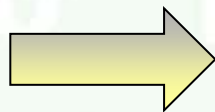




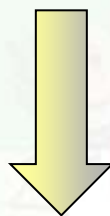
Government Payments
The case of Bolsa Família Program
Financial Infrastructure Week
Rio de Janeiro, March, 2010

Bolsa Família Program

Conditional
Cash Transfer



- Focused
- Conditioned
- Delivery cash directly to families through magnetic cards and allowed free utilization of this cash



Immediate relief of poverty (cash)
Support to the exercise of basic social rights and rupture of poverty intergenerational cycle (conditionalities)
Development opportunities to families (complimentary actions)

Conditionalities in the Bolsa Família

Education

Minimum school attendance of 85% for children from 6 to 15 years old

Minimum school attendance of 75% for adolescents aged 16 and 17 years old

Health

Nutrition monitoring for pregnant and lactating women, and children aged up to 7 years old

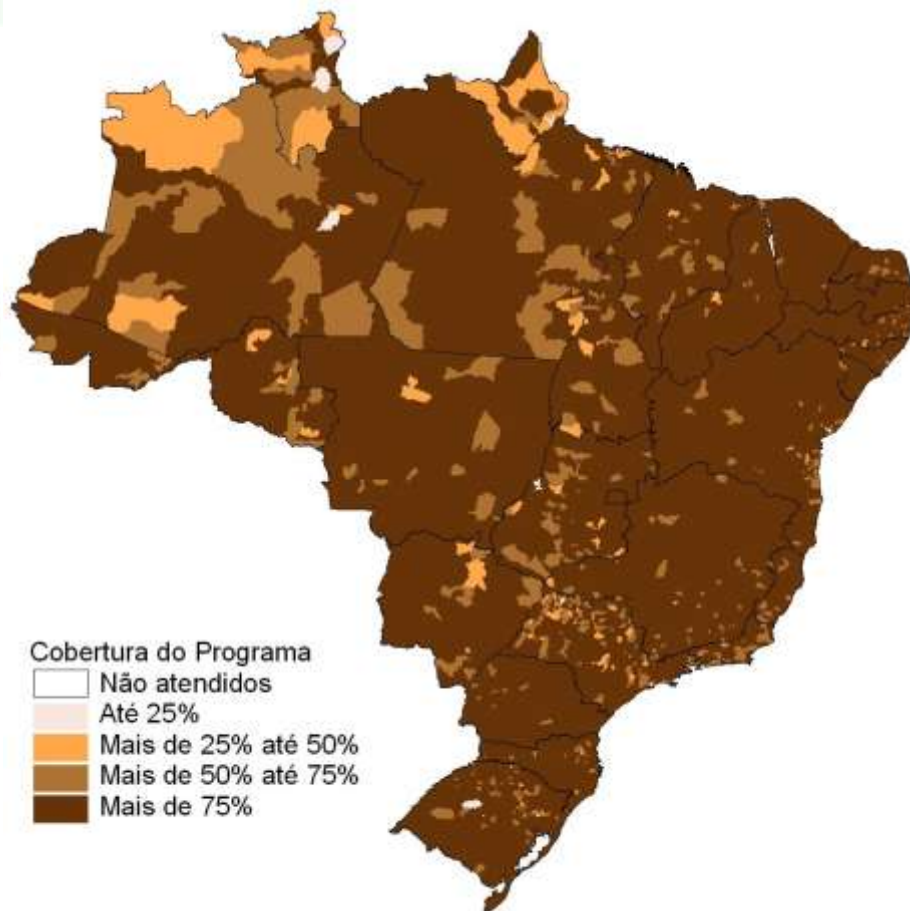
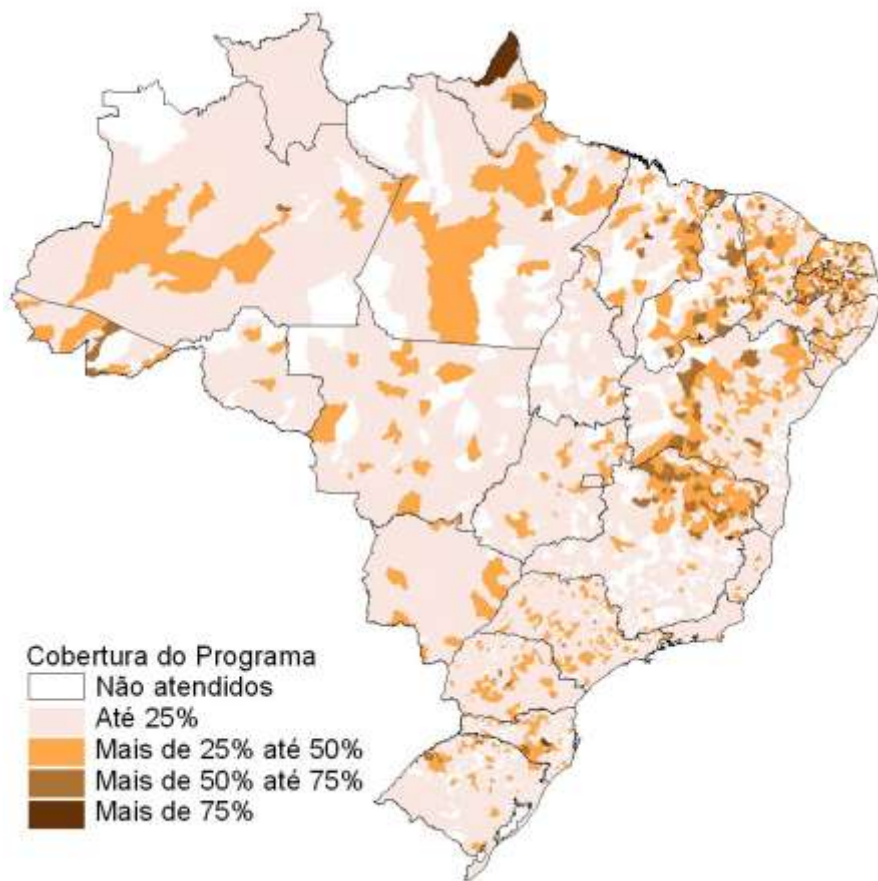
Prenatal and postnatal monitoring

