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1. OMI introduction

Background

Oxford Microfinance Initiative (OMI) is a pro-bono consultancy society linked to Oxford University and founded in 2009. The organisation has successfully executed projects in countries all around the world. Projects are assigned a team of 8-10 undergraduate and postgraduate students from Oxford University from a wide range of courses.

Team

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Fieldwork

Fieldwork was undertaken by Emma Riley, Karine Yuki and Lucian George from 4th April 2014 to 12th April 2014.

2. Brazil Background

Brazil is an important nation both regionally and internationally as a rising economic power and as one of the largest democracies on the planet. With an estimated GDP of \$2.422 trillion in 2013, Brazil's economy is greater than those of all other Latin-American states.¹ Brazil has managed to improve its macroeconomic stability in recent times and, even though it was hit -like most other states - by the 2008 recession, it was one of the first economies to show signs of recovery.

Since Brazil had been a Portuguese colony up until 1822, it was only when Brazil gained independence that it could establish and expand its economy. From the end of the nineteenth century until the end of the twentieth, Brazil's industry developed and expanded dramatically, but the fact remains that the country's economy is still relatively new. In 2010, Brazil's GDP was split in the following ways over the various main industry sectors: agriculture, 5.5% (the main products being coffee, rice, corn, soybeans, sugarcane, cocoa, as well as various citrus fruits and beef); industry: 28.7% (the main industries within the sector include automobiles, petrochemicals, machinery, electronics, cement, textiles, food, mining and tourism and services: 65.8% (e.g. telecommunications, internet, insurance and so on).

Politically, Brazil has remained relatively stable in comparison to some of its Latin-American neighbours. After the military gave up power in 1985, Brazil has enjoyed nearly 30 years of democracy. However, Brazil faces several problems. First, there is a wide gap between rich and poor. Brazil's GINI index in 2012 was 51.9, the sixteenth highest score out of the 136 countries examined, whilst a third of the inhabitants of the world-famous cities of São Paulo and Rio de Janeiro live in *favelas*,

¹ CIA World Factbook

or slums. Other problems include crime and corruption. In 2007, 12.5 % of deaths in Brazil were caused by violence and Brazil has the fourth largest prison population in the world. Brazil's serious crime problem is linked to a host of related issues: injuries, fear and psychological health problems all have serious impacts on individuals' quality of life.

Nonetheless, in recent years Brazil has been praised by the World Bank for its efforts to address these critical issues. As host to the World Cup in 2014 and the Olympics in 2016, these are exciting times for Brazil, as it has the opportunity to display its rich culture, its breathtakingly variegated natural environment and its economic potential on the world stage.

3. Microfinance and Brazil

Stark income inequality in Brazil should mean that the country's economic climate is well-suited to microfinance initiatives, since one would think a large portion of the population would be interested in microfinance products. However, according to Nichter, Goldmark and Fiori's survey of the state of microfinance in Brazil, microfinance organisations are not faring as well as one might expect. The paper underlines several fundamental problems, including: the lack of large-scale microfinance institutions; Brazil's troubled macroeconomic climate up until 1994 and the fact that the Brazilian government has a record for implementing subsidized credit and social welfare programmes such as *Bolsa Familia*, which is considered as one of the main factors that have contributed to Brazil's reduction in poverty in recent years. However, in spite of the challenges that face MFIs in Brazil, the future looks bright for the microfinance industry in Brazil, demonstrated by the fact that the number of clients served by MFI's has increased dramatically since the dawn of the millennium.

São Paulo

São Paulo state, where Recivitas is based, is the main financial centre in Brazil. It is also the most populous state in Brazil, with the Município de São Paulo alone being home to 11,000,000 people according to the 2009 census. São Paulo City is the largest city in Brazil and the seventh largest metropolitan area in the world. In 2009, the city was the tenth richest city in the world. It is set to become the 6th wealthiest in 2025.

