

# THE BOLSA FAMÍLIA PROGRAM AND THE REDUCTION OF POVERTY AND INEQUALITY IN BRAZIL<sup>1</sup>

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**ABSTRACT:** The Bolsa Família Program is a federal direct monetary transfer to poor families. It is the major social program in the Social Protection System in Brazil nowadays. It was created in 2003 and it is implemented in all the 5.564 Brazilian municipalities since 2006. The beneficiary families must have an income per capita up to R\$ 120,00 (about U\$ 72,00). The families receive a variable complement of a monthly income transfer as long as they meet the following conditions: to maintain their children from 7 to 17 years of age in school and they take their children from 0 to 6 years of age to health unities for immunization. This Program achieved in 2007 more than 11 million families. It is discussed in this paper the current characteristics of the Bolsa Família Program; its' means as an income transfer policy and its' results, mainly in the reduction of absolute poverty and inequality in Brazil.

Key words: Bolsa Família Program, Poverty, Brazil.

## 1 INTRODUCTION

The year of 1991 is the initial point of the development of the debate on income monetary transfer in the Brazilian Social Protection System with the presentation and approval by the Federal Senate of the Eduardo Suplicy's, senator by the Worker Party, Project of Law. It was a proposal for creation of the Minimum Income Warranty Program – PGRM directed to all Brazilians living in the country, above 25 years of age and with some amount of income around U\$150,00 at the time<sup>3</sup>.

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<sup>1</sup> Paper to be presented in the **XII BIEN Congress in Basic Income**, Dublin, Ireland, June 20-21, 2008. The research was developed with the support of the Fundação Coordenação de Aperfeiçoamento de Pessoal de Nível Superior - CAPES and of the Conselho Nacional de Desenvolvimento Científico e Tecnológico - CNPq, Brazilian government Institutions directed to the qualification of human resources and to support research, as well as by the Fundação de Amparo à Pesquisa e Desenvolvimento Científico e Tecnológico do Maranhão - FAPEMA, Institution to support research in the Maranhão State.

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<sup>3</sup> Income Transfer Programs are programs directed to transfer monetary resources to families or to individuals. In the Brazilian case it has as goal to articulate the monetary transfers to some complementary actions, mainly in the field of health, education and work. They are actions

However, the implementation of the Income Transfer Programs in Brazil started only in 1995 with municipal minimum income programs developed in Campinas, Ribeirão Preto and Santos in the São Paulo State and the Scholarship Program in Brasília, our Federal District.

Federal Income Transfer Programs started to be developed in 1996 with the implementation of the Infantile Work Eradication Program – PETI<sup>4</sup> and the Continuous Action Benefit - BPC<sup>5</sup>. Income Transfer Programs created by some Brazilian States were initiated in 1999. Since then we have had a large number and diversification of those programs created by local, State and federal governments with a large expansion of them since 2001 when was created two of the most important federal programs: the Food Scholarship<sup>6</sup> and the School Scholarship<sup>7</sup> programs<sup>8</sup>. A national debate considering the unification of those programs as a strategy to raise the impact of them on the large rate of poverty of the population was placed on the government agenda in

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directed to the adult members of the beneficiary families in order to help them become autonomous.

<sup>4</sup> The Infantile Work Eradication Program is an Income Transfer Program created by the federal government, in 1996. The motivation to create this Program was the identification of an extended practice of submission of children and youngsters to painful and hard work in several States of Brazil. This Program started in rural areas but was extended to urban areas since 1999 and since 2006 is developed integrated to Bolsa Família. Its' obligation is to maintain children, from 7 to 15 years of age in school through a complementation of the family monthly income. The children have to attend school and social educational activities during the whole day. Its intention is to keep the children busy all day in order to avoid their return to their previous jobs.

<sup>5</sup> The Continuous Action Benefit was created in 1996. It is a program of cash transfer to people from 65 years of age and older who live in families with per capita monthly income below a quarter of a minimum wage and to handicap people, living in the same economical situations. The benefit is one minimum wage. The handicap person must be incapacitated to work and to have independent life. The program is evaluated every two years and it stops when the recuperation of job capacity occurs, in the case of the handicap person, and with change in economical situation of both, aged and handicap person. Their dependents persons do not have the right to allowance because of death of the assisted person.

<sup>6</sup> The Food Scholarship Program was created in 2001 directed to poor families with per capita monthly income of half of the minimum wage and with pregnant mothers or undernourished children from 0 to 6 years of age. Its' objectives was to reduce nourishment deficiency; to reduce child mortality rate and improve health and nutrition conditions of the family. It was associated with health care to the members of the family, like pre-natal of pregnant women, vaccination of the children and participation on educational activities. This program was unified by the Bolsa Família, since 2003.

