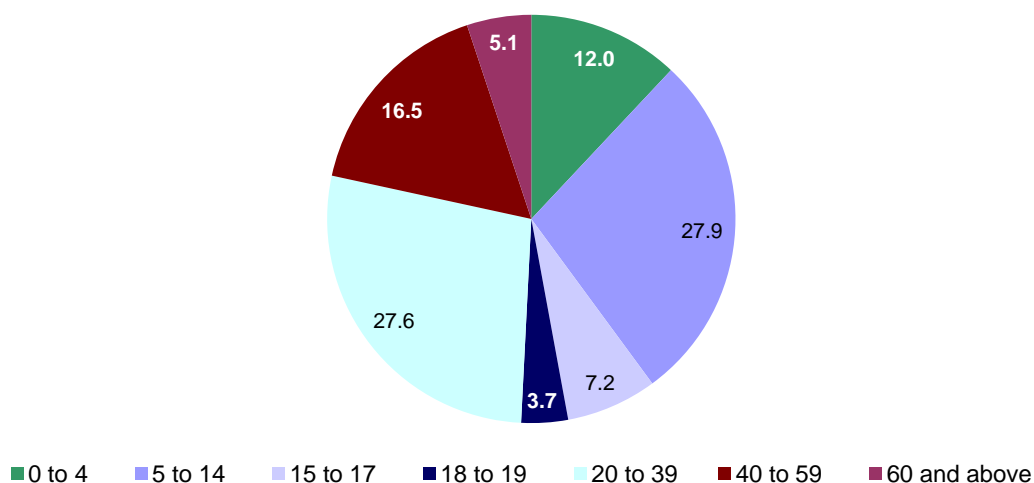
<sup>19</sup> Estimated according to official indicators for total GDP in current prices for each year (ECLAC, 2012).

Non-contributory social protection policies have had a relevant impact on the reduction of poverty and inequality. In the case of *Bolsa Família*, different studies have shown the extent to which this programme benefited mostly lowest incomes families, even if there are inclusion and exclusion errors (Soares et al. 2007). Lindert et al. (2007) have shown that 75% of this programme's transfers reach the poorest income quintile, while 94% cover the two poorest income quintiles. Similarly, Soares et al. (2007) have shown that 60% of *Bolsa Família*'s resources are targeted on the 20% poorest part of the population (according to data from the 2004 PNAD). According to Soares and Sátyro (in IPEA, 2009), the Gini coefficient has fallen by one point between 2004 and 2006, a third of which may be explained due to the PBF and the BPC. Using data for 1999 to 2009, Soares et al. (2010) conclude that after the improvement experienced by wages, *Bolsa Família* has contributed by 16% to the decrease of inequality in the country, a slightly higher figure than that presented by IPEA (2012b) that identified that this programme contributed to decrease inequality by 13%, while the BPC contributed only by 4%.

Concerning poverty reduction, Soares et al. (2010) indicate that, in 2009, the cash transfers of *Bolsa Família* lowered poverty and extreme poverty 1.9 and 1.6 percentage points. This represents a contribution equivalent to 13%, in the case of poverty, and 32%, in the case of extreme poverty. However, in more recent research, Soares (2012) showed that this programme has contributed to lower poverty incidence by 8%, although the poverty gap and severity fell by 18% and 22% respectively.

The BPC has also contributed significantly to poverty reduction, due to the high value of this transfer. Both the BPC and the rural pension explain the low incidence of poverty among people aged 60 and above in Brazil (Jaccoud, El-Moor Hadjab and Chaibub, 2010) (see figure 6).

**FIGURE 6**  
**PEOPLE LIVING IN EXTREME POVERTY BY AGE GROUP, 2010**  
(Percentages)



Source: IBGE. Preliminary estimate of the Demographic Census 2010 Ministério do Desenvolvimento Social e Combate à Fome (MDS) (2011) "O perfil da extrema pobreza no Brasil com base nos dados preliminares do universo do Censo 2010", Brasília: MDS.

Furthermore, food insecurity has declined considerably, following the implementation of strategies such as *Fome Zero* and *Brasil Sem Miséria*. In 2009, 34.2% of Brazilian households—equivalent to almost 66 million people—lived in a situation of food insecurity.<sup>20</sup> This figure

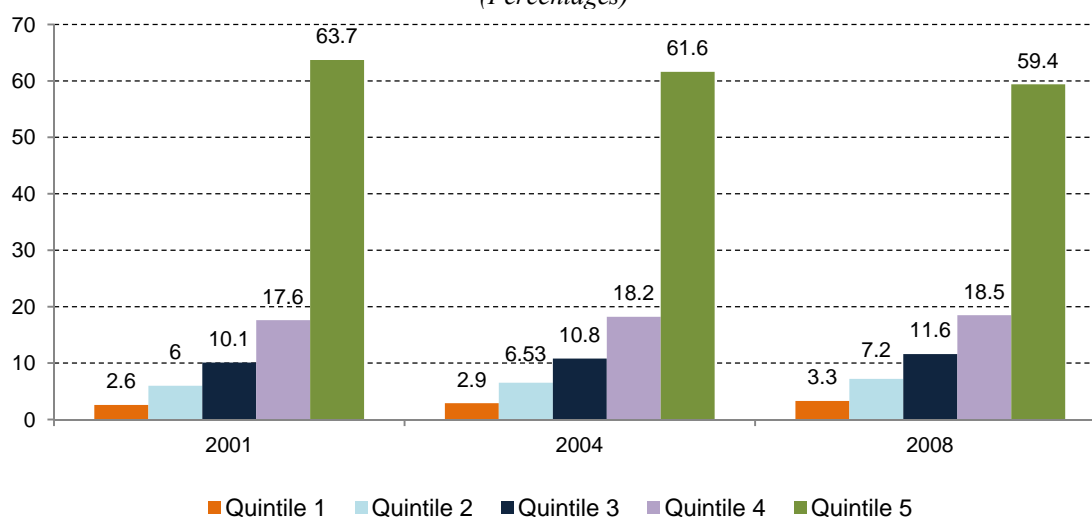
<sup>20</sup> According to data from the PNAD 2009 (IBGE, 2011).

declined by 5.6 percentage points, between 2009 and 2004. During the same period, the percentage of the population that lived in a situation of acute food insecurity was reduced from 8.2% to 5.8%.

Improvements are more apparent in rural areas: in 2004, 50% of the population lived with a type of food insecurity; by 2009, this percentage had declined to 40.2%. Furthermore, in 2009, food insecurity only affected 3.6% of elders aged 65 and above, which also indicates the impact of the income guarantees expressed by policies such as the BPC and the rural pension.

All the actions that have been described so far, have contributed to improve income distribution in Brazil. As it is showed in figure 7, the participation of the lowest four income quintiles in the per capita family incomes increased between 2001 and 2008, whereas in the case of the highest income quintile, it has decreased.

**FIGURE 7**  
**DISTRIBUTION OF PER CAPITA FAMILY INCOMES BY INCOME QUINTILES, 2001-2008**  
(Percentages)



Source: IBGE, Diretoria de Pesquisas, PNAD 2001, 2004 and 2008.

It is also worth considering simulations of the potential impact of the *Brasil Carinhoso* programme. The simulation made by Guerreiro Osorio and Ferreira da Souza (2012) indicates that the previous design of *Bolsa Família*, prior to the introduction of *Brasil Carinhoso*, was less effective for families suffering from greater poverty severity. This was mainly due to their larger size and the fact that they have more children aged under 18, and in particular, under 15. The introduction of *Brasil Carinhoso* altered dramatically the set of transfers that families receive and concentrate efforts to eradicate poverty among families with children in extreme poverty. The programme will probably leave families with no children in extreme poverty, but these are the minority of families living in extreme poverty. Furthermore, simulating the effect of *Brasil Carinhoso* according to data of the PNAD 2011, the authors find that if the programme had been introduced in 2011, and keeping the levels of *Bolsa Família*'s transfers to those of 2012, extreme poverty would have declined to less than 1% of the population (0.8%) and its incidence would have been 0.6% for the population aged 0 to 15. Thus, the potential impacts of this programme are very promising for eradicating extreme poverty incidence and depth in the coming years and contributing to equalizing the map of opportunities for all children and youth in the country.<sup>21</sup>

<sup>21</sup> It should be noted, however, that this simulation does not consider other relevant factors, such as the coverage of the eligible population and the volatility of families' incomes.



## IV. The second pillar of the system: the *previdência social*

On the side of contributory policies, Brazil began establishing social security (*Sistema òde Previdênciã Social*) by the early 20<sup>th</sup> century. First, a law protecting labour risks and accidents was introduced in 1919 (*Lei dos Acidentes do Trabalho* No. 3.749), and in 1923, the *Lei Eloy Chaves* No. 4.628 was passed to create the first insurance fund for railway workers. Under the rule of Getulio Vargas, during the 1930s, a most comprehensive social security system was put in place, creating pension institutes for different categories of workers (*Institutos de Aposentadorias e Pensões*, IAPS). By the 1960s, the situation of fragmentation among the different insurances led to the creation of the Social Security Organic Law (*Lei Orgânica da Previdênciã Social*, LOPS), which unified the contributions and benefits that different types of workers should place and receive. In 1966, two institutions were created following this aim: the Social Security Institute (*Instituto Nacional de Previdênciã Social*, INPS), covering formal workers and including the different labour risk insurances (formerly managed by private insurance companies), and the Social Security Institute for State Services (*Instituto de Pensão e Aposentadoria dos Servidores Estaduais*, IPASE), for public sector workers (Rangel et al., 2009).