4. Recivitas assessment

Introduction:

Recivitas is an organisation based in Quatinga Velho in Brazil that currently provides an unconditional basic income to approximately 100 members of the Quatinga Velho community. Founded in 2006, Recivitas in its first years limited itself to creating and operating a system of communal libraries and “toy libraries”, from which members of the community could borrow items free of charge. In 2008, Recivitas, after a meeting with the community, expanded its operations to include the capitalization and redistribution of resources within the community. Since October of that year, Recivitas has been distributing a basic unconditional income of 30 reais for all community members who opted into the program. Today, the number of participants has stabilized around 100, and Recivitas has started to move on to the second phase of the project: microcredit. Recivitas’ experiment with microcredit is closely linked with its BI (Basic income) operations. The repayment of loans is automatically deducted from the BI, making defaults impossible. The challenge facing Recivitas today is to gradually create a dynamic microsystem of self-financing, where the microcredit feeds back and guarantees the microcredit, freeing the community from governmental programmes and decreasing to the greatest extent possible the necessity to receive external resources.



Church in Quatinga Velho

Objectives:

Besides focusing on eradicating political and economic poverty, Recivitas' objective is to form a new system of private social welfare. Recivitas believes that public goods can and must be provided with efficiency without instituting a monopoly. Recivitas' private social welfare system would operate as a bank, providing microfinance products through the integration of microcredit, micro insurance and basic income.

Based on the pilot-project of Quatinga Velho, Recivitas aims at expanding its operations to other communities. It is important to notice that Recivitas does not wish to remain the operator of the microcredit forever; once social banks are

instituted in the communities, and once those are ready to function on their own, Recivitas intends to step aside and let each community run its social welfare system.



Founders:

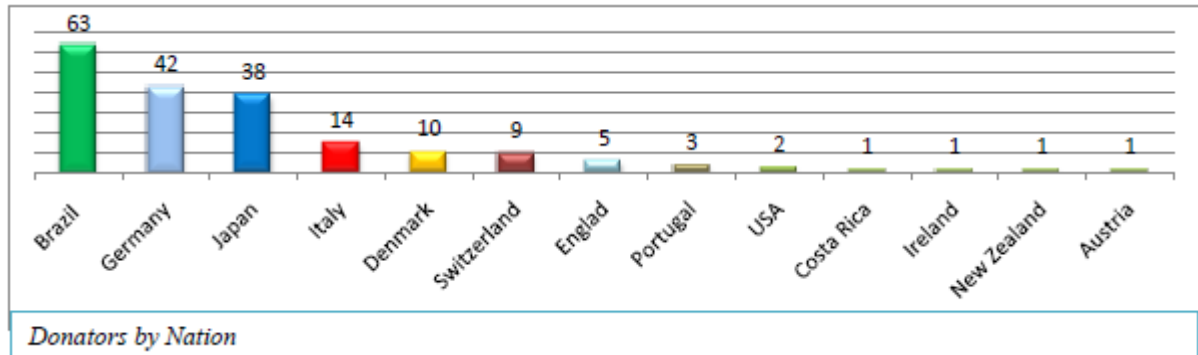
Bruna Augusto Pereira -- president-founder

Marcus Vinicios Brancaglioni dos Santos - director-founder

Funding:

Recivitas is predominantly funded by donations from a number of private individuals from many countries. Donors typically donate a small amount per month, with some donors regularly making a contribution and other donors being more sporadic. . Donors are predominantly Brazilian, with Germany and Japan also providing a large number of donors.

Figure 1: Donor by country (2012)



Source: Recivitas, “Analytical Report of Three Years of the Pilot-project of Basic Income Guarantee in Quatinga Velho”, 2012

New donors come through a variety of channels, including through in person contact, through discovering Recivitas on the internet and through social media sites like Facebook, Orkut and Second Life. Recivitas does not aim to lock in donors for long periods of time as this runs contrary to the ideals of Recivitas, which is that people should have greater financial flexibility. Whilst this means that donation levels are less certain from month to month, it does mean that Recivitas is incentivised to maintain the quality of its program and to communicate this to donors in order to continue to receive funding.