Immunization schedule for children aged up to 7 years old

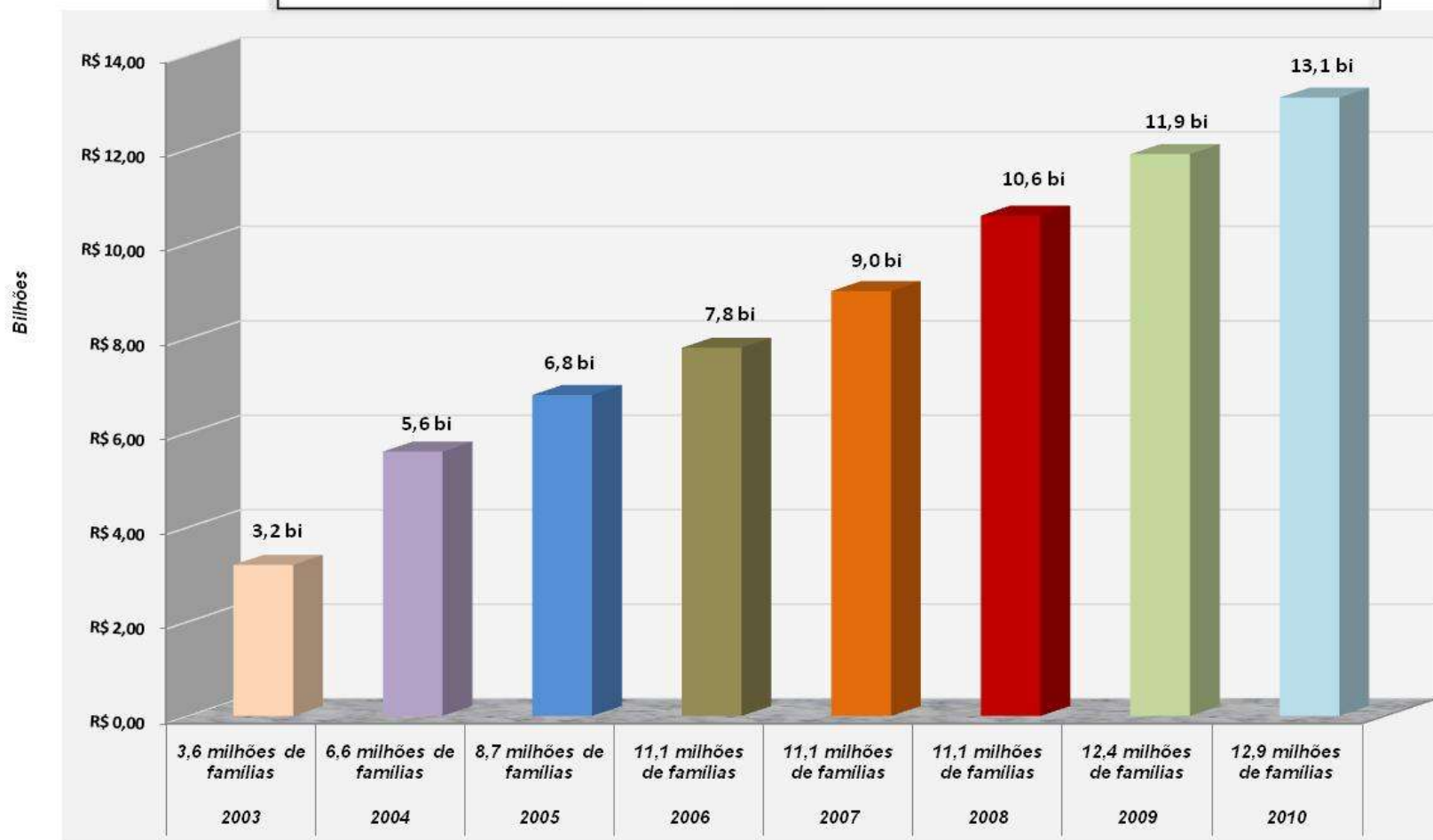
Coverage of Bolsa Família Program

November, 2003 - 1,2 million

September 2009 – 11,9 millions



Investimento do Governo Federal no Programa Bolsa Família

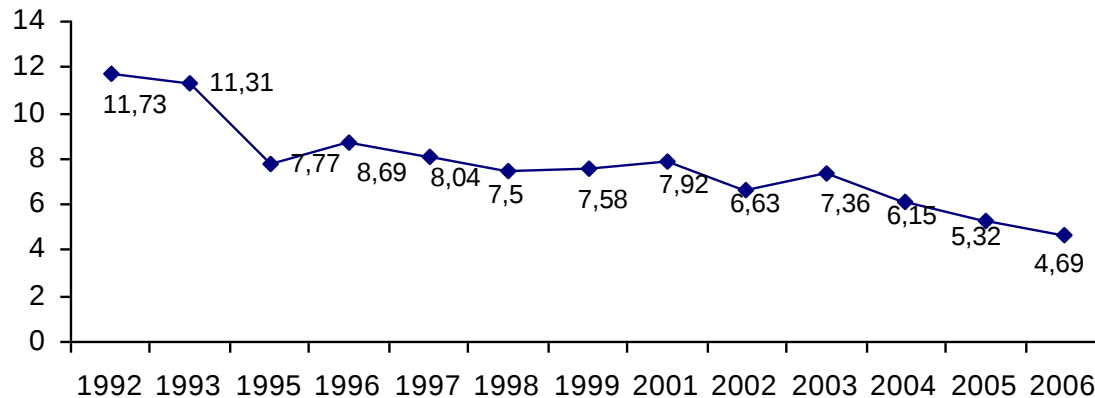


The expenditure of Bolsa Família represented in 2008 represented:

- 0,4% of GDP
- 0,84% of government expenses
- 5,0% of operational costs

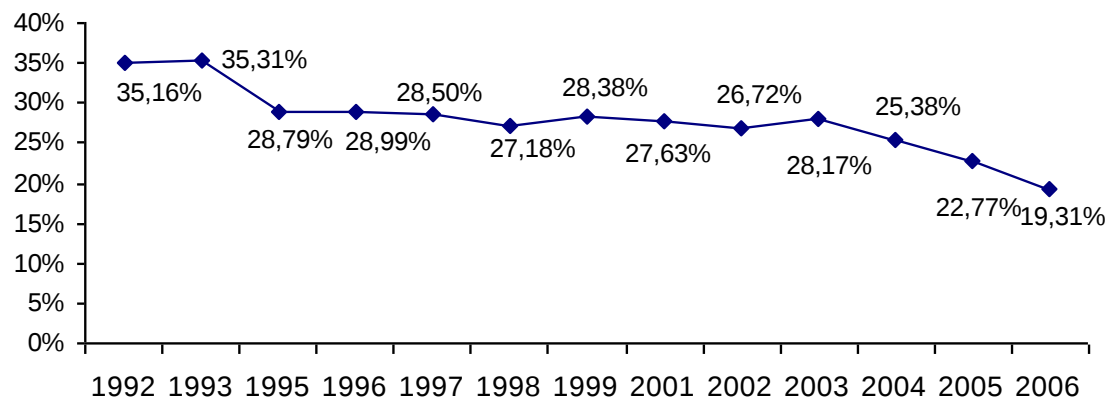
Brazil: poverty reduction

Redução da Pobreza - US\$ 1 dia PPP - Brasil



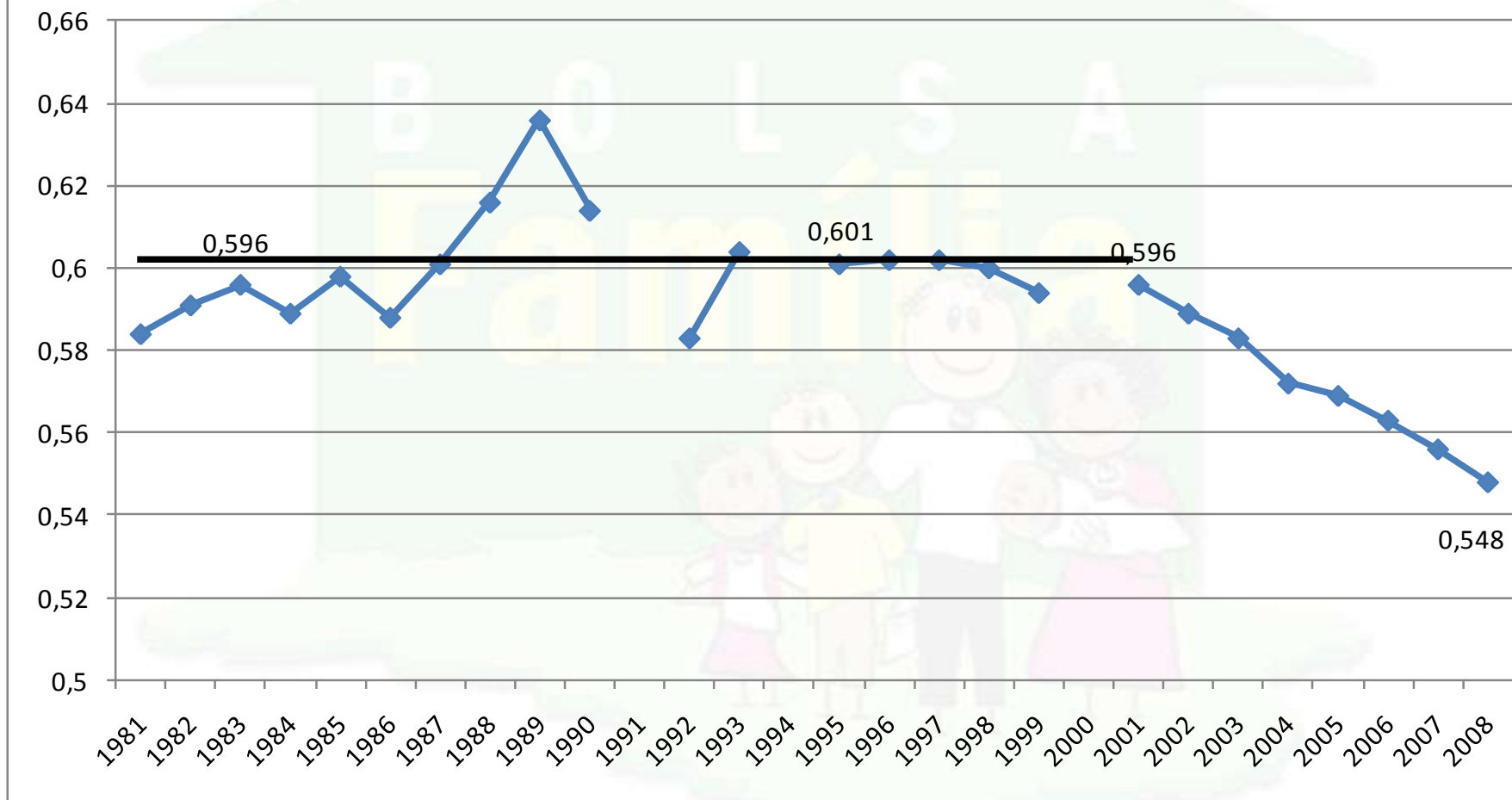
Source: Study elaborated by CPS/BRE/FGV and based on the micro data of PNAD/IBGE.

