

Avoiding the poverty pandemic: the potential of the *Bolsa Família* programme and the Single Registry as answers to COVID-19¹

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The COVID-19 pandemic presents unprecedented challenges to the Brazilian social protection system. A new global recession is almost certain. We do not know how long the social isolation measures will last. We also do not know how much strain the country's Universal Health System (*Sistema Único de Saúde*—SUS) will come under.

Informal workers, unemployed people and poor households are particularly exposed to the combination of pandemic and recession. We understand the fiscal restrictions that haunt the Brazilian State, but given the probability of catastrophic consequences from the social point of view, our recommendation is to increase the coverage of both the country's flagship cash transfer programme, *Bolsa Família*, and the emergency benefit to protect vulnerable households (below half a minimum wage per capita—BRL522.50) who are not eligible for *Bolsa Família* but are registered in the Single Registry of Social Programmes (*Cadastro Único*). In the worst-case scenario, even if the social risks related to the consequences of the pandemic are overestimated, the additional expenditure would be almost entirely temporary and would not reach 1.5 per cent of the country's gross domestic product (GDP)—a value that is lower than its annual social security deficit.

In this context, we recommend the following measures:

- Include all eligible households already enrolled in the Single Registry in the *Bolsa Família* programme (estimated at 1.7 million households), and suspend verification and recertification processes until the end of the health crisis.
- Adjust *Bolsa Família's* eligibility thresholds and benefits by approximately 29 per cent, so that poverty and extreme poverty lines can recoup the same real value they had at the start of the programme, in January 2004.
- The government should create a temporary emergency benefit, with an expected duration of six months but with the possibility of extension, of BRL450 per household, to all households with up-to-date information in the Single Registry and per capita income under half a minimum wage. The emergency benefit would be paid to both households that already benefit from *Bolsa Família* (which would continue to receive the standard benefits) and to non-beneficiary households with an income below the threshold of half a minimum wage per capita.

With this emergency benefit, the poorest 30 per cent of the population of Brazil would receive a minimum monthly income of BRL450 per household. *Bolsa Família* beneficiary households, combining the basic benefit and the emergency benefit, would receive an income of almost BRL690 per month per household. After the end of the emergency benefit, beneficiary households would continue to receive, on average, something close to BRL240 per household (or BRL77 per capita), which is 27 per cent higher than what they currently receive.

These changes would involve an increase of BRL68.6 billion in welfare transfer expenditures in 2020. However, over 80 per cent of the additional costs would be due to the temporary emergency benefits; therefore, the budget impact for 2021 would be very modest—only BRL11.6 billion, or less than 0.2 per cent of Brazil's 2019 GDP.

If the crisis extends for longer than initially expected and/or the economic recovery after the pandemic is slow, we strongly recommend that the emergency benefit be extended for as long as necessary to overcome the social crisis.

Finally, even if these recommendations have tried to avoid the increased demand for registration at social assistance reference centres (CRAS) so as to avoid mass gatherings, the economic losses resulting from the COVID-19 outbreak will inevitably lead to an increase in poverty and greater demand from the population to be included in the Single Registry, and for the support of local social assistance services.

However, the plight of social assistance in the country is dramatic. The Ministry of Citizenship estimates that to keep services running under a normal health scenario, the annual resources needed would add up to around BRL1.7 billion for basic protection and BRL814 million for special protection. However, from 2019 to 2020, the funding for basic social protection decreased by about BRL800 million—from BRL1.8 billion to BRL1.03 billion. Considering the golden rule and funding conditioned on the approval of a draft bill, this value falls even further, to BRL687 million.

The same is occurring with the special protection provided by the Unified Social Assistance System (SUAS), which is also responsible for caring for people living on the street and in shelters, whose budget resources fell from BRL637 million in 2019 to BRL518 million in 2020. Given the same limitations noted above, the value is limited even further, to BRL345 million.

The social assistance sector is responsible for sheltering people living on the street, and even for paying for the burial of individuals whose families are unable to afford a proper service. It is important to highlight that successfully implementing the suggestions for emergency and increased benefits proposed here hinges on increasing the available budget for social assistance services.

Considering the lagging purchasing power of current *Bolsa Família* benefits and the economic and social risks resulting from the pandemic, it seems a small price to pay to ensure a minimum level of well-being for the country's poorest people.

Reference:

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Note:

1. This One Pager is based on a technical brief (Paiva et al. 2020). All data are fully referenced there <<https://bit.ly/2Uy67yZ>>.