

FINANCING OF BRAZIL'S UNIFIED SOCIAL ASSISTANCE SYSTEM



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ACRONYMS

AB	Auxílio Brasil (Brazil Aid)
ABC	Agência Brasileira de Cooperação (Brazilian Cooperation Agency)
BPC	Benefício de Prestação Continuada (Continuous Cash Benefit Programme)
BRL	Real Brasileiro (Brazilian Real)
CF 88	Constituição Federal de 1988 (Federal Constitution of 1988)
CNAS	Conselho Nacional de Assistência Social (National Social Assistance Council)
CONSEAS	Conselhos Estaduais de Assistência Social (State Social Assistance Councils)
FNAS	Fundo Nacional da Assistência Social (National Social Assistance Fund)
FNP	Frente Nacional de Prefeitos (National Front of Mayors)
Fonseas	Fórum Nacional de Secretários de Estado da Assistência Social (National Forum of Social Assistance State Secretaries)
GDP	Gross Domestic Product
IDG-M	Índice de Gestão Descentralizada Municipal (Municipal Decentralized Management Index)
IGD-PBF	Índice de Gestão Descentralizada do Programa Bolsa Família (Decentralized Management Index of the Bolsa Família Programme)
IGD-SUAS	Índice de Gestão Descentralizada do Sistema Único de Assistência Social (Decentralized Management Index of the Unified Social Assistance System)
IPEA	Instituto de Pesquisa Econômica Aplicada (Institute of Applied Economic Research)
LA	Liberdade Assistida (Assisted Freedom)
LDO	Lei de Diretrizes Orçamentárias (Budget Guidelines Law)
LOA	Lei Orçamentária Anual (Annual Budget Law)
MDS	Ministério do Desenvolvimento e Assistência Social, Família e Combate à Fome (Ministry of Development and Social Assistance, Family and the Fight against Hunger)
MRE	Ministério das Relações Exteriores (Ministry of Foreign Affairs)
MW	Minimum Wage
PAC	Piso de Alta Complexidade (High Complexity Floor)
PBF	Programa Bolsa Família (Bolsa Família Programme)
PBFI	Piso Básico Fixo (Basic Fixed Floor)
PBV	Piso Básico Variável (Basic Variable Floor)
PETI	Programa de Erradicação do Trabalho Infantil (Child Labour Eradication Programme)
PFMC	Piso Fixo de Média Complexidade (Medium Complexity Fixed Floor)
PJOV	Projeto Jovem Adolescente (Youth Adolescent Project)
PSB	Proteção Social Básica (Basic Social Protection)
PSC	Prestação de Serviços à Comunidade (Provision of Community Services)
PSE	Proteção Social Especial (Special Social Protection)
PTMC	Piso de Transição de Média Complexidade (Medium Complexity Transitional Floor)
PVMC	Piso Fixo de Média Complexidade (Medium Complexity Variable Floor)
PCD	Pessoas com Deficiência (People with Disabilities)
RFPC	Renda familiar per capita (Per capita household income)
SIGPBF	Sistema de Gestão do Programa Bolsa Família (Bolsa Família Programme Management System)
SNAS	Secretaria Nacional de Assistência Social (National Social Assistance Secretariat)
SUAS	Sistema Único de Assistência Social (Unified Social Assistance System)
TAAS	Taxa de Acompanhamento da Agenda de Saúde (Health Agenda Monitoring Rate)
TAC	Taxa de Atualização Cadastral (Updated Registered Information Rate)
TAFE	Taxa de Acompanhamento de Frequência Escolar (School Attendance Monitoring Rate)



1. Introduction

One of the main characteristics of social protection in Brazil is the existence of a unified social assistance system, which supports both the execution of cash transfer programmes and the delivery of various social assistance services. The Unified Social Assistance System (SUAS, by its acronym in Portuguese) also supports various local social assistance programmes in the country. One of the main characteristics of SUAS is its inter-federative structure. The system lays out important enablers for a well-coordinated and efficient social assistance workforce. These include, for instance: national minimum wages for its workforce; basic skills, human and infrastructure requirements, nationally typified description of the services provided, a set of standardized monitoring instruments, and other similar structuring elements. These country-wide guidelines, typified services and tools shared by SUAS, however, do not operate on a top-down fashion. SUAS teams are directly hired and managed by the subnational administrations, not by the central government (which, in Brazil, is formally known as Federal Government). This is also not an imposed regime in which the central government determines that subnational administrations operate according to unilaterally established parameters. As pointed out in another Policy Brief of this series (UNICEF forthcoming), the alignment of social assistance teams around a unified national system is a result of the very governance structure that guides this arrangement.

Another important factor that favors the SUAS management model and the efficiency with which the system performs its functions concerns its financing system, which is discussed in this text. While describing the characteristics of the financing structure of SUAS the text highlights, the text highlights the role of co-financing among different levels of government as an important stimulus for states and municipalities to adhere to parameters that confer greater homogeneity to the system.

This Brief was prepared during the first quarter of 2023, and offers a situation analysis covering up to December 2022, with some early insights about 2023. Considering that the consolidated data on the SUAS budgets slightly differs among different government agencies, we present a description fundamentally based on secondary data, prioritizing the following sources: the National Treasury of Brazil, the SUAS federal management entity, and the Ministry of Development and Social Assistance, Family and the Fight against Hunger (MDS, by its acronym in Portuguese)¹. Given our difficulty in accurately replicating the MDS figures for some of the complementary analyses, the text uses estimates from the Institute for Applied Economic Research (IPEA, by its acronym in Portuguese) and the National Front of Mayors (FNP, by its acronym in Portuguese), which although not strictly comparable with MDS data, instrumentally illustrate the trends and facts discussed in the text. Given the exclusive use of secondary sources for the

¹ During the last few years, the Ministry of Development and Social Assistance, Family and the Fight against Hunger (MDS) has operated under the following nomenclatures: Ministry of Social Development and Fight Against Hunger (2004-2019), Ministry of Citizenship (2019-2022), Ministry of Development and Social Assistance, Family and the Fight against Hunger (2023-present).

elaboration of this text, the historical series do not always refer the same periods of time.

