

Brazil: Politics, Economy, and Education in Sao Paulo

-Instituto Gerando Falcões-

Anirudh Sudhir, Edoardo Ghirardo, Viola Lorenzi

BFDE

*Behavioral Finance and Development Economics
Association*

Bocconi University



TABLE OF CONTENTS

Introduction to Brazil	1
Gerando Falcões organization	3
Conclusion, reflections and considerations for the future	5
Bibliography	6

Introduction to Brazil

Brazil is one of the largest countries in the world by a vast variety of indicators. With over 213 million people living in an area of around 8.5 million square kilometers, the country is the seventh most populous in the world, fifth by surface area. With an estimated Gross Domestic Product of over 1.877 trillion USD, the economy of Brazil is the largest in South America and the twelfth largest in the world. However, the size of the country makes managing it extremely challenging. One of the main issues is Brazil's relative underdevelopment when compared to western countries, and its high inequality not only in wealth, but also in access to healthcare, food, and education.

Looking at Brazil's economy, we can see that in the past 40 years its GDP per capita has grown by over 26%, adjusted for inflation.

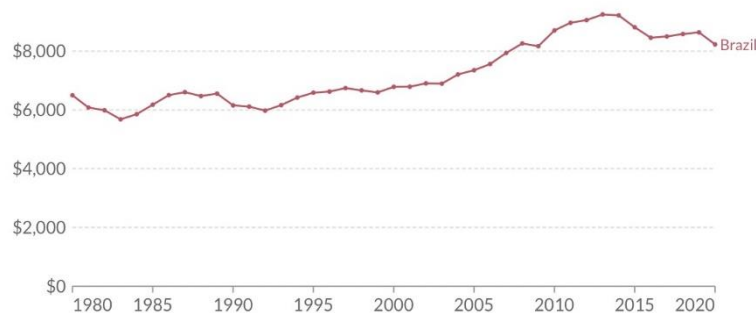


Figure 1 - GDP per capita measured in constant US-\$, which adjusts for inflation in the past 40 years.

At the same time, however, Brazil's GDP per capita is still lower than most western countries and some of its South American neighbors. Moreover, the worrying inequality that has been affecting the country did not decrease as much as GDP rose. Brazil's GINI¹ coefficient went from 57.9% in 1981 to 48.9% in 2020, and it is still among the highest in the world according to the World Bank.

One of the most worrying aspects of inequality in Brazil is the inequality between the cities and the favelas, which are high-density neighborhoods consisting of illegally built houses.



Figure 2 - Example of a favela in Sao Paulo

¹ The Gini coefficient measures the inequality among values of a frequency distribution, such as the levels of income.

The favelas, first built after the abolition of slavery as a solution to the lack of affordable housing in the country, have evolved to be one of the most important aspects of Brazil's social fabric, growing especially during the rural exodus of the 1970s. The percentage of people living in favelas in Brazil's largest cities is similar to the share of people living in subsidized housing in many cities of similar size throughout the world. Around 98% of the people living in favelas are from Brazil's lower and middle classes.

Over the years, numerous mass evictions have taken place to try to control the spread of these illegal housing solutions. This was mostly ineffective, as the measures taken tried to get rid of the favelas without attempting to tackle the poverty and inequality that forces people to live in the favelas in the first place. Despite the right to education being included in Brazil's constitution, this right is often violated in the favelas.

While the overall education level of Brazil, measured with PISA test scores, is in line with other countries similar in economic development, within the country there is a high difference in the quality of education provided.

The country's upper class can afford private primary and secondary schools, while most of the working class attends public schools, which are generally believed to be of a lower quality compared to their private counterparts. This relationship is inverted in the case of universities, given that the highest-ranked educational institutions in the country are public, however, their admission criteria are very selective and students who were provided with a higher quality education are naturally advantaged.

This can make the higher classes maintain their status of wealth and power, since access to education, and thus higher paying jobs, is facilitated for those who can afford to go to private schooling institutions.