<sup>7</sup> The School Scholarship Program started its' implementation in June 2001. It was directed to families with a per capita monthly income of half of the minimum wage and with children from 06 to 15 years of age, enrolled in school. The family's obligation was that children have at least 85% attendance in school. This program was unified by the Bolsa Família since 2003.

<sup>8</sup> Concern to the historical development of the Income Transfer Programs in Brazil, see SILVA; YAZBEK; GIOVANI (2007).

2003 when was created the Bolsa Família. It has large coverage of the poverty, reaching more than eleven million of the poor families since 2006 in all 5.563 Brazilian municipalities and in the Federal District. It was financed by a budget of almost five billion dollars in that same year.

In the Brazilian case the central idea of the Income Transfer Programs is to develop an articulation between monetary transferred and structuring programs mainly in the field of health, education and work and to focus on the poor population, considering the family as a beneficiary. Income transfer has become the main social policy to face poverty and inequality in Brazil.

It is important to stress that in the context of these reflections the comprehension is that there are different conceptions about poverty, oriented by different values and directing to build different social interventions. The conception that guide the reflection developed in this paper is that poverty is a complex and multidimensional phenomenon, having as its main determinant a structural one. That is, poverty and inequality are products of the way how society is organized to produce and distribute its goods and services. In this sense, it is a generator of the inequality of the way how wealth produced by the society is distributed among the whole population, limiting the poor population's access to the basic social services, to information, to stable jobs and income, limiting even in the political participation (SILVA, 2002).

This paper presents and discusses the Bolsa Família Program as the major and more extended Income Transfer Program nowadays in Brazil. It stresses the Bolsa Família proposal, its' potentiality to contribute for the inclusion of the poor families; its' quantitative dimension with accentuation of the impact on the poverty and inequality in recent years.

## **2 THE BOLSA FAMÍLIA PROPOSAL**

The Bolsa Família was created in October 2003 by the Provisory Rule n. 132 and transformed in the Law n. 10.836 in January 2004. It was regulated by the Decree 5.209 of September 2004, as the main Income Transfer Program in Brazil. It is an intersectorial program directed to unify those Income Transfer Programs. It is the main program in the

ambit of the “Zero Hunger Strategy”<sup>9</sup> of the federal government and it has the following objectives:

- a) To combat hunger, poverty and inequalities by a monetary transfer associated with the warranty to the access to basic social rights – health, education, social aid and food security;
- b) To promote social inclusion contributing for the emancipation of the beneficiary families, giving them conditions to overcome the vulnerable situation in which they are living (Brasil/MDS, 2006).

In order to surpass problems of competing programs; lack of coordination and to increase the budget and the value of the cash transferred to the families by those programs, it was created the Bolsa Família to establish a National Policy of income transfer to poor families. The unification should reach Local, State and Federal programs, but it was limited in the beginning, more specifically, to unify four federal programs: the School Scholarship, the Food Scholarship, the Aid Gas<sup>10</sup> and the Food Ticket Program<sup>11</sup>. Later, the Infantile Work Eradication Program was integrated to the Bolsa Família but it maintained its’ main objective: to combat the infantile work. Agreement with some local and State income transfer programs has been developed with completion of monetary value transferred to the beneficiary families.

It is important to say that the proposal to unify the Income Transfer Programs in Brazil is placed in the ambit of the priority given by the President Lula to fight hunger and poverty because it can be an alternative for a better focalization of the target population, adjusting the focus of attention and the development of a systematic follow-up and evaluation process as well as to simplify the access to the benefit. As an Income

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<sup>9</sup>The “Zero Hunger” is the main strategy established in the beginning of Lula’s government (2003) in order to combat hunger and poverty in Brazil, being the Bolsa Família the main program in the ambit of this strategy.

<sup>10</sup> The Aid Gas was a monetary transfer, created in 2002 in order to compensate poor families for the subsidy on the kitchen gas previously paid by the federal government.

<sup>11</sup> The Food Ticket Program was created as an action in the field of the Specific Policies that composed the Zero Hunger Strategy. It had the municipalities located in the semiarid regions of Brazil as a priority, as well as the population exposed to nutritional insecurity such as the native population who live in a risky situation, people who lived in the garbage areas; rural encampment and settlements, remaining communities of the hideout for runaway slaves. It was implemented with participation of States, Municipalities and organizations of the civil society.