Redução da Extrema Pobreza - %da População - Brasil



Source: Study elaborated by CPS/BRE/FGV and based on the micro data of PNAD/IBGE.

Evolution of the Gini Index - 1981-2008



Bolsa Família contributed with 21% of the inequality reduction observed in the last years

Source: Ipea, based on National Household Sample Survey data.

Improving the efficiency of government payments

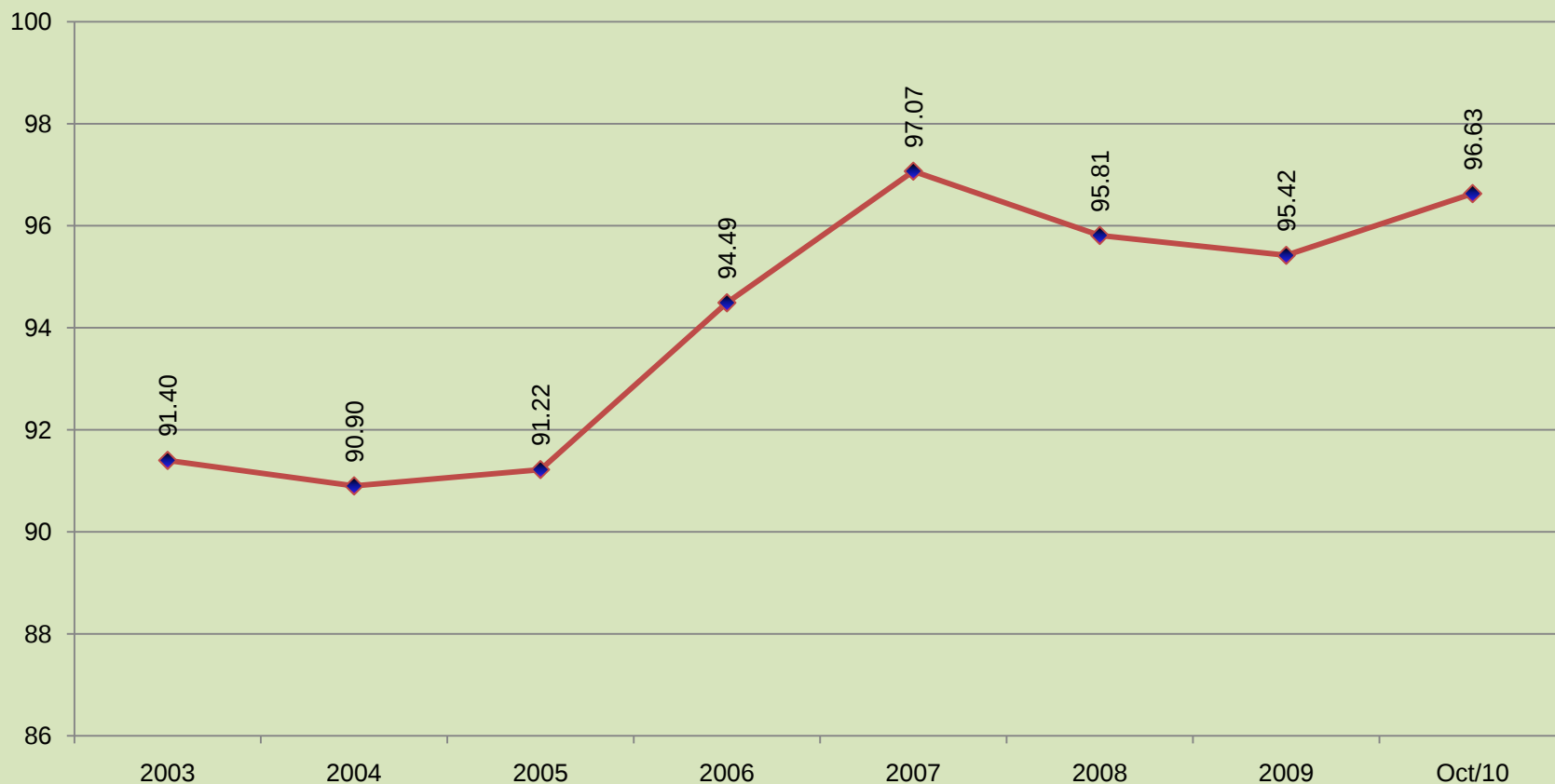
The *Bolsa Família* Program Case

Payment Distribution Network of Bolsa Família: Main Characteristics

- Benefits of Bolsa Família are 100% distributed by CAIXA (huge public bank and government agency in Brazil);
- CAIXA has the largest Banking Correspondent network in Brazil;