Most of the institutions and funds created during these early decades covered exclusively urban workers, leaving aside rural workers —until the creation of FUNRURAL—, as well as the self-employed and workers with no affiliation to any particular fund. Depending on the worker’s profession and economic sector, protection received was severely unequal.

It was not until the promulgation of the 1988 Federal Constitution that social security became truly considered a social right, requiring a progressively universal coverage. The 1988 Constitution promoted several actions, including the inclusion of independent workers within social security, fostering the conception that social security should be equal for rural and urban workers and linking the minimum wage to a minimum floor for social security. Furthermore, it also defined that social security benefits should go beyond traditional contributory insurances, implementing mechanisms to guarantee coverage to informal and rural workers and their families.

Despite their commonalities, social security regulations were not uniformed for all workers’ categories. A special social security plan for public workers’ pensions was established by the 1988 Constitution, setting their own legal contract regime (*Regime Jurídico Único*, RJU) independent from that of private sector workers. This regime is valid for the while Union and leaves public workers in a level of advantage vis-à-vis private sector workers, particularly in terms of the calculation of the final

pension amounts, the prescribed ceilings for the pensions and the minimum age for receiving pensions (Gaiger et al., 2011; Rangel et al., 2009). Accordingly, this provision has implied a severe fiscal pressure to finance the spending on social security compared to the previous context.

In 1991, a pension benefit plan (*Plano de Benefícios da Previdência Social*) was also approved for private sector workers (Law 8.212/1991). The Plan defines the creation of a National Social Security Council (*Conselho Nacional de Seguridade Social*, CNSS) which includes the participation of members of the State, workers, employers and pensioners for the regulation of this sector. The Plan also structured the budget arrangements for the sector—the Social Security Budget (*Plano de Custeio da Seguridade Social*)—, establishing that social security—comprising both contributory and non-contributory benefits—should be financed by resources from the Union, the states, the municipalities and the Federal District, payroll taxes, besides the social contributions (*contribuições sociais*)—contributions over the revenues and taxes, lotteries and financial transactions (ISSA, n/ref). This financing plan was set in accordance to the 1988 Constitution that stated that the funding sources for social security should be diversified, disentangling social security to an exclusively contributory base. Later, it was also created a Social Emergency Fund (*Fundo Social de Emergência*) to assure the level of financing that the operation of the system required.

Voluntary and complementary private funds were also created, although the pension's system in Brazil has kept a mixed model, with an emphasis on its public administration.

In sum, the system is composed by three contributory regimes, one semi-contributive scheme for rural workers and non-contributory benefits (the BPC, see section III.C.4). In 1991 the institutions in charge of managing social security were reformed to create the National Social Security Institute (INSS).<sup>22</sup> The Institute is under the rule of the Ministry of Social Security (*Ministério da Previdência Social*, MPS), which administers the different benefits, including the BPC.

Retirement pensions comprise three kinds of benefits: old age, length of contribution (received by workers who have accomplished the defined number of years during which they made contributions) and special retirement (for the case of workers who have been exposed to dangerous conditions, for instance). As part of the system, there are also disability, survivor, sickness and jail benefits—targeted benefit provided to the family of the person in jail—, besides family and maternity allowances.<sup>23</sup> In order to receive survival benefits, there is no need to have made previous contributions to the system and it is also possible for non-married couples to receive them. Survival benefits are provided to orphans until age 21—if they are not disabled—and for life to widows and widowers (Caetano, 2009).

Two are the main transformations that have impacted deeply on the organisation of the social security system in Brazil. In the first place, the guarantee to an equal treatment between urban and rural workers implied the creation of a sub-system for rural insurance, which is ruled by its own regulations. This sub-system, of a semi-contributive nature—given that to receive its benefits, it is not necessary to have made prior contributions (Caetano, 2009)—, addresses all types of labour relations, with special attention to non-wage (labelled as “family economy scheme”). In order to claim benefits, it is required to present proof of work for at least 30 years. In turn, rural workers receive a pension of an amount equivalent to the national minimum wage, as it was established by the Constitution. Also, under this regime, women are entitled to insurance, even in the case that they are not head of households, as it was previously requested with FUNRURAL (Delgado, 2012).

The implementation of this new sub-system implied great fiscal pressure, as only 10 to 15% of annual insurance benefits are collected from workers' contributions (Delgado, 2012). In both real and nominal terms, benefits have doubled from those received by workers under the FUNRURAL.

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<sup>22</sup> Law 8.212 and Law 8.213, both dating from 1991.

<sup>23</sup> See online at: <<http://www.previdencia.gov.br/conteudoDinamico.php?id=1265>>. The family allowance is the *Salário Família*.

In the second place, the definition of the minimum wage as the threshold to estimate social assistance and security benefits (see section VII.B), such as the rural pension or the BPC (see section III.C.4) has implied that the purchasing power of these pensions have also increased in parallel to their distributional effects. Yet, fiscal challenges remain in order to reconcile the increasing social security expenses derivate from these and the contributory benefits for public and private sector workers with the existing level of contributions made to the system, which are far from being sufficient in order to compensate for the investment made by the State (see section IV.C).

## A. The contributory pension system

The pension system in Brazil comprises two sub-systems (see table 2). Basic social security is organised under the General Social Security Regime (*Regime Geral de Previdência Social*, RGPS) and the Special Social Pension Regime (*Regime Próprio de Previdência Social*, RPPS). It is mandatory for all formal workers and it has a mixed financing, with contributions made by employers, employees and the State. It is publicly administrated by the INSS and includes solidarity mechanisms to deal with inter-generational and urban and rural inequalities.

Under the General Social Security Regime, old age pensions are granted to men aged 65 and above and to women aged 60 and above in urban areas, and to men aged over 60 and women aged over 55 in rural areas. In order to receive a pension, contributions must have been made for at least 35 years for men, and 30, for women (MPS, 2008). There is no ceiling for the employers' contribution to the pension of the employees, which leaves Brazil as one the countries with the highest contribution rates for social insurance in the world (Caetano, 2009).

The Special Social Pension Regime is a contributory regime, also mandatory and publicly administered, which provides social security to public workers and the military. It does not include private sector workers, temporal workers and persons working in positions of political trust, since these are part of the General Regime. Own schemes are held by municipal, federal and state entities, although coordinated by the MPS. Under this regime, pensions are granted from the age of 70 for men and women.<sup>24</sup> In order to receive a pension, contributions must have been made for 35 years for men, and 30, for women. Contributions vary depending on the public entity, but these are often at the level indicated in table 2. In terms of the ceiling for benefits, according to a reform passed in 2004, public sector workers receive a pension equivalent to the average of the 80% highest wages—in practice, this equates to a total replacement over lifetime average wage (ibid)—since July 1994, although transitional rules are yet in place allowing that workers receive an amount equivalent to their last wage. In practice, these benefits are considerable higher than those received by private sector workers. This situation increases the overall fiscal cost of the social security system, endangering concerns of future sustainability.

In the second place, complementary social security is voluntary and falls under a pay-as-you-go system. It is privately administered by for-profit and not-for-profit entities: the former are called Open Complementary Social Security Entities and administer individual and collective funds, while the latter, are called Closed Complementary Social Security Entities, keeping collective social security plans with groups of workers of particular companies, cooperatives or trade-unions. The contributions made by the affiliated members to these entities are invested in variable rent funds, according to the level of risk defined by the member. Between 2002 and August 2007, assets invested by these entities increased from R\$ 229 to R\$ 394 billion (SPC, 2007).

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<sup>24</sup> In the case of workers that entered this regime before 15 December, 1998, the minimum age at retirement is 60 for men, and 55 for women.



**TABLE 2**  
**SOCIAL SECURITY REGIMES**

	General Social Security Regime	Special Social Security Regime	Complementary social security
Insured population	Private sector workers	Public workers from the Union, States (26) and municipalities	Any person
Affiliation	Mandatory	Mandatory	Voluntary
Administration	INSS	Government	Private entities (for-profit and not-for-profit)
Type of regime	Defined contribution	Defined contribution. Capitalisation in some States and Municipalities	Capitalisation
Contributions	22% employers, 11% employees	22% employers, 11% employees	Variable
Pension indexation	Previous inflation	Expected inflation	Non applicable
Regulating entity	Ministry of Social Security	Ministry of Social Security	Ministry of Social Security
Monitoring entity	Ministry of Social Security	Ministry of Social Security	Ministry of Social Security, General Council for Complementary Social Security, National Monetary Commission

Source: Own elaboration based on data from the Ministry of Social Security and Bertranou, Fabio and Grafe, Fernando (2007). *La reforma del sistema de pensiones en Brasil: aspectos fiscales e institucionales*. Inter-American Development Bank (IADB): 2007. [online]: <[http://www.iadb.org/res/publications/pubfiles/pubCSI-145\\_esp.pdf](http://www.iadb.org/res/publications/pubfiles/pubCSI-145_esp.pdf)>.

## **B. Key reforms for social protection: social security for rural workers and the minimum wage as a floor for the basic pension**

The 1988 Constitution extended the right to social security to rural workers, and in 1991 the legislation defined institutional mechanisms to integrate a great part of the rural population in Brazil to the social security system. Rural social security was included within the general regime, acknowledging the fact that an important part of rural workers was embedded in informal labour networks, with no contract or access to formal insurance. To be included in the social security system, rural workers must make contributions for an amount that accounts for 2.1% of their production that has been traded in that year. If this value is irrelevant, workers do not lose access to social security.