Recivitas is registered as an OSCIP (Organização da Sociedade Civil de Interesse Público) with the Brazilian government. OSCIPs are viewed in the Brazilian third sector as the nearest official and legal recognition of what is commonly understood as an NGO. With this accreditation, Recivitas holds a certificate issued by the federal government and it must follow strict regulation of accountability of resources received. Breach of contract and of legal obligations leads to sanctions and penalties laid down by law number 9.790/99 regulated by decree number 3.100/99. As an OSCIP, Recivitas can legally operate as a Social Bank.

Risk management:

Recivitas takes active steps to minimise the risks inherent with receiving and re-distributing cash payments. Payments received from donors for the basic income payment are used exclusively for the payment of the basic income. Operating expenses are funded from separate funds so that donor money earmarked for the basic income is paid out as basic income.

Another risk area that Recivitas attempts to minimize is potential theft when the basic income is paid to the community members. A number of recipients do not have a bank account and so receive the basic income payment in cash each month. In order to minimise the risk of theft, Recivitas distribute the cash payment on a random day each month.

Loan criteria:

According to Recivitas' "General terms of Credit-Social -BIG", loans will be granted in accordance with the availability of resources and the constant need to recompose and increase capital to be made available as Basic Income. All loans are interest-free and bear no conditions; any adult Quatinga Velho resident may request a loan and it is not necessary to inform Recivitas of the destination of the funds acquired.

Factors considered in granting the loan are: (1) amount requested; (2) installments' size and repayment schedule; (3) Voluntary contribution. Preference will be given to smaller loans with payment schedules that do not compromise Recivitas ability to provide the Basic Income. After these two factors have been taken into consideration, priority will be determined by considering Voluntary Contributions with regard to solidarity and reliability. High levels of solidarity will be defined by a

proportionally larger history of donations compared to borrowings. Reliability will take into consideration the faithful payment of past promised donations.

One area that Recivitas needs to address is knowledge amongst the members of the community around the process for receiving a loan. According to a survey conducted by the Oxford Microfinance Initiative (OMI) in April 2014, whilst all respondents were aware of the interest free lending scheme, only 50% of respondents understood the application procedures.

Repayment:

Loan instalments are automatically deducted from the Basic Income. This way, the default rate for loans is zero, as Recivitas essentially controls the repayment schedule.

Recivitas also advocates voluntary donations. Borrowers have the opportunity to organize their payment schedule to include extra instalments to become donations. It is important to notice here that in accordance with Recivitas' ideal of empowerment of the individual, donations are absolutely voluntary and can be stopped at any time without becoming debt

Social mechanisms:

One method of determining preference for future loans is for borrowers to be given credit for the social benefits from their borrowing. These benefits could come in two ways:

The proceeds of the loan are used for a purpose that directly benefits the community

If loan proceeds are used to start a business enterprise, benefits to the community could include better access to a good or service and the creation of new jobs
The borrower agrees to serve their community in some other way
For example, the borrower may agree to devote a day of labour to a community project

In return for providing these community benefits, these borrowers could be given preference when allocating loans in future.

Recivitas will need to carefully balance the use of social mechanisms against its core aim of increasing the financial freedom of people in the community. Whilst actions that benefit the community should be rewarded, it is important to recognise that many other uses of the loan (such as healthcare and education) will not immediately benefit the wider community, although are activities that Recivitas would like to support.

5. Assessment of other projects

In order to assist Recivitas in the design and implementation of its lending scheme, comparable interest free lending schemes around the world have been analysed.

En via -- Mexico

Location: Oaxaca, Mexico

Programs/Projects: Microfinance, responsible tourism, and education

Mission: “We support the growth and creation of income-generating businesses, and encourage personal development through participatory programs that promote the empowerment of women, the wellbeing of their families, and the strengthening of community.”