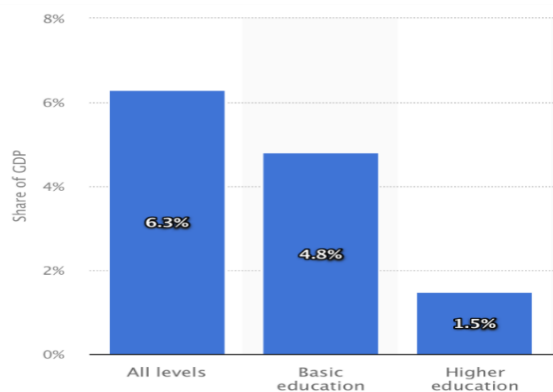


Figure 3 - Government expenditure on education as percentage of GDP in Brazil in 2017

On a positive note, the education expenditure in Brazil is among the highest in the world as a share of total government expenditure², so we can expect this situation to improve in the following years.

² Italian expenditure on education as share of GDP accounts to 8.8%

However, the COVID-19 pandemic has also had an important impact on the country's educational system, being Brazil one of the worst-hit countries from the early months of the pandemic. Which was amplified by the lack of necessary technological tools and knowledge to keep education going. The measures put in place to prevent the spread of the disease, especially school closures, hit the poorest families the hardest. With schools moving to online learning, children of families coming from a lower socio-economic background could not count on the same level of parental assistance as their peers coming from richer families. Many children had to renounce to school meals, which were the only steady source of warm, healthy meals they could count on.

Gerando Falcões organization

Created in 2011 by social entrepreneur Eduardo Lyra (born and raised in a favela himself), Gerando Falcões ("Raising Falcons" in English) is a social development organization in Sao Paulo that uses a multidisciplinary approach that involves sports, culture, and income generation through more than 20 different projects to promote development, social justice, and equal access to opportunities.



Figure 4 - Eduardo Lyra, CEO and founder of the Gerando Falcoes organization

The organization aims at eliminating poverty in Brazil, tackling the issue of education among favelas. Young people (aged 14 to 19) living in favelas receive training within their communities to then apply to the Falcons University, a free, six-month program that features 12 learning modules such as “favela expertise, private sector expertise, public policies, technology, and innovation.”

Afterwards, students are monitored for 3 and a half years, so that they can fully develop all the skills of social entrepreneurship and perhaps start their own business. The first step to shape tomorrow's leaders is empowering kids to take charge of their lives by showing them that they can choose other life paths than the ones that they might be given. “Não importa de onde você vem, mas pra onde você vai”. The past, of course, will influence but not determine who they will be.

Gerando Falcões’s growth strategy focuses on making the organization sustainable and financially stable. A bazaar of donated products has been launched, and the amount collected goes to fund³ social projects.

Its most recent project, “Favela 3D – Digital, Dignified and Developed”, aims at changing the Vila Itália favela, where families live in precarious housing, into a developed community with basic infrastructure (sanitation, water, and electricity). Moreover, the aim is to implement business cooperatives and education projects as well, so that residents can generate income. The idea will be initially tested in Vila Itália and then scaled to all Brazilian favelas.

Gerando Falcões also played a key role in the fight against Covid-19. It managed to collect 70 million reais (\$12.7 million) through the “campanha no paredão fome un não” and deliver digital food baskets to the most vulnerable families.

Lastly, the organization wishes to implement “Favela X”, a metaverse game allowing youth to experience life in a favela, rather than just observing it from the outside. As players explore the six-floors’ rocket ship, they face challenges associated with poverty. Located on the last floor there is a control room where they can use their “new” knowledge to help improve the favela’s conditions. Choosing wisely, they will be able to send the rocket ship (and poverty) to space. Before the project is launched, the team has equipped some favelas with computers for children to test drive it and provide real-time feedback.