The 1988 Constitution, along with extending social security benefits, established that the minimum wage is the base value for each social security benefit. Thus, it guaranteed that benefits may never be lower than this floor, regardless of the contribution made to pension funds. In rural areas this measure has had a clear impact. In December 2010, 99.3% of all benefits granted in rural areas were set at the value of the minimum wage, covering 8.2 million direct beneficiaries. In urban areas, 46% of benefits were set at this level, equating to 7.4 million direct beneficiaries.

The 1988 Constitution also introduced guarantees for citizens earning above the minimum wage, to keep the real values of the pensions they receive. The pension system currently adjusts pensions' values according to the fluctuations of the National Consumer Price Index (CPI).

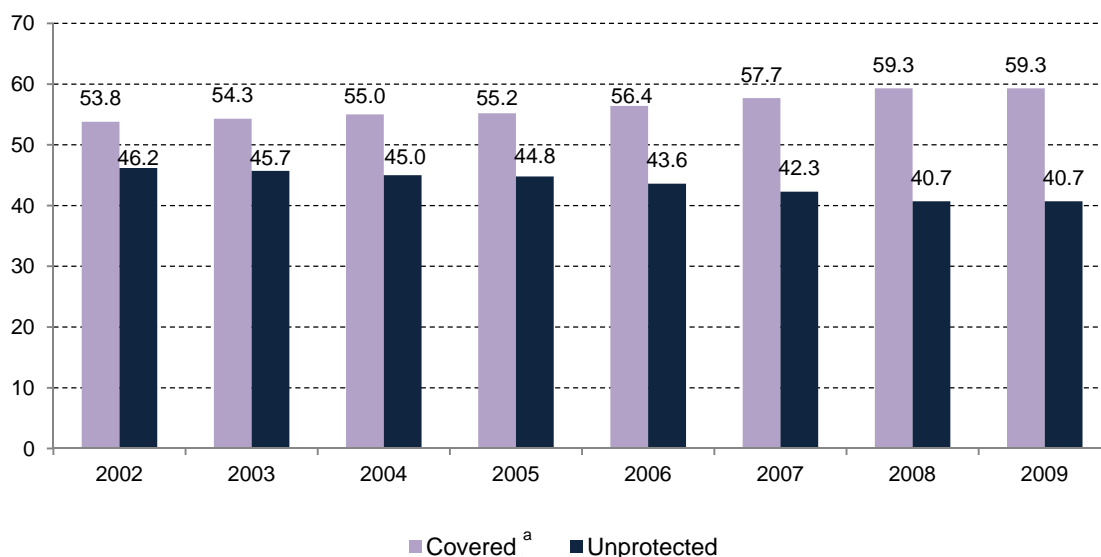
The redistributive impact of these measures might be illustrated through the fact that, due to these social security benefits, 47.7% of retired rural workers were between the fifth and the seventh income decile in 2008. If no rural pension was available, it is estimated that 39.4% of these retired workers would be among the poorest 10% of the population (IBGE, 2008).

### C. Coverage, social spending and main challenges of the system

In 2011, 20 million social security benefits were allocated in the country, of which 17.2 million corresponded to pension benefits, 2.1 million, to social assistance benefits —mostly comprising the operation of the BPC—, and nearly 700,000 to benefits covering accidents at work. In 2008, 81.8% of elders aged 60 and above received a pension (IBGE, 2008).

Between 2002 and 2009, the percentage of the economically active population covered by social security and thus making contributions to the system has increased (see figure 8). This may be explained due to the combination of sustained economic growth and the increase in the proportion of workers working with a contract.<sup>25</sup>

**FIGURE 8**  
**COVERAGE OF SOCIAL SECURITY AMONG THE ECONOMICALLY ACTIVE POPULATION, 2002-2009**  
(Percentages)



Source: Own elaboration based on data from the National Household Sample Survey, PNAD/IBGE (2002-2009).

<sup>a</sup> Percentage of workers covered by any kind of social security regime.

This level of contributions is far from enough to compensate for the level of disbursements that the government must make in order to provide the required funding to the social security system and thus implement the retirement pension regimes for public and private sector workers, the rural pensions and the BPC. In fact, comparative evidence shows that the level of benefits provided by the Brazilian social security system is well above the international average (Rezende Rocha and Caetano, 2008).

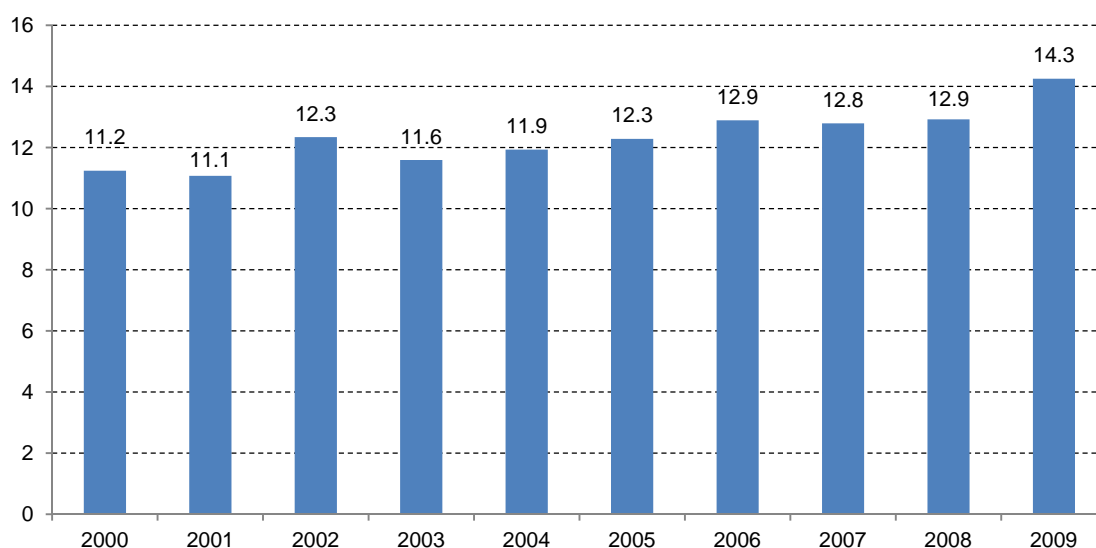
In 1998, 1999 and 2005, three parametric reforms to the pension system have been implemented in order to stabilise the fiscal burden for the State.<sup>26</sup> These reforms sought to increase the level of contributions that was initially defined by the Constitution and introduced new age limitations

<sup>25</sup> According to the PNAD, workers that lacked a formal work contract decreased from 33.1% in 2004 to 28.2% in 2008.

<sup>26</sup> These are explained in detail in various documents. See for instance Caetano (2009); Geiger et al. (2011) and Rezende Rocha and Caetano (2008).

to retire. However, they have not managed to reduce substantially the level of spending required to afford a system with such a large coverage of contributory and non-contributory benefits (Rezende Rocha and Caetano, 2008). Accordingly, total public spending on social security has increased from 11.2% of GDP in 2000 to 14.3% of GDP in 2009 (see figure 9).

**FIGURE 9**  
**SOCIAL SPENDING ON SOCIAL SECURITY, 1990-2009<sup>a</sup>**  
(Percentages of GDP)



Source: Own elaboration based on data from the Economic Commission for Latin America and the Caribbean (ECLAC), upon data from the social spending database.

<sup>a</sup> It includes public spending on social security and protection, employment, social assistance and training policies, according to the availability of information.

The deficit of the social security system held by the INSS has varied since 2001. In that year, the deficit was R\$ 13.3 billion, equating to 1.08% of GDP (IPEA, 2002). Since then, the deficit has been especially affected by the economic crisis of 2008 and 2009, which led to a decreasing number of contributions, adding fiscal pressure to the system. Nevertheless, contributions recovered during the first semester of 2010, reducing the necessity for additional resources. In 2010, the contributions made to the general social security regime accounted for 5.8% of GDP, while total spending of the regime was 7% of GDP. Hence, 1.2% of GDP was needed to cover the deficit, returning to the deficit's level of 2008 (MPS, 2010). Furthermore, most recent evidence shows that the number of people making contributions to the RGPS has increased by 61.3% between 2003 and 2011, from 39.9 to 64.3 million, which is a promising indication of progress for the sustainability of the system.<sup>27</sup>

Analysing the performance of the social security system, it should be considered its impressive impacts in terms of reducing inequality and poverty (Rezende Rocha and Caetano, 2008). Social security is the second sector that has contributed the most to declining levels of inequality in the country (19%) after employment (IPEA, 2012b). This effect—which explains the low incidence of poverty among people aged 65 and above (see figure 6)—is mostly due to the implementation of

<sup>27</sup> According to data from the MPE, online at: <[http://www.previdencia.gov.br/arquivos/office/1\\_121207-165631-785.pdf](http://www.previdencia.gov.br/arquivos/office/1_121207-165631-785.pdf)>.

the rural pension and the BPC, but it is also evidence at the performance of the contributory regimes. Moreover, the social security system in Brazil has been very successful in linking the value of the pension to the minimum wage. Since adjustments to the value of pensions are calculated according to the variation of the CPI, pensions' values have not been affected by inflation, protecting the purchase power of pensioners.