Transfer Program, the Bolsa Família is implemented in a decentralized way in all 5.563 municipalities throughout the country and in the Federal district. Its' implementation demands a divided responsibility among the Federal, State and Local government and the organized participation of the society. It is directed to the indigent families who have a per capita monthly income up to R\$120,00 (around U\$ 72) and to poor families who have a per capita monthly income up to R\$60,00 (around U\$ 36). The indigent families get as a benefit a fixed cash transfer of R\$ 58,00 (around U\$ 34,00) and more R\$ 18,00 (around U\$ 11,00) per each child up to 15 years of age, for no more than three children. So they can reach a total benefit up to R\$ 112,00 (around U\$ 67,00). The poor families get changeable cash transfer of R\$18,00 (around U\$ 11,00) per each child up to 15 years of age, for no more than three children. So they can reach a benefit up to R\$ 54,00 (around U\$ 33,00)<sup>12</sup>. Since March, 2008 the poor or indigent families can add R\$30,00 (around U\$ 18) more per month in their income per each adolescent from 16 to 17 years old age, for no more than two adolescents, in order to maintain them in school. The families are free to use the money as they please. They can remain in the program as long as their eligible conditions do not change. Besides a cash transfer, the Bolsa Família offers to the adults of the beneficiary families some other actions, such as instruction for literacy; professional training; support to small agricultural productions; generation of jobs and income and small credits. The objective here is to create conditions so the poor families can reach economical and social independence. In this sense, the program also points out some conditionalities as a counterpart to be achieved by the beneficiary families, such as: the maintenance of the children from 7 to 17 years of age in school; frequency of children from 0 to 6 years of age to health unities for immunization and pre-natal for pregnant women.

The tables below show the Bolsa Família quantitative dimension, according to data accessed in the Ministry of the Social Development and Combat to Hunger – MDS ([www.mds.gov.br](http://www.mds.gov.br)) in June 22, 2008.

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<sup>12</sup> It is important to consider that one dollar rate changes on a daily basis in Brazil because we have a mobile conversion of that currency.

**Table 01 -The Bolsa Família situation in relation to the Brazilian States and the country as a whole**

<b>Brazilian States</b>	<b>Poor families earning up to R\$ 120,00 (U\$ 72,00) and with up dated cadastre in 02/2008</b>	<b>Benefited families with the benefit released in 02/2008</b>	<b>% of the families with a up dated cadastre in 02/2008</b>
Acre	57.260	57.260	100
Alagoas	393.028	356.072	90.59
Amazonas	255.842	219.569	86.78
Amapá	50.061	39.912	79.72
Bahia	1.635.171	1.413.290	86,43
Ceará	994.374	896.415	90.14
Distrito Federal	76.570	76.570	100
Espírito Santo	205.128	184.933	90.15
Goiás	310.469	259.502	83.58
Minas Gerais	1.285.342	1.056.348	82.18
Mato Grosso do Sul	127.404	109.614	86.03
Mato Grosso	173.026	130.510	75.42
Maranhão	879.648	739.531	84.07
Pará	665.139	537.276	80.77
Paraíba	487.294	414.161	84.99
Pernambuco	1.040.732	913.316	87.75
Paraná	535.075	395.177	73.85
Piauí	437.701	368.925	84.28
Rio de Janeiro	603.403	494.542	81.95
Rio Grande do Norte	342.843	299.593	87.38
Rondônia	119.456	96.908	81.12
Roraima	37.638	33.771	89.72
Rio Grande do Sul	491.926	398.707	81.05
Santa Catarina	177.948	128.776	89.22
Sergipe	230.402	184.203	79.94
São Paulo	1.224.237	1.061.839	86.73
Tocantins	127.186	107.123	84.22
<b>Brasil</b>	<b>12.964.336</b>	<b>10.976.336</b>	<b>84.65</b>

Source: MDS ([www.mds.gov.br](http://www.mds.gov.br)) acceded in June 22, 2008

Considering the poor families with the per capita monthly income up to R\$ 120,00 (about U\$ 72,00) in 02/29/2008, just Acre State and Brasília, Federal, District, reached 100% of those families. Besides, 03 States have met a percentile of 90% (Alagoas, Espírito Santo and Ceará). The majority of the States (19) has met a percentile between 89% to 81% and 04 States reached a percentile of 79% to 73% (Sergipe, Amapá, Mato Grosso and Paraná). Brazil, as a whole, met a median percentile of 84.66%.

According to the MDS data, the Bolsa Família, in October 20, 2007, when it completed four years, it had already met 45.6 million of Brazilians.

