

# Addressing Inequalities and Challenges to Social Inclusion through Productive Inclusion Policies: Brazil's Experience

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# Historical Background: Social Policies

In 20 years, approximately 25 million people escaped extreme poverty

However, cash transfers are not enough to break the intergenerational poverty cycle

Currently, Brasil is focused on improving Bolsa Familia and breaking the intergenerational poverty cycle

- Bolsa Familia waitlists
- Purchasing power of Bolsa Família cash transfers
- Happy Children
- Productive Inclusion: Progredir

# Bolsa Familia

Since Bolsa Familia's creation, it had waitlists of, on average, one year (budgetary restrictions)

- In the last nine months, families started receiving Bolsa Familia the month after they become eligible: no more waitlists

Bolsa Familia is composed of three different benefits

- Never before 2016 the food purchasing power of Bolsa Familia benefits rose for more than two consecutive years
- It rose in 2016 and 2017
- It will probably rise in 2018

# Happy Children

**Created in 2016:** Home visiting for Bolsa Familia children until they are 3 years-old

- Evidence-based program. Seems to be the better way to break the intergenerational poverty cycle: has very robust long-run effects
- Some impact evaluations of similar programs around the world: Campbell et.al. (2002), Heckman et.al. (2010), Muennig et.al. (2011), Campbell et.al. (2012), Gertler et.al. (2014), Attanasio et.al. (2015)
- Happy Children is being evaluated
  - RCT
  - 4,000 children (biggest sample size for research like that)

# Productive Inclusion Agenda

# Historical Background

In 2011, Brasil Sem Miséria was created – a special strategy focused on the 2011-2014 period to fight poverty

Three pillars

- Cash transfers
- Provision of public services
- Productive inclusion

# BSM's Agenda

**BSM's Productive inclusion agenda** focused mainly in **professional education: Pronatec** (National Program for Access to Technical Education and Employment)

Provision of free courses, chosen by the Ministry of Social Development

US\$ 715 million annual expenditures, on average

However, program **impact evaluations** show the classic “Pronatec” model had no effect on income and employability

# Innovation

Learning from previous experiences, **ProgreDir** was launched in **September 2017** to bring productive inclusion back to Brazil's agenda

Brazil has plenty productive inclusion actions (NGOs, federal and local governments)

However, they lack integration. Productive inclusion programs must be integrated to be effective. Examples:

- Labor market needs and professional training
- Financial education and credit



# The Social Partners Network

Integration requires a map of all possible actions and actors

Productive inclusion happens in the private sector, so private sector players must be involved in productive inclusion policies

NGOs and local governments

- Offer (free of charge) financial education, professional training, and entrepreneurship courses
- Help people to access Progredir services

# More on partners and actors

## Companies

- Provide job opportunities
- Help to determine professional education demand

## Fintechs and banks

- Supply Microcredit and payment services to “ProgreDir” beneficiaries

## Schools

- Offer (free of charge) financial education, professional training, and entrepreneurship courses

# Integration: the next step

Menu is defined, but two questions remain

- Which is the combination/sequence of services to be provided
- When to provide them?

In Progredir, we only determine priors

- Continuous RCTs (built-in): permanent evaluation
  - Progredir is designed to supply services randomly, so we can generate robust and continuous evidence on which actions are effective and which are not
  - Progredir allows the Ministry to reach the beneficiaries of social policies without intermediaries

# The Actions

# Professional training

**A new approach to professional training: Supertec** – coordinates **labor market needs** and **professional training**

O'Connell et al. (2017) assessed the **impact** of this experience

Supertec's design increased the probability of employment

Therefore

- Vocational courses and workshops chosen after productive sector surveys
- Matching education, skills, and jobs

# Not only short-run outcomes

How many talents do we lose because of poverty? I'll give you just one example

We found more than 500 Bolsa Familia beneficiaries who were also medalists on 2017 Brazilian Mathematics Olympiad for Public Schools Students

- Many of them cannot pursue higher education

We will provide them scholarships for special Mathematics courses and help them to pursue their higher education dreams

# Labor Market Intermediation

- Helping people make their CVs
- Monitoring labor market performance of the Progredir target population
  - As discussed, labor market monitoring provides very useful information to determine Progredir's professional education supply
- Intermediation between private sector job offers and candidates