However, analysts have also pointed out to the design failures of the system. In the first place, the fact that only 60% of the workforce makes regular contributions to social security may be explained by their high value as a percentage of wages and the reduced incentives to make contributions. At the same time, social assistance benefits guarantee an income never below the minimum wage, even in absence of contributions during the work life (Rezende Rocha and Caetano, 2008).

In the second place, the level of benefits that workers receive and the overall number of beneficiaries are considerably high, even in the case of contributory pension schemes. It has been estimated that workers retire and receive pension benefits for a longer time than the average for workers around the world. Thus, if the average age at retirement for men and women in the OECD countries is 63.9 and 62.6, respectively, in rural areas of Brazil, the average age to retire drops to 60 for men and 55 for women. In the case of urban areas, the situation reverses partially for men (retiring at an average age of 65), but not for women (retiring in average at 60). On the side of the value of the benefits, pension schemes in Brazil allow for workers to replace their wages at a higher level than the international average. Also, the fact that survival benefits are provided for life to widows and widowers of any age and with no targeting increases even further the maintenance costs of the system (ibid).

Last but not least, the imbalances generated by the high level of benefits disbursed under the RPPS generate another source of concern for the sustainability of the system. Between 2006 and 2010, the budget's demand placed by this regime has increased by 30%, while fiscal resources available for its finance have only increased by 14% in the same period (Gaiger et al., 2011). Furthermore, the benefits paid under this regime are considerably regressive (Silveira, 2008; Rangel, Vaz and Ferreira, 2009 in ibid), compared to those of the RGPS, the rural pension and the BPC.

There are no easy answers for the challenges presented in this section. Increasing the coverage rate during the contribution phase would have a decisive impact on sustainability issues in the short term, as it would increase collections. However, this situation will also increase the pressure over social security benefits in the long term (Caetano, 2009). Also, there are proposals under consideration to equate public sector workers' pensions to the level of private workers' benefits. In both cases, it has been argued that a substantive social security reform will have to be implemented to assure the future survival of the system and the balance between the expenses made on social security vis-à-vis other key sectors for social welfare, such as education, health or housing (Rezende Rocha and Caetano, 2008).

Expanding the contributions made to social security in rural areas is another challenge for the system. The fact that a National Social Information Registry is under construction, promoted by the Ministry of Social Security (CNIS-Rural) since the beginning of 2010, is a positive sign to improve the current situation.<sup>28</sup> The CNIS-Rural will improve the financial planning of the INSS, updating the information of workers under a "family economy" regime (*regime de economia familiar*), working on their land (IPEA, 2011b). According to existing estimations, the rural pension might be currently benefiting 85% of the rural economically active population. Furthermore, based on data from the PNAD, it is estimated that between 1992 and 2009, the proportion of rural families with older people that receive the pension has increased from 60 to 90% (Delgado, 2012). In the overall, this situation represents a major success to reverse an historical inequality gap in the country.

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<sup>28</sup> See *Boletim de Políticas Sociais - Acompanhamento e Análise, Capítulo 1 Previdência Social*. No. 19, 2011, p. 16-17. [online]: <[http://www.ipea.gov.br/portal/images/stories/PDFs/politicas\\_sociais/bps\\_19\\_cap01.pdf](http://www.ipea.gov.br/portal/images/stories/PDFs/politicas_sociais/bps_19_cap01.pdf)>.



## V. The health system

### A. Overview of the system

As with the case of social security, the health system in Brazil is founded on a rights-based approach, which was defined by the 1988 Constitution. Before this landmark, the health system was heavily fragmented and excluded large part of the population, replicating the structure of the social security system: the Ministry of Health (*Ministério da Saúde*) was in charge of public health, providing health attention free of cost for the poor and informal workers, and the IAPS provided medical and hospital services for their insured members. In 1974, the Social Assistance and Security Ministry (*Ministério da Previdência e Assistência Social*, MPAS) was created. This was also coincident with the creation of the National Institute for Social Security Medical Assistance (*Instituto Nacional de Assistência da Previdência Social*, INAMPS) that was responsible for the administration of the health services that were provided for members of social security institutions (Rangel et al, 2009). In the 1990s, the Health Ministry absorbed the functions of the INAMPS, becoming heavily dependent on transfers from the Retirement and Pensions Institute (INPS).

The 1988 Constitution defined a series of guarantees, which have been expressed in the healthcare model, and created the Unified Health System (*Sistema Único de Saúde*, SUS). The SUS assures that access to health is integral, universal and free of cost.

Despite the relevance of the SUS, the health system in Brazil is mixed in terms of access and financing. Along with the SUS, financed entirely by public resources through taxes and contributions, there are other institutional modalities to access healthcare. These are: (1) private healthcare plans and insurances, that are chosen and financed directly by families or employees; (2) public servants, civil workers and the military and their dependents are covered by both public and private contributions and are attended, in general, by the private healthcare network; and, (3) private healthcare providers can be accessed directly (Ribeiro, Piola and Serva, 2005 in IPEA, 2011b).

Furthermore, as with the social assistance policy, the Union is responsible for the partial financing of the public health system and the definition of health policies of a national scope. The implementation of the system and part of its financing<sup>29</sup> are the responsibility of the states and

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<sup>29</sup> The contributions made by the states and the municipalities have increased progressively throughout the years. In 1990, 72.7% of the financing of the SUS was assumed by the Union, and only 15.4%, by the states, and 11.8%, by the municipalities (Piola and Vianna, 2009: 27). In 2006, 48.4% of total spending was made by the Union; 23.5%, by the states and 28.1%, by the municipalities (IPEA, 2008: 150).

municipalities, through their secretaries —the State Health Secretary and the Municipal Health Secretary—. Other actors also participate in the provision and funding of the system, including non-governmental organisations and the private sector. The municipalities are responsible for access to public health by their population and for the generation of pacts and alliances with neighbouring municipalities, if they lack the required services for the integral provision of health.

In 1990, the Organic Health Law 8.080 and the Law 8.142 defined several operative aspects of the SUS, as well as the principles that inspire it: universal access to healthcare services, comprehensive assistance with emphasis on preventive health, politico-administrative decentralisation, regionalisation and community participation (SUS, 2011).

Primary care at the SUS is provided through two coexisting models: the Family Health strategy, implemented by Family Healthcare Units in charge of working directly with the communities, and the traditional model, formed by healthcare centres and posts (Ministério da Saúde, 2011). A network of public and contracted clinics and hospitals provides secondary and tertiary healthcare.

There are also various specific programmes implemented by the SUS, combining general and specialised attention, along with a series of preventive and promotion programmes for individual, family and community healthcare. It is interesting to note that these efforts, especially those that form part of the Food and Nutrition National Policy, are linked to those described as part of the non-contributory social protection system (see section III.A).<sup>30</sup> Furthermore, several services that form part of the *Brasil Sem Miséria* plan belong to the health sector (see diagram 1). These are the cases of the following programmes: (i) Popular drugstore programme (*Farmácia Popular do Brasil*), aimed to increase access to medicines for the most common illnesses in the country through a network of popular drugstores and alliances with private drugstores' networks; (ii) *Brasil Sorridente* programme, seeking to promote dental care and control among children in the country; (iii) Listening project (*Olhar Brasil*), providing children free ophthalmologist check in public schools that form part of the Health at School programme (*Saúde na Escola*) and Literacy Brasil (*Brasil Alfabetizado*); and, (iv) *Rede Cegonha* programme, which integrates different actions that form part of early child development. The latter includes increasing pre-natal coverage and access, institutional delivery coverage, survival attention up to two years, early check-ups for the newborn, early stimulation and caring —providing special attention for children at risk—, places at crèches and vouchers for transport, among other actions.<sup>31</sup>

The SUS also establishes that in order to monitor the system's management, Health Councils must operate at the national, state and municipal level. Users of the system, members of the government, providers and health professionals compose these councils. Additionally, the Municipal Health Councils are the entities in charge of ratifying the policies that are proposed at the local level. At the state level, policies must be negotiated within the Bilateral Management Commission, composed by representatives of the Municipal and State Health Secretaries. These policies are also discussed at the State Health Council, which is composed by managers of the system, users and health professionals, among other actors. Finally, at the federal level, SUS's policies are negotiated within the Trilateral Management Commission, composed by representatives of the ministries, and the Municipal and State Health Secretaries.

Currently, the Family Healthcare Strategy (*Estratégia de Saúde da Família*) is the main guideline for primary healthcare attention in Brazil and works as the entrance gate to the system (Ministério da Saúde, 2011), along with emergency services (see Decree 7.508). Besides the Family Healthcare Units, in 2008 the Ministry of Health also created Family Health Support Units (*Núcleos de Apoio à Saúde da Família*, NASF), providing expert support to a number of pre-existing family health teams in order to deal with specialised health issues within their territories and

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<sup>30</sup> See Ministério da Saúde, [online]: <<http://portalsaude.saude.gov.br/portalsaude/area/342/acoes-e-programas.html>>.

<sup>31</sup> Another programme that forms part of *Brasil Sem Miséria*, but has not been included here as it is run by the Ministry of Justice, is a special programme to reduce addiction to crack: “*Programa Crack, é possível vencer*”.

communities and improve the effectiveness of primary healthcare. Primary healthcare in Brazil is centred on the family, with an emphasis on community participation and the cultural adequacy of actions.