Funded: Profit from tours, donations, interest on loans

Founding: En via was founded in 2010, but microloans were already being given out in 2008

Size of operation: currently working with little over 250 women. Since 2008, over 1500 loans have been given to over 400 women.

Size of loans: from \$US 100 to \$US 250

Website: <http://www.envia.org/index.html#>

En Via provides women in villages in Oaxaca with a combination of both interest-free and interest-bearing loans. Initially, only interest-free loans were provided, but in 2012 they started giving out interest-bearing loans to established borrowers in the program, in order to be able to provide women with more capital and to make the organization more sustainable. So that women are able to take out an interest-bearing loan (which ranges in value from \$US350 to \$US550) they must have

complete all three interest-free loans in the values of \$US100, \$US150 and \$US250 and have taken a course on interest rates.

They provide microfinance tours, where travellers meet the women that take part in the program, learn about local culture, get an understanding of development issues and learn about microfinance. All revenue from the tour (individual cost of \$50) goes to loans, and tourists get to see the impact their money makes on the lives of the women. Once the loans are paid back, part of the money goes to cover for administrative expenses.

En Via believes microfinance is one of many tools that support families and individuals to improve their well-being, but that alone it is not sufficient. They provide courses in business, English, computer and workshops to help the community members grow a business, improve living conditions and health, and build confidence. Most courses are held by a team of volunteers.

Key takeaways for Recivitas

Consider interest bearing loans for more entrepreneurial endeavours in order to Recivitas to participate in value created, thereby increasing resources for more lending

Consider increasing tourism activities to generate revenue

Akhuwat -- Pakistan

Mission: “To alleviate poverty by empowering socially and economically marginalized families through interest free microfinance and by harnessing entrepreneurial potential, capacity building and social guidance.”

Programs/Projects: interest-free loans, educational loans, health loans, liberation loans (to pay money lenders), marriage loans, housing loans...

Founded: Loans started in 2001; the institution was formalized in 2003

Funding:

Size of operation: up to feb 2014, 478,000 families had been benefited.

Size of loans: it will depend on the type of loan. The highest loan is the housing loan, which has an upper limit of 70,000 rupees.

Website: <http://akhuwat.org.pk/index.asp>

Akhuwat's microcredit operations are based on four core principles: (1) interest-free loans, (2) use of religious places, (3) spirit of volunteerism, and (4) transforming borrowers into donors.

Akhuwat believes that, in keeping with the ideals of equity and social justice, charging the poor interest undermines the overarching goal of poverty alleviation. Furthermore, Akhuwat places great importance on the spirit of community, and believes that by using local religious places as centres for loan disbursements and avenues for community participation it creates a sense of goodwill within the community, as well as promoting increased transparency, accountability, awareness and publicity of Akhuwat's campaign.

Akhuwat's operation is based on the concept of a social contract, which emphasizes the duty of those who have resources towards those who do not. This duty may include contributing one's resources, knowledge, skills or time; Akhuwat encourages all to play their role in poverty alleviation. Finally, Akhuwat runs a Member Donation Program (MDP) which encourages past borrowers to donate when their financial situation improves. This was started after a borrower who had succeeded in improving his quality of life insisted on donating to Akhuwat so that others could have the same opportunity he had. Overtime, this practice was

institutionalized under the MDP. However, although borrowers are encouraged to join the program, their decision to [not] do so has no impact on their loan approvals.

