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IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IBRD-72340)

ON A

LOAN

IN THE AMOUNT OF US\$572.2 MILLION

TO THE

FEDERATIVE REPUBLIC OF BRAZIL

FOR A

BOLSA FAMÍLIA PROJECT

IN SUPPORT FO THE FIRST PHASE OF THE *BOLSA FAMÍLIA* PROGRAM

June 28, 2010

Human Development Department
Brazil Country Management Unit
Latin America and Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2010)

Currency Unit = Real

BRL 1.00 = US\$ 0.56

US\$ 1.00 = BRL 1.80

FISCAL YEAR

ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Lending
BRASA	Brazil Social Assistance Program
CCT	Conditional Cash Transfer
CEF	<i>Caixa Econômica Federal</i>
CFAA	Country Financial Accountability Assessment
CNDS	National Commitment for Social Development
CPAR	Country Procurement Assessment Report
CRAS	Social Assistance Reference Centers
DFID	Department for International Development
EBC	Electronic Benefit Card
FMRs	Financial Management Reports
FUNAI	<i>Fundação Nacional do Índio</i>
FUNASA	<i>Fundação Nacional de Saúde</i>
GTZ	International Food Policy Research Institute
IBGE	<i>Instituto Brasileiro de Geografia e Estatística</i>
ICCN	<i>Incentivo ao Combate as Carências Nutricionais</i>
IFPRI	International Food Policy Research Institute
INSS	<i>Instituto Nacional do Seguro Social</i>
INSER	<i>Instituto de Ensino e Pesquisa</i>
IPDP	Indigenous Peoples Development Plan
IPEA	<i>Instituto de Pesquisa Econômica Aplicada</i>
MDG	Millenium Development Goal
MDS	<i>Ministério de Desenvolvimento Social e Combate à Fome</i>
MEC	<i>Ministério da Educação e Cultura</i>
MS	<i>Ministério da Saúde (Health)</i>
NGO	Non-Governmental Agency
NIS	<i>Número de Identificação Social – Social Identification Number</i>
PETI	<i>Programa de Irradiação do Trabalho Infantil</i>
PNAD	<i>Pesquisa Nacional por Amostra de Domicílios</i>
PPA	<i>Programa Plurianual</i>
SAGI	Secretariat for Evaluation and Information Management
SAIP	Secretariat for Institutional Articulation and Partnership
SEAIN	<i>Secretaria de Assuntos Internacionais</i>
SESAN	National Secretariat for Food and Nutritional Security

SIAFI	<i>Sistema Integrado de Administração Financeira</i>
SENARC	<i>Secretaria Nacional de Renda da Cidadania</i>
SOT	Statement of Transfers
STN	<i>Secretaria do Tesouro Nacional</i>
SWAp	Sector-wide Approach
TCU	<i>Tribunal de Contas da União</i>

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COUNTRY
***BOLSA FAMÍLIA* PROJECT**

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A. Basic Information			
Country:	Brazil	Project Name:	BR Bolsa Familia 1st APL
Project ID:	P087713	L/C/TF Number(s):	IBRD-72340
ICR Date:	06/29/2010	ICR Type:	Core ICR
Lending Instrument:	APL	Borrower:	FEDERATIVE REPUBLIC OF BRAZIL
Original Total Commitment:	USD 572.2M	Disbursed Amount:	USD 561.7M
Revised Amount:	USD 561.7M		
Environmental Category: C			
Implementing Agencies: Ministry of Social Development and Eradication of Hunger			
Cofinanciers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	12/18/2003	Effectiveness:	06/15/2005	06/15/2005
Appraisal:	04/27/2004	Restructuring(s):		
Approval:	06/17/2004	Mid-term Review:	06/30/2005	06/30/2005
		Closing:	06/30/2007	12/31/2009

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Low or Negligible
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Highly Satisfactory	Government:	Highly Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	2	2
Other social services	97	97
Sub-national government administration	1	1
Theme Code (as % of total Bank financing)		
Administrative and civil service reform	14	14
Poverty strategy, analysis and monitoring	28	28
Social safety nets	29	29
Vulnerability assessment and monitoring	29	29

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Pamela Cox	David de Ferranti
Country Director:	Makhtar Diop	Vinod Thomas
Sector Manager:	Helena G. Ribe	Helena G. Ribe
Project Team Leader:	David Ian Walker	Kathy A. Lindert
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F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The broad objectives of the Government's Bolsa Família Program (BFP) are to reduce poverty and inequality and promote human capital investments among poor families (including indigenous and quilombola populations) through the provision of direct monetary transfers to poor families and incentives for investing in human capital. The main objectives of this first phase APL include strengthening the Bolsa Família

program's BFPs ability to reduce poverty and inequality by: (a) consolidating conditional cash transfer programs and reducing gaps and duplications in coverage; (b) strengthening the system for identifying the target population; (c) developing a monitoring and evaluation system for the BFP; and (d) strengthening the basic institutional functioning of the program.

Revised Project Development Objectives (as approved by original approving authority)

N/A.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Coverage of extreme poor			
Value quantitative or Qualitative)	None receiving	At least 2/3 of extreme poor families receiving BF transfers.		11.1 mn families receiving benefits (100% of target).
Date achieved	09/30/2003	12/31/2008		04/18/2008
Comments (incl. % achievement)	Achieved Target value: at least 2/3 Actual value: 67%.			
Indicator 2 :	Targeting accuracy			
Value quantitative or Qualitative)	66% of benefits of pre-reform programs were received by those in poorest two quintiles (POF 2002-03).	At least 40 percent of total transfers going to bottom quintile.		90 percent of BFP benefits were received by those in the poorest two quintiles (and 68 percent by those in the poorest quintile)
Date achieved	01/01/2003	12/31/2008		04/17/2008
Comments (incl. % achievement)	Surpassed Target value: 40%. Actual value: 90%.			
Indicator 3 :	Improve school attendance of poor			
Value quantitative or Qualitative)	70% of municipalities reporting school attendance for BFP beneficiaries. 4.4% of BFP student beneficiaries with <85% attendance.	At least 80% of primary-age children in extremely poor beneficiary families attending school.		87.4 percent attending school had a monthly attendance rate above 85 percent (2009)
Date achieved	10/01/2004	11/30/2005		06/30/2009
Comments (incl. % achievement)	Surpassed Target value: 80%.			

achievement)	Actual value: 87.4%.			
Indicator 4 :	Improve health care access of poor			
Value (quantitative or Qualitative)	75-77% of children 0-6 years of age in the impact evaluation sample presented their health cards.	At least 95% of beneficiary children with health cards.		Reporting of compliance improved in recent years, although information is only available for about 64.48 percent of families. 67.7 percent of children of beneficiary families have their vaccinations monitored
Date achieved	11/30/2005	12/31/2006		05/22/2009
Comments (incl. % achievement)	Partially achieved			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Pre-reform programs consolidated into BFP (Component One).			
Value (quantitative or Qualitative)	Previous programs: BE=5.1 mn families BA=1.7 mn families PCA = 0.8 mn families AG = 9.7mn families BFP = 0 families	Pre-reform programs eliminated (former beneficiaries either converted to BFP or dropped.		Pre-reform program beneficiaries included in Cadastro Único in December 2008; a minimal number of beneficiaries still under those programs
Date achieved	09/30/2003	12/31/2006		06/30/2009
Comments (incl. % achievement)	Achieved Target value: 100% Actual value: 100%			
Indicator 2 :	Administrative cost efficiency improved (Component One).			
Value (quantitative or Qualitative)	Central Government admin costs = 5.3% of total program outlays for pre-reform programs (SIAFI data).	Transactions costs for transfer payments reduced from those of pre-reform programs.		Central Government administrative costs reduced from 5.3 percent to 5 percent of total program outlays
Date achieved	12/31/2002	11/30/2005		11/30/2009

Comments (incl. % achievement)	Achieved			
Indicator 3 :	Instruments for implementing eligibility criteria for BF beneficiaries revised* (Component Two).			
Value (quantitative or Qualitative)	Existing criteria based on unverified self-reported incomes are weak (measurement errors, incentives for under-reporting).	Revised instruments for verifying eligibility criteria being applied for new program entrants and recertification.		With empirical evidence of strong targeting outcomes, MDS and partners decided to maintain income for eligibility criteria, but to enhance it with stronger cross-checks and validations. Recertification of Cadastro unico carried out.
Date achieved	11/01/2003	12/31/2006		06/02/2009
Comments (incl. % achievement)	Partially achieved			
Indicator 4 :	Cadastro Unico questionnaires strengthened* (Component Two).			
Value (quantitative or Qualitative)	Existing questionnaires weak (incomplete income questions, lack of timereference periods, etc.).	New Cadastro Unico questionnaires developed and printed.		IBGE/MDS complete revision of new questionnaires, based on field tests. Launched in 2009.
Date achieved	11/01/2003	12/31/2005		04/18/2009
Comments (incl. % achievement)	Achieved			
Indicator 5 :	Procedures for implementing Cadastro Unico strengthened and communicated* (Component Two).			
Value (quantitative or Qualitative)	Need to clarify and communicate roles, norms for various actors involved.	Normative acts and operational guidelines for Cadastro Unico published on MDS website.		Cadastro Único users (MDS and 30% of municipalities) with access to Cadastro Único data
Date achieved	11/01/2003	06/27/2006		06/27/2006
Comments (incl. % achievement)	Achieved			
Indicator 6 :	Data collection strategy strengthened* (Component Two).			
Value (quantitative)	Current system is static (does not allow for	Expansion and recertification data		Decree for cadastro management

or Qualitative)	updating); a priori quotas for registration create distortions; inefficiencies in data collection methods.	collection strategy designed and operational.		published 06/26/2007 and collaboration b/w MDS and IBGE for data collection established. Decree established decentralized management index and recertification policy.
Date achieved	11/01/2003	12/31/2006		04/18/2008
Comments (incl. % achievement)	Achieved			
Indicator 7 :	Duplications purged* (Component Two).			
Value (quantitative or Qualitative)	No systematic checks for duplications.	Elimination of all detectable duplications in the Cadastro Unico database.		MDS has developed systematic internal and external cross-checks. On-going purging continues.
Date achieved	11/01/2003	12/31/2005		04/18/2008
Comments (incl. % achievement)	Achieved.			
Indicator 8 :	Recertification policy established (Component Two).			
Value (quantitative or Qualitative)	Policy for periodicity of recertification not established.	Periodicity for updating Cadastro Único and recertifying Bolsa Família beneficiaries formally established.		Two year recertification periodicity established by decree in 04/06; first nationwide recertification complete, next scheduled to start in 2010
Date achieved	11/01/2003	06/27/2006		06/02/2009
Comments (incl. % achievement)	Achieved			
Indicator 9 :	Cadastro Unico being used as policy management tool* (Component Two).			
Value (quantitative or Qualitative)	MDS and municipalities lack access to actual Cadastro Unico database.	Cadastro Unico users (MDS and at least 50% of municipalities) with access to data.		MDS and 100 percent of municipalities have real-time on-line access to Cadastro Único data base
Date achieved	11/01/2003	06/27/2006		06/02/2009
Comments	Surpassed			

(incl. % achievement)	Target value: MDS and 50% of municipalities Actual value: MDS and 100% of municipalities			
Indicator 10 :	Real-time monitoring of program strengthened* (Component Three).			
Value (quantitative or Qualitative)	Current MIS covers well the physical-financial aspects of payments, but does not integrate: (a) Cadastro data (in real time); (b) conditionality compliance verification and monitoring.	Adequate MIS for BFP developed and operating.		MIS operating for all elements (Cadastro Único in real time, payments, conditionality monitoring); contract to integrate all elements under way
Date achieved	05/31/2004	12/31/2005		04/18/2009
Comments (incl. % achievement)	Achieved			
Indicator 11 :	Federal oversight mechanisms for decentralized implementation developed and operational* (Component Three).			
Value (quantitative or Qualitative)	Program lacks instruments for federal oversight.	Quality Control Reviews of BF processes implemented.		Since 01/05 CGU regularly conducts oversight reviews and audits. TCU conducted implementation evaluation in 2006
Date achieved	05/31/2004	12/31/2005		04/18/2008
Comments (incl. % achievement)	Achieved			
Indicator 12 :	Impact of BFP evaluated* (Component Three).			
Value (quantitative or Qualitative)	Other than ex-ante simulations (BE) and evaluations of pre-reform programs (BA), impact unknown.	Baseline beneficiary survey conducted.		Analysis for baseline household survey covering 15,000 household completed in 2007; first follow-up of IE under implementation (expected 06/10)
Date achieved	05/31/2004	12/31/2006		05/18/2009
Comments (incl. % achievement)	Achieved			
Indicator 13 :	Institutional roles clarified* (Component Four).			
Value (quantitative or Qualitative)	Program not regulated (lacks regulamento and operational guidelines).	Matrix of key responsibilities for BFP published.		Decrees, portarias and terms of agreement issued and published on MDS website

Date achieved	01/31/2004	06/30/2005		06/27/2006
Comments (incl. % achievement)	Achieved			
Indicator 14 :	Communications strengthened* (Component Four).			
Value (quantitative or Qualitative)	Program beneficiaries lack information about their responsibilities and rights under the program.	Beneficiary information booklets (cadernetas) designed, published and distributed.		Beneficiary booklet content designed, printed and distributed to all beneficiaries.
Date achieved	05/31/2004	06/27/2006		06/27/2006
Comments (incl. % achievement)	Achieved			
Indicator 15 :	System for verifying conditionalities operating* (Component Four).			
Value (quantitative or Qualitative)	Program not systematically verifying compliance with conditionalities.	System for verifying conditionalities (health, education) operating.		System in place with monitoring processes carried out by MDS, ME and MH, and local MDS representatives with municipal education and health authorities
Date achieved	05/31/2004	12/31/2005		06/27/2006
Comments (incl. % achievement)	Achieved			

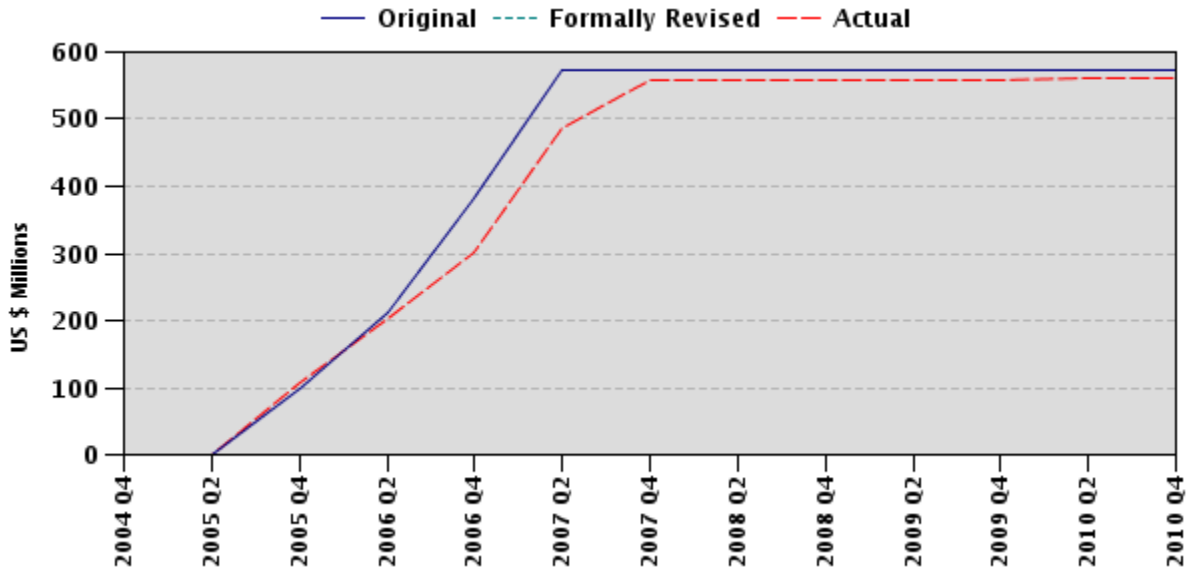
G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	11/29/2004	Satisfactory	Satisfactory	0.00
2	04/27/2005	Satisfactory	Satisfactory	0.00
3	12/22/2005	Satisfactory	Satisfactory	181.10
4	07/20/2006	Highly Satisfactory	Satisfactory	300.82
5	05/04/2007	Satisfactory	Satisfactory	557.45
6	12/09/2007	Satisfactory	Satisfactory	558.12
7	06/17/2008	Satisfactory	Satisfactory	558.12
8	12/17/2008	Satisfactory	Satisfactory	558.72
9	06/25/2009	Satisfactory	Satisfactory	559.17
10	12/09/2009	Satisfactory	Satisfactory	560.74

H. Restructuring (if any)

Not Applicable

I. Disbursement Profile



1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

For several years before appraisal of the *Bolsa Família* Program (the Program) and the first phase of the Bank's Adaptable Program Lending (APL) in support of that Program, the Brazilian Government was committed to realizing the country's large potential for welfare improvements through simultaneous actions on the economic and social fronts. Despite impressive progress over the previous decade, challenges remained. Education indicators still lagged; disparities in health care and in utilization across regions remained, and poverty had remained fairly constant since the mid-1990s, although the profile changed—poverty levels in metropolitan areas increased sharply, and incidence among youth also increased. With a Gini coefficient of 0.59 for incomes, Brazil was still one of the world's most unequal societies. The richest 1 percent of the population received 10 percent of total monetary income—the same share as the poorest 50 percent. Analysis showed that income inequality in Brazil stemmed primarily from unequal access to education and a high skill premium for labor, along with a highly regressive pension system. As a result, higher quality and more equitable access to education were seen as key to reducing poverty and inequality in the long run. Since these reforms were expected to take time to materialize, reforms to social assistance programs and a more equitable pension system were seen as offering complementary results that could substantially reduce inequality and alleviate poverty in the shorter term.

Brazil had several safety net programs that provided cash transfers to roughly the same target group of families in place, each with a different focus: *Bolsa Escola* (schooling), *Bolsa Alimentação* (health care), *Cartão Alimentação* (food stamp), and *Auxílio Gas* (compensating for adjustments in fuel costs). Each program was managed with separate administrative structures, beneficiary selection processes, and banking-sector contracts for payments issuance.

The Administration of President Luis Ignacio Lula da Silva had come into office in early 2003, continuing the previous administration's focus of maintaining macro stability while achieving more equitable growth and rapid social progress. One of the Government's first priorities was to introduce sweeping reforms to improve its social safety net. These reforms aimed to integrate the several existing federal cash transfer programs into a single, improved conditional cash transfer (CCT) program called the *Bolsa Família* Program (BFP). The objectives of this integration included: (a) consolidating and rationalizing then existing federal condition cash transfer programs; (b) promoting efficiency in the use of public resources; (c) improving the system for identifying the target population; (d) leveraging synergies from jointly promoting education, health and nutrition initiatives; (e) strengthening monitoring and evaluation; and (f) leveraging opportunities to promote vertical integration in the social safety net between federal and sub-national programs. The integration was seen as offering the opportunity to go nationwide with the intervention, and create the conditions for a decentralized scheme for implementation.

The objectives of the *Bolsa Família* Program were to: (a) reduce poverty and inequality in the present, through the provision of direct monetary transfers to poor families; and (b) reduce poverty and inequality in the future, by providing incentives and conditions for investments in human capital on behalf of beneficiary families, and by linking beneficiary families to complementary services that could help them invest and grow out of poverty as a result.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

As a Sector-Wide Approach¹ (SWAp) supporting the *Bolsa Família* Program, the objectives of the Bank's APL were to broadly support the Program's objectives. The objectives of the first phase of the APL (the Project) were to support: (a) a consolidation of conditional cash transfer programs and reductions in gaps and duplications in coverage; (b) a strengthening of the system for identifying the target population; (c) the development of a monitoring and evaluation system for the BFP; and (d) a strengthening of the basic institutional functioning of the Program.

Key performance indicators for tracking the Project's progress towards these objectives were the following:

Outcome Indicators

- At least 2/3 of extreme poor families receiving BF income transfers.
- At least 40 percent of total transfers going to families in the bottom quintile.
- At least 80 percent of primary-school aged children in extremely poor beneficiary families attending school.
- At least 95 percent of beneficiary children with health cards.

Intermediate Results Indicators

- Pre-reform programs eliminated (former beneficiaries either converted to BF or dropped from other programs).
- Transactions costs for transfer payments reduced.
- New *Cadastro Único* questionnaires developed and printed.
- Expansion and recertification data collection strategy designed and operational.
- Elimination of all detectable duplications in the *Cadastro Único* database.
- Periodicity for updating *Cadastro Único* and recertifying BF beneficiaries formally established.

¹ An operation structured as a Sector-Wide Approach (SWAp) supports the entirety of a Government Program (as defined), and relies to the extent possible on Government procurement, financial management, monitoring and evaluation and other systems, thereby ensuring that the Bank's assistance is provided within the overall framework of that program. SWAps can be structured to respond to different requirements, such as the State SWAps in Brazil, or, those, like the *Bolsa Família*, that support the entirety of a federal program.

- *Cadastro Único* users (MDS and at least 50 percent of municipalities) with access to data.
- Adequate MIS developed and operating.
- Quality control survey for BF processes implemented.
- Baseline beneficiary survey conducted.
- Matrix of key functional and institutional responsibilities published.
- Strategy for operating program in remote areas developed.
- Beneficiary information booklets (*cadernetas*) designed, published and distributed.
- System for monitoring human capital conditionalities operating.
- Training provided to at least ½ of municipalities for their role in implementing BFP.

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

The Project's PDO were not revised.

1.4 Main Beneficiaries

The BFP defined two target groups. The priority target group were “extreme poor” families with per capita monthly incomes below R\$50 (US\$17), at the time of appraisal. The Program also targeted “moderately poor” families with per capita monthly incomes below R\$100 (US\$34) but higher than R\$50 (US\$17). (These figures were adjusted regularly throughout implementation, as described later in this report.) Payments were preferably made to the mothers, as required by the law that established the Program. The Government's goal, at appraisal, was the BFP would reach 11.2 million poor families by 2006.

1.5 Original Components (as approved)

The Project comprised five components: one component that would reimburse the Government for expenditures on conditional cash transfers under the BFP; three mutually-reinforcing technical components to help improve the quality and basic architecture of the Program; and a small component for project management.

Component 1: Conditional Cash Transfers (Grants) (US\$6,174 million in program, costs; US\$551.5 million in loan financing)². This component was to provide support to the Government in consolidating and rationalizing conditional cash transfers, and in reducing duplications and gaps in coverage of the BFP, as part of a broader and balanced strategy for economic and human development. For this component, the World Bank was to reimburse the Treasury of Brazil a share of expenses on conditional cash transfers made under the BFP during the project period. Disbursement percentages in respect of grants were to increase as key technical improvements, or milestones, were achieved.