There is no doubt that the Bolsa Família Program has achieved a large population, mainly if we consider the previous social programs directed to focus on poor families implemented in Brazil. It covers all 5.563 Brazilian municipalities and the Federal district. However, I understand that a focalization, while a positive discrimination, must reach all the population who met the fixed eligible criteria for social inclusion and as it is shown by the presented data, this is already a challenge to overcome. Furthermore, we must stress a very low per capita monthly family income to consider the inclusion of the families in the program, as well as a very low monetary value transferred to the poor families as the directed benefit from the Program. These are important limitation factors when the preposition is to surpass the poverty line.

**Table 02 - The Bolsa Família situation in relation to the Brazilian Regions and the country as a whole**

Brazilian Regions	Poor families earning up to R\$ 120,00 (US\$ 72,00) and with up dated cadastre in 02/2008	Benefited families with the benefit released in 02/2008	% of the families with a up dated cadastre in 02/2008
Northeast	6.441.193	5.585.506	86.71
Southeastern	3.318.110	2.797.662	84.31
South	1.204.949	922.660	76.57
North	1.312.582	1.094.278	83.36
Center – West	687.469	576.196	83.81

Source: MDS ([www.mds.gov.br](http://www.mds.gov.br)) acceded in June 7, 2008

The above table shows that the highest percentile of the families with an up dated cadastre in the Program lived in the Northeast Region (86.71%), while in the North Region the families in the Program were 83.36%. These are the two regions with the highest concentration of the poor in Brazilian population. The Southeast Region presented a percentile of 84.31% of the poor families included in the Bolsa Família; in the Center-West Region they are 83.81% and the South Region presented the lowest percentile of the families included in the Bolsa Família (76.57%).

An important question can be pointed out now: which is the real impact of the Bolsa Família to the reduction of the poverty and inequality in recent years in Brazil?

### **3 THE RECENT REDUCTION OF POVERTY AND INEQUALITY IN BRAZIL AND THE BOLSA FAMÍLIA: a revision of research results**

Brazil is a large South American country. It is divided into 5 Regions. Its' population is about 187.228.000 inhabitants. The country has 26 States, the Federal District and 5,563 municipalities. It is marked by unequal economical and social indicators and cultural diversities.



To understand the recent process of the declination of poverty and inequality in Brazil and the factors that are contributing for this reduction, among them the Income Transfer Programs, it is necessary to point out the dimension of poverty and inequality in the country.

The Exclusion Map in Brazil<sup>13</sup> (POCHMANN; AMORIM, 2003) indicates that 41.6% of the Brazilian cities hold the worst results related to social exclusion, most of them are located in the North and Northeastern regions of the country.

Data from the Instituto Brasileiro de Economia (IBRE) and data from the Fundação Getúlio Vargas, applying data from the Demographic Census of 2000, figure out that 35% of the Brazilian population live in extreme poverty, reaching 57.7 million of people, being the North and Northeastern regions the ones that have the major concentration of extreme poverty, locating 13.8 million of people in this situation (INSTITUTO BRASILEIRO DE ECONOMIA – FGV, 2001).

However, recent data show a significant and continuous poverty and inequality indexes decreasing in Brazil since 2001. BARROS et al (2007-a) points out that the Gini index, one of the inequality and poverty measures used all over the world indicated a 4.6% decline in poverty and inequality in Brazil from 2001 (0.594) to 2005 (0.566). This is the highest decline of poverty and inequality in last 30 years in Brazil. Barros, et al (2007 b), in another research, found out that from 2001 to 2005 the annual Brazilian income grew just 0.9%. However, the poor population was the most benefited with this growth. During the same period, the annual growth rate of the income of the 10% and the 20% of the richest Brazilian population was negative (- 0,3% and - 0,1%, respectively), while the annual grow rate of the income of the 10% poorest population was of 8% a year. This contributed to the declination of the Gini index in 4.6 from 2001 to 2005. Besides, there also was a well significant decreasing in the rate of poverty as a main result of the reduction of the inequality and not because of the economical growth as it had happened in the past. The poverty rate and the extreme poverty dropped 4.5% in that period.

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<sup>13</sup> The Exclusion Map is a synthesis of the social indicators related to poverty, inequality, illiteracy and participation.

PNAD 2006, another source data about the Brazilian population, found out that the Gini index dropped from 0.547 in 2004 to 0.543 in 2005 and 0.540 in 2006. Even with this evolution, the work income was still very much concentrated. In 2006, the 10% of the population who were in the work market with the lowest incomes held just 1% of the total work income. At the same time, the working population with 10% of the highest income retained 44.4% of the total work income.

The data showed above demonstrated that, although there was a declination in inequality and poverty rates, Brazil still holds a negative international position, being right under the 5% poorest countries, out of 74 countries in the world, considering inequality. Then, Brazil still needs 20 more years to reach a similar level compared to the median of the countries with the major level of inequality in the world (BARROS, 2007 a).