Key takeaways for Recivitas

Emphasise social contribution back to community from those who receive loans

Good Shepherd Microfinance

Location: Australia

Programs/Projects: Microfinance, microinsurance, financial literacy

Mission: “Our aim, together with those of our community partners, is to enable people to define and then realise their own economic wellbeing, through appropriate financial services, in the process feeling valued, and in control of their finances and lives”

Funding: Funding provided by the Australian Government (A\$18 million over three years), National Australia Bank (a private commercial bank) and state governments
Founded: 1981

Size of operation: currently in over 650 locations in Australia, having provided financial services to over 125,000 people since inception

Size of loans: A\$300 to A\$1,200

Website: <http://goodshepherdmicrofinance.org.au/>

Good Shepherd Microfinance is an Australian microfinance organisation that provides a variety of financial services to low income members of society. One of the flagship products of Good Shepherd Microfinance is their “No Interest Loan Schedule” (NILS). Under the NILS programme, loans of A\$300 to A\$1,200 are made to low income families in order to purchase essential goods and services, including:

- Household items like fridges, freezers, washing machines, stoves, clothes dryers and some furniture

- Some medical and dental services
- Educational essentials such as computers and text books
- Some other items as requested.

In order to be eligible for a loan, applicants must be on a low income, have resided in their current premises for more than 3 months and show a willingness and capacity to repay. No credit checks are required as the programme is based on trust and respect.

Under the NILS programme, no interest is paid on the loans. Repayments are set up at an affordable monthly amount, with repayment normally occurring over a 12 to 18 month period.

Good Shepherd Microfinance has received funding from the Australian Federal Government (A\$18 million over three years), the National Australia Bank (a private commercial bank that has provided a A\$130 million commitment of microfinance capital) and various state governments.

The NILS has been success story in Australia, recently being named as a finalist in the 50 Greatest Philanthropic Gifts in Australia's history. The number of loans issued has grown significantly, 10,095 in 2010 to 22,349 in 2013

(<http://goodshepherdmicrofinance.org.au/blog/nils-publically-nominated-one-australias-best-philanthropic-stories>)

Key takeaways for Recivitas

Attempt to secure philanthropic funding from large Brazilian Bank as part of their charitable activities

Kiva Zip

Location: USA, Kenya

Programs/Projects: Peer to peer lending using online and mobile payments

Mission: “A place for piloting innovations in person-to-person lending”

Funding: Loans are provided by individuals

Founded: Kiva founded 2005, Kiva Zip launched more recently

Size of operation: Still building scale (30 loans in six months to May 2014)

Size of loans:US\$5+

Website: <https://zip.kiva.org/>

Kiva Zip is a pilot programme launched by Kiva that directly connects lenders and borrowers using online and mobile technology. Borrowers on the platform are entrepreneurs that are endorsed by Kiva’s trustees. Trustees are organisations and individuals and although they bear no financial risk if the borrower defaults, they do risk their reputation.

Lenders are wide range of individuals who can browse potential entrepreneurs to lend on the Kiva Zip platform. Loans can be as little as \$5 and are 0% interest. Funds are transferred directly from the lender to the borrower (the trustee does not handle the money).

Borrowers are currently from either the USA or Kenya. USA borrowers typically seek loans in the vicinity of \$2,000 - \$10,000, whilst Kenya borrowers typically seek loans in the vicinity of \$200 - \$1,000.

Kiva Zip is an interesting model that is in the process of building scale. As loans are distributed directly from lender to the borrower, the costs are relatively low although do rely on the work of the trustee in sourcing the entrepreneurs. With no

interest incurred, the system provides entrepreneurs with flexibility to focus on running their business without the pressure of making interest payments.