- Benefits are paid in a monthly based schedule at an average amount of R\$95,00 per family R\$14 bi per year).

Payment effectiveness

Payment effectiveness (% of benefits delivered) - 2003 a Oct/2010

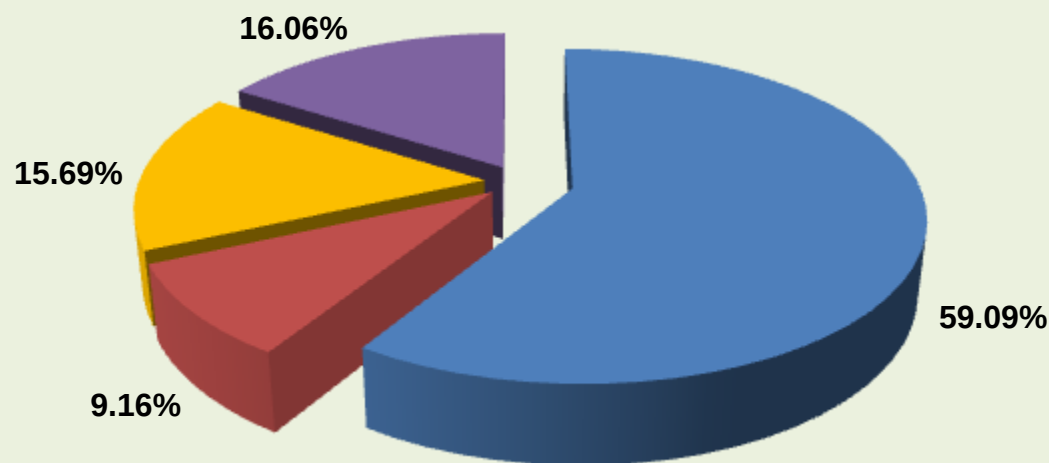


Payment Distribution Network

Region	Bank Branch		Banking Correspondent		Lottery		TOTAL
	Number	Terminals	Number	Terminals	Number	Terminals	
SE	1.191	10.181	1.692	1.707	4.812	16.989	7.695
NE	408	4.244	1.034	1.042	2.286	6.744	3.728
S	558	4.536	1.159	1.163	1.935	5.745	3.652
CO	201	1.992	290	293	947	3.162	1.438
N	104	918	320	322	570	1.749	994
TOTAL BRASIL	2.462	21.871	4.495	4.527	10.550	34.389	17.507