² There was a problem with the project costing in the PAD. The amounts allocated to each individual component, as presented in the sub-headings in this section and in the Annex, which are taken directly from the PAD, total US\$573.1 and not US\$572.2 which was the Bank's loan amount.

The Program provided cash transfers ranging from R\$15-95 (US\$5-33) to target families. (These figures were adjusted throughout implementation, as described later in this report.) The exact transfer amount depended on income levels and household consumption. These amounts were set with the goal of minimizing the number of people benefiting from the previous programs that could either be excluded or face reduced benefits under the integrated program. Monthly transfers were expected to average about R\$71 (US\$24) per beneficiary family, significantly higher than average benefits of about R\$24 (US\$8) in total for the previous programs. On a per capita basis, this represented about 19 percent of the poverty line used by the World Bank, 12 percent of the poverty line used by the *Instituto de Pesquisa Econômica Aplicada* (IPEA), and 6 percent of the minimum wage.

The transfers would be conditional on all relevant family members complying with key human development conditionalities as part of an important policy shift towards focusing assistance on the family (rather than on individuals), and on promoting synergies from the simultaneous promotion of investments in health and education within a family. Previous programs had provided support and conditionalities only for some individuals within the family. Conditionalities under the BFP included compliance with: (a) enrolment and regular school attendance of all children in the household aged 6-15 years of age; (b) up-to-date vaccines for all children in the household aged 0-6 years of age; and (c) pre-natal visits for pregnant women in the household.

Component 2: Strengthening the System for Identifying the Target Population (US\$4.4 million in project costs, including contingencies). This component was to provide assistance to improve the mechanisms used to identify the target population of the BFP, which constituted a basic element of the Program's architecture. A more accurate system for identifying the target population was considered necessary for achieving better redistributive efficiency, allowing a higher share of the Program's resources going to the poor.

BFP, like its predecessors, selects beneficiaries from a national database of potentially poor households called the "*Cadastro Único*". This component was to support activities to strengthen the system for identifying the BFP's target population and overhaul the *Cadastro Único* in several areas: (a) improving the strategic framework for the overall system including conducting a study to identify other programs that could potentially use the *Cadastro* for eligibility determination; (b) revising the eligibility criteria for the BFP and the *Cadastro* questionnaire and data collection strategy, taking into account different local realities reflecting urban vs. rural settings (including population and poverty density) and diverse cultural, ethnic and racial characteristics of the population; (c) reducing administrative errors in the *Cadastro Único*; and (d) strengthening the technical and technological capacity of the *Cadastro Único* Unit in MDS to monitor, verify and use the *Cadastro Único*, as well as the capacity of municipalities and other potential cooperating institutions for carrying out data collection and beneficiary selection.

Component 3: Developing a Monitoring and Evaluation System (US\$7.0 million in project costs, including contingencies). This component was to support the design and implementation of a monitoring and evaluation (M&E) system that constituted a key element of the basic architecture of the Program, to which the Government assigned high priority. The Project was to support: (a) the development of a strategy for the overall M&E system and support for capacity building in MDS in this area; (b) the strengthening of *Bolsa Família*'s management information system (MIS) which would provide up-to-date information on program activities and outputs; (c) the development of instruments to monitor program processes to provide feedback on the quality of service delivery and program implementation and to detect problems so that they can be corrected early, including: (i) inter-governmental processes; (ii) annual Quality Control Reviews to monitor BFP processes (including verification of health conditionalities, the selection of beneficiaries, and payments); and (iii) support for mechanisms for citizen oversight ("social control") respecting socio-cultural and ethnic specificities of prospective beneficiaries; and (d) the development, execution, and analysis of qualitative instruments and quantitative surveys to monitor and evaluate key outcomes and the impact of the Program at both the "territorial" (municipal and sub-municipal) and family levels.

Component 4: Institutional Strengthening (US\$3.2 million in project costs, including contingencies). This component was to strengthen the basic institutional functioning of the BFP in terms of:

- Strengthening the operational institutional framework, including the legal architecture of the Program (developing needed regulations, operational guidelines, norms, etc. for the BFP and the *Cadastro Único*).
- Strengthening program management, including: (a) clarifying and strengthening institutional roles for the basic functioning of the Program itself, including developing a matrix of responsibilities, clarifying information flows for the *Cadastro Único*, and developing and implementing a system for verifying human conditionalities; (b) developing a strategy for operating the Program in remote areas; (c) defining possible mechanisms for inter-governmental partnerships to help in expanding the Program, by increasing the value of benefits, and/or expanding coverage, and linking BFP beneficiaries to complementary services; and (d) developing an inter-municipal information network to share good practices, experiences with implementing conditional cash transfers and the BFP across municipalities.
- Developing a solid communications and dissemination strategy with consideration of culturally and ethnically diverse publics, including: (a) establishing a "hotline" number with trained operators to answer questions on the Program and the *Cadastro Único* (for the general public, beneficiaries, local program operators, other officials, etc.); and (b) designing, printing and disseminating information booklets for beneficiaries (including information about benefits and conditionalities).
- Supporting the identification and evaluation of initiatives to help BFP beneficiaries to develop tailored empowerment strategies and to gain access to complementary programs and services (bridging services). These initiatives could

involve various approaches, including: (a) social worker support to help beneficiaries develop these empowerment strategies and bridging access to complementary services; (b) the development of “one-stop-shops” where beneficiaries could gain access to information about a variety of social services (including the BFP). To learn from similar experiences at the local level in Brazil and in other countries, the following was also to be supported: (a) international study tours and exchanges to share information on these various empowerment and bridging approaches; (b) consultancies and workshops to identify and evaluate such approaches; and (c) training and capacity building for beneficiaries, trainers and program managers.

Component 5: Project Management (*US\$0.7 million in project costs, including contingencies*). The Project was also to support a strengthening of MDS’ implementation capacity, through financing of incremental costs related to management and supervision of project activities, consultants’ services that would support strategic, technical and operational aspects of the Project, equipment and travel expenses.

1.6 Revised Components

The Project’s components were not revised during implementation, although the target beneficiaries and the value of the cash transfers were adjusted in response to experience in implementation and external events, as described in Section 2.2 below.

1.7 Other significant changes

The loan’s original December 31, 2006 Closing Date was extended two times. Disbursements under Component 1, Cash Transfers, were concluded by the loan’s original Closing Date. However, although progress towards both sets of milestones under the Project’s Results Framework (see Section 2.1) had been met, less than US\$3 million had been disbursed for expenditures under the Project’s technical components. In May 2007, the Bank agreed to a first Closing Date extension until December 31, 2008. A second extension of the loan’s Closing Date to December 31, 2009 was agreed on December, 17 2008 to allow continued financing of two key technical assistance contracts for a first follow-up impact evaluation of the BFP and development and implementation of the Management Information System, the procurement of which had been delayed (Section 2.4). As part of this second extension, US\$1.5 million allocated to the technical assistance components was cancelled. Then, in a letter dated November 24, 2009, the Bank agreed to a further cancellation of US\$4 million in technical assistance funds, in response to the Government’s request since it had become clear that these funds would not be utilized before the then eminent Closing Date. The small amount of funds remaining undisbursed in the loan account on April 30, 2010—the date when the four month grace period for disbursements expires—will be cancelled.

On June 20, 2006 the Bank agreed to a reallocation of loan proceeds among categories to increase the amount allocated to capacity building activities and activities related to beneficiaries’ emancipation.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

With the Government's strengthened emphasis on poverty and social development, the *Bolsa Família* Program rapidly became its flagship social initiative. As a result, the Project was at the center of one of the core pillars of the Bank's FY04-07 CAS--- Achieving a More Equitable Brazil. It was also closely aligned with the Millennium Development Goals, contributing directly to the reduction of poverty and inequality, and the demand-side incentives it provided contributed to reducing malnutrition, achieving universal education, reducing child mortality and improving maternal health.

Background Analysis. At the Government's request, from March 2003, the Bank provided significant technical assistance on the conceptualization and design of social assistance reform under the umbrella of the Brazil Social Assistance Program (BRASA, EW-P078828-ESW), a programmatic ESW/AAA program. BRASA provided, inter alia, assistance on the overall design of an integrated program, issues pertaining to the system for identifying and selecting beneficiaries, and monitoring and evaluation of the Program. Project preparation counted heavily on and proceeded in parallel to the technical assistance provided under the BRASA.

Project preparation also built upon and complemented the assistance under: (a) the then ongoing Human Development Programmatic Sector Reform Loan (HD PSRL) program which was supporting actions to enhance equity, improve the quality and efficiency of social programs, and increase accountability in the social sectors; and (b) the then proposed HD Technical Assistance Loan which aimed to assist the Government in developing institutional capacity to monitor the progress and impact of its social policies and support the Brazilian Institute of Geography and Statistics (IBGE) to strengthen their household survey system for purposes of monitoring and evaluating social policy, including the generation of data that would be needed for monitoring and evaluating the performance of the BFP.

Incorporating Lessons Learned. At the time of preparation, the Bank had already acquired technical expertise in the strengthening of targeting systems, developing monitoring and evaluation systems for CCTs, and in promoting the types of institutional innovations that were being considered for the BFP. As a result, lessons from previous experiences with CCTs, both in Brazil (*Bolsa Escola*) and in other countries (e.g., Colombia, Mexico) were incorporated in the Project's design. These included the need to: (a) have in place an effective system for identifying and selecting beneficiaries to improve the impact of transfer programs on poverty and inequality; (b) address possible concerns about cash subsidies being viewed as "assistentialist" by linking assistance to desirable behaviors (conditions) and giving the transfers to mothers whose decisions regarding the intra-household allocation of resources often favor children's nutrition, health and education, as well as linking beneficiaries to other complementary services that could help them "grow" out of poverty; and (c) have strong monitoring and evaluation systems to guide the fine tuning of programs during implementation. These lessons were incorporated in the Project's design through specific activities to strengthen

the system for identifying the target population of the BFP and overhaul the *Cadastró Único* in several key areas (Component 2), to develop a monitoring and evaluation system (Component 3) and to support the identification and evaluation of initiatives to help BFP beneficiaries develop tailored empowerment strategies and gain access to complementary programs and services (Component 4).

Assessment of Risks. Project preparation also identified some significant risks that could affect the BFP, in part based on the lessons of international experience described above. Of these, the most significant risks, classified as “substantial”, were those related to beneficiary selection that could result in possible high rates of leakages to the non-poor and possible exclusion of some of the poor from the Program, especially during electoral periods when the potential risk of political manipulation could increase. Municipal capacity to implement *Cadastró* data collection for the selection of beneficiaries and/or verification of conditionalities was also considered “substantial”. Throughout preparation and review, concern had been raised as to whether to proceed with large-scale assistance in the absence of a strong system beneficiary identification and selection, even though the Project’s design included activities to strengthen the *Cadastró Único* during implementation. To address these concerns, the Project’s design incorporated a mechanism to pace disbursements against cash transfers (Component 1) to technical improvements in the Program. As described later in this ICR, this risk did not materialize, even with the fast scaling up of the BFP, and the Program’s targeting effectiveness is similar to that of other programs such as Mexico’s *Oportunidades* and Chile’s *Subsidio Unico Familiar (SUF)*.

Assessment of Project Design. The Project’s design was innovative in several ways, and responsive to the Government’s specific requests regarding the framing of the financing package. First, the Project was designed as a program-based Sector-Wide Approach (SWAp) that integrated Bank financing with a high priority program that was consolidating the main federal conditional cash transfer programs as a comprehensive sector policy. The Bank’s requirements for financial management and monitoring of the Project relied exclusively upon Government systems that were being strengthened under the Project and that would strengthen the BFP as a whole. The Indigenous Peoples Development Plan prepared, consulted and disclosed during preparation, applied to the entirety of the BFP. As such, Bank financing which was estimated during preparation to provide funding equivalent to less than 10 percent of the Program’s project costs, had an impact on the content and performance of the entire program.

Second, in order to address concerns about providing significant support to a program that had then only recently been established, in addition to its longer-term design perspective as a two-stage Adaptable Program Loan (APL) with triggers to move to the second stage, project design incorporated an innovative feature to pace disbursements against cash transfers to progress in technical improvements to the BFP. Loan proceeds under Component 1 were to be made with disbursement percentages that would increase as actions against two sets of “milestones”---representing step-by-step technical improvements to the *Cadastró Único*---were met. Reimbursement against cash transfers

under Component 1 were to start at a rate of 8 percent, increasing to 9 percent and then 11 percent when the second stage and third stage milestones, respectively, were met.

The pacing of disbursements for Component 1 with technical improvements to the Program supported under Components 2-4 had several objectives. First, it would allow the Bank to provide large-scale up-front support to the BFP, responding to the request of an important middle-income client for support to its flagship program, even though the Program was still seen to require strengthening in key areas. This was seen as all the more important since the Bank's assistance was being prepared and would be implemented in a complex environment where four independent CCTs were being merged, and at the same time a major institutional reform to create the MDS was being carried out. Second, it promoted synergies between direct support for the Program's implementation and the consolidation of several safety nets into the BFP and the technical activities that were designed to strengthen the Program's architecture. Finally, it created incentives to the executing agency to meet the milestones, which were designed to be on a critical path for, inter alia, a strong beneficiary targeting system, and to the central government agencies to ensure support for the technical activities that the milestones represented.

The framing of the Project's objectives was extremely cautious, and rightly so in view of the fact that it would support the start-up and scale-up of a new program that was to be implemented by a newly established federal institution in coordination with other federal-level institutions and those of lower levels of government on a national scale. While there had been some experience with CCTs at the time, there was nowhere near the experience that has been acquired today, given the increased reliance on these programs as a pillar of social safety nets. Instead of defining overly ambitious objectives with respect to targets for poverty reduction or improvements in inequality or social outcomes, the Project's objectives and its associated results indicators were framed to monitor and measure intermediate outcomes in terms of targeted program coverage, compliance with sectoral conditionalities and institutional actions that would be necessary to meet broader Program objectives in the longer term.

2.2 Implementation

The Project's implementation was smooth, albeit suffering slight delays in the contracting of a few technical assistance activities. As described above, its objectives were clear, realistic and of high priority for the country, and focused on the outcomes for which it could reasonably achieve by completion.

By the conclusion of the first phase, the MDS had met all of the progress benchmarks for all the milestones set in the Project's results framework. The Bank certified completion and documentation for the first set, which allowed the disbursement percentage for Component 1 to increase from eight percent to nine percent. By mid-2006, only two years after approval of the Bank's loan, the Government had met the conditions of the second set of milestones, which would have further raised the disbursement rate to 11 percent; however, the funds allocated to Component 1 had been fully disbursed by then.

In the results framework, these milestones represented cumulative progress for the triggers for the second phase of the APL.

There were no factors outside of the Government's control that affected implementation, although the food and oil prices increases, and the international economic and financial crisis, prompted adjustments to the BFP to ensure that these would not impact adversely the previous improvements in living standards of the poor. There were, however, several factors subject to Government control, and these generally impacted the Project's implementation positively. First, the Government maintained an unrelenting commitment to the BFP, and to the achievement of the Program's broad objectives throughout implementation (and to this day). It prioritized the approval of the Program's legal framework, including the creation of the MDS and the assignment of required staff. Sound macroeconomic policies throughout implementation allowed the Government to assign the planned amount of resources to the Program, and even to update the value of the benefits, adjusting their structure and modifying the design of incentives and target beneficiaries to address the changing economic and social context as well as policy priorities.

The value and structure of benefits provided to beneficiaries as adjusted throughout implementation is presented in Annex 2. After updating the value of benefits in July 2007, the Government in June 2008, adjusted the structure of the BFP's benefits to encourage completion of secondary education, in addition to the original basic education; the Program expanded age requirements for school attendance from 15 to 17 years of age and introduced an additional payment of R\$33 per youth aged 16 and 17. This adjustment was introduced in response to experience with implementation at the time that suggested it would be important to increase basic education completion rates and improve schooling opportunities of secondary school-aged youth. Since 2008, *Bolsa Família* has also played a key role as a safety net mitigating the impact of the food and oil prices, and more recently of the economic downturn. This occurred through two channels: (a) increasing benefit amounts to avoid their erosion by food price inflation; and (b) expanding the beneficiary lists to include a vulnerability dimension introducing income volatility as part of the selection criteria. Second, in 2009, as an ex-ante risk management tool to cushion the economic slowdown, the BFP revised its estimation of potential beneficiaries based on the new IBGE poverty maps and vulnerability analysis by IPEA on the Monthly Labor Force Survey.³ As a result, the target number of beneficiary families increased by 1.8 million; of these, 1.3 million were to be registered between May and October 2009.

The implementing agency, MDS, performed very well, especially in view of the fact that it had only been created when implementation began. It expeditiously reached out to partners in the BFP's implementation, the *Caixa Econômica Federal*, the Ministries of Education and Health, the municipalities, IBGE, and other agencies, public and private,

³ Under the current methodology, the information collected by the survey captures the family income during the previous month only. The new methodology intends to capture the volatility of income, which will affect families near the poverty line in particular.

that had a role in Program, or that could contribute to its solidification as an efficient and effective one. It routinely sought the Bank's technical assistance, and that financed under the Project, and used it effectively for the Program's and the institution's strengthening. MDS from the start incorporated monitoring and evaluation as an integral component in the functioning of the BFP, relying on its strategic alliance with the *Instituto de Pesquisa Econômica Aplicada*---IPEA for rigorous studies and analysis that provided input for maintaining the relevance of the Program's parameters.

Despite minor delays in contracting staff on occasion, and in procurement of a few technical assistance activities, including for the consolidation of the MIS, as described in Section 2.4, MDS performed well, and consolidated its role as a key federal agency responsible for social assistance programs. These delays were not caused by incomplete preparation of the Project, unrealistic implementation schedules, or technical difficulties. To the contrary, they resulted from a lack of experience with Bank procurement processes---to which the Bank responded by providing support and workshops for key staff---complicated procedures at the federal level for procuring technical assistance, and eventually resorting to a procurement agent whose own procedures did little to expedite the process.

In the end, approximately 50 percent of the funds allocated for technical assistance were not utilized for the following reasons: (i) lack of qualified procurement staff at the MDS; (ii) MDS' institutional reform in 2004-05, which delayed implementation of the technical assistance; (iii) lack of familiarity with Bank procurement procedures; and (iv) delays caused by the agency contracted to carry out procurement of international biddings.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

The MDS has developed under the Project a comprehensive Monitoring and Evaluation (M&E) System. The Government assigned high priority to close monitoring and evaluation of the BFP since the Program's establishment in 2004, and hence the Project included a separate component (Component 3) to support the design and implementation of a comprehensive M&E System. The establishment of Secretariat for Evaluation and Information Management (SAGI) within MDS constituted a decisive and innovative step for policymaking, assessment and evaluation of social policies. Until then, no Ministry or central agency in Brazil had an autonomous body to carry out such activities. Under the Project, SAGI was institutionally and technically strengthened to increase relevance in the MDS' decision-making process. M&E activities supported by the Project, which were developed and used extensively to ensure expected outcomes throughout implementation, are described in detail in Section 3.2 and in Annex 13.

In MDS, monitoring is a regular on-going process performed on all programs using administrative (universal) data and sought to adjust and improve programs under implementation. Given its importance as the Government's flagship social program, the MDS opted for contracting-out the impact evaluation for BFP to an external specialized firm, formed by a consortium of an internationally credible research organization and a

local research group. This was in addition to a strengthened series of operational audits by the *Tribunal de Contas da União* since the beginning of the program.

SAGI has also developed a set of mechanisms to follow the day-to-day information on key Ministerial strategies, and provide useful information and feedback to program managers and decision makers, including: (i) the Social Information Matrix, which provides internal and external information, and is a computer tool that stores data, information and indicators of social programs; (ii) the Social Atlas, which presents cartographic and data information on specific programs; (iii) monitoring cards, based on web-based questionnaires for following up the operation status of the CRAS (Social Assistance Reference Centers); and (iv) geo-referencing of social programs, among other tools. SAGI and SENARC run an extensive program of capacity building for municipal and state managers of the program.

Beyond the evidence generated by the BFP, the MDS has also made significant contributions to help advance the culture and institutionalization of M&E in Brazil, as described in Annex 13.

2.4 Safeguard and Fiduciary Compliance

Safeguards. In view of the Project's country scope, and the existence of a large group of Indigenous and *Quilombola* (afro-descendants) populations in the country, OP 4.20 (at the time being revised as OP 4.10) was triggered, and an Indigenous Peoples Development Plan was prepared and consulted during preparation. The Government introduced innovative and pragmatic strategies to increase the access and participation of the most vulnerable groups in *Bolsa Família*, respecting their beliefs, cultural identity and traditional values. In 2004, as the program started, it was nearly impossible to identify *Quilombola* and Indigenous beneficiaries in the registries since they were not recognized as such in the registration form.

As described in greater detail in Annex 14, the BFP has made significant progress in registering indigenous and *Quilombola* beneficiaries, based on self-identification; ensuring that operational processes run smoothly even in remote areas; and ensuring enough flexibility about compliance with conditionalities to take into account specific health and education modalities for Indigenous and *Quilombola* communities and the availability of social services in remote areas. The Program has made steady progress in registering Indigenous families: from 29,000 in March 2006 to 71,000 in January 2009, of which 59,000 were program beneficiaries. The Program has also greatly increased its coverage of *Quilombola* families: from 6,400 in October 2006 to 26,000 in January 2009, of which 21,000 were program beneficiaries.

To reach out to these groups, in 2005, the MDS created a Working Group on Traditional Populations and Communities. Then, in 2008, the *Cadastro Único* created a specific unit, responding directly to the management of the National Secretariat for Citizens' Income (SENARC) in MDS that is responsible for all tasks pertaining to the registry of Indigenous and *Quilombola* families, as well as other traditional people. MDS has also set-up partnerships with various governmental and non-governmental agencies (NGOs)

that work with Indigenous peoples, such as the *Fundação Nacional do Índio* (FUNAI, in charge of the Indigenous Policy of the Government), the *Fundação Nacional de Saúde* (FUNASA, in charge of Indigenous health services) and national and regional federations of Indigenous organizations. Similarly, it has set up partnerships with government agencies and NGOs that work with *Quilombolas*. All of the materials to promote access and benefits for the Indigenous and *Quilombola* communities are published on MDS' website.

Innovations have been included in the 2008 registration packages to ensure families are knowledgeable about the benefits, eligibility, conditionalities, and exit strategies. The processes have been codified in operational rules, regulations and guidelines from the MDS. The new registration form for *Cadastro Único* includes specific self-identification questions in the first section of the questionnaire, as well as additional questions to register ethnicity (Indigenous) and community (*Quilombos*) together with specific guides—targeted to municipal managers, program staff and other service providers who operate directly with the communities for the registration of Indigenous and *Quilombola* families.