Figure 5 - “Favela X” metaverse game and Eduardo Lyra avatar

Gerando Falcoes has positively impacted poverty since it started operating. It has helped to develop dozens of social service providers that have provided aid to more than 200,000 people in 1,700 favelas. It has trained 102 leaders and expects to train 540 by the end of 2023. By that same year, it expects to reach more than 3,700 communities. However, such an organization cannot eliminate poverty and provide education to lower-income families by itself. National and local governments are essential to achieve goals.

³ Today, Gerando Falcões still raises funds for its projects through partnerships with network sponsors, social investors, supporters and individual donors.

Conclusion, Reflections, and Considerations for the future

With a new government in place, the amount of attention that they will show towards the education sector in Brazil is still yet to be seen. In his first stint as President, Lula had varied but largely positive results when it came to education.

When he came to power in 2003, he replaced Fernando Henrique Cardoso, who had made sweeping changes to address social inequality in the country. He implemented the Bolsa Escola program in 2001, which provided payments to families in exchange for them sending their kids to school and the kids reaching an 85% attendance mark. By the end of Cardoso's tenure, the education system was vastly improved, with kids going to school more, failing less and the quality of teachers improving.

Lula did not really expand on the gains made by his predecessor, instead opting to merge the Bolsa Escola program with three other federal cash transfer programs to create the Bolsa Familia, which was a more comprehensive social welfare program.

	2002	2007	2009
Number of families	4.9 million	11 million	12 million
Primary and secondary students	8.2 million	15.3 million	17.7 million
Amount transferred (in constant 2009 R\$)	3.4 billion	9.9 billion	11.9 billion

Table 1 - Expansion of Bolsa Escola/Bolsa Familia 2002-2009

While enrollment rates of students between the ages of 7 and 14 continued to rise and grade repetition rates fell, students' performance on international exams did not improve, with Brazil continuing to perform poorly compared to other countries. However, Lula did make strides at a higher level, introducing the University for All program (Programa Universidade para Todos) in 2005, which gave scholarships to poorer students. This program helped the number of students who enrolled in higher education to double from 3.5 million in 2002 to 7.1 million in 2014. His university reform policies also included decentralizing of federal universities and academic centers by setting up more of them outside large urban centers and the transformation of five schools into federal universities as well as the creation of another four.

However, there is more hope this time around. Jair Bolsonaro's government massively stunted the growth of the education levels in Brazil, making massive cuts to the amount of money received by public universities during his regime. Bolsonaro had overseen a reduction in funding for Brazil's federal universities to levels not seen since 2005, with the ministry of science, technology, and innovation's budget cut by more than 50 percent since 2013. Federal universities found themselves struggling to pay for basic services and utilities.

Additionally, the arrest of Milton Ribeiro, Bolsonaro's education minister, in June on charges of bribery and influence-peddling in the distribution of public funds, and the fact that Brazil

has had five ministers of education in quick succession during Bolsonaro's time in office speaks to the mismanagement of the education system by Bolsonaro.

In contrast, Lula is a big supporter of advancements in science and technology. He has already made commitments towards reversing Bolsonaro's policies, saying that he will provide additional resources to universities and increase scholarships to graduate students. However, there is reason for pessimism. During Lula's first term as President, he took over a booming economy which could afford to spend money to fulfill his socialist objectives. This is not the case this time around, as Brazil is a country saddled with debt. Therefore, Lula needs to be prudent about how he spends the country's income, which might mean lesser expenditure on education in the immediate future.

There are still a few initiatives that could be implemented to improve education levels in both favelas and big cities. The government could revert spending on education to pre-Bolsonaro levels to begin with. Secondly, they could provide performance-based incentives to families in the favelas, i.e., provide money in the form of grants and scholarships to the best performing students. This would spur students into putting more effort into their studies, raising the general education level of the population in these areas. In the long term, this will lead to the favelas becoming more developed, as they will become higher income areas.