If necessary, patients attended at primary healthcare centres are referred to medium- and high-complexity centres (hospitals and specialised clinics). In total, the healthcare network in the country is composed by 77,074 institutions. Most of these (45,089) are public institutions, including those managed by the federal, state and municipal levels (IPEA, 2008).

Since 2010, a healthcare model organised as a network has been promoted. This seeks to overcome the fragmentation in healthcare attention and management and articulate deferrals to higher complexity levels (Ministerio da Saúde, n/ref).

## B. Main achievements and coverage of the system

The SUS has shown various epidemiological achievements, including the eradication of measles in 2007, the reduction of mortality due to tuberculosis, malaria and AIDS, among others (SUS, 2011). Also, the SUS was consolidated as the main agency providing medicines in the country: 1.2 million persons bought medicines with up to a 90% discount, according to data from the Ministry of Health (IPEA, 2009) and in 2008, 45.5% of the population received medicines at no cost.

In particular, the Family Healthcare Strategy has increased its coverage: according to data for 2008, 94.1% of the municipalities in Brazil have implemented the Family Healthcare Programme (IPEA, 2011b). In 2009, this model of attention covered 50.7% of the population. Furthermore, there are important results in terms of births attended at hospitals, which have increased from 96.4% in 2000 to 97.9% in 2009. Also, infant mortality has decreased by 37.4% between 1996 and 2005 (Datusus, Ministério da Saúde and RIPSAs in Piola and Vianna, 2009).<sup>32</sup>

Social spending on health as a percentage of GDP has increased throughout the years (see figure 10). Integral, hospital and specialised attention are those with a greater incidence upon this spending, although the combat to specific transmissible diseases has also increased its budget between 2008 and 2009.

**FIGURE 10**  
**PUBLIC SOCIAL SPENDING ON HEALTH, 2000-2009**  
(Percentages of GDP)



Source: Own elaboration upon data from the Economic Commission for Latin America and the Caribbean (ECLAC) from the social spending database.

<sup>32</sup> Ministério da Saúde - Sistema de Informações sobre Nascidos Vivos (SINASC) [online]: < <http://tabnet.datasus.gov.br/cgi/tabcgi.exe?idb2010/f07.def>>.

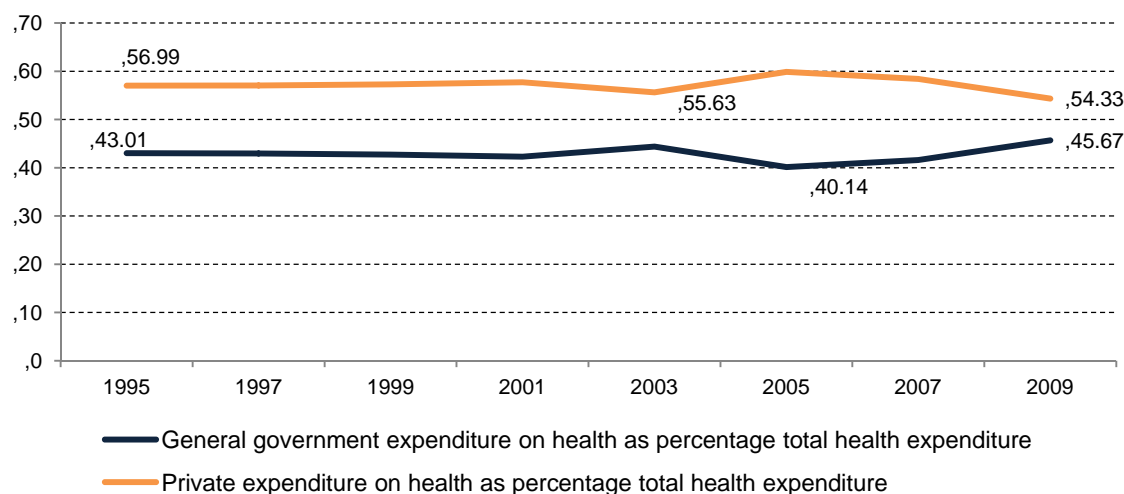


Although since the promulgation of the 1988 Constitution, Brazil has made great strides in overcoming segregation and realising social guarantees in health for all, it is still facing many challenges in this sector. Among them, inequalities in the health coverage of the population still remain, as some people are only registered under the SUS and others also have complementary private healthcare plans (IPEA, 2011b).<sup>33</sup> Considering both the population that is covered by complementary private healthcare plans—including private insurances—and public workers holding particular private plans, the population covered by the private sector increased from 24.5% in 1998 to 25.9% in 2008.<sup>34</sup> People with private healthcare coverage are 34% more likely to use healthcare services than people of similar characteristics, but only covered by the SUS (ibid).

Furthermore, inequality has also a geographical expression, particularly in the availability of qualified medical personnel and specialised equipment, beyond basic healthcare attention. The ratio of medical doctors and medical consultations per 1,000 inhabitants falls in the areas more affected by poverty and vulnerability—the North and Northeast of the country.<sup>35</sup>

A second issue that requires greater attention within the healthcare system is access to higher complexity healthcare institutions, as there is evidence of the inequality confronted by municipal governments in guaranteeing these services. In 2005, 16% of the municipalities with more than 25,000 inhabitants did not offer specialised consultations on nephrology, cardiology, endocrinology, dermatology, ophthalmology and orthopaedics (IPEA, 2011b). Moreover, public social spending on health is fairly low compared to private spending: in 2009, according to data from the World Health Organization, the former was under 46%, while the latter was above 54% (see figure 11). Thus, the public sector is in need of greater resources to guarantee the same right to healthcare for all the population throughout its territories.

**FIGURE 11**  
**PUBLIC AND PRIVATE SPENDING ON HEALTHCARE, 1995-2009**  
(Percentages of total health spending)



Source: Own elaboration based upon data from the World Health Organization, Global Health Expenditure Database, National Health Accounts, [online]: <<http://apps.who.int/nha/database/DataExplorer.aspx?d=1>>.

<sup>33</sup> Private healthcare coverage has increased from 18.1% in 2000 to 21.9% in 2009. See DATASUS, [online]: <<http://tabnet.datasus.gov.br/cgi/tabegi.exe?idb2010/f16.def>>, based on data from Ministério da Saúde / Agência Nacional de Saúde, Sistema de Informações de Beneficiários e Instituto Brasileiro de Geografia e Estatística.

<sup>34</sup> Data from IBGE built upon the National Household Sample Survey (*Pesquisa Nacional por Amostra de Domicílios*, PNAD) in DATASUS, [online]: <<http://tabnet.datasus.gov.br/cgi/tabnet.exe?idb2010/f15.def>>.

<sup>35</sup> According to data from DATASUS [online]: <<http://tabnet.datasus.gov.br/cgi/tabegi.exe?idb2010/f01.def>>.

Furthermore, important inequalities still persist in the levels of private healthcare spending that families of different levels of income must disburse. On average, spending on healthcare represents about 6% of family income, quite above private spending on education. Spending on medicines alone, which the Brazilian government has sought explicitly to decrease, represents a greater proportion of the poorest households' budgets, in comparison to education (see table 3). This is an indication that further attention should be paid to this issue.

**TABLE 3**  
**AVERAGE FAMILY SPENDING ON HEALTHCARE AND EDUCATION, 2008-2009**  
*(Percentages of total family income)*

	Total	Families earning up to R\$ 830 (US\$ 446)	Families earning more than R\$ 10,375 (US\$ 5,576)
Healthcare assistance	5.9	5.5	5.6
Medicines	2.8	4.2	1.9
Healthcare plans or insurances	1.7	0.3	2.4
Education	2.5	0.9	2.9

Source: IBGE, Family Budget Research (*Pesquisa de Orçamentos Familiares*), 2008-2009, [Online]: [http://www.ibge.gov.br/home/presidencia/noticias/noticia\\_visualiza.php?id\\_noticia=1648&id\\_pagina=1](http://www.ibge.gov.br/home/presidencia/noticias/noticia_visualiza.php?id_noticia=1648&id_pagina=1).



## **VI. The education sector**

### **A. The structure of the education sector**

The right to education was recognised by the 1934 and 1946 Constitutions. Primary education expanded throughout the second half of the 20<sup>th</sup> century, yet with large exclusion pockets, leaving behind afrodescendents and indigenous peoples.

The 1988 Federal Constitution guaranteed the right to education for all children and young person in Brazil.<sup>36</sup> According to the National Education Bases and Guidelines Law 9394 promulgated in 1996, education is a duty of the State and should be inspired by the principles of liberty and human solidarity, having as main goals the exercise of citizenship and the acquisition of qualifications for employment (UNESCO, 2010). According to this law, there are four levels of regular education: pre-school education (including nurseries, kindergartens and preschools for children under 6), primary (elementary) education, secondary education and higher education (OEI, 2011). According to a constitutional amendment (EC No. 59) ratified in 2009, education is compulsory between 4 and 17 years of age (Presidência, 2009; IPEA, 2011b).

The administrative responsibility of infant education falls on municipalities; the states and the Federal District are in charge of primary and secondary education. The Federal Government is responsible for higher education and must assure that there is at least one public university in every State. The Federal Government also has a redistributive and complementary role with regards to all education levels, as it must provide technical and financial assistance to the States, the Federal District and the municipalities (MERCOSUR, 2001).