Benefit Withdrawals per Channel

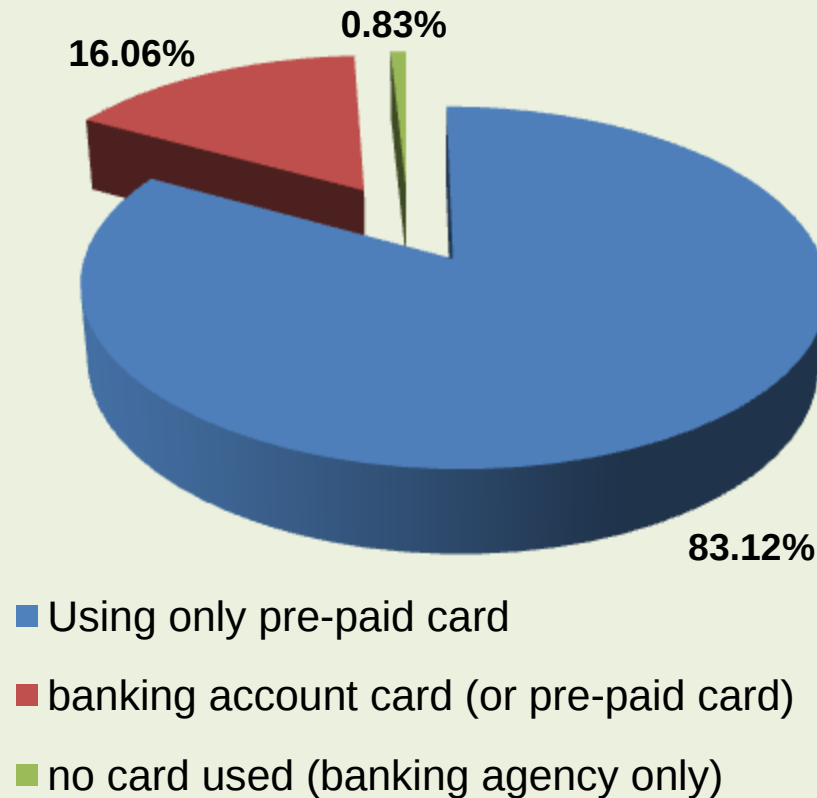
Withdrawals per channel - Dez/2010



- Lottery store
- Banking Correspondent
- Banking Agency
- Withdrawals not monitored (Banking Account)

Benefit payment instruments

benefit payment instruments - Dec/2010



Agreement with CAIXA

- By law, the Ministry of Social Development must have CAIXA as its only payment distribution network;
- There is an agreement to cover CAIXA's administrative costs related to payment of benefits (about R\$200 mi/year = 2% of the amount of benefits paid). As Bolsa Família's size has increased in the last years, these costs have decreased;
- Since 2006, the agreement with CAIXA includes a Service Level Arrangement (SLA) which determines basic effectiveness and minimum quality indicators of management (monetary penalties are included in case of noncompliance);
- At the biannual revision of the agreement, the Ministry can demand new indicators or new levels for an existing indicator;
- The SLA is helping CAIXA to offer better services and is encouraging them to allocate bank correspondents and lotteries more efficiently and improve their quality of services of Bolsa Família benefits payments.

New Challenges

- Monitoring cities temporarily that do not have payment channels available (150 cities monthly; around 1% of benefits) – new agreement with CAIXA determines a special payment logistic.
- Monitoring queues of families in the channels in order to diminish waiting time to withdraw benefits.

Key lessons

- Bolsa Família wouldn't have been such a successful CCT policy so quickly if the Brazilian financial infrastructure hadn't been in place (it would have been one more thing to do);
- Bolsa Família has benefited from the financial infrastructure provided by the banking system, especially from CAIXA;
- As contributions to the financial infrastructure:
 - Bolsa Família agreement helped CAIXA make banking correspondents in the countryside more profitable;
 - Bolsa Família is helping CAIXA to better manage and allocate banking correspondents.

Thank you!

Anderson.brandao@mds.gov.br



B O L S A
Família

Ministério do
Desenvolvimento Social
e Combate à Fome