Bibliography

GDP per capita. Retrieved from Our World in Data:

<https://ourworldindata.org/grapher/gdp-per-capita-in-us-dollar-world-bank?time=1980..latest&country=~BRA>

Gini index - Brazil. Retrieved from the World Bank:

<https://data.worldbank.org/indicator/SI.POV.GINI?locations=BR>

Rio Favela Facts. Retrieved from CatComm - catalytic communities: <https://catcomm.org/favela-facts/>

PISA test score: Mean performance on the reading scale, 2000 to 2015. Retrieved from Our World in Data:

<https://ourworldindata.org/grapher/pisa-test-score-mean-performance-on-the-reading-scale?tab=chart&country=PER~DEU~USA~BRA~ITA~ARG>

Arends-Kuenning and Vieira (March 4, 2015). *Income inequality and educational inequality:*

Comparing the U.S. and Brazil. Retrieved from Policy Matters:

<https://policymatters.illinois.edu/income-inequality-and-educational-inequality-comparing-the-u-s-and-brazil/>

Education at a glance 2014. Retrieved from OECD report: <https://www.oecd.org/brazil/EAG2014-Country-Note-Brazil.pdf>

Covid-19 imposes unprecedented challenges to education in Brazil. Retrieved from the World Bank:

<https://www.worldbank.org/en/news/opinion/2020/07/10/covid-19-coronavirus-pandemic-imposes-unprecedented-challenges-education-brazil>

BrazilFoundation. *Gerando Falcoes*. Retrieved from BrazilFoundation's website:

<https://www.idis.org.br/en/casesidis/gerando-falcoes/https://gerandofalcoes.com/en/favela3d/>

McCarthy J. (2022, February 4). *Transforming Favelas: How This Group Is Working to End Poverty in Brazil*. Retrieved from Global Citizen: <https://www.globalcitizen.org/en/content/gerando-falcoes-transforming-favelas-in-brazil/>

Transforming Favelas: How This Group Is Working to End Poverty in Brazil. Retrieved from Global Citizen: <https://www.globalcitizen.org/en/content/gerando-falcoes-transforming-favelas-in-brazil/>

“*Launching social change in the metaverse*”. Retrieved from Accenture Song:

<https://www.accenture.com/us-en/case-studiesnew/song/favela-x-game-fights-poverty>

Arends-Kuenning, M. (2009). *A Report Card for Lula - Progress in Education*:

https://doi.org/10.1057/9780230618374_12

Trager R. (November, 2022). *Researchers in Brazil welcome Lula's return to power*. Retrieved from

Chemistry World: <https://www.chemistryworld.com/news/researchers-in-brazil-welcome-lulas-return-to-power/4016460.article>

Brazil: Academia favors Lula. Retrieved from EducationWorld November 2022:

<https://www.educationworld.in/brazil-academia-favours-lula/>

Education policy in Brazil. Retrieved from Wikipedia:

https://en.wikipedia.org/wiki/Education_policy_in_Brazil

Pimentel C. (January, 2006). *Brazil's Lula Wants to Make 2006 the Year of Education*. Retrieved from

Brazzil: <https://www.brazzil.com/4998-brazils-lula-wants-to-make-2006-the-year-of-education/>

Brazil's education system in crisis as Bolsonaro takes aim at universities. Retrieved from France24:

<https://www.france24.com/en/americas/20221028-brazil-s-education-system-in-crisis-as-bolsonaro-takes-aim-at-universities>

Table of figures

	Page
Figure 1	Line graph showing the change in Brazilian GDP per capita 2
Figure 2	Image of a favela in Sao Paulo 2
Figure 3	Government expenditure on education as percentage of GDP (2017) 3
Figure 4	Eduardo Lyra, CEO and founder of the organization 4
Figure 5	Favela X project 5
Table 1	Expansion of Bolsa Escola/Bolsa Familia (2002-2009) 6