Fiduciary: Financial Management. All financial management aspects of the BFP were managed by MDS staff in collaboration with staff in the *Secretaria do Tesouro Nacional* (the Treasury), using Brazil's systems and existing organizational arrangements. Within MDS, financial management was managed by the PIU in coordination with other staff of the Operations Department of the SENARC). For financial management, MDS used the Government's existing *Sistema Integrado de Administração Financeira* (SIAFI) for accounting, financial reporting and budget execution of program expenditures, and transferred resources to the *Caixa Econômica Federal* (CEF), a public bank supported by over 30,000 payment points where families could collect their benefits within 90 days of payments using electronic debit cards issued to them. Throughout implementation, there were no issues or concerns with respect to the Project's financial management. Annual audits submitted in compliance with the terms of Bank financing were routinely delivered in a timely manner and contained unqualified opinions.

Since 2005, the Government has taken many steps to strengthen oversight and control mechanisms for the BFP. Numerous decrees and regulations have been passed establishing responsibilities for oversight and controls at various levels of government. Oversight and control of *Bolsa Família* program operates at three levels: the oversight network (or *Rede de Fiscalização*) at the Federal level includes agencies from the executive and legislative branches (*Controladoria Geral da União*, *Tribunal de Contas da União*, respectively) as well as the public independent control agency (*Ministerio Público*). Program controls at the MDS include internal and external cross checks of the *Cadastro Único*, three hot lines (at the *Caixa*, the Program and SENARC), monitoring of municipal performance and the *Índice de Gestão Descentralizada*, and monitoring the *Caixa Econômica*. At the municipal level, all 5,564 municipalities have developed social control councils that despite scope for improvement in efficiency and effectiveness, are thought to be an important mechanism for monitoring the BFP by providing citizen oversight—and local points of contact for complaints and appeals. The names of BFP beneficiaries are made public and published on MDS' website.

Fiduciary: Procurement. The Project required procurement of only goods and services under the technical and project management components (Components 2-5). The Project's procurement risk assessment during preparation had identified its procurement risk as high in view of the fact that MDS had only recently been established and had no significant experience with procurement under Bank-financed operations. To mitigate this risk, MDS was to retain two procurement specialists, and also to contract an external procurement agency to reinforce its capacity. Other activities were identified to minimize the risk that procurement would affect implementation. Delays in procurement were the only identified risk that materialized, resulting in eventual implementation delays (not, however, related to the compliance with milestones that assured a required basic architecture of the Program) and the need for extensions to the loan's Closing Date. From the start, MDS had difficulties in recruiting staff to handle procurement, and early on it became clear that the hiring of a procurement agent helped very little, if at all, in expediting the processes specially those of contracting consultants and firms through international bidding, processes that took up to more than six months to be completed. Internal changes in the MDS affected the hiring of agreed specialists. In the end, two important contracts were awarded for: the impact evaluation of the Program and the consolidation of the existing Management Information System. Work under these contracts is well advanced, although it is likely that the tasks will only be completed after the loan's Closing Date. Therefore, the Government will finance the final payments with its own resources. With the cancellation made on May 7, 2010 in the amount of US\$ 2,163,330.95, the Loan Account has been closed.

2.5 Post-completion Operation/Next Phase

After only slightly over five years since *Bolsa Família* has been established, the Program has been grounded as the Government's main social safety net instrument, and as an instrument that has been proven to deliver intended results. As described in Section 3.2 below, the Government has shown that the Program can have an extremely positive impact on the welfare of poor families while investing in the conditions that will lead them out of poverty in the future. As a result, the Program is well institutionalized at the core of Brazil's system of social protection. Still, important challenges remain to consolidate the BFP in two broad areas: (a) further strengthening the program's architecture, including streamlining processes and operations, especially at the local level; and (b) developing stronger links to other social interventions and employment and skills development opportunities, as a potential gateway for beneficiary families to escape from poverty.

Now that the basic architecture of the BFP is firmly established, and MDS consolidated as a well-functioning and established institution, future priorities will focus on strengthening the Program's local implementation and management. While the BFP has institutionalized a process of continuous self-assessment and has improved its implementation and institutional arrangements in diverse areas of operation, future challenges include improving payments logistics, especially in rural areas, and identifying further obstacles to capture non-traditional beneficiaries. Another challenge

is to strengthen local governments' capacities to implement a comprehensive system for verifying conditionalities through their Secretariats of Health and Education.

The Government assigns high priority to scaling up and consolidating the strategy to link the BFP's adult beneficiaries with productive inclusion, income generation opportunities and skills development, to increase employability interventions. The Program with the help of the new *Cadastro Único* has made significant progress in linking registered families with other social programs. At federal level, this process has been facilitated by MDS' responsibility in managing other key federal social programs. At the same time, many municipalities and states have already linked their own interventions to families registered in the *Cadastro Único* and beneficiaries of the BFP. States and municipalities that have their own conditional transfers programs are invited to sign an agreement with MDS called *Termo de Cooperação* by which they unify benefits under a single automatic electronic card. By doing this MDS looks to avoid duplications and reduce administrative costs. On the basis of these efforts, the Government has already started to institutionalize a formal strategy to connect BFP beneficiaries with interventions that offer an effective gateway to exit poverty.

While the Government's political and financial commitment to the BFP is virtually guaranteed, it has requested Bank assistance to address the BFP's future challenges under the second phase of the APL. The APL Program had contemplated a US\$520.2 million loan (including US\$10 million to support technical assistance) in support of its second phase, but, given Brazil's improved fiscal situation, the Government requested that the loan be limited to US\$200 million, of which US\$15 million would finance a stronger program of technical assistance. In addition, the Government committed additional US\$15 million, extending the implementation period to five years. While the first phase focused on consolidating the BFP, the second phase APL is focused on fine-tuning some of the BFP's key innovative elements, strengthening evaluation and making further progress on the Program's integration with states' interventions. As a result, the Government requested a stronger program of technical assistance under the second phase of the APL. The APL had established triggers for moving forward with support for the Program's second phase, which were complied or surpassed. These are presented together with the objectives and general description of the second phase APL in Annex 10.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The relevance of the Project's objectives, design and implementation was extremely high. Its development objectives are unquestionably consistent with Brazil's current development priorities, with current Bank country and sectoral assistance strategies, and with corporate goals, both at the time it was designed and at present. The Project's objectives are consistent with the Government's continued strategy to reduce poverty and inequality while fostering economic development, which continues to be the centerpiece of its economic and social development priorities. In this framework, *Bolsa Família*

continues to be the Government's most important intervention, providing regular cash and food aid to Brazil's estimated 48 million people living in poverty.

During its first term, President Lula's administration maintained a dual strategy of both promoting and maintaining economic growth, and also stimulating social progress to tackle the challenges of inequality. The latter was substantially improved by the consolidation, expansion, and improvements in the BFP. In its second term, which began in early 2007, the current administration launched a renewed push for economic development and faster growth, as well as actions to further strengthen social policy and ensure that the recent gains in equity are sustainable, especially to weather the current economic slowdown. The Government has paid special attention to: (a) consolidating *Bolsa Família* at the core of its social safety net strategy; (b) complementing it with other social protection initiatives beyond conditional cash transfer programs; and (c) enhancing the program's processes to serve as a gateway for other income generation and skills development interventions at federal and state level, and also to help address some of the negative impacts of recent shocks.

In this way, the Project's objectives are at the center of one of the core pillars of the Bank's current CPS, namely, Achieving a More Equitable Brazil. The Bank's strategy mirrors the Brazilian Government's objective of reducing inequality by combining social progress with economic stability. The CPS states that the Bank's support focuses on reaching the poorest and achieving higher levels of quality and efficiency in social services, which was an important focus of the Project. It addressed directly the three main goals under this CPS pillar: namely, reducing extreme poverty, vulnerability and social exclusion. The Project was complemented during implementation, by a strong program of Analytical and Advisory Services (AAA) including: (a) the programmatic Brazil Social Assistance AAA program, "BRASA", which focused on providing technical assistance in the design of the BFP's targeting, and monitoring and evaluation systems; (b) the Brazil Evaluation AAA "BRAVA", program, which supported both the Program's impact evaluation as well as capacity strengthening for the Ministry of Social Development for M&E; and (c) the Labor AAA, which focuses on the labor-supply impacts of transfers and on active labor market programs aimed at improving the employability of at-risk groups and promoting graduation from welfare programs.

The Project's objectives were also closely aligned with corporate priorities of achieving the Millennium Development Goals in particular, MDG1, the reduction of poverty, hunger and malnutrition, and achieving universal primary education (MDG2) and reducing child mortality (MDG4) and maternal mortality (MDG5).

The Project's design responded directly to the Government's previous and current development priorities. The BFP had only recently been established when the Bank's financing became effective. The Government valued and requested the international perspective and technical advice that the Bank brought to its effort towards strengthening the Program, and the Bank's support, which *inter alia* brought lessons of experience to the BFP, undoubtedly strengthened its credibility. By designing Bank assistance with disbursements paced to technical improvements in the Program, and by structuring Bank

assistance in the form of a SWAp, the Project’s design leveraged Bank assistance and provided an effective vehicle for responding to the Government’s request for assistance in technical strengthening applied to the entirety of the BFP. As per its design, the Project did not impact a carved-out project, *per se*, but the establishment and strengthening of a major Government program that will undoubtedly continue, regardless of any future assistance. The framing of the Project’s development objectives was cautious, being careful to frame expected outcomes and associated targets in terms of what could be reasonably accomplished during the projected implementation period.

Because the design of Bank assistance focused on a program, as opposed to a project, it was possible during implementation for the BFP and the Bank’s implementation support to be flexible and responsive to the Government’s changing priorities and realities, without the need for formal restructuring of the Project’s objectives. For example, in 2008, the Government expanded age requirements for school attendance from 15 to 17 years, and introduced an addition transfer payment of R\$30⁴ per youth aged 16-17 years. This modification was introduced---without the need for a restructuring of the Project---in order to improve schooling of secondary school-aged youths and increase basic education completion rates.

3.2 Achievement of Project Development Objectives

The Project was successful in achieving its objectives. The Project’s objectives were carefully framed, yet the Project was able in all cases to meet and in many cases exceed the expectations that had been established during preparation of the APL Program and the Project. Progress towards achievement of the Project’s Development Objectives is as follows:

Table1: Progress towards Project Development Objectives

<i>Outcome Indicator</i>	<i>Status</i>
At least 2/3 of extreme poor families receiving BF transfers. At least 40 percent of total transfers going to bottom quintile.	<i>Achieved.</i> 11.1 million families receiving benefits (100 percent of target). <i>Surpassed.</i> 90 percent of BFP benefits were received by those in the poorest two quintiles (and 68 percent by those in the poorest quintile).
At least 80 percent of primary-age school-age children in extremely poor beneficiary families attending school.	<i>Surpassed.</i> 87.4 percent attending school had a monthly attendance rate above 85 percent (2009)
At least 95 percent of beneficiary children with health cards.	<i>Partially Achieved.</i> Reporting of compliance improved in recent years, although information is only available for about 64.48 percent of families. 67.7 percent of children of beneficiary families have their vaccinations monitored.

⁴ The value of this benefit has since been increased to R\$33 per youth.

Overall Results for the Bolsa Família Program (2004-2009—Reaching Beyond the Project’s Expected Outcomes. Over the last six years, the BFP has demonstrated impressive progress in terms of its coverage (nationwide, urban and rural, non-Indigenous, Indigenous and *Quilombola* populations), which make it the largest conditional cash transfer program in the world today. Moreover, the Program has demonstrated significant positive impact in terms of outputs and outcomes, while its institutional arrangements, coordination mechanisms at horizontal (sector) and vertical (states and municipalities), as well as mechanisms to improve control, oversight, transparency and accountability have achieved significant progress in their consolidation.

Furthermore, the BFP has developed an ongoing self-assessment process which not only has allowed a continuous fine-tuning of the Program’s basic processes, but also the development of innovative features, such as the modernization of the *Cadastro Único*, the payment mechanisms through electronic cards, the Index of Decentralized Management (IGD), the Observatory of Good Practices, and the systems to monitor conditionalities at the local level. While designed to foster medium-term improvements in human capital, the Program has proven that it represents also an effective mechanism to channel resources to the extreme poor to offset the impact of chronic poverty as well as temporary crises, by providing incentives to dissuade families from cutting their investment in education and health in the face of unexpected economic difficulties. The *Bolsa Família* Program today is a well-consolidated intervention at the core of Brazil’s social protection strategy, and is solidly institutionalized in the MDS, that has become an effective institution overseeing this and other social programs.

Responding to high expectations of social progress and to poverty estimates, the Government rapidly expanded coverage of *Bolsa Família* from 3.6 million families in 2003 to 11.1 million families (about 45 million people and 25 percent of the Brazilian population) in June 2006.⁵ Currently, *Bolsa Família* reaches more than 12 million families and 48 million beneficiaries in all of Brazil’s 5564 municipalities. Following the 2009 modification to the parameters used to select beneficiaries in response to the economic slowdown, the number of beneficiary families is expected to reach 12.9 million by the end of 2010.

The BFP has achieved a very good targeting of beneficiaries. About 90 percent of the Program’s benefits go to families in the poorest two quintiles and 68 percent go to those in the poorest quintile (PNAD, 2008). Despite the Program’s rapid expansion between 2003 and 2006 (when it reached 11 million families), it has proven to be very effective in reaching the poorest. In fact, recent rigorous evaluations have shown that *Bolsa Família* is among the best-targeted conditional cash transfer programs in the world, with very little leakage of benefits to the non-poor.

⁵ The original target population of the BFP was 11.2 million poor families, based on a poverty line of R\$120 in per capita family income. However, the latest household survey data point to a significant reduction in the poverty rate. With the new poverty line of R\$137, the new target population for the BFP is 12.9 million families.

Although the Impact Evaluation of the BFP is still being carried out, some important impacts of the Program are already apparent. Evidence on household-level impacts is available from: (a) the annual household survey (PNAD, 2006 and 2008); and (b) the results of the baseline of the multi-year longitudinal impact evaluation. Furthermore, the BFP has been assessed extensively by external agencies, showing in most cases significant positive impacts.

Impact on Poverty and Inequality. From 2003, Brazil's poverty rates and inequality began decreasing steadily, reversing the continuously worsening trends of the previous decades. Brazil has made significant progress in reducing poverty, lowering inequality, and improving the development opportunities of its vulnerable populations. Between 2003 and 2008, the absolute poverty rate dropped from 39 to 25 percent, while extreme poverty⁶ declined from 17.5 to 8.8 percent of the population. Similar progress was achieved in reducing inequality: Brazil's Gini coefficient fell by 7.0 percent in only seven years, from a long-time high of 0.596 percent in 2001 to 0.548 in 2008, stabilizing at its lowest level in the last three decades—one of the best performances in LAC and, indeed, globally. As a result, Brazil reached the 2015 target for MDG1, to eradicate extreme poverty and hunger in 2006.

Combined with the effects of sustained, albeit not spectacular growth, the BFP proved to be an effective instrument in reducing the gap between the rich and poor. Estimates indicate that the net impact of the BFP between 2003 and 2008 explains about one sixth of the reduction of the extreme poverty incidence in Brazil. It is estimated that *Bolsa Família* contributed with about 35 percent in the reduction of the extreme poverty gap (P1) and about 47 percent in the reduction of the severity of poverty (squared poverty gap-P2). Furthermore, *Bolsa Família* accounted for about 15 percent of the fall in inequality between 2003 and 2008. As expected, the Program's impact in reducing poverty and inequality among the lowest income quintile was much higher, accounting for about 35 percent in the increase in per capita income and 32 percent in the reduction in inequality in the same period.

Recent studies also suggest that the BFP may have had a significant economic impact on the fiscal situation of Brazilian municipalities. A study by the *Instituto de Ensino e Pesquisa* (INSER) published in 2009 showed that the monthly transfers made by the Federal Government to beneficiaries in Brazil's 5564 municipalities have increased the local GDP. The study calculated that, on average, a 10 percent expansion in the number of *Bolsa Família* beneficiaries increased municipalities' revenues in more than one percent while a 10 percent increase in the amount of the monthly transfer increased local

⁶ Brazil does not have an official poverty line and research institutions use different poverty lines that lead to different poverty numbers. IPEA's extreme poverty line was established at R\$65 or lower, depending on the region and area of residence (urban, rural), yielding an extreme poverty rate of eight percent. IPEA calculates the full poverty line as twice the level of the extreme poverty at R\$130, resulting in a poverty rate of 23 percent. This value is close to that being used by the Government in their documents. (IPEA; *Metodologia na determinação das linhas de pobreza e indigência (por insuficiência no consumo de calorias por dia)*).

revenue by 1.36 percent. According to the INSER study, the BFP contributed to a reduction in the fiscal dependency of most municipalities on the Federal Government, which had been a matter of concern in the previous decades.

The INSER study also estimated the impact of the BFP on Brazil's GDP in 2006, when the Program's budget was close to US\$3.4 billion. That allocation, which was more than 30 percent higher than the Program's allocation in 2005, may have increased Brazil's GDP by 1.8 percent in 2006.

Impact on Human Capital Development: Consumption, Health, Nutrition and Education. Results in terms of human capital development are equally positive when measured on the basis of utilization of education and health service providers. By July 2009 about 17 million 6-17 year old children and adolescents benefited from the education benefits and close to 10 million pre-school children and their mothers from the health benefit. The program monitors compliance with the education co-responsibility for 15.2 million children (6-15 year old). Within this age group, 87.4 percent had a rate of compliance of at least 85 percent with the attendance and enrollment condition. In addition, 1.9 million 16-18 year old youths were registered for the *Benefício Variável Jovem*. Compliance with school attendance for these youths reached 76.7 percent (1.45 million youths) in the June/July 2009 period. Although reporting has improved in recent years, only about 63 percent of the families verified compliance with the health co-responsibility (6.1 million from a total of 9.7 million families receiving the health benefit); from those over 98 percent complied with the health co-responsibility in 2008 (5.6 million), while the remaining two percent partially complied with the condition. Almost 68 percent of children of beneficiary families had their vaccinations monitored by health authorities. Overall, less than 0.5 percent of registered families' benefits are cancelled annually for failing to comply with co-responsibilities since the program seeks to guarantee beneficiaries participation.

One of the most unequivocal positive impacts of the BFP has been the marked reductions in food insecurity and increases in consumption among poor beneficiary families for whom consumption increased as a share of total spending, especially in food consumption, education, and children's clothing. For each *real* received as a transfer, 62 cents were spent on food, as opposed to 24 for non-beneficiaries. Different studies show that between 74 and 85 percent of families have not only increased overall food consumption, but have also enhanced the quality and variety of food consumed, the number of daily meals, and the quantity of children's food. An evaluation of *Bolsa Família* by the Ministry of Health showed that the BFP beneficiary families' diets were 5.1 percent more diverse than that of non-beneficiaries'. These improvements may have had important effects on reducing malnutrition, and consequently stunting and wasting in children. The baseline study showed no significant impact of the Program in terms of malnutrition.

Preliminary results in education show that the impact of the program is more significant in secondary education, where beneficiaries of Bolsa Família reached over 80 percent compared with 72 percent of non-beneficiaries. In primary education, total spending on educational inputs increased and other educational indicators, such as attendance, showed

improvements. For children 7-14 years of age, participation in the BFP increased the likelihood of school attendance by 3.6 percentage points, while this increase was 7.1 percent in the Northeast region. Another study showed that in the long run, enrollment rates increased about 13 percent. Despite these positive results with respect to attendance, the impact on education outcomes has been less than expected, since this depends also importantly on parallel efforts to improve the quality of education. Evaluations and other recent assessments show differing results regarding grade promotion and repetition.

The Intermediate Results that Supported the BFP's (and the Project's) Outcomes. In addition to the actual financing of monthly transfers to targeted beneficiaries under Component 1, these impacts and results were made possible in large part by the important results achieved in the institutional framework for social sector assistance, which was supported by the Project through its three technical assistance components (Components 2-4) and project management component (Component 5), each of which had intermediate outcome indicators to measure progress towards the eventual accomplishment of the Project's objectives. The Project's progress towards intermediate results, by Component, is described in detail in Annex 2.

3.3 Efficiency

The BFP increased dramatically Brazil's spending on social assistance, but undoubtedly increased the efficiency in public social spending. A more detailed description of the increased efficiency promoted by the BFP is provided in Annex 3.

Before 2001, a number of social assistance programs that have since, under the Project been merged into the BFP, specifically targeted the poor. Under the Project, assistance under these four pre-BFP conditional transfer programs and, later on, the *Programa De Erradicação Do Trabalho Infantil* (PETI) has been virtually eliminated, their beneficiaries have been incorporated under the *Cadastro Único* and are receiving assistance under the BFP. Administrative efficiencies resulted by merging these programs into a single program that was coordinated by a single federal ministry (thereby reducing the administrative costs of running multiple programs) and by unifying the target population. The BFP also promoted administrative efficiencies by seeking partnerships across different levels of government to support the Program's implementation. But beyond these, the creation of the BFP was not a simple merging of previous initiatives but a totally new, multidimensional strategy to reduce poverty and inequality, that sought to promote synergies and complementarities from the simultaneous promotion of investments in education and health in families, thereby promoting a more comprehensive investment in human development in return for even a given amount of expenditure.

The BFP also generated efficiency in overall social spending in Brazil by consolidating the *Cadastro Único* so that it could be used by several other social programs administered by the MDS, effectively coordinating the BFP with other social safety net interventions and beginning to articulate the Program with other complementary federal, state and municipal programs that sought to increase social capital formation in poor households.

Finally, improvements in targeting over the implementation period have helped to ensure that the BFP is implemented efficiently in terms of reaching its target population. The Program sets its target population on the basis of poverty maps prepared by the statistical institute (IBGE) and analysis prepared by the *Instituto de Pesquisa Econômica Aplicada* (IPEA) and the MDS. This methodology defines the target population at the municipal level on the basis of which the MDS establishes municipal quotas. Improvements in the process for updating and in the quality of information in the *Cadastro Único* ensures that there are no leakages or duplicity in transfer payments, all of which increase the BFP's operational efficiency.

3.4 Justification of Overall Outcome Rating

Rating: Satisfactory

Assigning an overall outcome rating for the Project was not an easy task. On the one hand, it is hard to imagine a program of Bank assistance, such as that supported by the Project, that has impacted the entirety—institutional, technical, financial, economic and social—of a newly-established Government program so positively, that was and continues to be so highly relevant to both the Government and the Bank both in terms of objectives, design and implementation, that has met or even exceeded expectations in terms of results so well, and has resulted in increased efficiency in the allocation and use of public finances. With these criteria alone, an Overall Outcome Rating of Highly Satisfactory would be justified. On the other hand, issues related to delays in procurement of key technical assistance tasks which resulted in a two and a half year extension of the Closing Date, in part resulting from the lack of experience of a newly-created institution and in part resulting from a complex system of procurement at the federal level, resulted in important delays in contracting important activities aimed at further strengthening of the Program, thereby impacting adversely the efficiency with which the Project was implemented. While these delays and extensions had no major impact on the Program's relevance, the accomplishment of its objectives or the efficiency that it generated in terms of its overhead costs compared with those of the previously-existing sectoral programs, they are sufficient to justify an Overall Outcome Rating of Satisfactory.

