

Social Protection Floor in Brazil

Summary, 31 August 2011

The Brazilian Constitution of 1988 envisioned universal social protection and health care, and since then, the coverage of contributory and non-contributory social protection has expanded considerably. Social security coverage of workers in the formal economy has grown by over 5 percent since 2002, fuelled by rapid job creation resulting from economic growth and policy innovations such as the rural pension scheme. Social expenditure has risen, reaching 26.0% of GDP in 2008, and this has allowed for the development of innovative social assistance schemes that fill in the gaps in contributory social security. Brazil's Social Protection Floor comprises, for example, the *Bolsa Familia* cash transfers, the universal *Unified Health System*, and the *BPC* social pension.

The world-renowned *Bolsa Familia* conditional cash transfer currently covers around 13 million families. It has a three-pronged approach to human development: The cash injection immediately alleviates poverty and allows for better nutrition. The health and education conditionalities aim to develop human capital needed for breaking the inter-generational cycle of poverty. Also, a myriad of complementary programmes, from sports activities to psycho-social assistance, promote families' well-being. The budget in 2009 was R\$11.8 billion, equivalent to only 0.4% of GDP. Approximately 4.3 million families have moved out of extreme poverty and 21% of the registered reduction in income inequality in 2004-2006 can be explained by *Bolsa Familia*.

The poor elderly (65 and over) and the disabled gain income security through the *BPC* pension programme. In 2009, 3.5 million persons (1.9 million disabled and 1.6 million elderly) benefited from the scheme, with an annual expenditure of R\$ 18.7 billion, 0.6 % of GDP.

Universal health access is promoted through the *Unified Health System (SUS)*, established in 1990. *SUS* provides health care for all, independent of social security contributions. In 2005, social assistance programmes were integrated under the Unified Social Assistance System and the Ministry of Social Development was established to take charge of the coordination of social assistance and poverty reduction schemes. These developments have increased the efficiency, effectiveness of social policy and allowed for the expansion of coverage of health care and essential income transfers to the poor and vulnerable.

Brazilian income inequality has systematically fallen in the 2000s according to household surveys, largely due to three factors: improvements in the labour market, the increase of the minimum wage, and cash transfers. Extreme poverty has been reduced by more than a half in the 2000s, thanks to the combination of cash transfers and pro-poor growth. Brazil has thus reached the first target of the Millennium Development Goal 1 six years in advance. The country's 2009 ratification of ILO Convention 102 Social Security (Minimum Standards) signals a solid commitment to further develop the nation's social protection system.