Chapter 2 offers a brief contextualization of the Brazilian administrative system and how the revenue structure of different government levels relates to the functioning of the country as a federation, while also including some relevant facts about the financing of social assistance services as a whole. Chapter 3 presents the SUAS financing structure, highlighting some recent changes that made this arrangement more agile. Chapter 4 presents a brief discussion on the legal nature of the SUAS budget and its possible underfunding/defunding effects, as well as its volatility and seasonality. Lastly, Chapter 5, summarizes some of the main characteristics of the SUAS financing system and how they can inform other countries that may wish to learn from the Brazilian model.



2. Context

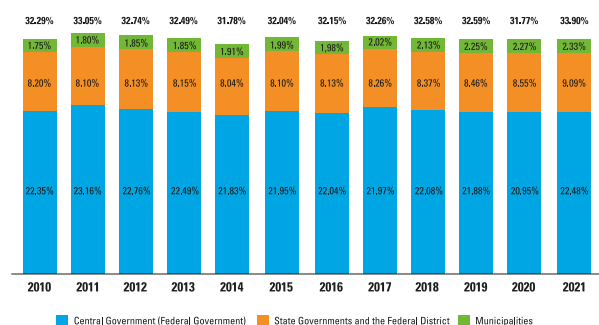
Brazil is a federation formed by three levels of government or entities of the federation: the Union (whose administration is the responsibility of the so-called Federal Government); 27 Federative Units (Unidades Federativas-UFs) (26 states and the Federal District); and 5,570 municipalities (local governments). One of the main recent milestones was the promulgation of the Federal Constitution of 1988 (Constituição Federal de 1988 - CF 88), also known as the Citizen Constitution, precisely because of the way it guarantees a wide range of non-contributory public services.

The 1988 Constitution provides for social policies such as health, education and social assistance as responsibilities shared among the federation entities. Thus, some arrangements were necessary to avoid overlapping initiatives and ensure adequate financing (BRASIL 1988). In the case of health and education, the Constitution defines the types of health services and the education levels to be offered by each government level. In the case of social assistance, however, there is no division of responsibilities by type of programme or by is targeted public.

2.1. Brazil's revenue structure

Taking the tax burden by government level as a proxy of their fiscal capacity, Figure 1 illustrates how Brazil's tax system is heavily concentrated in the federal government. The figure reveals how tax collections by all levels of government tend to remain stable, in the range of 33% of the Gross Domestic Product (GDP), with about 2/3 or more of this total due to collections made by the Central Government/Union, and with municipal governments collecting only a marginal share of this amount. As a result of this centralization of the collection system, subnational governments traditionally face difficulties in financing even the policies and services under their responsibility.

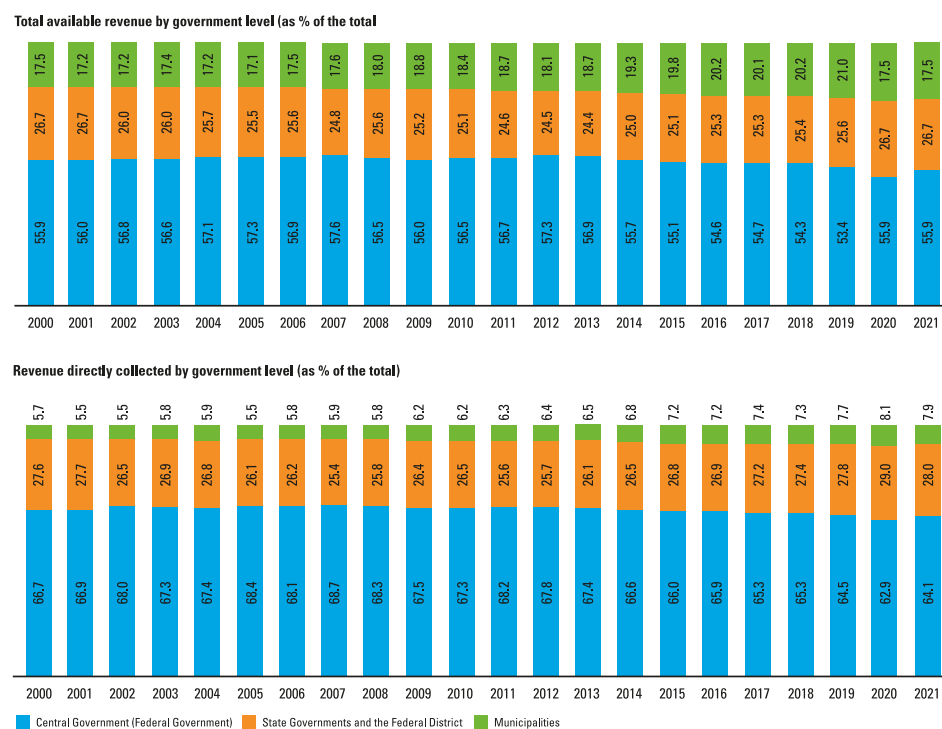
Figure 1. Tax burden by government level - 2010/2021. Data in % of the GDP



Source: Extracted from GoB, National Treasury (2022).

To remedy the mismatch between the Brazilian federative system and the country's primary tax collection structure, the CF 88 already provides for the transfer of additional resources from the federal level to subnational governments, in order to fund sectoral policies at the local level. Figure 2, therefore, shows a comparison between total available revenue by government level and the direct revenues collected by each of these. This illustrates how transfers from the federal government historically increase the available revenues of state and, especially, municipal governments².

Figure 2. Total available revenue vs Revenue directly collected by government levels, expressed in % of the total.