3.5 Overarching Themes, Other Outcomes and Impacts

(if any, where not previously covered or to amplify discussion above)

(a) Poverty Impacts, Gender Aspects, and Social Development

The BFP's focus on impact on poverty and human development was at the core of the Program and is described in detail in Section 3.2. The Program's impact on gender has produced interesting results that could possibly have been expected in hindsight. Women figure prominently among beneficiaries, and where possible, transfer payments are made directly to the mother in a household. Apart from the direct impact on human capital development among women beneficiaries, several studies also point to potentially important impacts on intra-household power relations. Findings from Libardoni and Suárez (2006) suggest that the BFP improved women's ability to make choices for

themselves and for their children. It also helped to reduce women's sense of insecurity vis-à-vis their husbands and, according to almost 43 percent of beneficiaries interviewed, helped reduce the incidence of domestic violence. The baseline data for the BFP impact evaluation (CEDEPLAR and SAGI, 2007) show higher bargaining power of women in beneficiary households, especially in the Northeast, where monetization is less developed.

(b) Institutional Change/Strengthening

Created in 2004, the *Ministerio de Desenvolvimento Social* (MDS) that has overall responsibility for implementation of *Bolsa Família* has become a solid institution with considerable expertise that has consolidated and strengthened the systems required for overall management of the BFP and its monitoring and evaluation. The consolidation of the BFP was carried out in parallel with the creation and consolidation of the MDS as the Federal Ministry responsible for social assistance programs. This “parallel” implementation, allowed the MDS to consolidate a social safety net for the country, with the BFP as its core. The institutional structure of the MDS is grounded in a federal law (issued in 2004), and regulations and operational processes, which define institutional responsibilities for the BFP. The MDS comprises three executive Secretariats responsible for the implementation of the social protection programs (the National Secretariat of Citizen's Income, SENARC—responsible for the BFP; the National Secretariat for Social Assistance---SNAS, and the National Secretariat for Food and Nutritional Security---SESAN) and two transversal Secretariats responsible for supporting the integration among social programs and links between families in the *Cadastro Único* with other interventions at Federal, State and local levels (the Secretariat for Institutional Articulation and Partnership, SAIP), and to carry out a comprehensive monitoring and evaluation system for social programs (Secretariat for Information Management and Evaluation, SAGI).

In this regard, the MDS is the key federal institution responsible for planning, implementing, and articulating social policy not only for the BFP but all social policies in Brazil—the consolidation of the BFP was implemented in parallel with the creation and consolidation of the MDS as the federal ministry responsible for social assistance programs. This allowed the MDS to consolidate a social safety net, with the BFP at its center. The MDS has internalized monitoring and evaluation as a key process for achieving results not only for the Program but social policy in general. Since its creation in 2004, the MDS has unquestionably enhanced its implementation capacity and annual budgetary allocation very significantly.

The BFP has developed a comprehensive structure supported by sophisticated mechanisms to operate program processes. The Program is supported by a robust database, the *Cadastro Único*, which collects the information of about 17 million families, virtually 100 percent of the poor population. The BFP has internalized mechanisms for reaching out to potential and incorporating Indigenous and *Quilombola* beneficiaries in its operational processes. More, it has developed partnerships with other federal institutions working with these groups to maximize the effectiveness of its efforts. The ongoing assessment, revision and adjustment of the instruments to identify, select

and register families in the *Cadastro Único* has contributed to minimize inclusion and exclusion errors. Payments are made through the *Caixa Econômica Federal*, a public bank, supported by over 30,000 payment points where families can collect their benefits within 90 days of payments, using an electronic card.

This advanced structure permits the program to define and publish a calendar of payments early each year, which allows families to improve budget planning. MDS has established formal mechanisms for collaborating with knowledge agents in Brazil, including IPEA, IBGE, the *Fundação Getulio Vargas* (FGV), academics, and specialists to make considerable improvements in the BFP's design, especially in the area of targeting and registration. At the local level, all of Brazil's municipalities are partners in the BFP's implementation and measures like the *Índice de Gestão Descentralizada* have helped strengthen the capacity of municipal governments to implement the BFP. Finally, the established system of oversight and accountability, both formal with the Executive and the Legislative branches of government, and social with the publication of beneficiary lists and the constitution of social control councils, and a fully functional web-site for the Program that ensures its consultative processes and transparency has grounded the Program's institutional framework and ensures its ongoing accountability and legitimacy.

(c) Other Unintended Outcomes and Impacts (positive or negative)

As the Government's flagship social program and the largest conditional cash transfer program in the world, *Bolsa Família* has generated a large and growing body of literature on its impact and implementation. This has fed into the strengthening of the Government's monitoring and evaluation functions, which the Bank has supported in part through the BRAVA program of programmatic technical assistance--both for program-level impact evaluation and institutionalization of M&E. In addition, the scale and speed at which the program has expanded and its sheer size has generated a lot of demand for knowledge sharing from countries in the process of developing CCT programs. As Brazil's stature grows in the international arena, it is taking a leadership role in discussions on social assistance policies and *Bolsa Família* is a key ingredient of this knowledge agenda.

Since its expansion, *Bolsa Família* has stimulated intense South-South learning, through visits and study tours, direct technical assistance and participations in regional CCT/Social Assistance forum. The Program has been the object of multiple requests for participation in seminars and hosting of study tours and visits from over 30 countries from around the globe. The MDS has organized a series of regional seminars on selected topics of operational importance for CCTs, including regional seminars on targeting issues in 2005 (with Chile and Mexico), on graduation and complementary services in 2007 (with Argentina, Chile, Mexico). The MDS also maintains a program of direct technical cooperation with selected countries.

The *Bolsa Família* Program is an active member of the CCT community discussion group in Latin America and the Caribbean. This group, formed after the 3rd International CCT conference in 2006, is composed of high-level program managers and staff from

Brazil, Chile, Colombia, El Salvador, and Mexico, the Inter-American Development Bank and the Bank working on CCT projects and meets monthly through videoconferences to discuss transversal operational issues regarding CCTs and yearly through organized in-person workshops that provide a forum for peer exchanges aimed at enabling program staff to cross-fertilize experience with implementation issues.

Brazil has also organized international events related to CCTs, including, in 2004, the **2nd International Conference on Conditional Cash Transfer Programs** for practitioners and policymakers, in a collaborative effort with the U.K.'s Department for International Development (DFID), the German Technical Agency for Technical Cooperation (GTZ), the International Food Policy Research Institute (IFPRI), the Municipality of São Paulo, Brazil and the Bank.

Finally, MDS/*Bolsa Família* has stimulated the production of PhD and masters studies in Brazil and internationally. The MDS has created a process for making public the micro data generated by evaluations that are managed internally. Four months after the results of the research are made public, micro-data – without any personal identification on interviewees – is made available to the Social Information Consortium (CIS)⁷ and researchers can access it. Externally, in partnership with the UNDP-IPEA International Poverty Centre (IPC), the MDS has created a virtual library⁸ that houses over 90 national and international publications on a variety of themes: income and labor generation, food security and nutrition, education, health, amongst others. This tool serves to disseminate the growing body of research and literature on *Bolsa Família*.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

N/A

4. Assessment of Risk to Development Outcome

Rating: *Negligible*

The Risk to Development Outcome of the Project is *negligible*. The BFP continues to be the centerpiece of Brazil's social policy, and has already made a marked contribution to a reduction in poverty and extreme poverty and improvements in income distribution. As a result, the BFP counts on political support at all levels. President Lula has repeatedly reaffirmed his commitment to the Program and recently announced the intention to legally protect benefit amounts from erosion by inflation.

Brazil's currently strong financial situation should ensure the BFP's fiscal sustainability and no major constraints are envisaged over the medium-term, despite the international

⁷ The Social Information Consortium resulted from a project developed by the Center to Support to Research on the Democratization and Development of the University of São Paulo (NADD-USP) in partnership with the National Association of Graduate Studies in Research in Social Sciences (ANPECS).

⁸ <http://www.ipc-undp.org/mds.do?active=3>.

financial and economic crisis. The potential impacts of the international financial and economic crisis have only deepened the Government's commitment to the BFP as decisions were taken to review and increase both benefit amounts and beneficiary numbers to help prevent an increase in poverty and inequality and a reversal of recent gains. Proportionately, the size of the BFP is comparable to that of other large-scale CCT programs in the region. Program costs are equivalent to about 0.38 percent of GDP. The alignment state and municipal resources also strengthens the BFP's sustainability.

While forthcoming elections might have raised concerns about the future sustainability of the BFP, there are several factors that make these unlikely. Media coverage of the BFP has been mostly positive. Overall, the Program enjoys strong support from the Brazilian public. The Government has taken a proactive role, together with the press, in reporting and following up on allegations of fraud, intentional and unintentional errors. Perceptions of possible dependency, or views of the Program as "*assistencialista*" exist, but their reality has not been substantiated, and efforts to link the BFP to job training and other employment opportunities will dissuade these views as will hopefully the results of the impact assessment currently being finalized. Also, the support for conditional cash transfer programs spans the political spectrum: the first transfer programs in Brazil, including *Bolsa Escola*, *Bolsa Alimentação* and different municipal programs, were launched by federal and municipal administrations from different political parties in the mid-1990s. Furthermore, the Government is preparing several laws that would shield the program, making it difficult to shut it down. Finally, its results have demonstrated to be sustainable in terms of its impact on reducing poverty and inequality. The PNADs (2004, 2006 and 2008) have consistently shown the BFP's sustained contribution to reducing the incidence of extreme poverty, the poverty gap and inequality. The BFP's sheer scale—benefitting about 12 million families, the Program is the largest conditional cash transfer program in existence--becomes a major factor supporting its sustainability.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Highly Satisfactory

The Bank's performance at ensuring quality at entry is considered *highly satisfactory*. The Bank responded immediately to the Government's request for assistance in designing the BFP, initially through just-in-time technical assistance and then through assistance in project preparation. The Bank's approach was not only timely, but also strategic in that it envisioned support to the Program within in overall program of support for social assistance, not only through a specific project, but through an APL program to support the BFP over the medium-term coupled with an innovative mechanism of two programmatic analytical and advisory services that allowed flexibility in the definition of specific tasks to respond to emerging needs. The design of the APL program, and the technical advice and support the Bank provided to the client were top-notch and incorporated state-of-the-art technical design on the basis of lessons of experience with

conditional cash transfer programs that were not as widely recognized at the time as they are today. The Project's design responded directly to the Borrower's priority in tackling poverty and inequality, while at the same time creating and strengthening the institutional, financial, monitoring and evaluation, social and fiduciary aspects of the BFP that were seen as needed not only to ensure the Program's accomplishment of its objectives, but also to provide it with the accountability, legitimacy and institutional grounding and recognition that would ensure its sustainability as an instrument of social policy over the longer term.

The design of the Bank's lending instrument--an APL in the form of a SWAp in support of the entirety of the BFP--was responsive to the Borrower's needs and requests, yet also addressed internal concerns at the time regarding the provision of large-scale financial assistance to support an ambitious but not-yet-fully established Government program. The Project, and the APL program, by supporting the establishment and strengthening of a government program in its entirety, as opposed to a specific project, thus scaled-up the impact of Bank assistance. In addition, monitoring and evaluation, as well as good fiduciary practices, were seen as *sine-qua-non* for the basic functioning of the BFP, and were rightly identified as priorities within the Project's design.

The Bank's financial assistance was tailored to rely, to the extent possible, on the Government's own financial management systems and procedures and monitoring and evaluation systems, while improving them in the process to comply with both the Program's and the Bank's fiduciary requirements. Risks were correctly identified during appraisal, and the Project's design incorporated mitigation measures with the result that apart from minor delays in procurement, those risks never materialized. During project preparation, a comprehensive IPDP was prepared to tailor policies, assistance and operational practices to address the needs of Indigenous and *Quilombolas*, which were highly represented among the targeted beneficiary groups. The technical skill mix and the continuity of the Bank's preparation team, together with the support they received from Bank management at all levels, were exceptional. In order to be available to provide hands-on, just-in-time support to the Government in the important preparation phase (and later early supervision), the Bank's Task Manager was decentralized to the Brazil Country Office.

(b) Quality of Supervision

Rating: Satisfactory

The Bank's performance during supervision was *satisfactory*. The Bank's supervision effort was key to supporting the Government in getting the technical assistance activities, including especially the monitoring systems, off to an early start to ensure they would support the planned rapid expansion of the BFP. The Bank ensured that its technical advice and support maintained relevance through the implementation of three complementary programmatic AAA tasks mentioned above. The design of these AAA tasks as programmatic instruments, allowed the Bank, through its program of AAA, to respond to emerging issues and priorities for the BFP with timely and high-quality technical advice. Because the Project was the focal point of an integrated program of

support for social assistance, the staff and other inputs that the Bank assigned to the BFP and the Project's supervision were satisfactory and appropriate, both from HQ and in the Country Office. The Bank identified issues with procurement, initially with staffing for procurement, and later the other issues that led to delays in contracting, and responded proactively with increased support from procurement specialists and increased follow-up from the Task Manager.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

For the reasons described in sections (a) and (b) above, the Bank's overall performance is considered satisfactory.

5.2 Borrower Performance

(a) Government Performance

Rating: Highly Satisfactory

The Government's performance is considered *highly satisfactory*. The BFP was unquestionably the Government's program. The Government was unequivocal about the priority it assigned to poverty reduction and social equity, and throughout, support came from the highest level. It wanted to pursue those objectives within a framework of market-friendly economic policies, but with social results that were direct, transparent and fiscally and socially sustainable. This was a sophisticated middle income client that knew what it wanted, and sought, listened to and internalized the Bank's assistance, especially technical, to pursue those results, both during the design, preparation and appraisal of the Program, the APL program and the Project, as well as throughout implementation. Actions needed to create the institutional framework for the BFP, including the legal establishment of the MDS and the policy framework and operational rules for the Program, were expedited, reflecting the priority that the Government assigned to it. Throughout the short five-year history of the BFP, the Government has consistently provided the budgetary resources to not only maintain but also expand the Program according to established targets, and support the required institutional tasks needed to ensure its transparency, accountability and legitimacy. Throughout, the Government has never lost sight of the "next step" needed to maintain the Program's relevance in response to emerging threats to the achievement of its objective of reducing poverty and to the improving poverty trends that have resulted from its existence.

(b) Implementing Agency or Agencies Performance

Rating: Satisfactory

The Implementing Agency's performance is considered *satisfactory*. From the start, the MDS sought a strong partnership with the Bank to support its efforts to establish and implement the BFP, and to strengthen its own internal capacity to do so in the process.

MDS also sought and achieved important partnerships with other agencies that had a central role in the Program's functioning, and which also contributed positively to the Project's results: *Caixa Economic Federal*, the Ministries of Education and Health, IBGE, Brazil's municipalities and other public and private institutions. The MDS was able to overcome initial delays and problems in staffing, although its capabilities in the area of procurement, and the federal systems upon which it relied, lead to delays in project completion. Yet, throughout, it worked closely with the Bank to strengthen its capabilities, and to develop and follow an action plan to accelerate, albeit with delay, the contracting of technical activities that were underway by the loan's closing date. MDS' support to the development of a culture of strong monitoring and evaluation was very strong, and invaluable for strengthening the BFP's transparency and impact.

(c) Justification of Rating for Overall Borrower Performance

Rating: Satisfactory

For the reasons described in sections (a) and (b) above, the Bank's overall performance is considered satisfactory.

6. Lessons Learned

The BFP's implementation, together with the Bank's support under the Project offer a wealth of lessons with respect to its experience as the largest conditional cash transfer program in the world, and to the Bank's involvement in support of it. These are described separately as lessons with respect to the BFP as a CCT and lessons with respect to Bank involvement below.

Lessons with respect to Conditional Cash Transfer Programs:

- Well-defined, targeted, managed and monitored CCT programs represent an important instrument of social policy for reducing poverty and extreme poverty, and improving income distribution.
- Political leadership combined with strong technical implementation capacity and rigorous evaluation is key to the setting-up and sustainability of conditional cash transfer programs.
- Clear definition of institutional responsibilities in turn ensures adequate coordination and improves institutionalization and sustainability.
- Families who fail to comply with conditionalities may need additional support to take full advantage of CCT programs.
- Strengthening human capital, especially among the poor, requires tight coordination between demand and supply side interventions.
- Transparent targeting mechanisms ensure that a CCT program reaches its intended beneficiaries and maximizes its impact.
- Clear and transparent rules to provide support and apply sanctions ensure CCT programs' credibility.

- Linking beneficiaries to skills and income generating activities ensures the medium-term sustainability of poverty alleviation impacts.
- CCT programs, while designed to foster medium-term improvements in human capital, have a role to play in responding to crises and protecting poor households' investments in human capital.
- Communication throughout program implementation sustains CCT programs in their daily operations and also promotes wide-spread “buy-in” for the program.
- While CCTs have traditionally focused on school-aged children, reaping the highest yields for this investment may require enhancing school.

Lessons with respect to the Bank’s Assistance:

- The Sector Wide Approach (SWAp) to investment lending, in which Government systems are utilized and strengthened, and apply not only to the entirety of the program supported but for the Bank’s fiduciary purposes as well leverage Bank assistance to impact the entirety of the program.
- By financing a program through a SWAp, flexibility for responding to emerging priorities is brought into the instrument.
- Complementary programs of Bank analytical and advisory services, such as the programmatic BRASA and BRAVA AAA tasks that supported the design of social assistance in Brazil offer an effective vehicle for leveraging the Bank’s technical assistance to parallel that financed under investment lending operations.
- When Bank assistance supports the start-up of a new program the risks may be high, but if and as technical support to and strengthening of the program progress.
- When an Implementing Agency requires the support of an external agency to procure goods and services, clear strategies should be defined to transfer knowledge to that Agency’s fiduciary units.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

The comments from the Borrower included minor editorial corrections, updates, and adjustments that have been incorporated in the ICR. The full comments are reflected in Annex 7.

(b) CofinancierI(c) Other partners and stakeholders

(e.g., NGOs/private sector/civil society)

N/A.

Annex 1: Project Costs and Financing

As of June 30, 2009 (from Govt. Progress Report dated 10/15/09)

(a) Project Cost by Component (US\$m)

Component	Total Costs PAD Estimate	Total Costs Actual	% of PAD Estimate
I. Conditional Cash Transfers	551.5	551.5	100%
II. Strengthening the System for Identifying the Target Population	4.4	2.2	50%
III. Developing a Monitoring and Evaluation System	7.0	3.0	43%
IV. Institutional Strengthening	2.8	4.0	143%
V. Project Management	0.8	0.3	38%
Front-End Fee	5.7	2.9	51%
TOTAL PROJECT COSTS	572.2	563.9	99%

(b) Project Cost by Component:

Component	Total Costs PAD Estimate		Total Costs Actual		% of PAD Estimate	
	Govt.	Bank	Govt.	Bank	Govt.	Bank
I. Conditional Cash Transfers	6,174.0	551.5	24,016.50	551.5	389%	100%
II. Strengthening the System for Identifying the Target Population	0.0	1.9	0.0	2.2	0%	116%
III. Developing a Monitoring and Evaluation System	0.0	7.0	0.0	3.0	0%	43%
IV. Institutional Strengthening	0.0	5.1	0.0	4.0	0%	78%
V. Project Management	0.0	1.0	0.0	0.3	0%	30%
Front-End Fee	0.0	5.7	0.0	2.9	0%	51%
TOTAL PROJECT COSTS	6,174.0	572.2	24,016.5	563.9	389%	99%

Annex 2: Outputs by Component

OUTCOMES AND RESULTS BY COMPONENT

Project Development Objectives for First Phase APL	
<i>Outcome Indicator</i>	<i>Status</i>
<ul style="list-style-type: none"> • At least 2/3 of extreme poor families receiving BF transfers • At least 40 percent of total transfers going to bottom quintile • At least 80 percent of primary-school-age children in extremely poor beneficiary families attending school • At least 95 percent of beneficiary children with health cards 	<ul style="list-style-type: none"> • Achieved. 11.1 million families receiving benefits (100 percent of target) • Surpassed. 90 percent of BFP benefits were received by those in the poorest two quintiles (and 68 percent by those in the poorest quintile) • Surpassed. 87.4 percent attending school had a monthly attendance rate above 85 percent (2009) • Partially Achieved. Reporting of compliance improved in recent years, although information is only available for about 64.48 percent of families. 67.7 percent of children of beneficiary families have their vaccinations monitored.
<i>Results Indicator</i>	<i>Status</i>
<p>Component One:</p> <ul style="list-style-type: none"> • Pre-reform programs eliminated (former beneficiaries either converted to BFP or dropped from programs) • Transactions costs for transfer payments reduced from those of pre-reform programs 	<ul style="list-style-type: none"> • Achieved. Pre-reform program beneficiaries included in <i>Cadastral Único</i> in December 2008; a minimal number of beneficiaries still under those programs • Achieved. Central Government administrative costs reduced from 5.3 percent to 5 percent of total program outlays

<p>Component Two:</p> <ul style="list-style-type: none"> • New <i>Cadastro Único</i> questionnaires developed and printed • Expansion and recertification data collection strategy designed and operational • Elimination of all detectable duplications in the <i>Cadastro Único</i> database • Periodicity for updating <i>Cadastro Único</i> and recertifying Bolsa Família beneficiaries formally established • <i>Cadastro Único</i> users (<i>MDS</i> and at least 50 percent of municipalities) with access to data 	<ul style="list-style-type: none"> • Achieved. IBGE/MDE completed revision of new questionnaires based on field tests. New questionnaires launched in 2009 • Achieved. Decree for <i>Cadastro</i> management published 06/07 with collaboration between MDS/IBGE for data collection established. Decree established decentralized management index and recertification policy • Achieved. MDS developed systematic internal and external cross checks. Ongoing purging continues • Achieved. Two year recertification periodicity established by decree in 04/06; first nationwide recertification complete, next scheduled to start in 2010 • Surpassed. MDS and 100 percent of municipalities have real-time on-line access to <i>Cadastro Único</i> data base
<p>Component Three:</p> <ul style="list-style-type: none"> • Adequate MIS for BFP developed and operating • Quality Control Reviews of BF processes implemented • Baseline beneficiary survey conducted 	<ul style="list-style-type: none"> • Achieved. MIS operating for all elements (<i>Cadastro Único</i> in real time, payments, conditionality monitoring); contract to integrate all elements under way • Achieved. Since 01/05 CGU regularly conducts oversight reviews and audits. TCU conducted implementation evaluation in 2006 • Achieved. Analysis for baseline household survey covering 15,000 household completed in 2007; first follow-up of IE under implementation (expected 06/10)
<p>Component Four:</p> <ul style="list-style-type: none"> • Matrix of key responsibilities for BFP published 	<ul style="list-style-type: none"> • Achieved. Decrees, <i>portarias</i> and terms of agreement issued and published on MDS website.

