



Brazil's income guarantee system

Luciana Jaccoud
Institute for Applied Economic
Research- IPEA



Outline

1. A multipillar income guarantee system
2. Programs characteristics
3. Challenges for Social Protection in a unequal society

Income guarantee programs – benefits numbers

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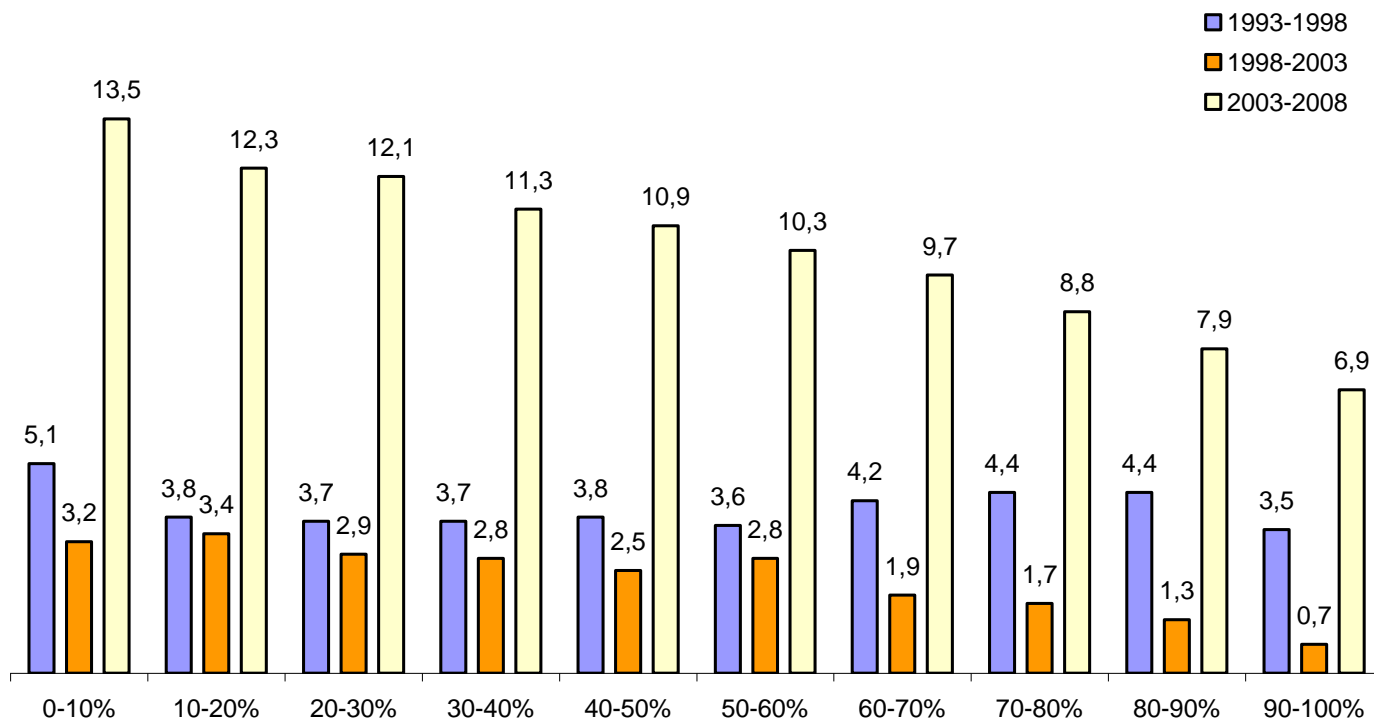
Program	Beneficiaries	Benefit nature	Monthly paid benefits
Social security	Urban workers	contributory	15.040.000
	Rural workers	Contributory with subsidies	7.740.000
	Public employees	Partially contributory	3.253.800
	Unemployment insurance	Contributory	7.200.000
Aid income (BPC-Continued Benefit)	poor elderly people	Aid- non contributing	1.500.000
	poor disabled people	Aid- non contributing	1.600.000
Conditional Cash Transfer (Bolsa Familia Program)		Aid- non contributory	12.400.000