Key takeaways for Recivitas

Increase interaction between donors and members of the village

Consider partnering with KivaZip to expand their service to Brazil

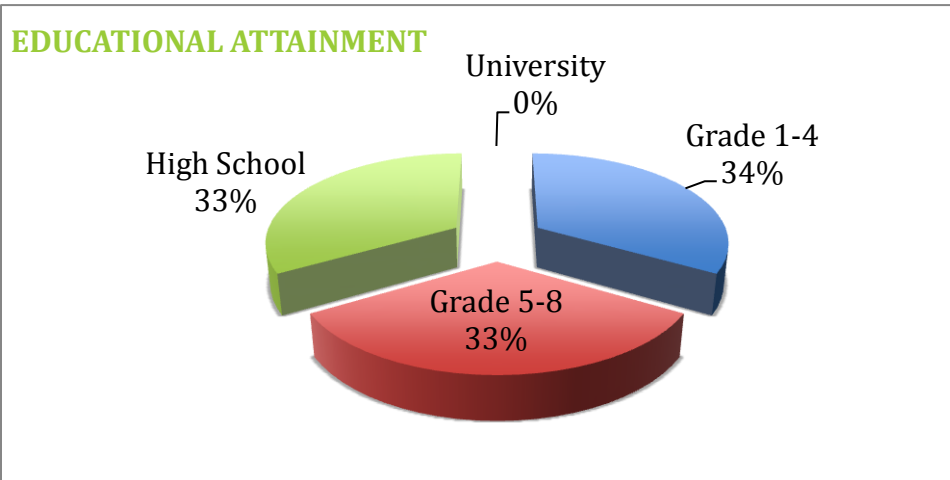
6. Survey results



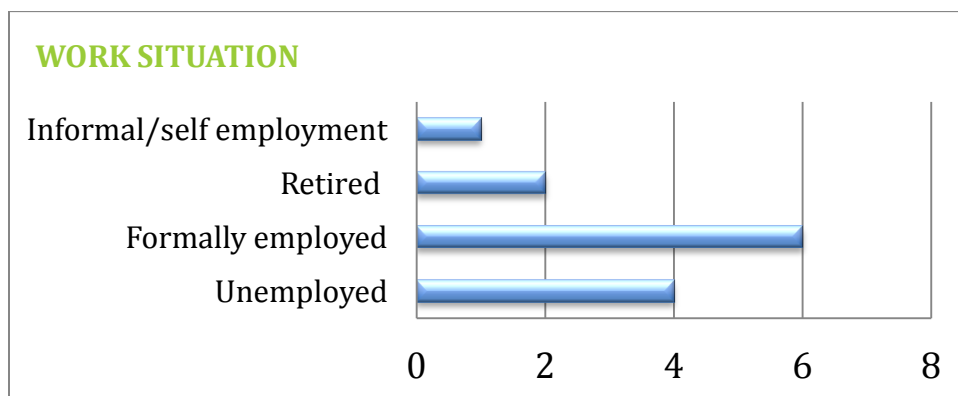
Children of Quatinga

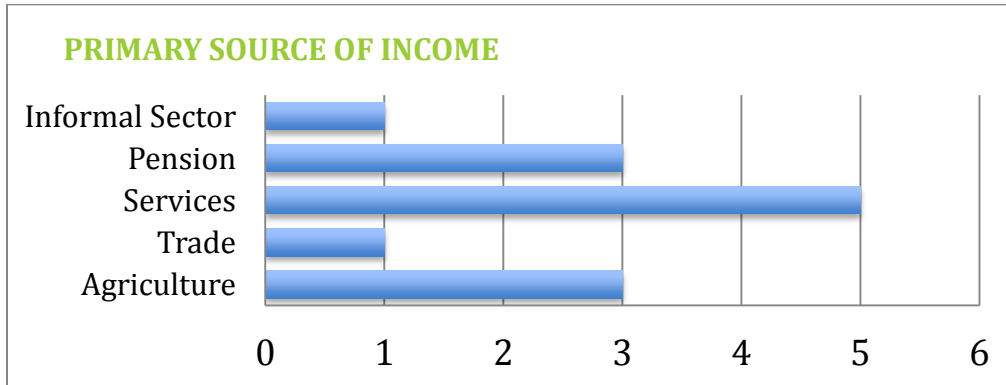
Results

To evaluate the effectiveness of Recivitas' basic unconditional income and microcredit programmes, the Oxford Microfinance Initiative (OMI) conducted a series of mixed methods surveys in April 2014. These surveys combined quantitative data collection with semi-structured interviews to better understand the demographic, financial and sociocultural conditions of Recivitas' participants. Respondents were interviewed for their views and experience with Recivitas' programmes, both in terms of the tangible benefits and their understanding of the programmes offered.