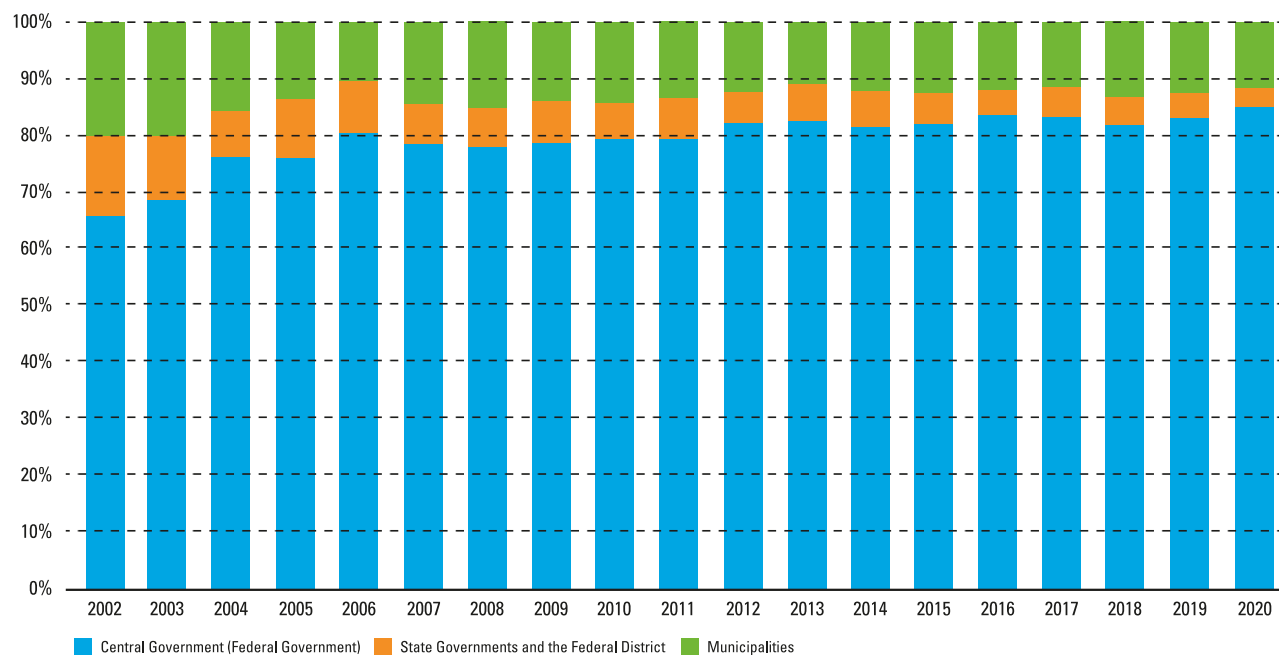
Source: extracted from National Front of Mayors – FNP (2022), elaborated by Kleber Pacheco de Castro. Primary source STN, ANP, Aneel and IBGE.

² Note that, in Figure 1, the tax collection rates are annually expressed as a percentage of the GDP. Thus, they do not add up to 100% since, in addition to taxes and other public revenues, the GDP (the sum of all final goods and services produced by a country) is also formed by revenues due to families and companies.

2.2. Specific characteristics of the social assistance sector's financing in Brazil

In the specific case of social assistance, Figure 3 illustrates how transfers from the central government (Federal Government) have a proportionately greater weight than those that complement the collection of states and municipalities in general. In the last decade, federal government transfers represented more than 80% of the social assistance budget.

Figure 3. Participation of different government levels in the financing of Function 08 - Social Assistance, 2002-2020.



Source: Extracted from *Gob. Min. Citizenship (2021b)*, prepared by the General Coordination of Planning and Evaluation/SPOG/MC. Primary source *Siafi; Siconfi/Finbra*.

In addition to federal transfers to states and municipalities, the CF 88 also provides for the possibility of the Federal Government to implement complementary actions, to those originally under the responsibility of subnational governments. Cash transfer programmes with payments made directly from the Federal Government to beneficiaries, such as the Bolsa Família Programme (PBF, by its acronym in Portuguese)³ are included in this context. This provision, therefore, presupposes a mutual agreement between the different government levels involved. The Federal Government, for example, cannot hire additional doctors to support basic health without the consent of each municipality to be benefitted from this. In the case of social assistance, even federal cash transfer programmes such as Bolsa Família cannot be imposed to any municipality unless municipal governments adhere to the program.

Considering to these challenges, the CF 88 also provides for the creation of specific systems for the inter-federative management of shared social policies and services. In the case of social assistance this

³ Bolsa Família (PBF) is a cash transfer programme created in 2004, which was replaced by a similar initiative, Auxílio Brasil (AB), between November 2021 and February 2023, which was then discontinued and once again replaced by a new Bolsa Família that began to operate on March 2023 with significant differences from both the original PBF and AB, especially with regard to its benefits, rules and eligibility criteria. See (UNICEF forthcoming) for an in-depth look at the new Bolsa Família and its predecessors.

attribution is the responsibility of the Unified Social Assistance System (SUAS), which was implemented only in 2004/05, after a long process with various political, technical and civil society actors.

SUAS can be briefly characterized as a system that coordinates social assistance policies independently or jointly implemented by the three government levels. The system also consists of a network of social assistance units spread throughout the national territory to support the delivery of different social assistance services, as well as the operationalization of other social benefits such as cash transfer programmes, access to social technologies, credit policies, rural development, subsidized tariffs and housing policies, among others.

SUAS provides parameters for the hiring of social assistance professionals and offers guidance on the implementation of the 12 nationally typified social assistance services⁴. In order to complement nationally offered services and programmes, states and municipalities can also engage local social assistance teams in their own activities.. The operational teams of SUAS also play a central role in feeding and updating the Cadastro Único – the main information management system for Brazilian social policies. The system is thus essential also for monitoring beneficiaries and gathering systematic knowledge in the territory about the potential target population of the country's main social programmes (GoB, Min. Social Development 2013a; 2014).

⁴ Below is a list of each of the 12 social assistance services nationally typified by SUAS.

1. Service of Protection and Integral Support to the Family (Serviço de Proteção e Atendimento Integral à Família (PAIF))
2. Service of Coexistence and Strengthening of Bonds (Serviço de Convivência e Fortalecimento de Vínculos (SCFV))
3. At Home Basic Social Protection Service for People with Disabilities and the Elderly* (Serviço de Proteção Social Básica no Domicílio para Pessoas com Deficiência e Idosas)
4. Protection and Specialized Care of Families and Individuals (Serviço de Proteção e Atendimento Especializado a Famílias e Indivíduos)
5. Special Social Protection Service for People with Disabilities, the Elderly and their Families* (Serviço de Proteção Social Especial para Pessoas com Deficiência, Idosas e suas Famílias)
6. Social Protection for Adolescents on Assisted Freedom (LA) and in Provision of Community Services* (Serviço de proteção social a adolescentes em cumprimento de medida socioeducativa de Liberdade Assistida (LA) e de Prestação de Serviços à Comunidade (PSC))
7. Specialized Social Approach Service (Serviço Especializado em Abordagem Social)
8. Specialized Service for Homeless People* (Serviço Especializado para Pessoas em Situação de Rua)
9. Institutional Care Shelter Service* (Serviço de Acolhimento Institucional)
10. Collective Housing Service* (Serviço de Acolhimento em República)
11. Foster Family Care Service* (Serviço de Acolhimento em Família Acolhedora (SFA))
12. Service of Protection During Public Calamities and Emergencies Situations* (Serviço de proteção em situações de calamidades públicas e de emergências).