<ul style="list-style-type: none"> • Strategy for operating program in remote areas developed • Beneficiary information booklets (<i>cadernetas</i>) designed, published and distributed • System for monitoring human capital conditionalities operating 	<ul style="list-style-type: none"> • <i>Achieved.</i> • <i>Achieved.</i> Beneficiary booklet designed, printed and distributed to all beneficiaries • <i>Achieved.</i> System in place with monitoring processes carried out by MDS, ME and MH, and local MDS representatives with municipal education and health authorities
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PROGRESS TOWARDS INTERMEDIATE RESULTS BY COMPONENT

Component 1: Conditional Cash Transfers (Grants)

- At least 2/3 of extreme poor families receiving BFP transfers
- Pre-reform programs eliminated (former beneficiaries either converted to BFP or dropped from programs)
- Transactions costs for transfer payments reduced

Since its creation in 2003, the BFP has expanded rapidly to the point that it is now the largest cash transfer program in the world. In parallel with technical improvement to the Program under Components 2 through 4, Component 1 financed the payment of cash transfers to eligible BFP beneficiaries. When the loan for the first phase of the BFP was under preparation in 2003, the Program's benefits were already reaching an estimated 3.6 million families. In October 2003, the four pre-reform programs, *Bolsa Escola*, *Bolsa Alimentação*, *Cartao Alimentação* and *Auxilio Gas* covered together a total of 17.7 million families, yet there was overlap among the target groups of these programs so the number of beneficiary families was much less. The Government's multi-year plan aimed to target 11.2 million families by 2006, while migrating the beneficiaries of the pre-reform programs into the BFP through a validation process and then eliminating those pre-reform programs. The Program increased rapidly without compromise to efforts to strengthen its targeting and monitoring of conditionalities, to reach about 12 million families (about 48 million people and 25 percent of the Brazilian population) by August 2009.⁹ In 2009, the parameters used to select beneficiaries were modified in response to the economic slowdown and as a result, the number of families in the BFP is expected to reach 12.9 million by the end of 2010.

⁹ The BFP's original target population was 11.2 million poor families. The latest household survey data points to a significant reduction in the poverty rate. According to the MDS, using the previous poverty line of R\$120 in per capita family income, the target population for the Program would be 11.1 million families, reflecting thus a reduction in poverty. With a new poverty line of R\$137, the new target population for the BFP is 12.9 million families.

Since its launching in 2003, the Government has updated the value of the benefits, adjusting their structure and modifying the design of incentives to address specific economic and social contexts as well as policy priorities. The BFP has played a key role as a safety net mitigating the impact of food and oil prices, and more recently the economic downturn. The Program's benefits were adjusted to respond to these challenges in two ways: (i) increasing benefit amount to avoid their erosion by food price inflation; and (ii) expanding the beneficiary lists to include a vulnerability dimension introducing income volatility as part of the selection criteria. First, in 2008 and 2009 the Government readjusted the amount of all benefits, which helped beneficiary families absorb the impact of the increases in food and oil prices. Then, in 2009, as an ex-ante risk management tool to cushion the economic slowdown, the Government revised its estimation of potential beneficiaries based on the new IBGE poverty maps and vulnerability analysis by IPEA on the Monthly Labor Force Survey.¹⁰ As a result, the target number of beneficiaries increased by 1.8 million families, and 1.3 million new families were to be registered between May and October 2009. In 2007, the Government also adjusted the structure of benefits to encourage participation in secondary education by expanding the age requirements for school attendance from 15 to 17 years of age and introducing an additional variable monthly payment of R\$33 per youth aged 16 to 17 years. The benefit is paid per youth. In this context, the extension of the BFP to this segment of the population, with a cash benefit of R\$30.00 for at maximum two benefits per family, is likely to represent an investment in the social inclusion of these young. Currently, it is estimated that 1.8 million youths receive these resources.

A table presenting the evolution of the BFP's benefits and their structure since the Program's launching is presented in Table 2 below.

¹⁰ Under the current methodology, the information collected by the survey captures the family income during the previous month only. The new methodology intends to capture the volatility of income, which will affect families near the poverty line in particular.

Table 2: Evolution of the Benefits of the *Bolsa Família* Program

	January 2004	July 2007	June 2008	July 2009
Norm	Law 10.836	Decree 6157	Law 11.692	Decree 6.917
Extreme poverty line	R\$85	R\$60	R\$60	R\$70
Poverty line	R\$100	R\$120	R\$120	R\$140
Variable benefit	R\$15 (0-14)	R\$18 (0-14)	R\$20 (0-15)	R\$22 (0-15)
			R\$30 (16-17)	R\$33 (16-17)
Basic (fixed) benefit	R\$50	R\$58	R\$62	R\$68

Source: adapted from Soares and Satyro (2009).

Bolsa Família has achieved a very good targeting of beneficiaries and small leakages to the non-poor. About 80 percent of the Program's benefits go to families in the poorest two quintiles and 48 percent are received by those in the poorest quintile. Despite the Program's rapid expansion between 2003 and 2006 when it reached the target of 11 million families, the program has proved to be very effective in reaching the poorest. Financing of transfers flow directly from the Brazilian Treasury to the *Caixa Econômica Federal* after the MDS (through its National Secretariat for Citizen Income-SENARC) approves the benefit payment roster, or *Folha de Pagamento*. *Caixa* then transfers the money to a pooled account, which beneficiaries access with a debit card.

Management of *Bolsa Família's* benefits involves three set of processes and activities: (i) authorization of payments—information on families' composition, updated information on the registry, analysis of compliance with co-responsibilities by the families; (ii) management of benefits at the local level—processes and regulations to block, unblock, cancel, reinstate and suspend benefits, according to program rules; and (iii) payment-logistics, mechanisms to reach families in remote areas, and strategies for beneficiaries to better manage their payments (financial education).

By mid-2009, *Bolsa Família* was making about 11 million payments per month. Beneficiaries collect their transfers using their electronic card in more than 15,000 locations. Families can collect their benefits within 90 days. The Program estimates that currently about 95 percent of benefits are collected. Nevertheless, the remaining five percent represents about 500,000 benefits not withdrawn after 90 days.

Since 2008, the Program launched a strategy to open bank accounts for about 4 million beneficiary families of *Bolsa Família* by 2010. The accounts, opened in the *Caixa*, are intended not only to deposit the benefits for families, but also to facilitate households' access to other banking services. By mid-2009, the Program has helped about two million beneficiaries to open their bank accounts.

The BFP has also helped to rationalize and boost social assistance spending. Before 2001, a number of social assistance programs specifically targeted the poor, and accounted for seven percent of total federal social spending. Among them were the four pre-reform conditional cash transfer programs including, *Bolsa Escola*, a primary and secondary education program; *Bolsa Alimentação*, which targeted nutritional needs of women and children; *Cartao Alimentação*, supporting families' food security and *Auxilio Gas*, which extended subsidies for cooking gas. By 2003, these four combined represented close to one fourth of the federal spending on social assistance. By the end of 2009, these four programs had all but been eliminated, and pre-reform program beneficiaries were included in the *Cadastro Único* in December 2008.

By merging the four pre-existing programs, the transaction costs of the transfer payments were also reduced. The central government's administrative costs for the pre-reform programs amounted to 5.3 percent of the total outlays for those programs. The central government's administrative costs for the BFP amount to only five percent of the Programs total outlays. With total outlays of R\$2.6 billion in 2003, administrative costs of the pre-reform programs totaled R\$84 million. With total outlays of R\$12.2 billion in 2009, administrative costs of the BFP totaled R\$465 million.

Component 2: Strengthening the System for Identifying the Target Population

- New Cadastro Único questionnaires developed and printed
- Expansion and recertification data collection strategy designed and operational
- Elimination of all detectable duplications in the Cadastro Único database
- Periodicity for updating Cadastro Único and recertifying Bolsa Família beneficiaries formally established
- Cadastro Único users (MDS and at least 50 percent of municipalities) with access to data

While rapidly expanding the BFP to target beneficiaries, the Government worked solidly to strengthen the system for identifying the Program's target population, and putting in place formal procedures to ensure that this information was continuously updated. MDS and the *Caixa* have designed a set of mechanisms to improve management of benefits and transparency in the payment process, especially through improvements to and strengthening of the process for managing the *Cadastro Único*. The primary objective of the *Cadastro Único* is to serve as a registry of all Brazilian families living in poverty. It is a national database which collect the socioeconomic data of families with monthly income below R\$190 (half a minimum wage, approximately US\$100). The *Cadastro Único* is the main targeting instrument used by the Brazilian Government to select beneficiaries of social programs. It was originally developed in 2001 as an effort to constitute a single registry database of the lowest income families in Brazil. Until that time, each social program operated its own targeting system. The *Cadastro* is in effect a census for almost the entire poor population with rich information about families---not only name and address, but also many variables on living conditions. The *Cadastro Único* has also been critical for reducing exclusion and inclusion errors in Government

programs, especially the BFP. The new database improves efficiency and increases coordination between different social initiatives at the national and municipal level. Even though the *Cadastro Único* served mainly *Bolsa Família* in its early years, it is now increasingly used by other programs at the Federal, state and municipal levels.

The Government has made significant efforts to improve the *Cadastro Único*. Since 2004, many official guidelines have been issued to clarify the roles of the different actors involved in the registration and management of the database. In addition, the first massive recertification of beneficiaries took place between September 2005 and March 2006 resulting in an overhaul of the quality of the *Cadastro*. Some 2.7 million new eligible families were incorporated into the registry and 1.4 million households were excluded for a number of reasons. The Government is currently carrying out a new recertification of the *Cadastro* across the country. Regular recertification processes are complemented by an ongoing activity of updating individual registries of families carried out by municipal authorities. Beneficiaries of the BFP whose record has not been updated for two years will see their benefits suspended. Another important recent improvement of the database took place after the MDS and *Caixa*, the operative agency of the *Cadastro*, negotiated a performance-based contract in January 2006 that incorporates 17 indicators to measure the quality of services. These include an index of duplication of registry entries, and hours of system availability, among others.

With empirical evidence of strong targeting outcomes, the MDS decided to maintain income for eligibility criteria, but to enhance it with strong cross-checks and validations. In fact, rigorous evaluations show that the BFP is among the best-targeted CCT programs in the region, with very little leakage. Over 90 percent of the benefits go to poor families and about two thirds to extremely poor families.

To address issues related to weaknesses in the *Cadastro Único* questionnaires, IBGE worked closely with MDS to prepare, validate, test, develop and print new questionnaires that were launched in 2009. The procedures to clarify and strengthen the implementation of the *Cadastro Único* were officially published in a *Portaria* No. 376 dated October 16, 2008, and are available on MDS' website. Procedures for management of the *Cadastro Único* and for collaboration between MDS and IBGE for data collection were established. Decree 148 established the Decentralized Management Index and recertification policy that provides for a two year periodicity of recertification. As mentioned above, the first recertification process was carried out and is complete; a second one is planned to be completed in 2010. MDS, working with IBGE, has developed systematic internal and external cross-checks of the *Cadastro Único* to eliminate duplications and an ongoing purging process is in place.

The MDS also maintains an ongoing process of assessing, developing, testing and implementing improvements to the operation of *Cadastro Único*. Recently the MDS completed the process to implement a new questionnaire to collect the information on families and new software to manage the information (Version 7.0). The objective is to improve the quality of information on families, thus improving the targeting tool for *Bolsa Família* and the other programs using the *Cadastro Único* to select beneficiaries. The full implementation of Version 7.0 is gradual and the MDS is providing support to

municipalities to carry out the process. To promote the use of the *Cadastro Único* in other social programs and interventions, the MDS is in the process of enhancing access to its information.

Over the last few years, MDS/SENARC and the *Caixa Economica Federal* have designed a set of mechanisms to improve management of benefits and transparency in the payment process. Apart from those measures to improve the management of benefits and to ensure that only families that comply with their co-responsibilities are entitled to receive their benefit, the process has been systematized to minimize errors in the payroll list (automatization of routines to modify registries as necessary; e.g., blocking, suspensions, cancellation, etc). As part of these actions, the list of authorized beneficiaries to receive payment is cross-checked using several instruments: (i) updating of registries every two years or less and recertification of the whole *Cadastro*; and (ii) cross-check with other data bases such as BPC and other social security (to verify if beneficiaries are receiving social security), as well as RAIS (annual list of social information, to verify if a beneficiary moved to the formal labor market).

MDS and all municipalities in Brazil now have real-time, on-line access to the *Cadastro Único* database. The *Cadastro Único* is being used increasingly to target beneficiaries of other social programs at the federal level, as well as municipal and state levels.

Component 3: Developing a Monitoring and Evaluation System

- Adequate MIS for BFP developed and operating.
- Quality Control Reviews of BF processes implemented.
- Baseline beneficiary survey conducted.

Since its establishment in 2004, the MDS, mainly through the Secretariat for Evaluation and Information Management (SAGI) has developed a comprehensive monitoring and evaluation system. The establishment of SAGI constituted a decisive and innovative step for policy-making, assessment and evaluation of social policies, and a concerted decision by the Government that the BFP required strong in-house capacity for monitoring and evaluation. Until then, no ministry or central agency in Brazil had an autonomous body to carry out such activities. SAGI was institutionally and technically strengthened to increase relevance in the decision making process of the Ministry. Since it was established, SAGI has developed: (i) an evaluation system to conduct research and impact evaluations based on rigorous methodologies, applied to selected social programs, initially within the MDS, to measure the outcomes of social programs at the federal level; and (ii) a monitoring system to track program's progress and provide information based on indicators and administrative data.

Monitoring and evaluation functions in the MD constitute a critical element of the policy making and decision taking process on social policies at three levels: (i) internally, to provide feedback and improve effectiveness of and optimize resources invested in social programs under the responsibility of MDS; evaluations and assessments are carried out by SAGI in close coordination with implementing agencies and program managers; (ii) at

the policy making level, to inform decisions taken in relation to social programs; and (iii) externally, to improve transparency, control and accountability of social policies, through the dissemination and discussion of evaluations and assessments. SAGE disseminates the generated knowledge to the general public through several channels, including through academia as well as government officers, workshops, technical publications, and the availability of information on the web.

The BFP's results monitoring is carried out in coordination with other federal government agencies involved in program implementation such as the Ministry of Education, the Ministry of Health, the Caixa and the Federal Comptroller's Office, the Supreme Audit Court and the Public Ministry (which are involved in control and oversight) and IBGE and IPEA and other research agencies which are involved in data production and analysis. In addition, social control and data collection for program monitoring is the responsibility of municipal and state government agencies, both for the *Cadastro Único*, the monitoring of conditionalities, the management of benefits and the implementation of complementary activities. Many reports necessary for monitoring progress have to be compiled with information from more than one agency. As a result, MDS has made important progress in the establishment of an MIS to assist in the Program's implementation and monitoring.

Under the Project, MDS designed and developed a comprehensive MIS. The individual modules of the MIS are all under full implementation (*cadastro* in real time, payments, conditionality monitoring). A core element of the management information system is the comprehensive *Cadastro Único* Registry of Beneficiaries. The MIS collects information and generates reports regarding program's progress, provides support to operational improvements and adjustments, and serves as a tool to verify that the program is being implemented following all required procedures. Through the new MIS, SENARC in the MDS gather data in real time from state and municipal management structures, the *Caixa* and sector ministries involved in monitoring conditionalities and complementary activities. MDS has now contracted a data warehouse solution to integrate those modules and the work is ongoing and expected to be completed in 2010.

Since 2005, the Government has taken many steps to strengthen oversight and control mechanisms of the *Bolsa Família* Program. Numerous decrees and regulations have been passed establishing responsibilities for oversight and controls at various levels of government. Oversight and control of the BFP operates at three levels: external at the federal level, internal to the MDS and at municipal and local levels. *Bolsa Família* is subject to a close scrutiny by the Federal Oversight and Control System (*Rede de Fiscalização*). The three Federal agencies in this System monitor the BFP, including the payment system. The Federal Comptroller's Office (*Contraladoria Geral da União*, CGU) in the executive branch carries out annually quality control reviews for random samples, annual financial audits, investigates specific cases and make public beneficiary lists. The Supreme Auditing Court at the legislative level (*Tribunal de Contas da União*, TCU) performs implementation evaluation, on a sample basis, for the *Cadastro Único* and the BFP. The TCU conducted a comprehensive implementation evaluation in 2006 prior to elections. The Public Ministry (*Ministério Público*), a public independent control

agency, investigates specific cases or allegations. Program controls in the MDS include internal and external cross checks of the *Cadastro Único*, three hot lines (at the *Caixa*, the Program and SENARC), monitoring of municipal performance and the IDG, and monitoring of *Caixa*. At the municipal level, all 5,564 municipalities have developed social control councils and local points of contact for complaints and appeals.

The impact evaluation of *Bolsa Família* is a long-term process which accompanies program implementation and supports the monitoring of program measurable outcomes at two levels: territorial and household levels. The baseline survey was collected in 2005 and the first follow up survey is under implementation. The survey consists in a longitudinal study of a representative sample of about 15,500 households, aggregated in three big regions: urban north and center-west; northeast; and south-southeast. The sample consisted of three categories: beneficiary families, families registered in the *Cadastro Único* but not beneficiary of *Bolsa Família*, and families outside the *Cadastro Único* and *Bolsa Família*.

The second round of data collection is currently under implementation. The firm hired to carry out this evaluation utilizes a longitudinal design drawing on data collected in 2005 and new data collected in 2009, taking advantage of the fact that, at baseline, many surveyed households had not yet started receiving benefits under *Bolsa Família*. A first follow-up process for the impact evaluation is under implementation and the final report is expected in by mid-2010.

Component 4: Institutional Strengthening

- Matrix of key responsibilities for BFP published.
- Strategy for operating the Program in remote areas developed.
- Beneficiary information booklets (cadernetas) designed, published and distributed.
- System for monitoring human capital conditionalities operating.
- Implementation training provided to at least one half of municipalities.

Since its creation in 2004, the MDS has enhanced its implementation capacity and annual budgetary allocation very significantly. The annual budget grew from about R\$11 billion in 2003 to more than R\$32 billion in 2009 (from US\$3.5 billion to US\$16 billion) reaching more than 1.1 percent of GDP. Currently, the MDS comprises the most important social programs at the federal level in Brazil. The creation of the MDS was a key step in the process of consolidating the BFP at the core of the social protection system, in improving the supervision of the decentralized program; and in enhancing the capacity of the Government to effectively manage and monitor progress nationally. The unification of the beneficiary registry has strengthened the Program's basic architecture, and has created a platform for improved targeting for future social programs in general, which will strengthen linkages between programs, enhance synergies and reduce inefficiencies.

Under the first phase of the APL Program, the Government established the main conceptual, legal and institutional foundations of the BFP through: (i) clearly defining

institutional roles and responsibilities for each level of government involved in the program; (ii) establishing a framework of contracts and performance incentives for sub-national governments; (iii) improving the verification of conditions and payment mechanisms; and (iv) solidifying the monitoring and evaluation system. The Government's *Portaria* No. 220 dated June 25, 2008 amending a previous *Portaria*, established the norms, criteria and procedures to support the BFP and the *Cadastro Único* within Brazil's federal structure (with municipalities through *Termos de Adesao* with municipalities), and creates the *Índice de Gestão Descentralizada do Programa* (IGD)¹¹. *Portaria* No. 76 dated March 7, 2008 established norms, criteria and procedures for states to adhere to the BFP and the *Cadastro Único* and for support to the states for these programs.

During its initial phase, the BFP set up an extensive system to establish and clarify the Program's rules through legal instruments and operational instruction as well as through beneficiary booklets designed, printed and distributed to all beneficiaries, with special efforts have been made to provide support to families that are not complying with conditionalities. electronic weekly bulletins for local managers, a detailed program website—with public beneficiary lists by municipality—and two dedicated hotlines (for beneficiaries and local managers). In addition, the BFP launched a thorough training program—both face-to-face and distance learning—for local managers.

The BFP has also achieved important impacts consolidating the institutional framework of social sector assistance. This included the integration of the pre-existing national government cash transfer programs into a single structure, with consequent gains in efficiency, reductions in administrative costs, and the enhancement of synergies. The program developed a unique decentralized management approach in which municipalities play a central role in the identification of beneficiaries and monitoring of conditionalities. *Bolsa Família* has also worked with the states and municipalities to reach legally binding cooperation agreements that integrate their pre-existing cash transfer programs into the main BFP structure to reduce duplications and administrative costs. Such mergers have taken place in 14 states and 15 municipalities. These agreements have also helped to better define the role of each level, and to enhance the capacity of municipalities and states to implement social assistance programs.

The Program has in place a system for municipal monitoring of conditionalities and reporting. Management of the Program's conditionalities involves a set of processes aimed at: (i) monitoring compliance with co-responsibilities in education and health as pre-requisite to authorize payments; (ii) registering information about compliance; (iii) ensuring that families comply with co-responsibilities; and (iv) supporting families that do not comply. Processes involved in the management of the Program's conditionalities are carried out the by the MDS, health and education ministries at the federal level, by

¹¹ The IGD measures municipal performance in implementing the Program through a synthetic index that comprises variables of coverage and quality of information of the *Cadastro Único* and of monitoring compliance with education and health conditionalities. Municipalities receive additional transfers from the Federal Government depending on the IGD score they achieve.

local MDS representatives and decentralized municipal health and education secretaries at the local level.

Since its launch in 2003, the Program has shown a steady improvement in monitoring families' compliance with their co-responsibilities (school attendance and regular health checkups: 89.6 percent of 15.5 million children showed as reporting education conditionality in 2009 with 97.3 percent of those shown as complying against as base of 62.8 percent of 12.3 million children that showed as reporting education conditionality information in 2006. For health conditionalities 64.5 percent were reported as showing information, with 99 percent complying in June 2009 against a base of only 38.3 percent in 2006 and six percent of families with health information in June 2005. *Bolsa Família* has demonstrated that the set of incentives for families to invest in the human capital of their children have been generally effective. From the information reported about families' compliance with education and health activities, more than 97 percent of children 5-16 and youths aged 16-18 registered in the program were enrolled and attended school regularly, and a similar proportion of families complied with their regular check-ups at health facilities.