Three OMI members carried out fieldwork in Quatinga Velho from the 4th to the 12th of April. A total of 13 respondents were interviewed. Demographically, the median age of these respondents was 38 and they each represented an average of 5 household members. Respondents were selected based on the availability of Recivitas participants for interviews. As the following figure illustrates, none of the respondents obtained qualifications from tertiary institutions while an equal proportion of them have attained qualifications from high school, middle school, and primary school respectively. Overall, the 13 respondents were highly representative of the people living in Quatinga Velho as they attested to the experience of over 50 out of the 100 community members in the village.

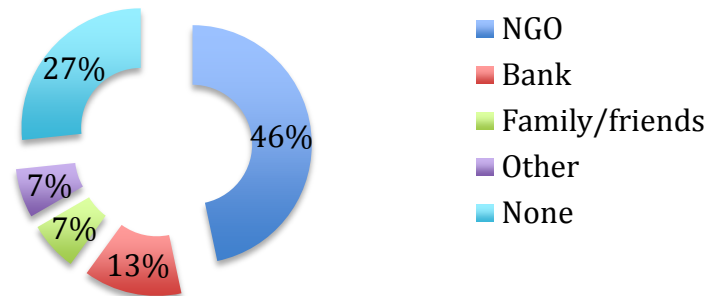




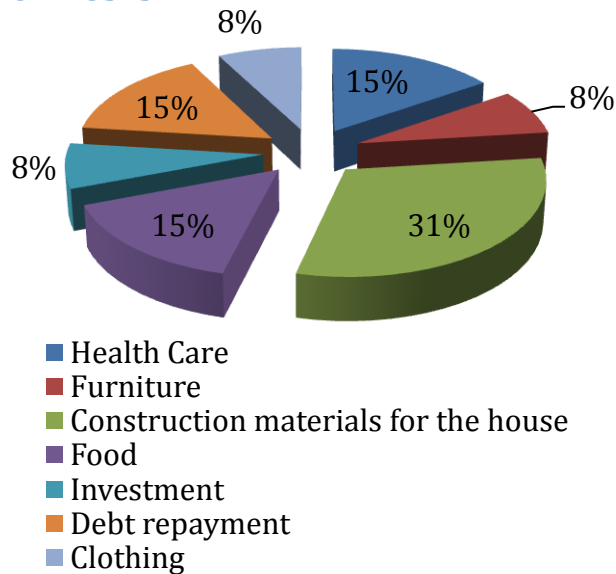
Financially, the work situation of the villagers was rather precarious despite the fact that a majority of them were formally employed. A significant proportion of them were unemployed while a smaller number of them were either retired or practicing some form of informal or self-employment. The average monthly household income was R\$ 1058 (approx. £ 280). This figure is well below the national average in Brazil. As such, the average household in Quatinga Velho can be classified as people who live just around or below the national poverty line. The risky financial position of these villagers is demonstrated by the fact that less than 50% of them have a bank account. Nevertheless, 50% of them have benefited from receiving microcredit from Recivitas.

Though half of the respondents were aware of Recivitas' interest free loans, surprisingly only 50% of them knew the application procedures for a loan. This suggests a lack of information on Recivitas' programmes in the village.

SOURCE OF LOANS



LOAN USES



Respondents obtained loans from a variety of sources. The majority of them, however, received their loans from Recivitas. Recivitas' loans have helped offset emergency and necessary expenditures that families face. While respondents differed significantly in the use of their loans, it is interesting to note that 75% of the respondents receiving Recivitas' loans used the loans they obtained to fund the construction and/or improvements of their houses. These loans have positively affected their recipients by improving their access to food by 92%, improving access

to healthcare by 85%, and providing relief to home expenditures for 69% of respondents.