*Translated freely



3. The SUAS financing model

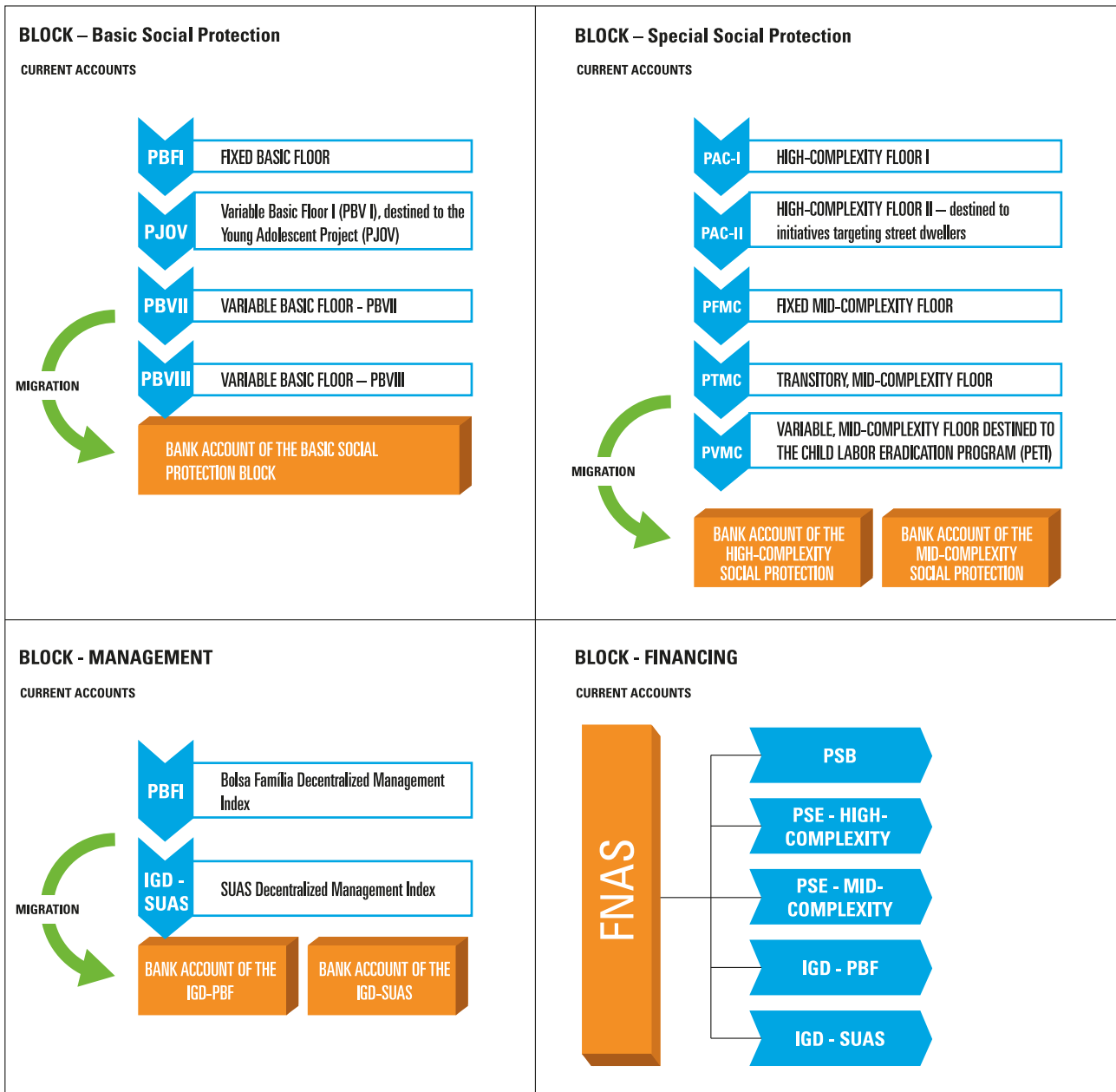
SUAS receives resources from a National Social Assistance Fund (FNAS, by its acronym in Portuguese), which is co-funded by the three government levels. The fund follows the guidelines issued by the National Social Assistance Council (CNAS, by its acronym in Portuguese), which counts with participation from civil society representatives and representatives from the three government levels. The FNAS guidelines are operationalized by the National Social Assistance Secretariat (SNAS, by its acronym in Portuguese) of the Ministry of Development and Social Assistance, Family and the Fight against Hunger (GoB, Min. Social Development 2013b).

Originally, FNAS operated through the earmarked financing “floors”: specific funds for each management function or service offered by SUAS. Subnational governments interested in receiving co-financing from the Federal Governments for these services and management purposes must establish local social assistance councils, create specific bank accounts for each different financing “floor”; make contributions from their own resources, and comply to operational parameters and guidelines defined by CNAS. To a large extent, the universal adherence of states and municipalities to SUAS as well as the massive structuring of social assistance councils by subnational governments reflect the merits of incentive structures by SUAS co-financing mechanism (Ibid).

However, overtime, it was realized that the allocation of resources to specific floors greatly limited the performance of subnational governments. As known, the most pressing challenges in each local context vary greatly, thus creating the need for some flexibility to allocate resources into services and managerial functions. To resolve this type of situation, from 2012 onwards the SUAS floors were aggregated into five thematic, financing blocks. These financing blocks have financing floors destined to activities that are directly complementary to each other with each other. Hence, resources originally earmarked into floors that are part of one same block can be reallocated within each other (Ibid).

In addition to increasing flexibility in the use of resources, the measure also simplified the system. Rather than having to manage over ten different bank accounts (each for a specific floor), subnational governments now manage only five: one for the Basic Social Protection (PSB, by its acronym in Portuguese) Services (services intended for people in social vulnerability but not enduring violations of their rights); two for the Special Social Protection (PES, by its acronym in Portuguese) Services (services intended for enduring violations of their rights); and another two for financing managerial and coordination responsibilities.

Figure 4. Composition of SUAS' financing Floors and Blocks⁵.



Source: GoB, Min. Social Development (2013b).