Income guarantee programs – benefits, coverage and spending

2008

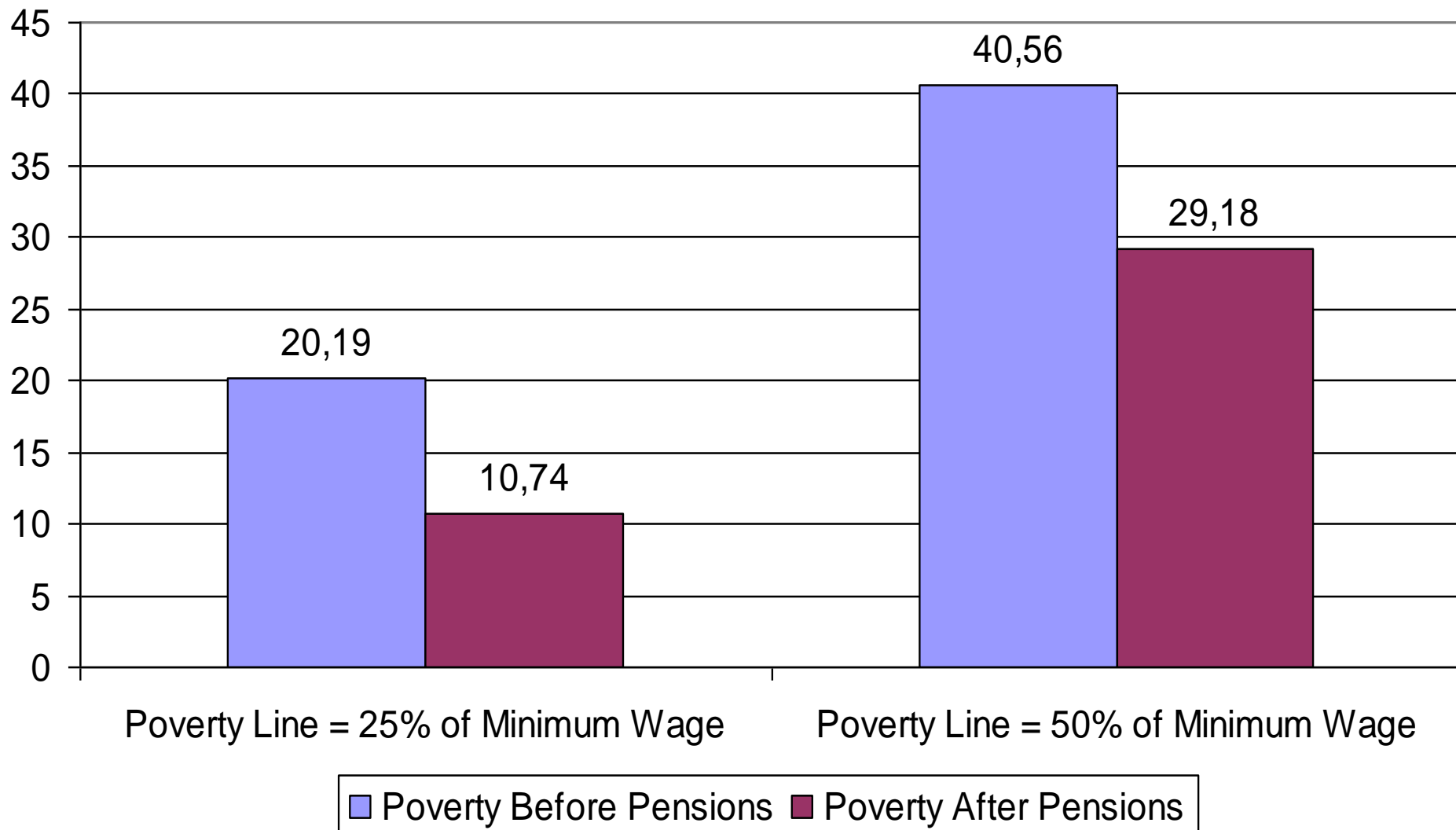
	PBF	BPC	RGPS	RPPS
Number of benefits	12 400 000	3 100 000	22 780 000	3 253 800
Number of benefits per 100 inhabitants (1)	5.7	1.5	12.0	1.7
Total benefits amount (in millions R\$ 2008)	10 606	13 786	194 460	121 807
Total amount (millions of US\$ 2008)	6 607	8 587	121 136	75 878
Average monthly amount (R\$ 2008)	84	391	657	2 880
Total amount as GDP %	0.35	0.46	6.47	4.05
Estimated per capita income of the families with beneficiaries (R\$ September 2008)	196	353	745	
Estimated per capita income of the families with beneficiaries (US\$ September 2008)	108	195	411	
Estimated participation in the benefitted families income (%)	10	34	49	

Average annual growth of household per capita income in daily US\$ PPC, according to tenths of income distribution



fonte : Ipea (2010)- ODM rapport.

Poverty: Average household per capita (2008)



Estimating Poverty

	2008
Poverty	10,7
Poverty before PBF	11,9
Poverty before BPC	11,1
Poverty before Social Security	20,2

Poverty line: 25% of minimum wage



Current structure of the income guarantee system

- Set of distinct public programs;
- Complementary character;
- Significant impact in inequality reduction;
- Significant impact in poverty prevention and poverty alleviation;
- Significant reduction in social vulnerability.

Social Security

Social Insurance:

- Income substitution for workers unable to work (illness, old age, maternity, accidents); and for their families (in case of insured's death or reclusion);
- Compulsory contributory system, under a *pay as you go* (*PAYG*) regime ;
- Benefits related to contributions;
- Labor related effort;
- Social patrimony;
- High institutional density.



Social Security

Aid income for poor elderly and disabled people (BPC – Continued Benefit)

- Income substitution for poors who are unable to work;
- Non contributory system;
- Social solidarity;
- Budgetary resources;
- Means tested;
- Benefit equal to 1 minimum wage;
- Constitutional right (high institutional density);



Social assistance

PBF

- Supplementary income for poor workers;
- Social solidarity;
- Budgetary resources;
- Means tested;
- Low benefits;
- low institutional density (no constitutional mandate).



Social Security challenges

- Generosity of the Civil Servants social insurance system (RPPS);
- Generosity of some benefits for survivors;
- Fragile financial basis in the rural workers social insurance segment;
- Fragile integration to non contributory pensions;
- Demographic changes;
- Aging and dependency;
- Informal workers exclusion from contributory regimes.



Social assistance challenges

- Reduced benefit amounts;
- Poverty persistence in spite of labor market participation;
- Poverty persistence of children in low income families;
- Beneficiaries' stigmatization;
- Focus sustainability;
- No legal guarantees.



Poverty and social protection

- The role of income guarantee systems;
- Considerations on guaranteed and exigible rights;
- Defining funding sources;
- Social protection for active and inactive workers;
- Social protection and social integration
- Fighting and preventing poverty.