Infant education comprises pre-school education for children aged 4 to 6. It is delivered through nurseries and kindergarten. In turn, primary education covers children aged 7 to 14. It is compulsory and free of cost at public institutions, comprising eight years of schooling. According to Law 9394, the State must assure access to primary education for all citizens and is responsible for its coverage of all children from 7 years of age. Secondary education, in turn, has a minimum duration of three years, comprising students aged between 15 and 17. It is focused on general formation for employment.

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<sup>36</sup> See Chapter II, Article 6, [online]: <<http://pdba.georgetown.edu/Constitutions/Brazil/esp88.html#mozTocId562335>>.

One of the challenges that have arisen for the elaboration of the National Education Plan (*Plano Nacional de Educação*, PNE) is the necessity to define an integrated national education system. This would require a greater articulation between the three levels of schooling provided by the State and should consider the active involvement of civil society. Similarly, higher quality education for all students is a key challenge for the system and the only route to eliminate permanently the persisting racial and socioeconomic gaps that affect school access, permanence and termination (IPEA, 2011b).

It is worth considering that the promotion of education among children and youth has figured at the core of the State's social assistance actions. Promoting school registration and assistance is a key component of CTPs, as reviewed in section III.C.2.

## B. Coverage and social spending on education

According to data from UNESCO, in 2009, 17.5 million students were enrolled in primary school and there were 770,000 school teachers at this school level, with an average of 23 students per teacher (CEPALSTAT, 2012). The net enrolment rate in primary school in 2008 was 94.1%, having increased only 2.1 percentage points since 2000 (91.7%). In secondary school, the net enrolment rate was 82% in 2008. In 2009, at this level of education there were 23.6 million students and 1.3 million school teachers, with an average of 17 students by teacher.

The enrolment rate in higher education increased from nearly 4 million students in 2003, to about 6.1 million in 2009 (ibid). In 2005, according to data from UNESCO, the gross enrolment rate in this level of education was 25.6%.

School attendance rates have also increased in the country. According to data from the IBGE (IPEA, 2011b), in 2009, 97.6% of children and youth aged 6 to 14 attended school. In the case of primary education, between 2001 and 2009, the attendance rate of children aged 7 to 14 increased moderately from around 93% to 95%. In the case of secondary education, among youth aged 15 to 17, attendance was below 40% in 2001, increasing to 50.9% in 2009. It is interesting to observe that pre-school attendance rates for children aged 4 to 6 is higher than that for secondary school, although it has been fluctuant: in 2001, it was 56%, increasing steadily to 65% in 2006, to later decrease in 2009 back to the initial level. Finally, in the case of children aged 0 to 3, attendance to nurseries and other infant centres is still quite reduced: in 2009, it was 18.5%, although this figure was considerably higher than that of 2001 (10.6%) (ibid).

As with the case of healthcare, among the main challenges of the education sector, equating basic education conditions stand out. According to data from UNESCO (CEPALSTAT, 2012), the literacy rate of the population aged 15 to 24 was 96.8% in 2008. According to data from IPEA (2011b), nearly 1.5 million people register annually in the Literacy Brazil (*Brasil Alfabetizado*) programme that seeks to eradicate illiteracy in the country and that also forms part of the *Brasil Sem Miséria* plan.<sup>37</sup> This figure captures attention as, according to data from the PNAD, the total number of illiterates in the country would not surpass 400,000 people. Hence, these figures indicate that it is necessary to implement a national literacy plan that covers functional illiteracy affecting youth and adults in Brazil.

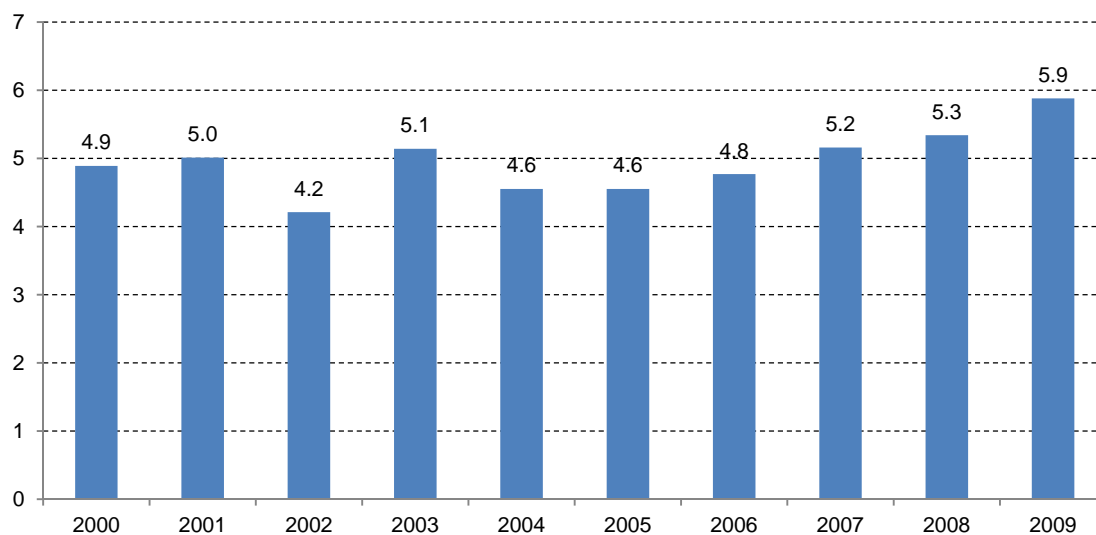
In addition to this, consolidating a high quality education system is another key challenge. Assuring the necessary economic resources is a crucial matter to make universal pre-school and secondary coverage a reality for all children and youth in the country. It might be expected that this effort will demand greater resources than those that have been now considered so far as part of the Constitutional Amendment (ibid).

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<sup>37</sup> This is also the case of the programme More Education (*Mais Educação*) that aims to expand the educational supply through extra-curricular activities with children and adolescents.

The 2009 Constitutional Amendment provided an extra R\$ 9 billion to the budget of the Ministry of Education, which totalled R\$ 47 billion (Presidência, 2009). According to the Pluriannual Education Plan 2008-2011, the greater part of the resources administered by the Ministry of Education (51.4%) were for higher education —less than in the 2004-2007 Plan (59%)—, followed by primary education (38.4%), and technological and professional education (7.8%). Only 2.4% of resources focused on programmes promoting inclusive education for youth and adults that did not finish school (IPEA, 2011b). Public spending on education has progressively increased between 2004 and 2009, from 4.6% of GDP to 5.9% of GDP (see figure 12).

**FIGURE 12**  
**PUBLIC SPENDING ON EDUCATION, 2000-2009**  
*(Percentages of GDP)*



Source: Own elaboration based on data from the Economic Commission for Latin America and the Caribbean (ECLAC), based on information provided by the social spending database.

Furthermore, the sector is funded through two crucial earmarked mechanisms defined by the Constitution (article 212). On the one hand, 18% of the total Federal Government's tax revenues after transfers must be invested on education, percentage that increases to 25% in the case of the states. On the other hand, payroll taxes must undergo an earmarking to finance expenditures on primary education at a level of 2.5% of wages, as defined by the Decree 87043/1982. This earmarking is called the education wage (*salário educação*) and it is collected by the National Education Development Fund (*Fundo Nacional de Desenvolvimento da Educação*, FNDE). A third of what is collected is distributed to the Federal Government to finance initiatives that contribute to the achievement of universal access to primary education; two thirds of this fund is allocated to state secretaries of education prorated to tax collection amounts.<sup>38</sup> These mechanisms indicate a firm political and social commitment to realizing the right to education for all children through the development of concrete tools and sources of funding that might contribute to this aim. Thus, for instance, the FNDE finances the School Strengthening Fund (*Fundo de Fortalecimento da Escola*) which seeks to improve the quality of basic education and reduce early abandonment of the system among children belonging to the most vulnerable regions in the country (PREAL, 2009).

<sup>38</sup> See online at: <[http://cahiers.cerium.ca/sites/politiquessociales.net/IMG/pdf/pub\\_br141\\_1\\_txt](http://cahiers.cerium.ca/sites/politiquessociales.net/IMG/pdf/pub_br141_1_txt)>.



## VII. Employment policies

### A. Main employment actions

Brazil began to develop employment policies since the decade of the 1970s with the creation of the National Employment System (*Sistema Nacional de Emprego*, SINE), which was introduced in order to develop and promote labour intermediation programmes and professional training, as well as to finance assistance to the unemployed. Before the SINE, there were three unemployment insurances in place —the Guarantee Fund for Time of Service (*Fundo de Garantia por Tempo de Serviço*), the Social integration Programme (*Programa de Integração Social*) and the Civil Servant Patrimony Scheme (*Programa de Formação do patrimônio do Servidor Público*). Yet, these programmes did not form part of a comprehensive employment system offering opportunities for dismissed workers to become reintegrated into the labour market (Gonzalez, 2010). Also, relevant for the employment policy are the vocational training services, which were directly implemented since the early 1940s by employers' entities and funded by payroll contributions (ibid).

The 1988 Constitution gave birth to the Unemployment Insurance Programme (*Programa do Seguro-Desemprego*). This was regulated by the law 7,998 and created the Worker's Support Fund (*Fundo de Amparo ao Trabalhador*, FAT). Ever since, SINE's actions remained under the FAT's direction, all forming part of the Ministry of Work and Employment (*Ministério do Trabalho e Emprego*, MTE). SINE became the attendance network implementing the actions of the Unemployment Insurance Programme, whose benefits are paid by FAT. Furthermore, FAT also implements other programmes, in the context of the Employment and Income Generation Programme, including labour intermediation, professional certification, vocational training and labour market-information programmes. FAT also creates directives for the implementation of employment programmes, impact evaluation activities and other measures aiming to promote accountability. These measures are decentralised, counting with the joint efforts of the states and municipalities, according to the law 8019 of 1990.