The PSE two financing blocks consists of five “floors”, three of which refer to Medium-Complexity Special Social Protection, and two intended for financing High-Complexity Special Social Protection. One of the main differences between medium and high-complexity PSE is that the latter includes the provision of temporary shelter, with specific infrastructure requirements, such as institutional shelters, collective housing and remuneration for foster families.

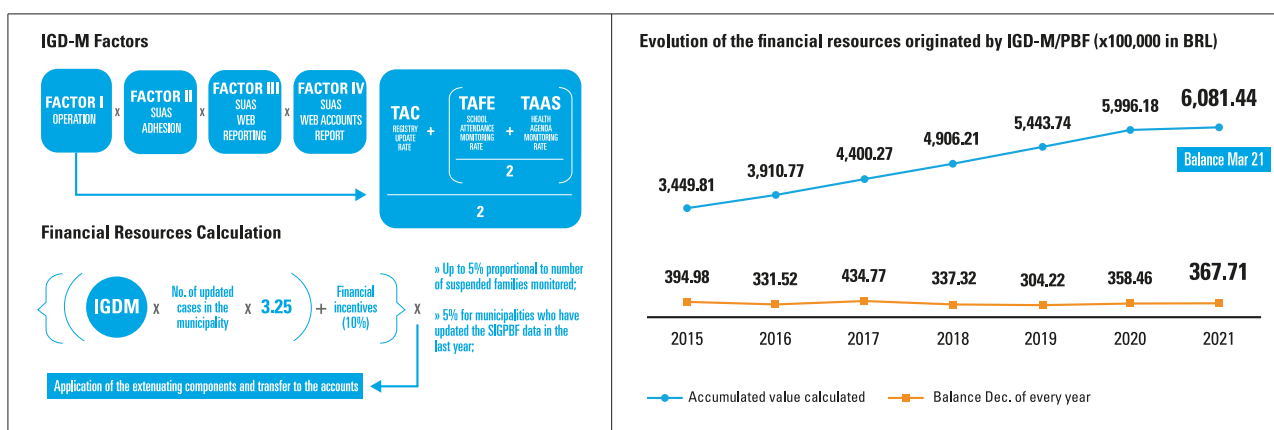
The blocks to fund the state/municipality’s social assistance responsibilities are each made of one floor each. One of them is the Decentralized Management Index of the Bolsa Família Programme (IGD-PBF, by its acronym in Portuguese), which stands out for being the only mandatory Federal Government

⁵The acronyms in this figure are in reference to the Program’s names in Portuguese

contribution to SUAS. This Floor is fully funded by the Federal Government. This fund is actually a payment the Bolsa Família Programme offers to SUAS for its key role in the programme's delivery system. Such activities include, for instance, the registration of the population in the Cadastro Único, the updating of this information every two years or whenever there is a significant change in the household cash or in the composition of the registered families, as well as the monitoring of conditionalities and follow-up activities with non-compliant families in order to regularize their status.

Based on administrative records, the PBF monitors the quality of the services provided by SUAS in each municipality from a synthetic index, the IGD-PBF, which aggregates: the Cadastro Único update rate, the school attendance monitoring rate, the monitoring rate of the programme's health-related conditionalities, the adherence of municipalities to SUAS, timely reporting on the spending of resources through the SUASWEB system, and the level of accountability of the information provided in this system, in addition to other financial incentives for the monitoring of non-compliant families and related to the quality of other data entered in the PBF management system. All resources destined for municipalities are shared based on these performance indicators. As for the states, the allocation of resources is made using an IGD-PBF average of the municipalities under their jurisdiction. (GoB, Min. Citizenship 2018; 2021a; GoB, Min. Social Development 2013b).

Figure 5. IGD-M/PBF factors and evolution of its financial resources⁶



Source: (GoB, Min. Citizenship 2021a)

Besides IGD-PBF, whose resources must be spent on functions directly related to their role supporting the PBF's operation, there is also another floor more focused on the other attributions of SUAS: the Decentralized Management Index of the Unified Social Assistance System (IGD-SUAS, by its acronym in Portuguese). Unlike IGD-PBF, IGD-SUAS does not assess so much the quality of services provided. Rather, it focuses on bottlenecks in basic inputs for socio-assistance teams to perform their functions. Thus, IGD-SUAS estimates, based on the SUAS Census (conducted annually via standardized questionnaires), the dimension of bottlenecks in infrastructure and human resource composition, transferring more resources to teams that face more constraints (Ibid).

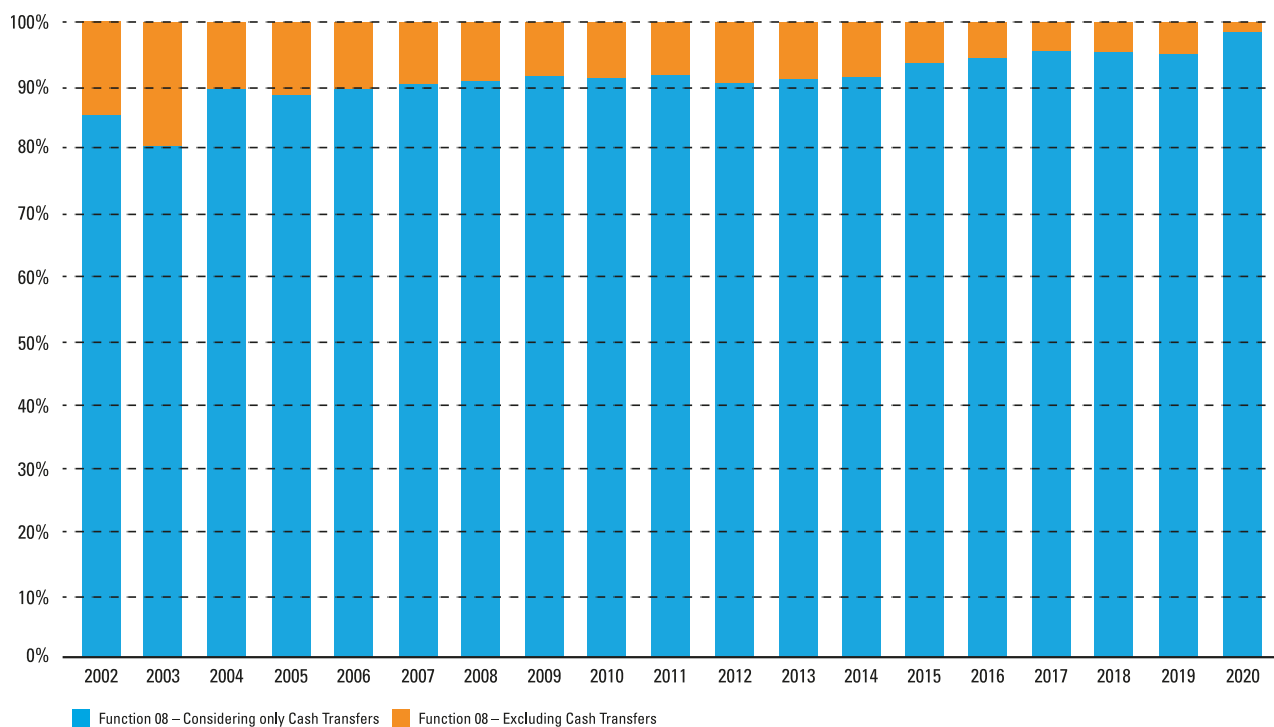
⁶ The acronyms in this figure are in reference to the Program's names in Portuguese