The social control of the Program is carried out through councils or committees created at the municipal level, which constitute requisites for the municipalities to join the BFP. Social control bodies involve civil society and authorities, including, at least, representatives of the social assistance, health, education and food security areas. The overall activities of social control agencies are related to the registry of poor families in the *Cadastro Único* and in the BFP, verification of availability of social services and promotion of public supply coordination, and support to the oversight and control carried out by the MDS and the *Rede de Fiscalização* at the federal level (Comptroller Office, Brazilian Court of Audit, and Public Prosecution--*Ministério Público*).

The MDS provides direct support to municipal authorities in their specific responsibilities by defining and carrying out strategies and activities to improve the process of collecting, registering and updating the data in the *Cadastro Único* and increasing the average proportion of families and children and youth with information about compliance with conditions. Although the social control mechanisms implemented to monitor the Program at the local level have been an innovative feature of the program, a recent evaluation highlighted their limited impact, in part because social control members know little about their functions.

SAGI and SENARC run an extensive program of capacity building for municipal and state managers of the Program, both on operational and analytical issues that is contributing to strengthening their technical capacity.

The Observatory, created in 2007 and managed by SENARC, identifies, collects and disseminates good practices in the management of *Bolsa Família* developed by states and municipalities to provide a tool for horizontal dissemination and cooperation. As states and municipalities autonomously develop specific methods and management practices to carry out their responsibilities within the Program, the Observatory has proven to be a

valuable instrument to improve the quality of operations of the Program at these levels. As part of the Observatory, states and municipalities register their practices and participate in a contest. Registered practices are assessed against defined criteria and a small set of those are selected and disseminated through the Observatory and participate in the Good Practices Contest.

During the first phase of the APL, the Government went beyond the expected results of the *Bolsa Família* Program on its own, and sought to capitalize on the positive results by placing the Program and its infrastructure in the center of the country's social policy. In early 2008, the Government launched the *Compromisso Nacional pelo Desenvolvimento Social* (National Commitment for Social Development, CNDS), with the dual objectives of: (i) improving the impact of social policies; and (b) enhancing their effectiveness through greater integration between the Federal Government and the states. The National Secretariat for Institutional Articulation and Partnerships (SAIP) in MDS is the entity responsible for the promotion and oversight of this initiative. This initiative is a further step towards the consolidation of a social safety net in Brazil, one of the main objectives of the current administration. It seeks to find strategies for the socio-economic insertion of poor individuals registered in the *Cadastro Único* through operational and financial support to the states. The CNDS is based on agreements between states and the MDS in which the former commit to implement a program based on income generation, labor opportunities and socio-productive inclusion of vulnerable families. As part of the agreement, states receive additional funds from the Federal Government.

In March 2008, the MDS invited all states to join CNDS through bilateral agreements. All states expressed interest in joining. Four states (Acre, Alagoas, Bahia and Ceara) have already signed agreements and started implementing plans while another ten states are expected to launch their own strategies by the end of 2009. When states join the CNDS they have to designate a local agency that will be co-responsible with SAIP for the productive insertion strategy. The Centers of Reference for Social Assistance (*Centros de Referencia de Assistencia Social*, or CRAS) at the municipalities are responsible for the selection of vulnerable low-income individuals eligible for CNDS. In addition to launching the strategy and signing the first set of agreements with state governments, SAIP has been developing tools to facilitate the implementation of the CNDS. Particularly important is determining the basic criteria for the selection of individuals in the *Cadastro Único* that will be targeted for the socio-economic inclusion plans at the state level.

The CNDS is also part of the Government's strategies to link *Bolsa Família* to other social programs and income generation activities that can help beneficiaries improve their human capital and access labor markets. This strategy also complements government efforts to link the program with other social and income generation initiatives at the Federal level.

Component 5: Project Management

This component of the first phase APL financed incremental operational costs of MDS, through consultants to assist in monitoring and supervising the activities, especially those related to interaction with the Bank, and extensive travel for work with states and municipalities.

Annex 3: Economic and Financial Analysis (including assumptions in the analysis)

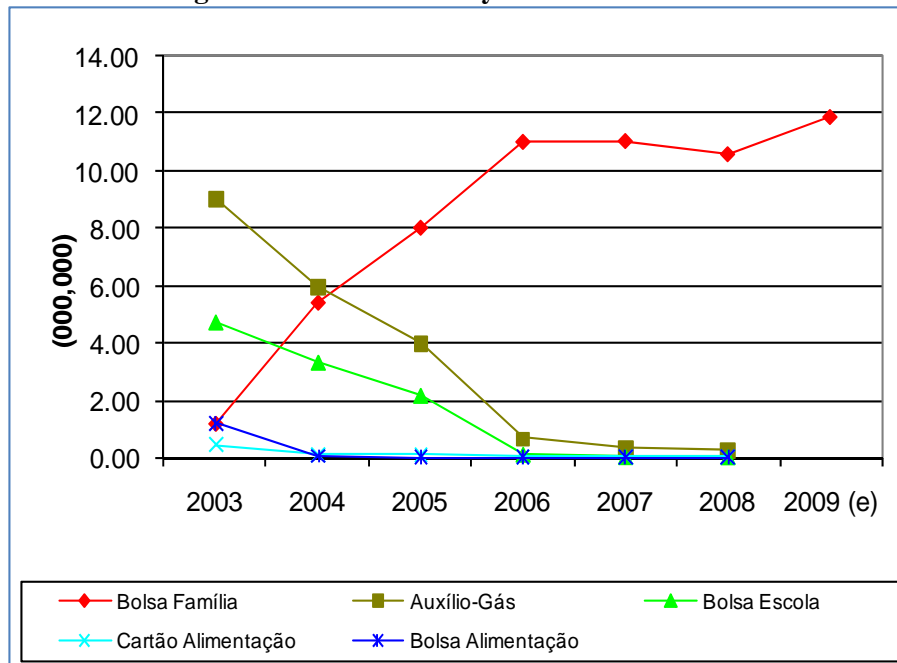
The BFP increased dramatically Brazil's spending on social assistance, but undoubtedly increased the efficiency in public social spending. Between 2004, when the BFP was introduced, and 2008, Brazil's social spending rose from 12.28 percent to 13.1 percent of GDP. Social assistance spending grew from 5.81 percent to 7.66 percent of social expenditures during this period and the BFP accounted for a large share of this increase. The BFP's budget grew from R\$5.8 billion (or 1.60 percent of social spending and 0.3 percent of GDP) in 2002 to R\$11.06 billion (or 2.96 percent of social spending and 0.39 percent of GDP) in 2008. In 2009, the federal budget allocated R\$11.4 billion to the BFP, and the 2010 budget includes appropriations for R\$13.1 billion.

Before 2001, a number of social assistance programs that have since, under the Project been merged into the BFP, specifically targeted the poor. These included: *Bolsa Escola*, a primary and secondary education support program; *Bolsa Alimentação*, which targeted nutritional needs of women and children; *Cartao Alimentação*, supporting families' food security; and *Auxilio Gas*, which extended subsidies for cooking gas. These individual programs had proven to be individually successful in alleviating the burden of poverty and promoting socially desirable goals to their beneficiaries. However, due to the similarities in the structures of the programs and their almost identical target population groups, the multiple-structured nature of their administration, among three different federal ministries, created numerous inefficiencies in their administration as well as considerable gaps and duplications in the coverage of their target populations. Under the Project, assistance under these four pre-BFP conditional transfer programs and, later on, the *Programa De Erradicação Do Trabalho Infantil* (PETI) has been virtually eliminated (Figure 1), their beneficiaries have been incorporated under the *Cadastro Único* and are receiving assistance under the BFP.

Administrative efficiencies resulted by merging these programs into a single program that was coordinated by a single federal ministry (thereby reducing the administrative costs of running multiple programs) and by unifying the target population. The BFP also promoted administrative efficiencies by seeking partnerships across different levels of government to support the Program's implementation; it fostered the expansion of municipalities' role by transforming it from one of merely data providers to one of real partners in the Program's management and administration. In merging the four pre-BFP CCTs the Government created the conditions for a very active participation by municipalities in key elements of the Program's cycle---registering potential beneficiaries in the *Cadastro Único*, updating data and collecting information to verify compliance with conditionalities. This feature makes the BFP unique among CCTs. But beyond these, the creation of the BFP was not a simple merging of previous initiatives but a totally new, multidimensional strategy to reduce poverty and inequality, that sought to promote synergies and complementarities from the simultaneous promotion of investments in education and health in families, thereby promoting a more

comprehensive investment in human development in return for even a given amount of expenditure.

Figure 1: BFP Beneficiary Families 2003-2009



The BFP also generated efficiency in overall social spending in Brazil by consolidating the *Cadastro Único* so that it could be used by several other social programs administered by the MDS, effectively coordinating the BFP with other social safety net interventions and beginning to articulate the Program with other complementary federal, state and municipal programs that sought to increase social capital formation in poor households. These complementary programs were developed by different government agencies to address specific needs of vulnerable groups, such as illiteracy, lack of job experience or housing deficit. Between 2006 and 2007, MDS and other federal ministries agreed to articulate nine already existing programs with the BFP. These agreements gave the BFP beneficiaries preferential access to all the benefits provided by the other programs. Local managers (*Gestores Municipales*) of the BFP along with state coordinators and social workers visit beneficiaries and help them to link or “bridge” into complementary services. A list of complementary programs for BFP beneficiaries is presented in Annex 2. There has been a lot of interaction between BFP and state and local programs (especially since these use the *Cadastro Único* to select beneficiaries for their programs and to complement support under BFP with other interventions. The second phase of the APL in support of the BFP will work with states and municipalities to further improve the links between the Program’s beneficiaries and social skills development, income generation programs and labor market opportunities.

Finally, improvements in targeting over the implementation period have helped to ensure that the BFP is implemented efficiently in terms of reaching its target population. The Program sets its target population on the basis of poverty maps prepared by the statistical institute (IBGE) and analysis prepared by the *Instituto de Pesquisa Econômica Aplicada* (IPEA) and the MDS. This methodology defines the target population at the municipal level on the basis of which the MDS establishes municipal quotas. Improvements in the process for updating and in the quality of information in the *Cadastro Único* ensures that there are no leakages or duplicity in transfer payments, all of which increase the BFP's operational efficiency.

Annex 4: Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit
Suzana Nagele de Campos Abbott	Consultant	LCSHD
Alexandre V. Abrantes	Manager, Portfolio and Operations	LCC5C
Susana Amaral	Financial Management Specialist	LCSFM
Laudo Bernardes	Consultant	LCSHS
Adriana Paula Sales Correa	Temporary	LCSSD
Frederico Rabello T. Costa	Procurement Specialist	LCSPT
Regis Thomas Cunningham	Sr Financial Management Specialist	LCSFM
Ademildes De Mendonca Dantas	Consultant	LCSHH
David Evans	Economist	LCSHE
Anna Fruttero	Economist	LCSHS
Luiz C. Gazoni	Consultant	LCSFM
Jason Anthony Hobbs	Consultant	LCSHS
Fabiana Rezende Imperatriz	Program Assistant	LCC5C
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Benedicte Leroy De La Briere	Senior Economist	MNSSP
Anja Linder	Consultant	MNSH
Kathy A. Lindert	Sector Manager	ECSH3
Tania Melo Lettieri	Operations Analyst	LCC5C
Joana Mostafa	E T Consultant	LCSHS-
Luis R. Prada Villalobos	Senior Procurement Specialist	MNAPR
Anemarie Guth Proite	Procurement Specialist	LCSPT
Manuel Salazar	Senior Social Protection Specialist	AFTSP
Marize de Fatima Santos	Program Assistant	LCSHD
Vinod Thomas	Director General	IEGDG
Maria Jose Vilas Boas Per Weiss	Sr. Social Development & Civil	LCSSO
Carla Zardo	Program Assistant	LCC5C
Maria Madalena R. dos Santos	Consultant	LCSHS

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY04	68.31	409.44
FY05	0.5	0.17
FY06	0.0	0.00
FY07	0.0	0.00
FY08	0.0	0.00
Total:	68.36	409.61
Supervision/ICR		
FY04	0.0	0.00
FY05	28.58	129.63
FY06	34.44	100.66
FY07	42.84	109.28
FY08	26.53	92.91
FY09	14.78	24.04
FY10	1.23	30.80
Total:	148.40	487.32
Grant Total:	216.76	896.93

Annex 5: Beneficiary Survey Results
(if any)

N/A.

Annex 6: Stakeholder Workshop Report and Results
(if any)

N/A.

Annex 7: Summary of Borrower's ICR and/or Comments on Draft ICR

Contexto Econômico e Político do Brasil¹²

O Governo do Brasil estava, à época do Contrato de Empréstimo APL I, empenhado em realizar ações simultâneas nas áreas econômica e social, a fim de promover melhorias no bem-estar da população e, ainda, garantir o progresso social, essencial para melhorar a qualidade de vida dos grupos menos favorecidos.

Assim, como parte do duplo foco na manutenção da estabilidade macroeconômica e no crescimento equânime e acelerado progresso social, as reformas no sistema de proteção social no Brasil buscaram integrar vários programas de transferência de renda, operacionalizados, até então, de forma desagregada, mesmo tendo o mesmo público. Tratava-se do Bolsa Escola, implementado no âmbito do Ministério da Educação (MEC), voltado às famílias de baixa renda que tivessem filhos em idade escolar; do Bolsa Alimentação, implementado no âmbito do Ministério da Saúde (MS), que tinha como alvo as mulheres gestantes e lactantes e crianças; do Cartão Alimentação, implementado pelo Ministério da Segurança Alimentar e Combate à Fome da Presidência da República, que constituía parte do programa Fome Zero e fornecia uma transferência mensal para famílias pobres, destinada à aquisição de gêneros alimentícios; e do Auxílio Gás, implementado no âmbito do Ministério das Minas e Energia (MME), que proporcionava uma transferência mensal às famílias pobres, de forma a compensar a eliminação de um subsídio indireto no gás de cozinha.

Embora cada um desses Programas mantivesse sua própria ênfase, (promovendo escolarização, atenção à saúde ou nutrição), todos proporcionavam transferências de renda para um público semelhante, formado por famílias pobres. Ademais, cada programa era gerido em distintas estruturas administrativas, com distintos processos de seleção de beneficiários. Essa separação gerava ineficiência, resultando em lacunas e duplicações de cobertura, além da perda de importantes sinergias nas áreas de saúde e educação. A partir deste quadro, as reformas buscaram integrar estes programas numa única transferência de renda com condicionalidades denominado “Programa Bolsa Família” (PBF), no âmbito do Ministério do Desenvolvimento Social e Combate à Fome (MDS).

O Programa Bolsa Família foi criado pela Medida Provisória n° 132, de 20 de outubro de 2003, convertida na Lei n°. 10.836, de 9 de janeiro de 2004, e trouxe como elemento central a determinação de unificar os programas não constitucionais de transferência de renda então existentes, garantindo o direito das famílias que já vinham sendo por eles atendidas. Destaque-se, no entanto, que mais do que a unificação dos programas anteriores ou a busca de um maior grau de racionalidade administrativa pelo governo, o PBF apresentou um novo padrão de política para redução da pobreza, constituindo-se em mecanismo capaz de promover a ampliação e a articulação da rede de proteção social no País. Caracteriza-se por três linhas diretoras: (i) atendimento de toda a família, e não de seus membros isoladamente; (ii) superação de divergências de critérios de elegibilidade e

¹² The entire document (more than 40 pages) is in the project's file.

de sobreposição de público-alvo, e (iii) ampliação de cobertura e de montante dos recursos financeiros alocados ao cumprimento da agenda pública relativa às questões do combate à fome, à pobreza e à desigualdade social.

Em sua concepção considerou-se que políticas para redução da pobreza e da desigualdade pressupõem uma opção do Poder Público em privilegiar os mais pobres. Para esses, é preciso um tratamento diferenciado, de forma a reduzir desigualdades prévias e, no futuro, promover a igualdade. Encontra-se aqui uma tradução do princípio da equidade, que demanda, para sua efetivação, a utilização de parâmetros de justiça distributiva. Embora não avessa a políticas universais, entende que, mesmo essas, que são direitos de todos, devem ter um olhar diferenciado para os mais pobres, com priorização e garantia de atendimento. Para privilegiar os mais pobres, esta concepção também enfatiza critérios de acesso e, assim, trabalha com mecanismos de focalização, mas não numa concepção residual, de selecionar apenas os extremamente pobres. Focalização, aqui, é a aplicação de critérios de priorização, em especial para enfatizar a garantia de direitos e a inclusão daqueles que historicamente estiveram à margem das políticas públicas.

Operacionalmente, a unificação foi bem sucedida graças ao trabalho de gestão do Cadastro Único para Programas Sociais do Governo Federal – CadÚnico. O Cadastro é o principal instrumento para identificação das famílias em situação de pobreza em todos os municípios brasileiros (cf. texto relativo ao Componente 2).

Por outro lado, o Programa também implicou um considerável desafio do ponto de vista da articulação federativa: a União, os Estados e os municípios tiveram suas responsabilidades definidas para que o Bolsa Família pudesse ser implantado e expandido.

O PBF rapidamente se tornou uma das principais iniciativas do Governo Federal, superando a meta de 3,6 milhões de famílias em seus três primeiros meses de operação, ainda em 2003.

Alcance dos Objetivos

A equipe do Ministério do Desenvolvimento Social e Combate à Fome (MDS) fez, para compor o presente Relatório, uma análise detalhada sobre a execução do Projeto, objeto da operação de crédito em questão, observando sua operacionalização e os resultados alcançados.

Na perspectiva do alcance dos objetivos gerais e de desembolso, salienta-se que, mesmo tendo havido a necessidade de expansão do prazo original, de 30.06.2007, para 30.12.2009, e uma pequena redução do valor original, de US\$ 572.200.000,00, para US\$ 563.839.000,00, os resultados da implementação foram muito satisfatórios. Observou-se que não houve perda de foco, confirmando que os objetivos estavam estabelecidos de forma correta e clara, e que a estrutura estabelecida no âmbito do MDS deu conta de superar todas as eventuais dificuldades encontradas.

Na perspectiva dos resultados da operação, em comparação com os objetivos propostos no Projeto de Apoio ao Programa Bolsa Família (PBF), há de se considerar que os principais objetivos do Projeto são os mesmos do próprio PBF, ou seja, reduzir a pobreza

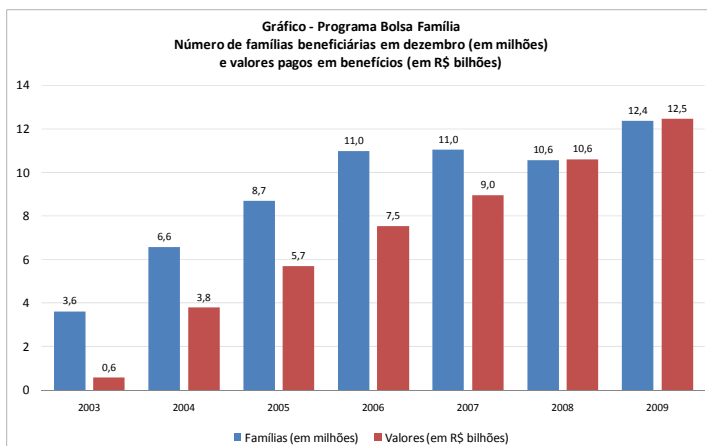
e a desigualdade, além de promover o desenvolvimento de capital humano, por meio de apoio:

- a) à consolidação de programas de transferência condicionada de renda e redução de exclusões e de casos de multiplicidade de cobertura;
- b) ao fortalecimento do sistema de identificação do público alvo;
- c) ao desenvolvimento de um sistema de monitoramento e avaliação para o PBF; e
- d) ao fortalecimento do funcionamento institucional básico do PBF.

Assim, em relação ao PBF (Componente 1 do Projeto), apesar do curto período de existência, seus resultados têm sido notáveis, o que não significa dá-lo por concluído, sendo certo que o Programa merece aperfeiçoamentos com vistas à sua consolidação.

Contudo, mesmo em poucos anos, os resultados alcançados e as mudanças proporcionadas pelo PBF, desde sua implementação, o que inclui o período do Projeto em questão, são constantemente demonstrados por estudos de especialistas, instituições de pesquisas e organismos de cooperação multilateral que têm analisado os impactos do Programa, mostrando que:

- a) os benefícios entregues pelo PBF chegam às famílias mais pobres, àquelas que tradicionalmente estiveram à margem das políticas públicas no Brasil, e vários dos seus bons resultados vêm justamente do acerto na seleção dos mais pobres;
- b) o País está reduzindo a pobreza, em especial em seu grau mais extremo, bem como a desigualdade, tendo a extrema pobreza sido reduzida em mais de 60% desde que assumiu compromissos com os Objetivos de Desenvolvimento do Milênio, antecipando assim, em dez anos, o cumprimento da primeira das metas neles estabelecidas;
- c) entre 2003 e 2008, a taxa de pobreza caiu de 39% para 25%, enquanto a pobreza extrema diminuiu de 18% para 9%. O coeficiente de Gini caiu 8,1% em apenas 7 anos, saindo de 0,596 em 2001, para 0,548 em 2008, o nível mais baixo nas últimas três décadas. O aumento real do salário mínimo e o PBF estão, segundo alguns estudos, entre os principais responsáveis pela redução da pobreza e da desigualdade observada no país;
- d) o PBF teve importante impacto na melhoria da situação alimentar e nutricional dos seus beneficiários, especialmente das crianças, reduzindo déficits de crescimento, que nessa faixa etária são irreversíveis, mediante o aumento da quantidade de alimentos que já eram consumidos, aumento da variedade de alimentos e aumento da compra de alimentos que as crianças gostam;
- e) Pelo fato de o benefício do Programa ser pago à mulher, há melhoria da auto-estima da população feminina e redução da dependência com relação ao parceiro, sem registros de ocorrência de conflitos domésticos derivados deste fato;
- f) o abandono escolar na educação fundamental é menor entre os beneficiários do Programa que no total dos alunos de escolas públicas. O mesmo ocorre no caso do ensino médio. As taxas de aprovação na educação fundamental dos beneficiários e do total de alunos do ensino público são bastante semelhantes (80,5% contra 82,3%, respectivamente), e são maiores para os beneficiários no caso do ensino médio (81,1% contra 72,6%);



g) não há acomodação das famílias com o recebimento dos benefícios, o chamado “efeito preguiça”.

Desde a sua implantação o Programa Bolsa Família cumpriu com a meta de expansão prevista para cada exercício, estando presente em todos os municípios brasileiros e, simultaneamente, aumentou os controles sobre sua

implementação, de forma a garantir que os benefícios efetivamente cheguem às famílias que dele necessitam e que atendam aos critérios legais. De 2003 a 2006 essa meta de expansão ocorreu em ritmo acelerado, conforme gráfico a seguir.