To see more detail about vulnerability of the Brazilian population, I present the following data from IBGE (PNAD 2006)<sup>14</sup>.

A) **Population:** the Brazilian population in 2006 was esteemed in 187.228.000 inhabitants, 48.70% were men and 51.30% were women. As perceived in the previous years, the population is become older. If considered the population from 0 to 9 years of age and 40 and over, the first group was, in 2005, 17.1% of the population and, in 2006, 16.5%, and the second group, 31.5% of the population in 2005 and in 2006, 32.3% of the population. This transformation in the age structure of the population in the country from a young composition to an older one is mainly because of the reduction of the number of children (the fertility index was 2.1 birth for a women, in 2005 and 2.0 in 2006) and the elevation of the life expectation that nowadays is up to 72 years of age. The median number of people per family was 3.4 in 2005 and 3.2 in 2006. The reference person of the family in 2005 was a man in 69.4% of the households and, in 2006, this reference dropped to 68.6%.

B) **Education:** 31.73% of the population from 5 or more years of age (54.9 million from 173 million), were in school, with an increase of 0.9% of the total of the

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<sup>14</sup> Pesquisa Nacional por Amostra de Domicílios (PNAD) is the most important data source developed in a sample of the Brazilian population every year in national level.

students population in relation to 2005. The major participation was found among the population from 7 to 14 years of age (97.6%), with an increasing level of 0.3% in relation to 2005. If we consider the population from 5 to 6 years of age and the one from 15 to 17, the percentage of the population who are in school was 82.2% and 84.6%, respectively, with an increase of 0.5% considering the first group and 3% considering the second group in relation to 2005. According to the level of schooling, we have an elevation of 13.2% in the university level population from 2005 to 2006 and low elevation in the fundamental level (0.5%), while in the pre-school level and in the high school it was registered a decrease of 4.5% and 0.9%, respectively. The illiteracy rate of the population with 15 years of age or more was of 10.4%, with a decrease rate of 0.6% in relation to 2005. In 2006 the illiteracy rate of the population with 10 years of age or more was 9.6%, 4.2% lower in relation to 2005. This reality is very different in each of the 5 regions of the country (the highest illiteracy rate is in the Northeast, 18.9% and 5.2% in the South).

If we consider the median years of schooling of the population with 10 years of age or more, it was 6.8 years and in the different groups of ages the reality was the following: from 60 years of age or more, 3.8 of years of schooling; from 50 to 59 years of age, 6.0 years of schooling; from 18 to 19 years of age, 8.7 of years of schooling; from 20 to 24 years of age, 9.1 years of schooling; from 25 to 29 years of age, 8.7 of years of schooling; from 10 to 14 years of age, 4.2 of years of schooling.

### **C) Work market**

The same data source shows:

The population who was considered in active age (10 years of age or more<sup>15</sup>), was, in 2006, 83.4% of the total population, 83.8% of this population were living in urban areas; about 90% of them had at least 1 year of schooling; half had not finished elementary school; 1/5 finished the elementary school and just 28.9% finished high school;

The population who was not working or was looking for a job (PEA), in 2006, was 97.6 million of people distributed as the following: 10 to 14 years of age 2.0%; 15 to 17 years of age, 4.2%; 18 to 24 years of age, 18.5%; 25 to 49 years of age, 57.0% and 50

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<sup>15</sup> Even though infantile work is considered a crime by the Brazilian federal laws from 0 up to 16 years of age, researches point out that we can find children from 5 years of age on in the work market.

years of age or more, 18.2%. In 2006 91.5% of the PEA had finished at least 1 year of school, however, 2/5 had not finished high school and only another 2/5 had finished high school;

The population who was really in the work market was 89.3 million of people, 37.6% of them had finished at least high school, 35.4% above the registered in 2005;

The working population had the following modalities of insertion in the work marked in Brazil: workers with an official registration 33.7%, above 4.7% in relation to 2005; workers without an official registration 23.2%; the autonomous worker were 21.2%.