4. Underfunding and seasonality of the transfers from the Federal Government

Although Figure 3 (see Chapter 2 'Context') shows a large participation of the Federal Government in the financing of social assistance as a whole, it should be noted that, on average, over 85% of these resources are directed to the financing of cash transfer programmes of the Federal Government, such as the PBF and the BPC. As illustrated by Figure 6, the role of the Federal Government in financing other social assistance initiatives (mainly the financing of SUAS) is often limited to about 10% of the total amount allocated to this function, with significant cuts made from 2015 and onwards.

Figure 6. Relative participation of cash transfer programmes VS other actions in the budget execution of Social Assistance at the Federal level (function 08), 2002-2020.



Source: Extracted from *Gov. Min. Citizenship (2021b)*, prepared by the General Coordination of Planning and Evaluation/SPOG/MC.

A factor that possibly contributes to this low budget availability is the discretionary nature of all SUAS financing floors, with the exception of IGD-PBF. Although this legal status does not necessarily limit the availability of federal resources for SUAS, in practice it makes this type of expenditure much more susceptible to budgetary cuts than mandatory expenditures such as the health and education budgets. Primary expenses in Brazil fall into one of the three categories described below (de Souza 2012; Pires 2018; Barbosa 2020; GoB, Min. Economy 2022):

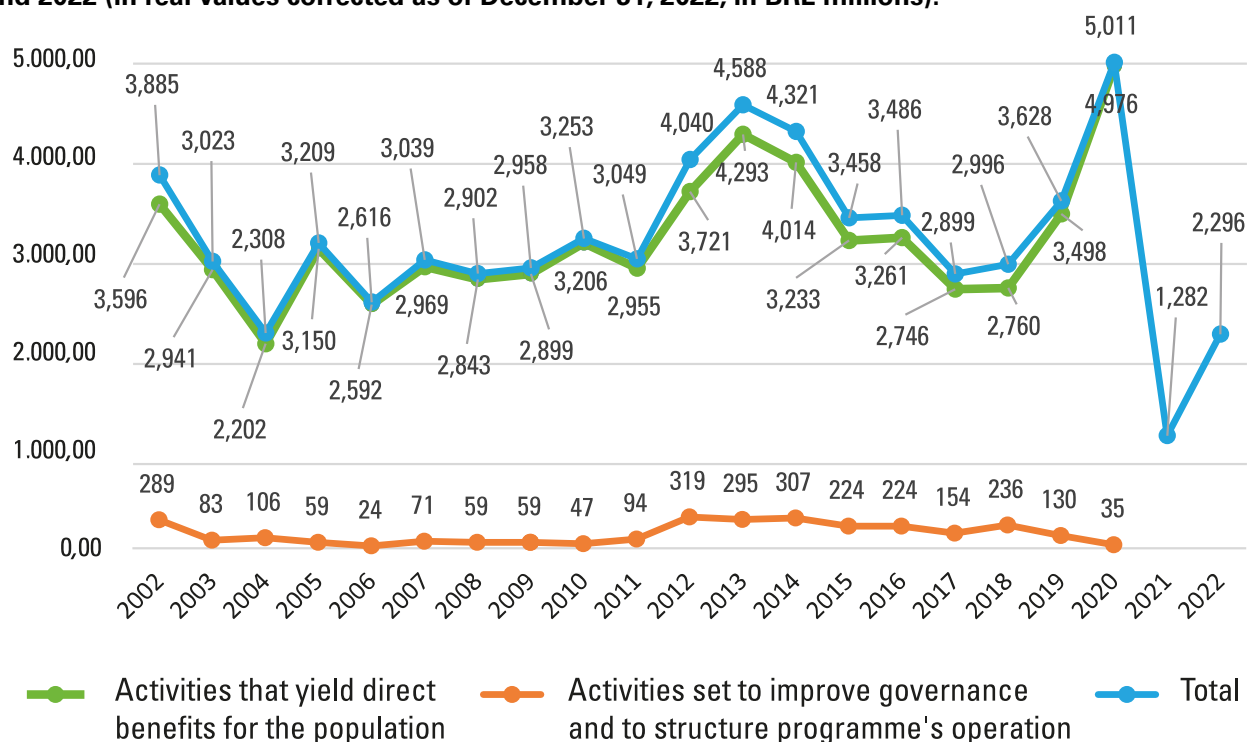
1. **Rights-Based Mandatory Expenditures (RBME – despesas obrigatórias sem controle de fluxo):** legally binding obligations that, unless their legal status is revised, cannot be subject to financial reprogramming, and which are entirely dictated by aspects beyond the control of the Government. This is the case, for example, of expenses with pension funds and of Brazil's Cash Transfer to the elder (the BPC), which are solely dictated by the growth of the elderly ELIGIBLE population. In such cases, regardless of the fiscal context, the government can neither discontinue payments nor prevent new eligible beneficiaries to enroll.