Besides the FAT, the MTE also comprises the Guarantee Fund for Time of Service (*Fundo de Garantia do Tempo de Serviço*), as well as other programmes that are managed by the Public Employment, Work and Income System and the Secretary for Solidarity Economy —*Secretaria Nacional de Economia Solidária*, SENAES (see table 4).



**TABLE 4**  
**FUNDS AND PROGRAMMES OF THE MTE**

Fund	Programmes	Actions	Benefits
FAT	Unemployment insurance programme	It provides financial assistance as part of social security, seeking to protect workers against unemployment.	The insurance pays five continuous or discontinuous allowances in a period of 16 months. The number of allowances depends on the time that the employee has worked. The allowance is estimated according to the value of the last salary received by the employee and it cannot be set at a lower value than the minimum wage
	Labour force intermediation ( <i>Intermediação de Mão de Obra</i> , IMO)	It aims to reduce the waiting costs during the process of active search for employment.	It provides attention to all workers in general, disabled persons and elders, youth in search for first employment and public and private employees. It operates through a network of SINE agencies that work as the entrance gate to the system
	National training qualification ( <i>Plano Nacional de Qualificação</i> , PNQ)	It develops professional training and certification programmes, financed by FAT and implemented locally	It considers three forms of implementation: territorial training plans, special training projects and sector training plans, in order to adjust labour demand and supply. These are implemented collaboratively among private and public institutions
	Employment and Income Generation programme ( <i>Programa de Geração de Emprego e Renda</i> , PROGER)	Credit available for workers interested in modernising their businesses, prioritising labour-intensive and key national development sectors <sup>a</sup>	Actions are financed by the minimum reserve's surplus of FAT, invested in special deposits or in the Bank of Brazil
Guarantee Fund for Time of Service		Fund created in 1967 to protect the dismissed worker	The fund is build through payments made by the employers to employees' accounts, equivalent to 8% of their wages. The employees may withdraw these funds at time of unemployment or in other special circumstances
Employment, labour and income public system	National microcredit programme	It fosters micro-entrepreneurship	It provides loans for projects that have been selected through a mixed commission formed by the MTE and the MDS
	Wage allowance	It guarantees a minimum income of up to two minimum wages for employees that form part of social integration programmes	It equates to a minimum wage annually. The benefited workers must have been registered at least five years before at the MTE
	<i>Projovem Trabalhador</i>	It offers social and professional training in order to prepare young workers for the labour market, either as employees or micro-entrepreneurs	It considers labour intermediation programmes in order to facilitate the links with the labour market
SENAES	Solidarity Economy Programme ( <i>Economia Solidária em Desenvolvimento</i> )	Provides support for the economic consolidation of solidarity economy entrepreneurial initiatives	The programme facilitates entrepreneurship with access to capital and credits, technical assistance for commercialisation and training and local development interventions

Source: MTE, [online]: <<http://portal.mte.gov.br/portal-mte/>>; Gonzalez, Roberto (2010) "Employment policies in Brazil: history, scope and limitations". Working paper, No. 70, Brasília, IPEA.

<sup>a</sup> The FAT also allocated resources for the Programme to Strengthen Family Agriculture (*Programa de Fortalecimento da Agricultura Familiar*, PRONAF) which is run by the Banco do Brasil, Banco de Nordeste and BNDES. This programme provides financial support to small-scale rural entrepreneurs and family farming activities. Also, since 2002, it funds the microcredit programme *Empreendedor Popular*, also aimed to provide support to small entrepreneurs (Gonzalez, 2010).

In sum, the public employment system in Brazil has focused on four main areas of action: unemployment insurance, job placement, vocational training and microcredit. Most of these have targeted mostly dismissed workers, while most vulnerable groups who have difficulties in accessing the labour market have been rather marginally considered within this policy (ibid).

In this context, the challenge of providing employment-related assistance for vulnerable, excluded and poor families and individuals has been mostly assumed by social assistance policies. As part of both *Fome Zero* and *Brasil Sem Miséria*, employment protection policies and initiatives for the population living in vulnerability have been included as part of their income generation pillar (see diagram 1), and CTPs have thus been articulated with initiatives to increase families' employability. This pillar comprises active labour market policies that have been included many years ago in the country's integral social protection and promotion system. However, most of these policies are not implemented by the MTE.

In the case of *Brasil Sem Miséria* (2011), the strategy has fostered the articulation between existing programmes providing professional training, employment opportunities generated by the implementation of social programmes and labour intermediation actions for persons aged 18 to 65. The programmes that form part of this joint strategy are articulated under different emphasis for families located in rural and urban areas.<sup>39</sup>

In urban areas, the offer is focused on the following programmes: the *Mulheres Mil* programme,<sup>40</sup> the National Technical School Access programme (*Programa Nacional de Acesso à Escola Técnica*, PRONATEC) and *Economia Solidária* (see table 5).

In rural areas, productive inclusion is promoted through the following programmes: the Green Allowance (*Bolsa Verde*), Water for All programme (*Programa Água para Todos*) and Electricity for All programme (*Programa Luz para Todos*),<sup>41</sup> the Food Acquisition Programme (*Programa de Aquisição de Alimentos*, PAA) and the *Cisterna* programme.<sup>42</sup> The Technical Assistance and Rural Extension programme (*Assistência Técnica e Extensão Rural*)<sup>43</sup> and the Seeds Distribution programme (*Distribuição de Sementes*).<sup>44</sup>

It is of particular interest the way in which this initiative is articulated with other existing CTPs. In the case of the PAA, this programme is implemented by the MDS and provides in kind transfers and a cash transfer through *Bolsa Família* of R\$ 2,400 (US\$ 1,330), delivered twice a year to families in order to promote food production and to foster the commercialisation of their surplus. The number of families attended by the programme has been projected to increase by four times, providing technical assistance to 253,000 families.

Furthermore, a special cash transfer has been included in the area of the green economy, seeking to strengthen workers in the areas of recycling and organic agriculture —the Green Allowance. The plan aims to improve their work conditions and infrastructure, widening their

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<sup>39</sup> See online at: <<http://www.mds.gov.br/brasilsemiserialia/sesep-2013-acoos>>.

<sup>40</sup> This programme aims to prevent gender-based violence and to promote gender equality and access to education for women. It is funded jointly by the Brazilian government and the Canadian cooperation and implemented by the Ministry of Education, the Brazilian Cooperation Agency and various education-related national and local institutions.

<sup>41</sup> Both aim to expand the access to water and electricity services for families living in rural areas and are implemented by the Ministry for Integration (*Ministério da Integração*) and the Mining and Energy Ministry (*Ministério das Minas e Energia*).

<sup>42</sup> The programme aims to expand pipelines among the semi-arid regions of Brazil and is implemented by the MDS and the Ministry for Integration.

<sup>43</sup> The programme is implemented by the Agriculture Development Ministry (*Ministério do Desenvolvimento Agrário*, MDA) and aims to improve income-generation options for rural families by improving their production systems and access to resources.

<sup>44</sup> This programme is implemented by the MDA in semi-arid regions, aiming to contribute to family-scale subsistence economies and food security.

markets. It also comprises a cash transfer aimed specifically to promote environmental conservation and sustainable development within the areas where these workers and their families live. The transfer equates to R\$ 300 (US\$ 166) per family, paid every three months.

Besides these interventions, *Bolsa Família* also has a specific plan for the professional certification and labour insertion of its beneficiaries: the PlanSeq *Bolsa Família* (*Plano Setorial de Qualificação Bolsa Família*), also called Next Step (*Próximo Passo*). This plan is managed jointly by the MDS and the MTE and offers free training courses for members of *Bolsa Família* who have completed at least the fifth year of basic education. Participants are granted with an economic allowance to finance transport costs and are informed about the courses through the CRAS (Filgueiras, 2011). PlanSeq aims to promote the participation of women in the courses, assuring a minimum of 30% of these vacancies. The programme seeks to match course participants with the labour demand emerged out of the PAC. In the case of participants that have not been hired at the end of the courses, they are enrolled in the Employment Actions Management System (SIGAE), run by the MTE, which works as a labour intermediation system, matching labour demand and supply (OEA/CEPAL/OIT, 2010).

In the case of youth, as part of *Projovem*, the *Projovem Trabalhador* programme, managed by the MTE (but not funded by the FAT, as showed in table 5), provides a cash transfer of US\$ 50 (paid up to six times) to attend professional certification courses to workers aged 18 to 29 who are unemployed and earn a monthly income of up to half a minimum wage (Bartholo and Rodrigues Dutra, 2011).

The School of Fabric Project (*Programa Escola de Fábrica*) is managed by the Ministry of Education and covers young people aged 16 to 24 with a family monthly income below 1.5 minimum wages that are enrolled in primary or adults' education programmes. It provides a transfer of US\$ 75 for those who have attended at least 75% of the courses, including technological and professional formation and on the job training lasting between 6 and 12 months. Since 2003, the National Programme for the Promotion of First Employment for the Youth (*Programa Nacional de Estímulo ao Primeiro Emprego para os Jovens*), also managed by the MTE, focuses on persons aged 16 to 24 who are unemployed or employed in a precarious labour sector. It provides a subsidy for companies that hire young workers, partly covering the wages' costs of young employees hired for at least 12 months. Both the School of Fabric Project and National programme for the Promotion of First Employment for the Youth form part of *Projovem Trabalhador* since 2008.