Em 2006 e 2007, o PBF tinha a meta de atender 11,1 milhões de famílias, número estabelecido com base na estimativa de famílias pobres do Brasil, segundo estudos do Instituto de Pesquisas Econômicas Aplicadas (Ipea) e da Pesquisa Nacional por Amostra de Domicílios (Pnad) 2004. Esta meta foi alcançada em junho de 2006.

Em dezembro de 2007 (Medida Provisória nº 411, de 28 de dezembro), foi ampliada a faixa etária de atendimento do PBF para adolescentes de até 17 anos. A partir do mês de março, as famílias beneficiárias do PBF com adolescentes de 16 ou 17 anos passaram a receber adicionalmente o Benefício Variável Vinculado ao Adolescente (BVJ), no valor de R\$ 30,00 (hoje R\$ 33) por adolescente, até o limite de dois benefícios por família.

O valor total do benefício pago à família varia entre R\$ 22,00 e R\$ 200, dependendo da condição de pobreza da família e do número de filhos. Famílias com renda de até R\$ 70 per capita são consideradas extremamente pobres e famílias com renda entre R\$ 70,01 e R\$ 140 são consideradas pobres. O repasse médio por família foi ampliado de R\$ 73, em dezembro de 2003, para R\$ 95, no mesmo período de 2009. O valor dos benefícios segue o estabelecido no quadro abaixo:

Famílias pobres				Famílias extremamente pobres			
Nº de pessoas de até 15 anos	Nº de pessoas de 16 e 17 anos	Tipo	Valor	Nº de pessoas de até 15 anos	No de pessoas de 16 e 17 anos	Tipo	Valor
0	0	Não recebe benefício básico	—	0	0	Benefício básico	R\$ 68
1	0	1 variável	R\$ 22	1	0	Básico+1 variável	R\$ 90
2	0	2 variáveis	R\$ 44	2	0	Básico+2 variáveis	R\$ 112
3	0	3 variáveis	R\$ 66	3	0	Básico+3 variáveis	R\$ 134
0	1	1 BVJ	R\$ 33	0	1	Básico+1 BVJ	R\$ 101
1	1	1 variável +1 BVJ	R\$ 55	1	1	Básico+1 variável+1 BVJ	R\$ 123
2	1	2 variáveis+1 BVJ	R\$ 77	2	1	Básico+2 variáveis+1 BVJ	R\$ 145
3	1	3 variáveis+1 BVJ	R\$ 99	3	1	Básico+3 variáveis+1 BVJ	R\$ 167
0	2	2 BVJ	R\$ 66	0	2	Básico+2 BVJ	R\$ 134
1	2	1 variável+2 BVJ	R\$ 88	1	2	Básico+1 variável+2 BVJ	R\$ 156
2	2	2 variáveis+2 BVJ	R\$ 110	2	2	Básico+2 variáveis+2 BVJ	R\$ 178
				3	2	Básico+3 variáveis+2 BVJ	R\$ 200

Quanto aos objetivos das Partes B a E, do Projeto, relativas aos Componentes 2 ao 5, foram alcançados os seguintes resultados:

<p>Componente 2 – Fortalecimento do Sistema para Identificação da População Alvo Subcomponente 2A – Melhoria da estrutura estratégica e institucional para o Cadastro Único Subcomponente 2B – Revisão dos critérios de elegibilidade para o PBF, do questionário e da estratégia de coleta de dados para o cadastro Subcomponente 2C – Redução das falhas administrativas no Sistema do Cadastro Único Subcomponente 2D – Melhoria da tecnologia da informação e da eficiência técnica do sistema do Cadastro Único</p>

Em 2005 e 2006, tiveram prioridade as ações destinadas à redução das falhas administrativas no Sistema do Cadastro Único, melhoria da tecnologia de informação e da eficiência técnica do sistema devido à migração de beneficiários de outros programas assistenciais do Governo para o Cadastro Único. Para isso, foram alocados US\$ 234 mil em 2005 e US\$ 333 mil em 2006.

Desde 2005, foram estabelecidos procedimentos periódicos visando à qualificação dos dados.Cadastro Único, por meio de seu cruzamento com outros registros administrativos, tais como a Relação Anual de Informações Sociais – RAIS, a base do Benefício de Prestação Continuada – BPC e demais benefícios previdenciários, entre outros. O resultado desses cruzamentos tem permitido, desde então, identificar indícios de inconsistências no Cadastro Único que requerem averiguação por parte do município por meio da atualização cadastral das famílias.

Também em 2005, foram publicadas as Portarias nº 360, nº 454 e nº 672, definindo critérios e procedimentos para o apoio financeiro do MDS às ações de atualização cadastral conduzidas pelos municípios. A definição de critério de validade estabelecida na Portaria GM/MDS nº 360/05 e suas alterações foi bastante importante para a validação

do CadÚnico, na medida em que contribui para o rastreamento e erradicação das multiplicidades existentes. A Portaria GM/MDS nº 360/05 também instituiu o Termo de Adesão para Estados, para apoio aos municípios no processo de atualização dos seus cadastros.

Em 2006, o Programa adotou um incentivo para a melhoria da gestão local do Programa. O Índice de Gestão Descentralizada – IGD mensura o desempenho dos municípios e Estados na gestão do Programa e do Cadastro Único e esses recebem mensalmente recursos para investir em atividades de gestão do Programa.

Em 2007 o processo de atualização cadastral foi permanentemente implantado através do Decreto nº 6.135, de 26 de junho de 2007, que regulamentou o CadÚnico.

No segundo semestre de 2008 foi dado início ao processo de contratação do Sistema de Gestão do Programa Bolsa Família, com a intenção de integrar informações e processos do Programa suportados por sistemas isolados. O escopo do Projeto prevê que diversos módulos (como o de gestão do Cadastro Único, de gestão de benefícios, de relação com Estados e municípios, de controle e fiscalização, de gestão financeira, entre outros) estejam integrados em um único sistema. Os órgãos gestores de programas sociais usuários do Cadastro Único também poderão acessar este Sistema, o que ampliará a consolidação do Cadastro Único como ferramenta de integração de programas sociais, voltados à população de baixa renda.

Ademais, foi finalizada, após longo debate com órgãos governamentais e especialistas, a revisão dos novos formulários do Cadastro Único. Para implantar essa versão, a Senarc elaborou um plano de capacitação e uma série de materiais instrucionais, cujo objetivo é fazer com que os entrevistadores de todo o Brasil compreendam as mudanças nos novos formulários e saibam como coletar as informações por meio destes instrumentos. Entre outubro de 2009 e fevereiro de 2010, foram formados 561 instrutores, certificados pelo MDS e pela Escola Nacional de Administração Pública (Enap), que estão atuando como multiplicadores em seus estados, isto é, capacitando diretamente os entrevistadores do Cadastro Único nos 5.565 municípios brasileiros. A expectativa é de que sejam capacitados mais de 18 mil entrevistadores para a utilização dos novos formulários do Cadastro Único em todo o país. A implantação deste formulário ocorrerá em 2010, contando com um Sistema de cadastro Único completamente reformulado. Com funcionamento *on line*, o novo sistema (Sistema de Cadastro Único – versão 7) corrige inúmeras insuficiências verificadas no aplicativo de entrada e manutenção de dados que esteve em funcionamento até então.

Em 2009, ocorreram modificações nos critérios de elegibilidade do PBF: a linha de extrema pobreza passa a corresponder a uma renda familiar *per capita* de até R\$ 70,00 e a linha de pobreza a uma renda familiar *per capita* de até R\$ 140,00. Por outro lado, foram atualizadas as estimativas de pobreza utilizadas pelo Programa, por meio da incorporação de um coeficiente de vulnerabilidade de renda que considera a instabilidade dos ganhos das famílias mais pobres. Finalmente, as estimativas da população-alvo do Programa nos municípios foram redefinidas com base na metodologia dos Mapas de

Pobreza. Com isto, o público potencialmente beneficiário do Bolsa Família passou de 11,1 milhões para 12,7 milhões de famílias. A expansão ocorrida em 2009 levou o número dos beneficiários a 12,4 milhões de famílias em dezembro.

Componente 3 – Desenvolvimento de um Sistema de Monitoramento e Avaliação

Subcomponente 3A – Sistema de Informações Gerenciais

Subcomponente 3B – Monitoramento de processos e controle de qualidade

Subcomponente 3C – Monitoramento de resultados e avaliação de impacto

Subcomponente 3D – Estratégia e acompanhamento do sistema

Em 2005, foram aplicados US\$ 9,5 mil para a elaboração de termos de referência para estudos e pesquisas a serem contratados. Em 2006, US\$ 4,1 milhões foram alocados para contratação de estudos referentes ao monitoramento de resultados e avaliação de impacto além de monitoramento de processos e controle de qualidade. No primeiro semestre de 2008, o processo de contratação da empresa que está realizando a segunda rodada da pesquisa sobre o impacto do programa Bolsa Família foi finalizado. No segundo semestre de 2009, foi realizada a entrega de três produtos do total do contrato, gerando uma execução de 70% do valor do contrato, conforme previsto em contrato. A previsão é de que até o final do primeiro semestre de 2010 o relatório final da avaliação tenha sido entregue.

Componente 4 – Fortalecimento Institucional

Subcomponente 4A – Fortalecimento da estrutura institucional

Subcomponente 4B – Fortalecimento da gestão do programa

Subcomponente 4C – Desenvolvimento de uma estratégia de informação e comunicação

Subcomponente 4D – Promoção da emancipação dos beneficiários do PBF

Com ênfase no desenvolvimento de uma estratégia de comunicação e disseminação, que incluiu a impressão e distribuição de material impresso para beneficiários do Programa Bolsa Família e agenda de compromissos das famílias participantes, foram aplicados US\$ 2,2 milhões em 2005. Em 2006, foram aplicados US\$ 629 mil em ações voltadas para o monitoramento e cumprimento de condicionalidades. Em 2007 foram aplicados US\$ 384 mil dando seguimento às atividades de fortalecimento institucional.

A evolução na cobertura do acompanhamento das condicionalidades demonstra o fortalecimento dos processos e da articulação inter e intragovernamental para sua implementação. Entre 2006 e 2009, o percentual de beneficiários com idade entre 06 e 15 anos acompanhados quanto à condicionalidade de educação, ou seja, com informação sobre a frequência escolar, subiu de 62,8% a 89,6%, enquanto o acompanhamento integral das condicionalidades de saúde cresceu de 38,3% para 64,5% das famílias com perfil para acompanhamento.

Componente 5 – Gerenciamento do Projeto

Subcomponente 5A – Apoio à coordenação operacional

Subcomponente 5B – Apoio à coordenação técnica

Subcomponente 5C – Outras despesas

Em 2005, foram aplicados US\$ 485 mil quase que totalmente em aquisição de passagens aéreas para todas as atividades mencionadas dos demais componentes. Em 2006, US\$ 531 mil foram comprometidos para o mesmo objetivo além de outras despesas de escritório, as quais são consideradas custos incrementais decorrentes da implantação do Projeto. Em 2007 foi finalizado o processo de licitação para compra de passagens com a contratação da empresa Money Turismo no valor de US\$ 360 mil. No ano de 2008 o gerenciamento do projeto continuou sua execução, emitindo passagens para o apoio da execução dos outros componentes, bem como a contratação de alguns consultores para coordenação de projetos.

Execução orçamentária. Em relação à execução orçamentária e financeira do Projeto, saliente-se que em janeiro de 2007, no que se refere à execução financeira do Componente 1: Transferências condicionadas de renda no âmbito do PBF, obteve-se um desembolso de 100% do total orçado, ou seja, US\$ 551.478.000,00 (quinhentos e cinquenta e um milhões, quatrocentos e setenta e oito mil dólares), demonstrando um alto nível de comprometimento do Governo Federal com o Projeto e a eficácia da implementação.

O valor final dos recursos alocados à parte institucional do Ministério (Componentes 2, 3, 4 e 5) totalizou US\$ 9,5 milhões, tendo sido pagos US\$ 7,3 milhões.

Desse modo, o Acordo de Empréstimo (APL I) teve, ao final, uma execução de 98% do total orçado originalmente e 99,6% do total de orçamento final (US\$ 561.663 milhões dos US\$ 563.839 milhões), representando um altíssimo nível de execução. Estes valores correspondem a 100% da parte de transferências de renda do PBF e 77% da parte institucional (US\$ 7,3 milhões de US\$ 9,5 milhões), que também pode ser considerada uma ótima execução orçamentária no que diz respeito à parte de assistência técnica.

Para melhor visualizar os resultados do APL I, segue, no Anexo 1, uma descrição detalhada da execução de suas metas e no Anexo 2, o detalhamento da execução orçamentária e financeira do Projeto.

Quanto aos compromissos legais, a tabela abaixo demonstra o cumprimento dos mesmos:

Artigo/ Seção	Tipo	Data	Descrição	Situação/ Data de Cumprimento	Comentários
Seção 3.06	Revisão técnica	31/10/2005	Primeira revisão técnica para verificar elegibilidades, pagamentos e cumprimento de condicionalidades	Cumprido	Ver item 2.5 da Tabela 2 das segundas condições para aumento do % de reembolso.
Seção 3.06	Revisão técnica	31/12/2006	Segunda revisão técnica para verificar elegibilidades, pagamentos e cumprimento de condicionalidades	Cumprido	Ver Ajuda Memória de 24 de maio de 2006.
Seção 3.01(c)	Acordos	31/12/2005	Acordos com órgãos ligados aos povos indígenas e quilombolas para a implementação do PDPI.	Cumprido	Ver Nota Técnica nº100 da SENARC enviada ao Banco em 27/09/2006

Artigo/ Seção	Tipo	Data	Descrição	Situação/ Data de Cumprimento	Comentários
Anexo 1 - Seção 4 (a)	Condicionantes para desembolso.	31/07/2006	Cumprimento dos condicionantes para passar o reembolso do componente 1 de 8% para 9% (modalidade Swap).	Cumprido	Ver Ajuda Memória de Reunião de 19 de junho de 2006
Anexo 1 - Seção 4 (b)	Condicionantes para desembolso.	27/06/2007	Cumprimento dos condicionantes para passar o reembolso do componente 1 de 9% para 11% (modalidade Swap).	Cumprido	Decreto 6.135 de 26 de junho de 2007 que regulamenta o Cad. Único publicado no DOU

Principais Fatores que Afetaram a Implementação do Projeto e os Resultados

O arranjo institucional do Projeto (APL 1) contou com a Coordenação Geral do Ministério do Desenvolvimento Social e Combate à Fome (MDS), por meio de sua Secretaria Executiva.

Especificamente no que se trata do desenho proposto para a execução do Projeto, pode-se afirmar que o mesmo foi adequado, necessitando apenas pequenos ajustes, ao longo da implementação, uma vez que o reforço de recursos humanos esperado não ocorreu em tempo hábil, já que a aprovação de cargos para compor a estrutura do Ministério somente aconteceu já no segundo semestre de 2009, com a Lei Nº 12.083/2009, publicada no DOU 30/10/09, que “Dispõe sobre a criação de cargos em comissão do Grupo-Direção e Assessoramento Superiores – DAS, destinados ao Ministério do Desenvolvimento Social e Combate à Fome e à Fundação Nacional do Índio – FUNAI”.

Neste sentido, a cooperação técnica com o Programa das Nações Unidas para o Desenvolvimento (PNUD) foi de extrema importância, mas indicou, também, não ser a solução ideal para algumas contratações de serviços, como as pesquisas e estudos da Secretaria de Avaliação e Gestão da Informação (SAGI), por exemplo, por envolverem grandes volumes de recursos.

A execução do Componente 1, relativo ao reembolso de despesas do Governo Federal, de parte das transferências condicionadas de renda do Programa Bolsa Família (PBF), mesmo com o volume maior de recursos do empréstimo, foi facilitada, uma vez que se manteve o arranjo institucional pré-existente, cabendo ao MDS a coordenação, a gestão e a operacionalização, conforme o Decreto nº 5.209, de 17 de setembro de 2004.

Desempenho do Banco e do Mutuário

A assistência do Banco para o Projeto foi preparada rapidamente, com a plena colaboração do Governo Federal, principalmente dos dois Ministérios envolvidos mais diretamente, o Ministério do Desenvolvimento Social e de Combate à Fome (MDS) e o Ministério da Fazenda (MF).

Com uma abordagem setorial, a assistência do Banco Mundial apóia amplamente os mesmos objetivos do PBF. A contribuição financeira do Banco Mundial para transferências de renda foi relativamente pequena, representando apenas cerca de 8% do

total das transferências condicionadas no âmbito do PBF, no período de junho de 2005 a janeiro de 2007, de maneira que seu impacto direto sobre a redução global da pobreza e da desigualdade também foi relativamente pequeno. O apoio ao fortalecimento da capacidade de gestão do PBF, entretanto, contribui para que o Governo Federal do Brasil possa alcançar estes objetivos mais amplos de redução da pobreza e da desigualdade e promover o desenvolvimento do capital humano.

O Banco Mundial teve como foco o apoio ao desenvolvimento de um Brasil mais justo, acreditando ser o PBF, um instrumento capaz de contribuir diretamente ao alcance dos Objetivos do Milênio, propostos pelas Nações Unidas, no curto e no longo prazo, desde que desenvolvido de forma coordenada com outros programas governamentais, muitos dos quais o Banco também apoiou, visando, por exemplo, a redução da desnutrição, a educação universal, a redução da mortalidade infantil e a melhoria da saúde materna.

Quanto ao desempenho do MDS como a agência responsável de preparação e implementação, verificou-se que todas as condições do empréstimo foram atendidas, com desembolso total de 98%, desde sua efetividade, em junho de 2005. O APL I forneceu os incentivos corretos para garantir tanto a continuidade da política de distribuição de renda, quanto à consolidação e o aperfeiçoamento do PBF.

No que diz respeito ao desempenho do MDS, é preciso registrar, também, que foram empreendidos todos os esforços para a execução das ações previstas no Acordo, e o Governo Federal esteve o tempo todo comprometido com as políticas e metas do PBF, contando, para isso, com o apoio do Ministério da Fazenda (MF) e da Caixa Econômica Federal, como agente para efetuar os pagamentos aos beneficiários.

Conclusões e Implicações Para as Etapas Subseqüentes do APL

A insuficiência de recursos humanos foi determinante para a defesa, no Congresso Nacional, da aprovação da Lei Nº 12.083/2009, publicada no DOU 30/10/09, que “Dispõe sobre a criação de cargos em comissão do Grupo-Direção e Assessoramento Superiores – DAS, destinados ao Ministério do Desenvolvimento Social e Combate à Fome e à Fundação Nacional do Índio – FUNAI”.

Da mesma forma, a inadequação verificada da cooperação técnica com organismos internacionais, em relação a alguns processos de aquisições e contratações, também foi de extrema importância, pois indicou a necessidade de um acerto do MDS com o Banco, para inserir no escopo do APL II a modalidade de licitação de pregão eletrônico, o que agilizará muitas das atividades essenciais do Projeto.

Outra decisão, em decorrência destas observações, foi a de criar, no âmbito da Unidade de Implementação de Projetos (UIP), uma Comissão Especial de Licitação (CEL), a ser preparada para qualquer processo e todas as necessidades de aquisição do novo Projeto, incluindo a aquisição de bens e serviços e seleção de consultores para os montantes envolvidos. A CEL será composta por funcionários do MDS que já tenham conhecimento nas orientações das aquisições do Banco e por novos integrantes, que serão devidamente treinados. Com isso, o novo Acordo terá os processos de aquisição e contratação realizados preferencialmente por meio da CEL.

Assim, considerando o objetivo de fortalecimento institucional do MDS na operacionalização de projetos dessa natureza, houve, pelas dificuldades operacionais do APL I, comprovadamente ganhos com as lições aprendidas na sua execução. O MDS decidiu estabelecer, para o APL II, uma adequada capacidade para execução direta de aquisições e de gerenciamento financeiro, mudando significativamente o organograma de gestão do Projeto.

Annex 8: Comments of Cofinanciers and Other Partners/Stakeholders

N/A.

Annex 9: List of Supporting Documents

1. Ministerio de Desenvolvimento Social – Secretaria Executiva “Consolidação do Programa *Bolsa Família* e Apoio à Operacionalização do Compromisso Nacional Pelo Desenvolvimento Social”, Carta Consulta a Comissão de Financiamentos Externos –COFIEEX, Minuta 2, Brasília, Setembro de 2008.
2. Ministerio de Desenvolvimento Social “Documento de Avaliação de Projeto Sobre uma Proposta de Empréstimo no valor de US\$200 milhões ao governo do Brasil para um Projeto de Consolidação do Programa *Bolsa Família* e Apoio à Operacionalização do Compromisso Nacional Pelo Desenvolvimento Social”, Brasília, Novembro de 2009.
3. Rosani Cunha, *Entitlement to Income in Brazil: the Experience of the Bolsa Família Programme*.
4. Oliveira Silva, Oliveira Souza y Pacheco Santos, 2008 in Caderno de Estudos 9 p. 42.
5. Núcleo de Pesquisas, Informações et Políticas Públicas da Universidade Federal Fluminense-Data UFF and SAGI. 2009. Estudos de Caso sobre Controle Social do Programa Bolsa Família.
6. On the decline in Brazilian inequality in the last decade, see Barros et al. (2006) and Ferreira et al. (2008a).
7. Financial Management Practices in World Bank Financed Investments Operations as of November 3, 2005; Implementing Output- Based Disbursement mechanisms for investment operations of April 2, 2007.
8. Relatório Analítico para levantamento de experiências de cadastramento de povos indígenas, Brasília, abril de 2009.
9. Relatório Analítico para levantamento de experiências de cadastramento de famílias quilombolas, abril de 2009.
10. Consultoria técnica para elaboração de guia para orientar o cadastramento de famílias de comunidades quilombolas. Brasília Junho de 2009.
11. Consultoria técnica para elaboração de relatório contendo a sistematização das informações sobre experiências de cadastramento de famílias indígenas, contendo estimativas e localização dos povos e étnias, desagregadas por município, por estado e por famílias, Brasília, Julho de 2009.
12. Povos Indígenas: Um Registro das Ações de Desenvolvimento Social, Cadernos de Estudos Desenvolvimento Social em Debate, Numero 10.
13. Políticas Sociais e Chamada Nutricional Quilombola: Estudos Sobre condições de Vida nas Comunidades e Situação Nutricional das Crianças, Cadernos de Estudos Desenvolvimento Social em Debate, Numero 9.