D) **Income:** the same data source showed that in 2006 the median monthly income of the whole occupied population (10 years of age or more) grew up 7.2% in relation to 2005 and 12.1% in relation to 2004. The median monthly income in 2006 was R\$ 883,00 (around U\$ 520,00). The real increase of the minimum wage was 13.3% in relation to 2005. At the same time all workers in all economical activities (officially registered workers; State workers; militaries; workers without official register; autonomous workers and employers) had an elevation in their incomes. The workers with the lowest incomes had the major gain. Even with this improvement of the income of the Brazilian workers, the situation is still bad, registering the following median monthly values for people from 10 years of age and over or without any income (they were 6.0% of the workers): in 2004 R\$ 512,00 (around U\$ 301,00); in 2005 R\$ 542,00 (around U\$ 318,00) and in 2006 R\$ 587,00, (around U\$ 345,00), registering a real growth of 5.8% from 2004 to 2005 and a 8.3 growth from 2005 to 2006. If we consider the family median income, we come up to R\$ 1.494,00 (around U\$ 879,00) in 2004; R\$ 1.568,00 (around U\$ 922,00) in 2005 and R\$ 1.687,00 (around U\$ 992,00) in 2006, registering a real growth of 5.0% in 2005 and of 7.6% in 2006. The major gains were also in the family median income considering the lowest household income. Theses conditions were important factors for the increasing of the work median income and for the decrease of the inequality and poverty in Brazil.

E) **Infantile work:** the percentage of the Brazilian population of children and youth from 5 to 17 years of age was estimated in 2006 of 11.5% (5.1 million). In the age group from 5 to 9 years of age, 237 thousand were working, representing 4.6% of the group from 5 to 17 years of age. In the group of 10 to 14 years of age there were 1.7 million workers (33.6% of the population from 5 to 17 years). If we

consider time evolution, we find out a significant decrease in infantile work among the population group from 5 to 17 years of age in Brazil, being 18.7% in 1995 and 11.1% in 2006. It is also important to point out that infantile work is considered a crime by our Federal laws, what makes it even more important to create changes in public policies to reduce even more these indicators.

- F) **Housing conditions and possession of durable goods:** we can consider, according to the same data source, the following situation: in 2006, 83.2% of the domiciles had general water net; 22.1% had sanitarian drainage with collecting net; 22.1% had septic sinkhole and 29.4% had an inadequate or inexistent drainage system; 86.6% of the domiciles were met by a collected garbage system; 97.7% had electricity illumination in their house; 74.5% of the domiciles had fix or mobile telephones; 87.9% had radios; 93% had TV set; 22.1% had microcomputers; 16.9% had access to the internet; 97.7% had stoves; 37.5% had washer machines; 89.2% had refrigerators and 16.4% had freezers. It was registered better condition of the population in relation to these indicators.

Taking as a reference the economical and social situation of the country as presented by the data and reflection developed above, a central inference is that inequality and poverty in Brazil, although it still very bad, had suffered a significant decrease since 2001. This was the year when the Income Transfer Programs were spread out in the whole country with the creation of some new federal programs.

Some research results demonstrated the contribution of the Income Transfer Programs to the declination of the inequality and poverty in Brazil, besides other factors, such as:

BARROS et al (2006) developed a study about the main causes of the recent fall down in the Brazilian income inequality from 2001 to 2004. The objective of the study was to identify the main immediate consequences and causes of the fall down of the inequality in Brazil. The study results were that income inequality has sustained a considerable decrease in that period in Brazil. They also pointed out the contribution of demography; a better action of the social protection network and the changes related to the work market. So, in 2004, the income inequality had its lowest level in the last 30 years, although the inequality is still very high: 1% of the richest and the 50% of the

poorest population were appropriating the same amount of the total income. The immediate causes of the recent declination of 1/3 of inequality results from the evolution of the income not originated from the work, although this source of income represents less than ¼ of the total income in Brazil. Changes in the distribution of the incomes from the work explain less of the half of the fall down observed in the income inequality even though this source of income represents more than ¾ of the total income. It was also considered important the association among these sources of income.

SOARES, (2006), in a study about the income distribution in Brazil from 1976 to 2004, tried to identify its' evolution during three decades as well as to decompose the fall down of the income inequality from 2001 to 2004. He applies as a research methodology the decomposition of the Gini index considering the jobs incomes; income from interest, bonus and the Bolsa Familia; income from allowances and retirement. He used data from the PNAD. The results of this research pointed out two sets of explication: the inequality dropped because of the Social Policy of the State, in particular, the Income Transfer Programs responsible for ¼ of the fall. The work market (income from the work) was responsible for ¾ of the fall, mainly because of the real elevation of the minimum wage income since 1994.