# Occupations Profile

Productive inclusion prioritize the most vulnerable Brazilians, namely the **people registered in the Unified Registry**: the 40% poorest

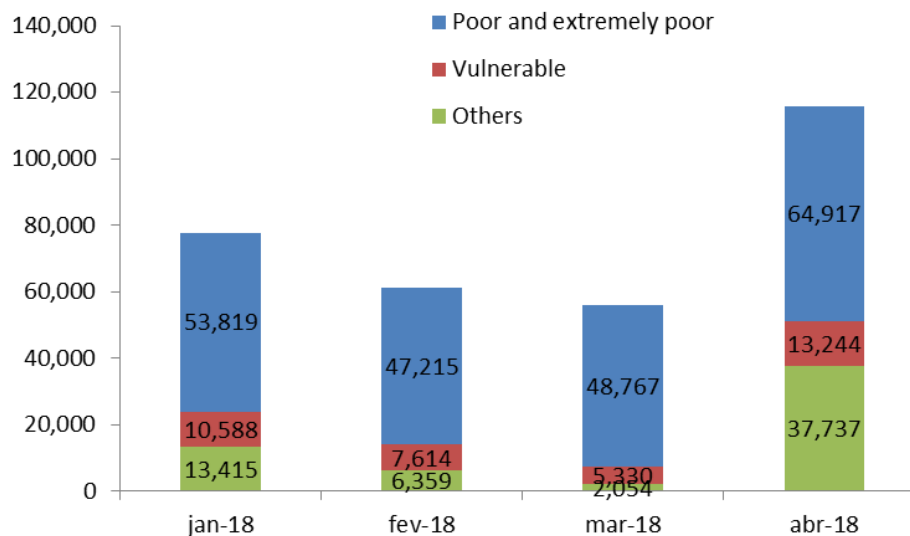
- 80 million people
  - 17.4 million have an occupation (22%)
    - 4.2 million (24%) are in the formal labor market
    - 13.2 million (76%) are in informal activities
      - 9.2 million (70%) are self-employed
      - 2.4 million (18%) are temporary rural workers
      - 1.6 million (12%) have other informal activities



# Recent Numbers

Since January 2018, 311,092 formal jobs were created in Brazil (taking admissions and dismissals into account)

- 69% (214,718) for Bolsa Família beneficiaries (poor and extremely poor)
- 12% (36,776) for people from the Unified Registry (vulnerable)
- 19% (59,565) for other income groups



# Entrepreneurship support

- Free courses on entrepreneurship
- Free consultancy services
- Diminishing financial inclusion gaps
  - Targeting Microcredit Supply
  - Financial education

# Financial education

RCT with Bolsa Familia beneficiaries showed “nudges” (Behavioral Economics) and workshops can have great impact on family savings and financial behavior

Because of these results, we launched the Future in Hand Program

- **Financial education workshops** for more than 200,000 **Bolsa Familia** beneficiaries

We are testing other behavioral financial education strategies

Our objective is to integrate financial inclusion and education

# Financial inclusion

## Oriented Microcredit Program

- After Progredir, targeted to Unified Registry population

Approximately **US\$ 600 million in microcredit** have been granted to Unified Registry population

- Surprisingly, approximately two thirds of total loans go to Bolsa Familia beneficiaries: targeting seems to be working

# Analysis

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# Some Numbers

## 8 months

- US\$ 600 million in microcredit with technical assistance
- 200,000 families receiving financial education
- 435,000 people participating of productive inclusion workshops
- 84,000 people on professional training

# Many Patterns

- Program design much more evidence-based
  - Happy children
  - Professional education
  - Financial education
- Robust evaluation is an important tool for protecting good programs: the case of Mexico
- Data availability, so multiple researches can be done
  - Household surveys (PNAD and poverty numbers)
  - Each program has multiple perspectives

# A Possible Proposal

- Permanent evaluation agenda (RCTs)
  - If possible, RCTs that can be incorporated into the continuous operation of social programs
- SDGs are a learning opportunity, so we can do better in the future
- 2030 Agenda
  - Indicator and policy links require impact evaluations
  - How much of each policy requires a counter-factual analysis



**Thank you!**  
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