Annex 10: Compliance with Triggers to Move to Second Phase APL

Component	Trigger	Status of Compliance
Conditional Cash Transfers	<ul style="list-style-type: none"> • Coverage of at least 2/3 of extreme poor families by program • Pre-reform transfer programs eliminated (former beneficiaries either converted to <i>Bolsa Família</i> or dropped from programs) 	<ul style="list-style-type: none"> • Complied • Complied
Strengthening of System for Identifying the Target Population	<ul style="list-style-type: none"> • <i>Cadastro</i> questionnaire and BF eligibility criteria revised and published • Expansion and recertification data collection strategy designed and implemented • All detectable duplications in the <i>Cadastro Único</i> database eliminated • Periodicity for updating <i>Cadastro Único</i> and recertifying <i>Bolsa Família</i> beneficiaries formally established • Recertification process commenced in at least 25 percent of municipalities • <i>Cadastro Único</i> users (MDS and at least 50 percent of municipalities) with access to data 	<ul style="list-style-type: none"> • Complied • Complied • Complied • Complied • Complied • Surpassed
Developing an M&E system	<ul style="list-style-type: none"> • MIS for the BFP fully operational and generating adequate reports • Results of at least one round of Quality Control Reviews for BF published • Baseline beneficiary survey conducted 	<ul style="list-style-type: none"> • Complied • Surpassed • Complied
Institutional Strengthening	<ul style="list-style-type: none"> • Matrix of functional and institutional responsibilities for the BFP published • Strategy for operating program in remote areas developed • Beneficiary information booklets designed, published and distributed • System for verifying human capital conditionalities operating 	<ul style="list-style-type: none"> • Complied • Completed for Indigenous and <i>Quilom bolas</i> • Complied • System operational and increasing proportion of verified conditionalities

The second phase of the APL for the *Bolsa Família* Program has recently been negotiated, and consideration by the Bank's Board is scheduled for FY09. The second

phase would continue to support the overall objectives of reducing poverty and inequality and promoting human capital development by improving schooling and health status of children and reducing incidence of malnutrition among the poor population. It would pursue these objectives through the continued financing of cash transfers to eligible beneficiaries and the provision of technical assistance in support of the priorities identified by the Government as described earlier in this section. These include: (a) continued efforts to strengthen the BFP's overall governance by: (i) unifying and increasing the use of the *Cadastrro Único* as an instrument for targeting; (ii) improving the management of monitoring of and compliance with conditionalities; (iii) improving payment mechanisms in remote areas; (iv) further strengthening monitoring and evaluation of the program; (v) strengthening oversight and control (both formal and social controls) of social program activities; (vi) enhancing local implementation and management capacity; (vii) improving the coordination between federal and local government and further refining the responsibilities of each of the levels of health, education and social assistance service providers in setting up social services networks; and (viii) advancing social participation of beneficiaries in the articulation of local policy, and (b) improved integration and linkages between the BFP and other social and labor market programs and interventions to create exit strategies for the BFP beneficiaries (especially second generation strategies) and to facilitate their entry into the labor market and/or access to income-generation activities. Complementary actions and services would focus on linking beneficiaries to: (a) social worker accompaniment and other social assistance programs; (b) micro-credit and financial services; and (c) income-generating and productive inclusion activities.

Annex 11: Performance Milestones (Disbursement Conditions)

	STAGE 2 MILESTONES	STAGE 3 MILESTONES
<i>Strengthening of System for Identifying the Target Population</i>	<ul style="list-style-type: none"> • New <i>Cadastro Único</i> questionnaires developed • Instruments for implementing the eligibility criteria for BF beneficiaries revised • Normative acts and operational guidelines for the <i>Cadastro Único</i> published on MDS webpage 	<ul style="list-style-type: none"> • Data collection strategy designed and piloted • All detectable duplications in the <i>Cadastro Único</i> database eliminated • <i>Cadastro Único</i> users (MDS and 30% of municipalities) with access to <i>Cadastro Único</i> data
<i>Developing monitoring and evaluation system</i>	<ul style="list-style-type: none"> • Terms of reference for design of MIS for the BFP prepared • Inventory of existing inter-governmental partnerships for BFP completed • Terms of reference of Quality Control Reviews developed • Terms of reference for baseline beneficiary survey prepared 	<ul style="list-style-type: none"> • Adequate Management Information System (MIS) for BFP developed and operational • Quality Control Reviews for <i>Bolsa Família</i> processes developed and piloted in at least 10 municipalities • Baseline beneficiary survey developed and piloted in at least 10 municipalities
<i>Institutional strengthening</i>	<ul style="list-style-type: none"> • Matrix of key functional and institutional responsibilities for BFP published on MDS webpage • Beneficiary information booklets (<i>cadernetas</i>) designed 	<ul style="list-style-type: none"> • System for verifying human capital conditionalities developed, piloted in at least five municipalities • Beneficiary information booklets (<i>cadernetas</i>) distributed

Annex 12: Lessons Learned

The BFP's implementation, together with the Bank's support to the Program under this initial phase under the Project offer a wealth of lessons with respect to its experience as the largest conditional cash transfer program in the world, and to the Bank's involvement in supporting the Government with this ambitious program. These are described separately as lessons with respect to the BFP as a CCT and lessons with respect to Bank involvement below.

Lessons with respect to Conditional Cash Transfer Programs:

Well-defined, targeted, managed and monitored CCT programs represent an important instrument of social policy for reducing poverty and extreme poverty, and improving income distribution. The BFP has shown that in a short period of time, with strong political support, good targeting, strong financial management and monitoring, especially of conditionalities, CCTs, represent an important component of overall social policy, and can contribute to improved outcomes.

Political leadership combined with strong technical implementation capacity and rigorous evaluation is key to the setting-up and sustainability of conditional cash transfer programs. International experience has shown that successful implementation and institutionalization of CCT programs requires both strong support from the highest level of Government, and clear institutional responsibilities for program design, coordination and implementation. SENARC built a robust monitoring system, based on the overhaul of the beneficiary registry, and also invested in strengthening its technical cadre. SAGI focused on institutionalizing M&E inside the MDS and on providing quality terms of reference and supervision to external evaluations. The Program's impact evaluation and major implementation evaluations are contracted out to external evaluators, including a Brazilian research institution and international academic institution.

Clear definition of institutional responsibilities in turn ensures adequate coordination and improves institutionalization and sustainability. CCT programs foster innovative cross-sector interventions, which hardly fit within the mission of typical line ministries. In Brazil, the BFP faced challenges related to the coordination of: (a) the monitoring of conditionalities across Ministries of Health and Education; (b) the sharing of information with the database manager, *Caixa Econômica Federal*; and (c) ensuring coordination with the state and municipal governments. During the first phase, MDS underwent a process of institutional reform where the roles of its different secretariats and partners in the implementation of *Bolsa Família*, were clarified. While the Ministry of Health centralizes the information on compliance with the health conditionalities, the information on school attendance is entered directly by Municipal Secretaries of Education using software run by *Caixa Econômica Federal*. The software incorporates an innovative system of incentives, based on a Decentralized Management Index (*Índice*

de Gestão Descentralizada), which rewards good local implementation of the program. This process generated strong buy-in across government levels and sectors.

Families who fail to comply with conditionalities may need additional support to take full advantage of CCT programs. *Bolsa Família* has triggered behavior change among the poor, especially among those who did not traditionally access services, and among local service providers. However, recent experiences have shown that dealing with the complex challenges that very poor families face when participating in CCT programs constitutes a key element for sustainable program success. Several programs in LAC have implemented complementary activities to help beneficiary families obtain the maximum benefits to which they are entitled under the program and take measures to address their structural poverty. In Brazil, social services centers (*Centros de Referência da Assistência Social--CRAS*), run by the National Secretary for Social Assistance in MDS, are reaching out to *Bolsa Família* beneficiaries who do not comply with program conditionalities to help them to do so and also to link them to local social services. CRAS staff can thus play an important role in identifying and removing barriers faced by beneficiary families.

Strengthening human capital, especially among the poor, requires tight coordination between demand and supply side interventions. On the demand side, CCT programs seek to address income-related barriers impeding poor and vulnerable groups from accessing basic social services (education, health, and nutrition) and thus to improve the utilization of these and other social services. In turn, unless the supply and quality of such services is adequate, CCT programs will not succeed in improving educational, health and nutritional status of the targeted population. Supply side problems can limit a CCT's effectiveness in terms of improving educational outcomes; for example, children may attend school but if the school quality is poor their learning outcomes may not improve, as recent international and Brazilian evidence has shown. Improving quality and fostering learning in the schools mostly attended by *Bolsa Família* beneficiaries is a major challenge in Brazil. As a result, CCTs can be an important instrument in social policy, but need to be complemented by sectoral actions on the supply side.

Transparent targeting mechanisms ensure that a CCT program reaches its intended beneficiaries and maximizes its impact. One of the crucial elements for the success of a CCT program is the targeting scheme used to define areas of intervention and select beneficiary families. CCT programs are set to provide very poor families with an individual benefit which should be high enough to stimulate investments in human capital, but low enough to avoid introducing distortions regarding adult labor force participation. Therefore, the targeting mechanism is at the core of a CCT program, as the benefit is designed to have the desired behavior change in extremely poor families. Targeting also requires some calibration to minimize exclusion and inclusion errors so as to include as many extremely poor families as possible without including many non-extreme poor. In unequal middle-income countries such as Brazil, household-level targeting is also usually necessary.

Clear and transparent rules to provide support and apply sanctions ensure program credibility. Successful CCT programs have built broad credibility and accountability

among beneficiaries and other stakeholders. This requires clear, transparent and strictly applied rules, with defined oversight institutions. This also requires extensive communication about: (a) the definition of co-responsibility of households and individual members; (b) transparent criteria for selecting families, determining benefit amounts and checking compliance with conditionalities; (c) sanctions to non-compliant beneficiaries, including temporary and definitive suspension from the program, and conditions for reinstatement; (d) sanctions for fraud and mismanagement by program staff and local officials; and (e) clear guidelines about the duration of program benefits. An efficient, accurate and timely system to verify beneficiary families' compliance with their co-responsibility and the compliance of program staff with their functions are paramount to its credibility. Finally, the program's credibility rests on its ability to receive feedback from participating households and from the public.

Linking beneficiaries to skills and income generating activities ensures the medium-term sustainability of poverty alleviation impacts. The experience of CCT programs in Latin America has shown that in the short term, transfers foster increased access to services and raise consumption. However, the challenge is to guarantee the medium- and long-term sustainability of these improvements through complementary programs that allow beneficiaries to “graduate” from the CCT program, or through limiting the duration of benefits. In Brazil, complementary programs include: group support through the CRAS, youth life skills and integrated attention to youth issues through *ProJovem*, literacy programs for youth and adults (*Brasil Alfabetizado*), access to financial services (accounts and financial literacy) and income-generating programs such as professional training (*PlanSeq*); job search and placement services (*SINE*); micro-credit (*Banco do Nordeste* and *Banco do Povo*), technical assistance for micro-enterprises; and rural development programs. While most programs are federally administered, the states and municipalities run a whole array of complementary programs. And coordination of these local programs is important to promote integrated poverty-reducing local development.

CCT programs, while designed to foster medium-term improvements in human capital, have a role to play in responding to crises and protecting poor households' investments in human capital. CCT programs' principal focus is on improving the synergies between health, nutrition and education and breaking the inter-generational transmission of poverty. They also provide a good mechanism to channel additional resources to the extreme poor to offset temporary crises (such as last year's rapid food price inflation) while providing incentives to dissuade families from cutting their investment in education and health in the face of economic difficulties.

Communication throughout program implementation sustains CCT programs in their daily operations and also promotes wide-spread “buy-in” for the program. This communication moves in two directions. It entails much more than media-related activities, since it provides a pedagogic approach to beneficiary families and local managers, especially in remote areas. It also educates the general public and policy-makers about the innovations embedded in a CCT program while ensuring oversight, transparency and accountability. In the other direction, good communications programs include bottom-up feedback from beneficiaries and other local stakeholders for program management, social audit and control.

While CCTs have traditionally focused on school-aged children, reaping the highest yields for this investment may require enhancing school preparedness of pre-school children and school-to-work transition skills for youths. Recent evidence in neurosciences shows that the 0-2 year-age period provides an important window to lay the foundations for children's strong socio-cognitive development. This requires the provision of good nutrition, care and access to early education during this period. Brazil has launched several initiatives to improve children's access to early education, extended eligibility to 15-17 year-old youth and is seeking to reach at-risk youth through coordination with the *ProJovem* umbrella of programs.

Lessons with respect to the Bank's Assistance:

The Sector Wide Approach (SWAp) to investment lending, in which Government systems are utilized and strengthened, and apply not only to the entirety of the program supported but for the Bank's fiduciary purposes as well leverage Bank assistance to impact the entirety of the program. While there may be concerns about the systems that are to be used, especially in the start-up phase, it is possible to "stage" the Bank's financial assistance through the use of incentives, such as the increasing disbursement percentages that resulted upon compliance with milestones under the Project, or through disbursement conditions that limit disbursements until certain actions are carried out.

By financing a program through a SWAp, flexibility for responding to emerging priorities is brought into the instrument. The progressive approach to modifying the beneficiaries (youth aged 16 and 17), and later adjusting the value and structure of benefits to respond to first the food and oil price hikes and later the international economic and financial crisis, was achieved by modifying the BFP's policies as a whole, in accordance with applicable local legislation. The Bank was in full agreement with these adjustments, but as the Bank was supporting the BFP as a whole, a restructuring of the Project's objectives was not required.

Complementary programs of Bank analytical and advisory services, such as the programmatic BRASA and BRAVA AAA tasks that supported the design of social assistance in Brazil offer an effective vehicle for leveraging the Bank's technical assistance to parallel that financed under investment lending operations. The programmatic establishes an overall framework for a program of multi-year technical and advisory services, each year providing a description of specific activities to be carried out and reviewing and consolidating those that were finalized in the previous year. In this manner, programmatic AAA offers a flexible, responsive vehicle for providing just-in-time support to clients in support of the design and fine-tuning of their programs.

When Bank assistance supports the start-up of a new program the risks may be high, but if and as technical support to and strengthening of the program progress according to a well-defined agenda of technical assistance, most of those risks diminish. A review of conditional cash transfers in the Latin America Region carried out by the Bank in June 2009, "Control and Accountability Mechanisms in Conditional Cash Transfer

Programs”, stated with respect to the BFP: “In retrospect, despite implementation delays of the technical assistance and strengthening of the MIS, most of the risks identified in the first phase PAD did not materialize, and we expect that individual risk ratings for the second phase APL to be lower than originally envisaged for the program.

When an Implementing Agency requires the support of an external agency to procure goods and services, clear strategies should be defined to transfer knowledge to that Agency’s fiduciary units. Alternatively, it would be preferable to invest in ensuring that the Agency’s fiduciary unit has the capacity to, assume responsibility for project procurement and financial management on its own.

Annex 13: Monitoring and Evaluation

The MDS has developed under the Project a comprehensive Monitoring and Evaluation (M&E) System. The Government assigned high priority to close monitoring and evaluation of the BFP since the Program's establishment in 2004, and hence the Project included a separate component (Component 3) to support the design and implementation of a comprehensive M&E System. The establishment of Secretariat for Evaluation and Information Management (SAGI) within MDS constituted a decisive and innovative step for policymaking, assessment and evaluation of social policies. Until then, no Ministry or central agency in Brazil had an autonomous body to carry out such activities. Under the Project, SAGI was institutionally and technically strengthened to increase relevance in the MDS' decision-making process. M&E activities supported by the Project, which were developed and used extensively to ensure expected outcomes throughout implementation, are described in detail in Section 3.2.

From the institutional perspective, SAGI is a transversal Secretariat supported by a committee comprising key officials from the other Secretariats. Technically, SAGI is conformed by high-level specialists and is responsible for: (a) a Monitoring System to track the Program's progress and provide information based on indicators and administrative data; and (b) an Evaluation System to conduct research and impact evaluations based on rigorous methodologies, applied to selected social programs, initially within MDS, to measure the outcomes of social programs, including the BFP, at the federal level. The overall objective of the M&E System in MDS is to: (a) provide feedback to program management in terms of results, outcomes, implementation and outputs; (b) disseminate results and improve transparency of social programs through publications, workshops and micro-data; (c) provide and make available strategic information for decision-making and program design through reports, technical notes, etc.; and (d) enhance the capacity of the Ministry to manage social policies, monitoring and evaluation and social control. As in other countries, evaluation activities are periodic, performed on selected programs only, based on sample data and intended to inform major program decisions. Monitoring is a regular on-going process performed on all programs using administrative (universal) data and sought to adjust and improve programs under implementation. Given its importance as the Government's flagship social program, the MDS opted for contracting-out the impact evaluation to an external specialized firm, formed by a consortium of an internationally credible research organization and a local research group. This was in addition to a strengthened series of operational audits by the *Tribunal de Contas da União* since the beginning of the program.

Gradually, the Secretariat has developed instruments and tools to produce knowledge, information and feedback in a timely fashion. In addition to the impact evaluations and research carried out usually through contracting out internationally recognized firms specialized in these area, SAGI has developed a set of mechanisms to follow the day-to-day information on key Ministerial strategies, and provide useful information and feedback to program managers and decision makers. Some of such instruments include: (i) the Social Information Matrix, which provides internal and external information, and

is a computer tool that stores data, information and indicators of social programs; (ii) the Social Atlas, which presents cartographic and data information on specific programs; (iii) monitoring cards, based on web-based questionnaires for following up the operation status of the CRAS (Social Assistance Reference Centers); and (iv) geo-referencing of social programs, among other tools. SAGI and SENARC run an extensive program of capacity building for municipal and state managers of the program, both on operational and analytical issues that is contributing to strengthening the technical capacity of these actors.

Beyond the evidence generated by the BFP, the MDS has also made significant contributions to help advance the culture and institutionalization of M&E in Brazil. Monitoring and Evaluation functions in the MDS constitute a critical element of the policy making and decision making process on social policies in three levels: (i) internally, to provide feedback and improve effectiveness of and optimize resources invested in social programs under the responsibility of the Ministry; evaluations and assessments are carried out by SAGI in close coordination with implementing agencies and programs' managers; (ii) at policy making level, to inform decisions taken in relation to social programs; and (iii) externally, to improve transparency, control and accountability of social policies, through the dissemination and discussion of evaluations and assessments. SAGI disseminates the generated knowledge to the general public through several channels, including through the academia as well as government officers, workshops, technical publications, and availability of information in the web.

Annex 14: Safeguards

In view of the Project's country scope, and the existence of a large group of Indigenous and *Quilombola* (afro-descendants) populations in the country, OP 4.20 (at the time being revised as OP 4.10) was triggered, and an Indigenous Peoples Development Plan was prepared and consulted during preparation. Brazil currently has an estimated 530,000 Indigenous People of 225 different ethnic groups spread over 34 Special Indigenous Sanitary Districts, and speaking 180 different languages. Between 100,000 and 190,000 live outside of Indigenous lands. The number of *Quilombola* communities varies according to the source of information; it is estimated that there are approximately 560,000 people living in 3,225 communities. The rate of extreme poverty among these ethnic minorities is estimated to reach 38 percent. In 2006, the nutritional census for *Quilombolas* estimated that 57 percent of interviewed families were in what is considered Class E, a group that includes the 4 percent poorest Brazilians.

The Government introduced innovative and pragmatic strategies to increase the access and participation of the most vulnerable groups in *Bolsa Família*, respecting their beliefs, cultural identity and traditional values. This has relied mainly on specific processes to facilitate the registry of families and to comply with/monitor conditionality. In 2004, as the program started, it was nearly impossible to identify *Quilombola* and Indigenous beneficiaries in the registries since they were not recognized as such in the registration form.

The BFP has made significant progress in registering indigenous and *Quilombola* beneficiaries, based on self-identification; ensuring that operational processes run smoothly even in remote areas; and ensuring enough flexibility about compliance with conditionalities to take into account specific health and education modalities for Indigenous and *Quilombola* communities and the availability of social services in remote areas. Consultations with families and communities participating in *Bolsa Família* are carried out during registration. Until now, the program has registered Indigenous families on demand by community leadership. Individual families have the right to refuse the program or to accept it with informed consent. The program has made steady progress in registering Indigenous families: from 29,000 in March 2006 to 71,000 in January 2009, of which 59,000 were program beneficiaries. The program has also greatly increased its coverage of *Quilombola* families: from 6,400 in October 2006 to 26,000 in January 2009, of which 21,000 were program beneficiaries.

To reach out to these groups, in 2005, the MDS created a Working Group on Traditional Populations and Communities, with 10 anthropologists. Then, in 2008, the *Cadastro Único* created a specific unit for this theme, responding directly to the management of the National Secretariat for Citizens' Income (SENARC) in MDS. This unit is responsible for all tasks pertaining to the registry of Indigenous and *Quilombola* families, as well as other traditional people. It includes five staff, two of which are sociologists. MDS has also set-up partnerships with various governmental and non-governmental agencies (NGOs) that work with Indigenous peoples, such as the *Fundação Nacional do Índio* (FUNAI, in charge of the Indigenous Policy of the Government), the *Fundação Nacional*

de Saúde (FUNASA, in charge of Indigenous health services) and national and regional federations of Indigenous organizations. Similarly, it has set up partnerships with government agencies and NGOs that work with *Quilombolas*. These partnerships seek to improve the inclusion of Indigenous and *Quilombola* populations and to improve the supply of basic services for them. In addition, the Ministry of Social Development commissioned specific studies respectively taking stock of federal government initiatives related to Indigenous peoples and assessing nutritional issues facing *Quilombola* families, and carried out consultations with several Indigenous and *Quilombola* communities in 2008. All of the materials to promote access and benefits for the Indigenous and *Quilombola* communities are published on MDS' website.

Innovations have been included in the 2008 registration packages to ensure families are knowledgeable about the benefits, eligibility, conditionalities for transfers, and exit strategies. The processes have been codified in operational rules, regulations and guidelines from the MDS. The new registration form for *Cadastro Único* includes specific self-identification questions in the first section of the questionnaire, as well as additional questions to register ethnicity (Indigenous) and community (*Quilombos*). The new *Cadastro Único* form will be rolled-out before the end of 2009, together with specific guides--*Guía de Cadastramento das Famílias Indígenas and Guía de Cadastramento das Famílias Quilombolas* (SENARC/MDS 2009)--targeted to municipal managers, program staff and other service providers who operate directly with the communities for the registration of Indigenous and *Quilombola* families. In addition, the Government is in the process of re-defining its assistance to traditional peoples under the coordination of Special Secretary for Policies to Promote Racial Equality (SEPPPIR) in the Presidency. The MDS is signing a new Technical Cooperation Agreement with FUNAI to define the partnerships between the two institutions to deal with issues such as how to deal with potential beneficiaries that lack any form of identification, how to identify the most vulnerable groups. In May 2009, the MDS organized workshops in Brasília with municipal stakeholders to discuss specific aspects of the program operations in areas with a high proportion of Indigenous and *Quilombola* families.

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