2. **Non-Rights-Based Mandatory Expenditures (N-RBME – despesas obrigatórias com controle de fluxo):** obligations subject to a limited degree of financial reprogramming. This includes, for example, the PBF, which may have its budgetary demands contained by administrative decisions affecting the registering of new beneficiaries. There are limits, however, on how reprogramming can affect the operation of already established programmes. Although some expenses are mandatory by Law, the PBF, for example, does not enjoy this prerogative. In practice, what gives PBF this characteristic is its indication as a mandatory expense in the annual Budget Guidelines Law (LDO, by its acronym in Portuguese) (as has occurred since the programme was created). Since PBF is a mandatory expense with flow control, shortages of expected revenues during the year cannot trigger interruptions on payments of already enrolled beneficiaries. As a matter of fact, PBFs budget as launched at every year's LDO cannot even be reduced without major and hard-to-achieve legal reforms. However, budget availability can and should dictate the flow with which the programme admits new beneficiaries. Thus, in years of budgetary uncertainty, eligible individuals tend to spend longer periods of time waiting to be included in the programme, and regardless of the context, the inclusion of new beneficiaries depends on a discretionary decision from the Executive power.

3. **Discretionary expenses:** referring to expenses that, despite indicated beforehand, depend on the discretion of the Executive power to be executed/ implemented. In such cases, the decision to execute it and even to follow the schedule of implementation is entirely subject to the discretionary decision of the Executive Power. Furthermore, More than being subject to contingencies dictated by the government, this type of expense is legally obliged to undergo priority cuts in contexts where the revenue estimates assumed for each bimester for the Budget Guidelines Law (LDO) of each year end up not being confirmed in practice.

With the exception of the IGD-PBF, the Federal Government's participation in SUAS financing is discretionary and thus exposes the system to underfunding and volatility. Transfers from the Federal Government to SUAS tend to suffer in unfavourable political or fiscal contexts. Figure 7 demonstrates how discretionary transfers from the Federal Government to SUAS went through severe cuts between 2014 and 2017. These were the first years of Brazil's still ongoing fiscal crisis.

Figure 7. Federal Government budget executions with SNAS/FNAS discretionary actions between 2002 and 2022 (in real values corrected as of December 31, 2022, in BRL millions).



Note: the data from the Ministry of Citizenship for the period 2002 to 2021 is expressed real values as of December 2021, taking the National Broad Consumer Price Index (IPCA) as a reference. These original data were again corrected by the author as of December 2022, also using the IPCA as a reference. The deflation of the 2021 data, extracted from the Federal Government's Transparency Portal, follows the same methodology.

Source: data from 2002 to 2020 extracted from (GoB, Min. Min. Citizenship 2021b), prepared by the General Coordination of Planning and Evaluation/SPOG/MC. Primary source Siafi. Data for 2021 and 2022 extracted from the Transparency Portal (GoB, CGU 2023), although not strictly comparable.

As can be seen, between 2018 and 2019 SUAS suffered from budgetary recomposition, and in 2020 it reached its historical peak. However, 56% of the 2020 amount was linked to extraordinary credits in response to the Covid-19 crisis (GoB, Min. Citizenship 2022). As pointed out by SUAS representative instances such as the National Forum of State Social Assistance Secretaries (Fonseas, by its acronym in Portuguese) and the State Social Assistance Councils (CONSEAS, by its acronym in Portuguese), the extraordinary resources of 2020 were not sufficient to make up for accumulated budget losses in previous years or to cover additional costs during the Covid-19 pandemic (GoB, IPEA 2021; 2020A). Fonseas (2021) points out that between 2016 and 2019 Federal Government transfers presented average annual deficits of over 30% if compared with the minimum amounts defined by CNAS for the system to operate within its reference parameters (such as, for example, the appropriate rate of professionals per beneficiary, minimum infrastructure parameters, etc.).

In addition to being insufficient to cover the underfunding that already existed before 2020, the additional credits destined to SUAS in 2020 were discontinued in the following years. In 2021 the budget operated at a historic low with only 1.2 billion BRL executed. In 2022, although the budget execution increased to 2.2 billion BRL, it was still below the values executed in the last decade (GoB, CGU 2023). For 2023 the provisions of the Budget Law approved at the end of 2022 practically eliminated the SUAS budget altogether. However, by the time this Brief was elaborated, in the first quarter of 2023, there were plans to compensate for this loss through extraordinary resources. Although the SNAS budget re-

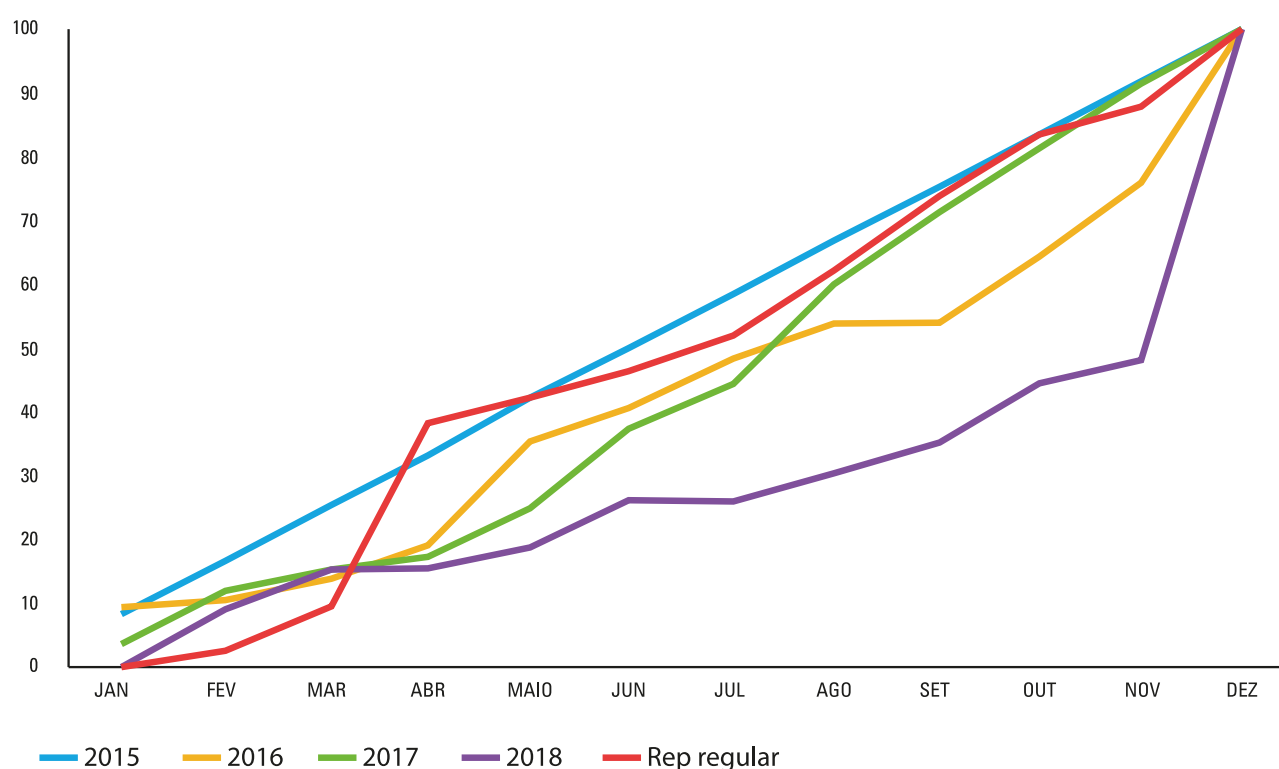
commendation (approved by the CNAS) was 2.5 billion BRL for 2023, the approved allocation to SUAS, as per the Annual Budget Law (LOA), amounted to only 965 million BRL (GoB, IPEA 2022).