Finally, in 2011 the National Technical School Access programme (*Programa Nacional de Acesso à Escola Técnica*, PRONATEC) was created for young workers who are enrolled in public secondary schools and are beneficiaries of CTPs. It consists of identifying employment opportunities and delivering professional information. In the case of workers who receive the Unemployment Insurance, they must enrol in a course of at least 160 hours (Filgueiras, 2011).

Most recently, a particular effort has been led to foster formalisation and productive inclusion among vulnerable families in the country: the Individual Entrepreneur programme (*Empreendedor Individual*, MEI). This programme forms part of *Brasil Sem Miséria* and it is run jointly by the MDS and the Brazilian Support Service for Small and Micro Entrepreneurship (*Serviço Brasileiro de Apoio às Micro e Pequenas Empresas*, Sebrae). It is targeted on self-employees earning up to R\$ 60,000 per year who run a business with maximum one employee. The programme provides them guidance on how to open and formalise small businesses and register at social security. To enter the programme, the entrepreneurs must contribute to the system by paying a monthly fee ranging between R\$ 28.25 and R\$ 33.25. It is worth considering that forming part of this scheme does not lead to losing *Bolsa Família*'s benefits.

## B. Coverage, financing and challenges of employment policies

The coverage and achievements of employment policies vary considerably. On the one hand, between 2000 and 2009, there was a noticeable increase in the number of registered persons in labour intermediation programmes that found a job (according to Diesse and MTE, 2009 in IPEA, 2011b). However, the likelihood to find employment through these programmes is highly dependent on the level of education and labour experience: in 2007, 50.2% of workers who achieved a position through a labour intermediation programme had completed secondary education and 58.9% had a previous work experience (ibid).

In the case of the professional certification programmes, the coverage is also heterogeneous. PlanSeq has increased its participation *vis-a-vis* territorial training plans, which have decreased the number of positions available (see table 5).

**TABLE 5**  
**COVERAGE OF SOCIAL AND PROFESSIONAL QUALIFICATION PROGRAMMES, 2003-2009**

Year	PlanSeq	<i>Planos Territoriais de Qualificação</i>
2003		139 433
2004		147 479
2005	7 816	117 430
2006	16 472	114 137
2007	13 205	117 532
2008	70 181	48 139
2009	117 588	65 496

Source: MTE in Instituto de Pesquisa Econômica Aplicada (IPEA) (2011b) *Boletim de Políticas Sociais - Acompanhamento e Análise*, No. 19, Brasília: Instituto de Pesquisa Econômica Aplicada. [Online]: <[http://www.ipea.gov.br/portal/images/stories/PDFs/politicas\\_sociais/bps\\_19\\_cap01.pdf](http://www.ipea.gov.br/portal/images/stories/PDFs/politicas_sociais/bps_19_cap01.pdf)>.

The MTE's budget in 2009 was over R\$ 42 billion (US\$ 22,5 million), most of it focused on employment, work and income policies, followed by payments for unemployment insurance. This budget is composed by constitutionally-defined transfers to the National Development Bank (BNDES) and the judicially mandated adjustments in FGTS receivers. Payments for unemployment insurance accounted to nearly R\$ 20 billion, and the payment of *abono salarial* (a supplement provided to low-wage workers) consumed R\$ 7.6 billion, approximately. This composition evidences the low comparative relevance that training, employment and labour services represent in the total sector budget.

Concerning the MEI programme, it has experienced a large increase between 2010 and 2011, reaching over 2 million beneficiaries. Nearly 45% of the participants are women and the great majority had never received a state benefit before, indicating that the programme fills a gap that remained untouched before its implementation. Success in formalising micro-entrepreneurs occurs most frequently among people with an educational attainment above the average, which indicates that less educated entrepreneurs are still confronting difficulties to this aim. Participating in the programme has allowed participants to increase their sales and access bank loans more easily. This is a relevant indicator, since in 2011, 88% of individual entrepreneurs was not searching for a credit to expand their business and among those that sought a credit, 57% did not succeed (SEBRAE, 2011). A third of the entrepreneurs participating in the programme sought assistance from SEBRAE after the formalisation of their businesses, reflecting an important institutional incidence on this sector (SEBRAE, 2012).

Despite the increasing protection offered to workers in Brazil, several challenges remain for employment policies. In the first place, it has been argued that employment policies remain non-integrated, in spite of the implementation of the public employment system (Gonzalez, 2010). On the one hand, Gonzalez (2010) has claimed that this system is not achieving to manage the

employment level in the economy, acting more on the side of labour supply than labour demand. Thus, policies become reactive to the economic cycles and have not yet succeeded in implementing counter-cyclical employment opportunities. On the other hand, the system remains fragmented between training and employment programmes offered to formal workers and those who confront a situation of vulnerability and poverty.

It has also been noticed that, although workers with any sort of training face better conditions in terms of employment and income, most of those who face this situation have undertaken courses with their own resources. This information shows the segmentation of opportunities among workers with highest and lowest incomes and accounts for the impact and implications of professional training (FGV, 2010; IPEA, 2011b). Accordingly, IPEA (ibid) has identified as one of the main challenges of the system the greater articulation between private and public training actions, in order to widen labour opportunities for a greater number of persons, particularly those lacking access to higher specialisation and quality courses.

Finally, structural problems of inequality in the country severely affect the access to employment occupations among workers, establishing very heterogeneous work conditions. In particular, greater attention should be paid to salary differences that reproduce gender and race segmentation, inequality and exclusion.

## VIII. Final remarks: progress and challenges of social protection in Brazil

Social protection and promotion policies in Brazil have experienced substantive transformations in recent years and have followed a path that indicates the firm political and social commitment to translate constitutional rights into concrete guarantees and mechanisms. This context has surely contributed to the strengthening of citizenship, which has been also reflected in the adoption of social participation in the design of the structures that seek to put in operation the policies' principles. This is also a sign of the building of a new democratic pact in the country and the relevance that social policies play in such a process to advance welfare for all citizens.

Yet, it is possible to think of this project as a process in construction, moving towards the progressive realisation of universal rights. The implementation of social security—a wider concept in Brazil, according to the constitution, embracing both contributory and non-contributory transfers to assure a minimum income for families and individuals—has managed to contribute substantially to declining levels of poverty and inequality.

Social assistance policies and strategies such as *Fome Zero*, *Brasil Sem Miséria* and *Bolsa Família* have been built from a multidimensional stance, dealing, simultaneously, with multiple dimensions defining vulnerability. The implementation of a thorough network of cash transfer and social assistance programmes, adapted to differentiated needs, is also the expression of a search for more effective paths for social inclusion and the realisation of social rights. Furthermore, relevant progress has been experienced on the side of sectoral policies as expressed by the creation of the SUS, the expansion of the education system and the consolidation of a public employment system.

Despite positive results, there are several issues that need to be overcome for the sustainable eradication of poverty and the reduction of inequality in Brazil. In the first place, socioeconomic, territorial and racial inequalities, while decreasing, are still persistent in the country. These inequalities give birth to a fragmented map of opportunities of access to employment and social services among the population. Specific efforts are required in order to deal with the dilemmas placed by inequality, just as they were implemented in the case of hunger and extreme poverty. Equity issues are particularly relevant when analysing the performance of policies in the areas of health, education and employment. They will demand greater investment, as well as political will, to be solved. The greater emphasis on social assistance policies might have somehow diverted the attention from these aims, which remain a crucial bottleneck for welfare and development in the country. Accessing equal quality social services has become a pre-condition for the full realisation of the social guarantees that the Constitution advocates for.

In the second place, it has been noticed that further actions are required in order to improve the articulation among sector and social assistance policies and throughout decentralised entities in charge of implementing social protection policies. Among these challenges, better clarifying the role of private organisations becomes necessary, particularly for the efficient management of social assistance services (Brant de Carvalho, 2009; Jaccoud, Hadjab and Chaibib, 2010). Articulation is also a challenge for the social employment system and the employment actions implemented from social assistance policies, as it was reviewed in the document. These are crucial actions that fall into the terrain of the design of programmes, policies and comprehensive strategies and that form part of the next challenges to be confronted by the social welfare system in the country.

In the third place, issues of fiscal sustainability have been raised when analysing the performance of contributory social insurances and the operation of a two-tier pension system for public and private-sector workers, considering that ageing will be a problem to confront in the short-term future. Although parametric reforms have been implemented, these have not yet rendered substantial results to decrease the level of public investment required to finance the system.

Finally, more decisive actions are required in order to eradicate the unequal conditions for accessing decent work opportunities. Reducing the inequalities in wages is one of the goals that policies should aim for. Furthermore, advancing towards the full formalisation of employment conditions for all workers is one of the pending actions for greater equality to be progressively achieved. The current effort to increase formalisation through a programme promoting micro-entrepreneurship is a positive sign towards this aim. In sum, these are crucial steps in order to assure the fiscal and financial sustainability of the social protection system in the country, and most importantly, to realise citizens' rights that form key part of the development commitments that Brazil has set out for its future.

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This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population—to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of efforts to establish these guarantees by implementing various types of transfers, including conditional cash transfer programmes and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions.



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