

Social protection in Brazil

2015-2021

International Conference

Social Protection

A lever for a more equitable and resilient development

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www.ipea.gov.br

www.ipc-undp.org

- 2003-2012: the Labour Party government, thanks to an enabling environment of growth and hope, promoted a huge expansion of social protection
- 2013-2014: the government started to have trouble to make ends meet – and to keep social protection programmes
- Many social protection programmes – unemployment insurance and Bolsa Familia - in Brazil are operated by public banks
- The government started to delay transfers to the public banks, which paid the beneficiaries anyway
- Such use of public banks helped the government to hide the deteriorating fiscal situation, that could have led to cutting social programmes in 2014 – a presidential election year

- President Dilma managed to win a second term in 2014
- However the use of public banks to fund social programmes - “creative accounting” - was illegal
- This was one of the “crimes” that combined with the economic crisis that hit the country hard in 2015, loss of political support, and the accusations of corruption (Lava Jato) led to the impeachment of president Dilma in 2016
- VP Michel Temer became the president and initiated fiscal austerity measures that led to the shrinking or termination of many social programmes
- Bolsa Família was the only flagship programme that was left untouched
- An expenditure ceiling was introduced and there were many changes in programme rules, making benefits harder to claim

- 2018: Bolsonaro was elected vowing to keep fiscal austerity, and to reform social insurance pensions and benefits, and non contributory pensions, particularly the old age and disability pension – BPC – which is paid to around 4.6 million and a budget larger than that of Bolsa Familia
- 2019: the new government managed to promote a pension reform that among other changes, introduced minimum age to curb early retirements
- But it did not manage to include the non contributory old age and disability pension in the reform (the goal was to reduce the value of the benefit, for the 65-69 years old, the full pension would only be received by the 70+)
- It was also expected that the new government would extinguish older and badly targeted programmes to increase the coverage and benefits of the better targeted Bolsa Família

Bolsa Família

43.3m

beneficiaries

29.1bn

R\$ transferred

77%



1/3

poorest

21%



1/3

middle

2%



1/3

top

household income *per capita* **below R\$ 178**

R\$ 41 per 0-15 child & prg/bf woman; **R\$ 48** per 16-17
if income was below R\$ 89 *p.c.* then + **R\$ 89** (per household)
if income is still below R\$ 89 *p.c.* **after** benefits then + **gap**

Salário Família

5.3m

beneficiaries

2.0bn

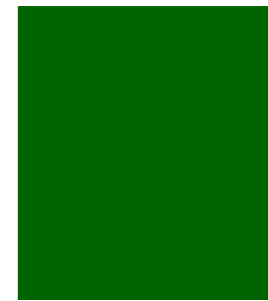
R\$ transferred

37%



**1/3
poorest**

53%



**1/3
middle**

10%



**1/3
top**

formal workers & pensioners earning **less than R\$ 1,319**

all beneficiaries of contributory social protection are entitled
R\$ 31.71 per child 0-14; conditional on education and health
1 child can yield 2 benefits if father and mother are eligible

Abono Salarial

20.9m

beneficiaries

17.4bn

R\$ transferred

16%



**1/3
poorest**

45%



**1/3
middle**

39%



**1/3
top**

formal workers earning **less than 2 minimum wages**

receive one additional minimum wage per year - **R\$ 937**

regardless of household income, size or demographics

(monthly average **R\$ 78**)

Dedução por criança

10.6m

beneficiaries

4.4bn

R\$ transferred

0%

1/3
poorest

1%

1/3
middle

99%

1/3
top

individuals with taxable income - **above R\$ 1,904**

can deduct **R\$ 2,275** of their annual taxable income per child
those with higher income pay higher taxes, thus get higher benefits
actual benefit: from **R\$ 14** up to **R\$ 52** if income above R\$ 4,665

New Bolsa Família with UCG

84.0m

beneficiaries

52.8bn

R\$ transferred

72%



1/3
poorest

19%



1/3
middle

9%



1/3
top

Universal + household income *per capita* below R\$ 250

R\$ 45 universal child grant 0-17yo

R\$ 90 per under 5yo poor child

if childless or below R\$ 250 *p.c.* **after** child benefits then **R\$ 44 p.c.**

- Although this proposal had the sympathy of the Ministry of Economics, it was flunked by Bolsonaro, who declared that he would not take the benefits of the less poor to give larger benefits to the poorest
- The discussion also sparked a debate in congress, and many proposals for the reform of non contributory social protection were presented – all aiming to expand Bolsa Familia – larger transfers and more beneficiaries
- The Senate even came to approve a constitutional amendment to institute a universal child grant
- When covid hit the country in the beginning of 2020, bringing mass job destruction, Brazilian government went into denial
- Congress took the lead and instituted the Auxilio Emergencial with a benefit value three times larger than what the government proposed

- The operation of Auxilio Emergencial had flaws, but overall was very successful and increased Bolsonaro's approval among the poor
- For Bolsa Familia beneficiaries AE increased the transfer value

AUXÍLIO EMERGENCIAL (abr/2020 - ago/2020)			EXTENSÃO DO AUXÍLIO EMERGENCIAL (set/2020 - dez/2020)		
Parcela	*Pessoas Elegíveis	Valor total	Competência	*Pessoas Elegíveis	Valor total
P1	68.018.620	R\$ 47.321.680.822,00	SET	43.635.896	R\$ 13.539.696.720,26
P2	67.666.997	R\$ 47.117.274.913,49	OUT	50.501.744	R\$ 15.706.487.610,01
P3	66.442.153	R\$ 46.311.916.023,18	NOV	54.921.853	R\$ 17.137.822.196,61
P4	65.687.694	R\$ 45.812.221.966,24	DEZ	55.209.456	R\$ 17.250.831.808,45
P5	64.335.991	R\$ 44.946.395.769,96	-	-	-

- In January 2021 the Auxilio Emergencial ended, but the backlash was huge and the government recreated it

- The success of the Auxilio Emergencial led the government to resume talking about reforming Bolsa Família
- In August 2021, a new programme was created to substitute Bolsa Família: Auxilio Brasil
- Auxilio Brasil is not very different from Bolsa Família – main difference being that it has top-ups for the “deserving poor” – good students, athletes, and incentives for adults to get formal employment
- The goal is to rebrand Bolsa Familia for the 2022 election
- However, the government is struggling to find a way to fund the new programme, as it failed to reform any of the programmes that were being considered for termination to liberate resources for the new Bolsa Família
- For now, Auxilio Brasil is just Bolsa Família with a new name

- The same law that created the Auxilio Brasil also changed the Programa de Aquisição de Alimentos da agricultura familiar – PAA – another flagship programme of the Labour Party governments
- PAA – public food procurement from smallholders (family farmers) shrunk considerably since 2015 and became residual – but it is being rebranded too
- Some supporters of the government in Congress fear the government will not find a way to fund the new programmes, and are proposing to further extend the Auxilio Emergencial – because as an emergency measure, it is not under the expenditure ceiling
- Also in 2021, the government promoted many changes in the eligibility rules for the old age and disability pension, that might lead to a huge expansion in the coming years

- Right now, non contributory social protection is one of the biggest issues in Brazilian politics
- The government has failed in all its attempts to find funding sources for the new Auxilio Brasil, which should double the average transfer of Bolsa Família
- And although the old age and disability pension – BPC – is not being debated as it should, it is a constitutional right that can be claimed in courts, therefore its expansion might jeopardize the already limited – or non existent – fiscal space for a more generous Bolsa Família

Thank you!