In addition to the underfunding of SUAS by the Federal Government, another issue of concern with regards to the budgetary situation of the system is reflected in the seasonality and lack of predictability of fund allocations from the Federal Government. Federal transfers for mandatory expenses have to be carried out continuously throughout the year, while transfers related to discretionary expenses can be made more irregularly, at the convenience of the Federal Executive and Legislative Branches.

Figure 8 illustrates how, in specific years, the transfers from the Federal Government to SUAS was concentrated at the end of the fiscal year. These late transfers of funds compromise the capacity of subnational governments to implement these resources, and to fund strategic actions that require planning. In 2016 and 2017 respectively 34% and 62% of federal discretionary funds for SUAS were only transferred and made available in November. It is also worth noting that the efforts to recompose the budget each year are quite costly, requiring political mobilization that could be otherwise channeled towards fulfilling SUAS technical mandate (GoB, IPEA 2022).

With transfers from the Federal Government falling short of what needed or expected, SUAS turns out increasing its dependency on resources that can be released by the national Legislative Power. These negotiations, however, can be quite demanding, and overall are targeted to specific states or cities, with a potential of being politically driven and of contributing to the sharpening of territorial disparities. Furthermore, Legislative financing is rather an exception to the Brazilian financing architecture, and therefore resources available are much shorter than those distributed through regular budget processed by the Executive Power. (Ibid).

Figure 8. Monthly execution of payments for SUAS social protection services (2015-2018). Share of accumulated monthly expenditure as a proportion of annual expenditure (in %).





Source: Extracted from (GoB, IPEA 2020b). Primary source Siga Brazil.

5. Final Remarks

Our analysis reveals that the financing model of SUAS can be a good alternative for countries that, like Brazil, promote co-responsibility in the provision of social assistance services. The Brazilian case is an interesting example of how to operationalize a model of co-management and co-financing. It is noteworthy how the country operationalizes this through a unified system that encompasses all levels of government (instead of, for example, dividing responsibilities by assigning specific services or populations to each level of government). In Brazil, all levels of government act across the full spectrum of social assistance services and its population in need. In this context, SUAS operates as a coordination channel to reduce overlap and maximize efficiencies.

SUAS also contributes to the provision of more homogeneous services, as a way of mitigating the role that the State itself may have in the exacerbation of territorial inequalities. No State can offer services with the same level of quality alongside all the national territory. Still, the offer of services within a unified system tends to be a better option than offering independent and poorly coordinated initiatives, managed solely by subnational governments with heterogeneous capacities.

In this context, SUAS offers a standardization of services without centralizing its decision-making processes at the federal level. As part of its elaborate institutional architecture, SUAS also has a financing mechanism in which the Federal Government manages its own fund (the FNAS) according to guidelines issued by a participatory council (the CNAS).

The SUAS financing structure also creates a virtuous co-financing cycle, in which transfers from the Federal Government have the potential to mitigate distortions in the country's administrative arrangement. This is a relevant aspect, since primary tax collection in Brazil is concentrated at the federal level and does not fully reflect the responsibilities assigned to subnational governments. Moreover, the SUAS financing system offers incentives for states and municipalities to provide their own governance structures and budgets, since this is a prerequisite for receiving transfers from the Federal Government. Thus, subnational governments are encouraged to adhere to the common protocols that characterize SUAS as a unified system. The idea of conditioning access to Federal Government's resources on the availability of the states' and municipalities' own resources for financing social assistance further helps uphold this virtuous cycle.

Another great merit of SUAS and its Lei de Diretrizes Orçamentárias system is the existence of a national typification of the social assistance services to be offered by the system throughout the national territory. This allows the co-financing of the system to give an appropriate and balanced direction to

the decentralized resources that are to be allocated to states and municipalities. Although at first the linking of resources to specific activities was not very practical, the participatory management structure of SUAS allowed for an appropriate revision of these protocols in 2012. It then became possible to reallocate resources between services within the same financing block. The criteria used for allocating federal resources also prevents this process from being contaminated by partisan political biases in the relationship between the Federal Government and its subnational counterparts.

However, a serious vulnerability of the SUAS financing architecture lies in the volatility and seasonality of transfers from the Federal Government. As a consequence of its discretionary nature, the SUAS budget is almost strictly dependent on the country's fiscal and political context, both in terms of volume and in terms of when the transfers are made. This explains why SUAS professionals and authorities are committed to defending that the transfers to the system become a mandatory expense, preferably as a right, and thus not subject to flow controls and based on financing "floors". It would also be important to reform the country's tax collection system to strengthen tax collection in states and municipalities, especially in order to equalize territorial inequalities and as long as this does not have a negative effect on the quality of public spending.

Finally, it is worth highlighting the gains in scale achieved by using the national network of social assistance teams to support the operationalization of various social benefits. In addition to being efficient, this choice proves resilient when at least some of the served programmes (such as the Bolsa Familia Programme) are willing to contribute financially, remunerating subnational governments for the services provided. If, on the one hand, the IGD-PBF has the merit of being a great instrument to compensate states and municipalities based on the quality of the support provided by their social assistance teams, on the other hand, the IGD-SUAS adds equity to the system by transferring resources to municipalities according to the severity of their structural bottlenecks.

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