SOARES, et al (2006) developed a study about the impacts of the Income Transfer Programs on the income inequality and poverty in Brazil from 1994 to 2004. The researchers applied the PNAD 2004 that collected for the first time data about the Income Transfer Programs. He used as research methodology the separation of the income compounds originated from those programs. The results show that the Bolsa Família and the Continuous Action Benefit are very well focalized on the poor population, with 80% and 74%, respectively, of the benefits directed to the families who are below the poverty line (earning half of the minimum wage, about U\$ 123,00). The two programs were responsible for 28% of the reduction of the Gini index in the period from 1995 to 2004, what is a significant contribution if we consider that those programs are responsible for just 0.82% of the total income of the families. The study also calls attention to the public retirement, like the Rural Social Security, that contributed with 32% of the reduction of the Gini index, representing just 4.6% of the income of the domiciles researched by the PNAD 2004. An important result of this study was to find out that when the benefit of the program is tied to the minimum wage, like the

Continuous Action Benefit and the Rural Social Security, they are responsible for 5% of the reduction of the poverty and the indigence condition of the population while the Bolsa Família, whose the benefit is a changeable cash transfer (of at the most around U\$ 52,00), was responsible just for 2% of the reduction of the poverty and indigence. The main conclusion is that the benefits linked to the minimum wage, like the Continuous Action Benefit and the Social Rural Security contribute more to take the families out of poverty and indigence. Other programs just improve the life conditions of the families without taking them out of the poverty line. However programs like the Bolsa Família present more impact on the reduction of inequality. The reasons is because the Bolsa Família is a massive program, reaching more than 11 million of families and its' benefit reaches the poorest domiciles.

SOARES, at al. (2007 a), in their study about the Income Transfer Programs in Brazil, Chile and Mexico, applying a decomposition of the Gini index for the income as a research methodology, concluded towards the evidence that the conditional Income Transfer Programs highly contributed for the reduction of the inequality in those countries from the middle of 1990's to the middle of 2000's. The researched programs were: Bolsa Família in Brazil; Chile Solidário in Chile and Oportunidades in Mexico. This research results were detected in spite of those programs were responsible for just a small amount of the total income in those countries, less than 1% in Mexico and in Brazil and less than 0.1% in Chile. It was also found out excellent focalization of the programs on the poor population. The impact on inequality was 21% on the fall of 2.7 points in the Gini index in Brazil and in Mexico. The fall was lower in Chile, It was around 15% in relation to the modest fall of 0.1 point in the Gini index. This happened because of the Chile Solidário Program is much smaller than the programs in Brazil and in Mexico. Therefore, the main conclusion of this study was that the conditional Income Transfer Programs in Brazil, Mexico and Chile have an excellent focalization on poor population and allowed a strong impact on inequality mainly where those programs reach a great number of the poor population like in Brazil and in Mexico. Then, the study recommended a major expansion of the coverage and elevation of the monetary value transferred as a benefit in order to increase the impacts on inequality. Another recommendation was that the support of those programs should depend on the adoption of policies directed to the work market.

SOARES; OSORIO (2007) studied inequality and well being in Brazil in the decade of stability (1995 – 2005). The objective of the study was to analyze the evolution of the inequality and well being considering the distribution of the services and goods. The results indicated that since 1994, with the creation of the Plano Real to stabilize the currency in Brazil, the prices were “pro-poor”, benefiting the poorest population during the whole period. The main reason for that was the big inflation drop. The most important change in the period was the decrease of inequality – small from 1996 to 2000 and stronger since 2001, being registered a fall of 3.2 points of the Gini index registered by several researchers (SOARES, 2006; BARROS et al, 2007; SOARES et al, 2006; NERI, 2006; FERREIRA, et al, 2006; IPEA, 2006). This situation favored an elevation on the well being of the Brazilian population.

Finally, I can say that the Income Transfer Programs in Brazil is the main mechanism of the social protection system nowadays and they are indicated as an important public policy for the reduction of inequality and poverty. However, those programs still presenting structural limitations, as pointed out in this paper, in order to contribute more effectively to the inclusion of a larger population who is still in poverty situation. Besides, the social programs must be better tied to a micro-economical policy that must be able to generate more employment and better salaries as well as the State must expand and democratize the services and the goods to the whole population. It means that we are taking steps towards improving this situation, but we need to surpass the bad conditions of life of the greater part of the Brazilian population achieving one generation after another.

#### **4 CONCLUSIONS**

From the reflection developed above, I can point out some important potentialities of the Income Transfer Programs in Brazil.

First of all the Income Transfer Programs are really the main face of the Brazilian Social Protection System nowadays. They are implemented in the 5,563 Brazilian municipalities and the Federal District. The Bolsa Família itself met more than 11 million of the families. The unification process in implementation of the federal, State and



municipal programs, carried out by the Bolsa Família, in spite of some problems and deviation, can be considered a positive improvement in the development of the social programs in Brazil, historically, developed in spread out, insufficient and in a discontinuous way.

Besides their positive aspects, some structural limitations of those programs must be considered because they represent at the same time some difficult challenges to be faced. Among the structural limitation, it must be considered the criteria of inclusion of the families in the Bolsa Família, the major Income Transfer Program, based on just in the per capita income of the families which is not enough to identify poverty as a multidimensional phenomenon and considering very low income to include the whole population who live in poverty situation in Brazil is a limitation of the program. The monetary benefit, as well, needs to be increased in order to reach at least a minimum wage to allow more families to surpass the poverty line. Another structural limitation that must be faced is to really articulate the monetary transfer to the access of the families to the basic social services and to the structuring programs, such as job and income, good education and good health services, as it is proposed by the Bolsa Família.

The economical and social indicators presented in this paper demonstrated improvement on the life condition of the whole Brazilian population with major emphasis on the poor population. In this context, the income inequality, historically very much concentrated, and poverty are decreasing significantly since 2001. Several researches pointed out that the major contribution for this improvement was the expansion of the work market and above all the elevation of income from the work, mainly the real elevation of the minimum wage, which is an important impact on the income of the poor population.

In this context, several researches referred above demonstrated a significant contribution of the Income Transfer Programs to decrease the inequality and poverty in the country mainly the Bolsa Família. Credit must also be given to the Continuous Action Benefit and to the Rural Social Security. The Bolsa Família has been contributing more to the reduction of the inequality because of its' good focalization on the poor population and its' capacity to reach the families with the lowest incomes. At the same time, the Bolsa Família has a lower contribution for the reduction of poverty considering the other

programs due to its' small monetary benefit (at most U\$ 52,00). Besides, the Continuous Action Benefit and the Rural Social Security, because of its' monetary benefit be a minimum wage (about U\$ 246,00), present major contribution to the decrease of poverty.

Several researches, also referred above, demonstrated an excellent power of focalization on the poor population by the Brazilian Income Transfer Programs. Besides, those programs have contributed for a better access of the children and the teenagers from 7 to 15 years of age to school; for the basic health care of the children from 0 to 6 years of age; for the pre-natal of the pregnant woman and for the reduction of the infantile work. However, it is important that the Bolsa Família, the main and the largest Income Transfer Program in Brazil, consider the possibility to expand the nursery and pre-school level in order to give to all children from 0 to 6 years the possibility to go to school. In this sense, the data of the PNAD (2006), presented above, indicated a fall of 4.5% from 2005 to 2006 of children to the pre-school level. It is very important to stimulate the first period of childhood, that is, children from 0 to 6 years of age to attend nursery and pre-school because of several reasons. First all, this can contribute to reduce infantile work even more; another reason is because in this period of life children are more exposed to domestic violence and they are more unable to defend themselves, being safer for them to be better stimulated in their general development, including the stimulation of enjoying to acquire learning habits, what will contribute later on to decrease their drop out from school.

In spite of the direct Income Transfer Programs to the poor population being an important mechanism for poverty eradication and for inequality reduction, at least to minimize the poverty of millions of Brazilians, they should not be considered as a unique and permanent solution to solve social problems in the country. They are very well focalized on the poor population but its' coverage must be expanded. Besides, the criteria applied for inclusion of the families are very restrictive, do not allow the inclusion of a significant contingent of the Brazilian population who also really live in poor conditions.

Finally, Income Transfer Programs, such as other social programs, must be, above all, articulated to an Economical Policy able to redistribute the national income

and the wealth socially built, to generate jobs and income to the population who should become more autonomous. Hence, the choice is between two perspectives: one is a **progressive/distributive** perspective that demands a completion between Social Policies and the Economical Policies and it also demands social responsibility from the State; it needs a larger coverage of the needed population; a better quality of social services what demands appropriate institutional conditions; qualified professionals and enough coverage of the target population. The other perspective is the **liberal/conservative** one whose objective is just to relieve poverty. It is centered on compensatory, discontinuous, insufficient and emergency measures directed to the population who live in an extreme situation of poverty. In the Brazilian case, even the State taking the responsibility to face poverty and even achieving a large coverage of the needed population by the Income Transfer Programs, the structural limitations, such as: the low quality and insufficiency of the social services in the majority of the Brazilian Municipalities, the lack of appropriate institutional conditions; the extremely restrictive criteria of the inclusion of the families in the Income Transfer Programs and the low monetary benefit offered also indicate why these programs have not reached better results so far. Above all, it is expected the adoption of an unconditional basic income to all Brazilians as was proposed by Eduardo Suplicy by the Law 10.835/04 that was sanctioned by the president Luiz Inácio Lula da Silva in 2005.

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