Generally speaking, both the extended provision of the unconditional basic income and the recent introduction of microcredit by Recivitas have had overwhelmingly positive outcomes for the villagers of Quatinga Velho. Additionally, 54% of children in recipient households were reported to have demonstrated increased focus and motivation as well as better outcomes in education. 69% of respondents reported further that Recivitas' programmes have positively affected the health conditions of households.

From a more social perspective, the receipt of the basic income has promoted more inclusive decision-making processes at 38% of respondents' homes by easing the financial burden of families. 92% of respondents have also reported higher levels of self-esteem as a result of receiving Recivitas' unconditional basic income and loans. Recivitas' microcredit programme has further allowed 100% of respondents to cope better with unexpected expenses, especially in terms of medicines, food, and household improvements. Recivitas' programmes have thus allowed the villagers of Quatinga Velho to cope better with stress, as evidenced by the fact that 90% of respondents reporting lower levels of stress as a result of increased unconditional financial support.

The following figures summarise the main findings of the survey:



13 respondents: median age of 38,
about 5 people per household



Promoted a more inclusive decision
process at home for 38% of
recipient households



Average monthly household income
of R\$ 1058 (£ 280)



Improved focus, motivation and
educational outcomes for 54% of
children in recipient households



Less than 50% have a bank account



Improved the ability to cope with
unexpected expenses (mostly Food
and Health care) for 100% of
recipients



Improved food access for 92% of
recipients



Positively affected health
conditions for 69% of recipients



Improved access to healthcare for
85% of recipients



Positively affected self esteem for
92% of recipients



Provided relief on home
expenditures for 69% of recipients



Alleviated stress for 90% of
recipients



Close to 50% received loans from
Recivitas



Around 75% used loans to fund
construction/home improvements



All respondents were aware of
Recivitas' interest free loans



Only 50% knew the application
procedures

7. Case studies

Neilma Nascimento

1. Family history An immigrant from the north

Neilma was born and raised in Bahia, in the northeast of Brazil. She came to Quatinga about 6 years ago, with her husband. While she is not formally married to her husband, they've been living together for 11 years and have two young children – a boy and a girl. Neilma is officially trained as a nurse, but she hasn't practiced much.

2. Move to Quatinga Searching for opportunities

Neilma's husband is also from the northeast of the country, but he moved to Quatinga at a very young age. As a child, he lost his parents and was brought to São Paulo by friends. He was raised by a Japanese man who owned property in Quatinga, and was taught how to work on a small plantation. While he was single, he managed to make enough money that he could send it to his brothers in the northeast. His brothers eventually joined him in the plantations in Quatinga. Recently, however, most of them went back to the northeast.

Neilma and her husband met one of the times in which her husband was visiting the northeast. They both decided to move together to Quatinga.

3. Income sources Neilma's businesses

In the northeast

While Neilma and her husband lived together in the northeast, they used to own a bar. However, her husband lost a lot of money running the bar because

he used to give credit to people – and often times wouldn't be repaid. Whenever it was Neilma running the bar, however, she would always make sure she got money back. In addition to running the bar, Neilma used to have a couple of other complementary activities, such as selling items for bedroom, bathroom and kitchen.

In Quatinga

Currently Neilma resells bras that she buys from the São Paulo city centre. The idea for this business came as she realized that the stores near Quatinga were very expensive and low quality, so she thought it could be profitable to start her own business. Her activities consist of traveling to São Paulo, buying bras for about R\$13 each in the city centre and then reselling them for about R\$28 each. Neilma tries to personalize her purchases as much as possible: She tries to extrapolate which types of bras her customers would like the most, and buys those in São Paulo. Her husband also sells men's clothes, but that is a separate business from hers.

When asked about potential expansion plans, Neilma said the consumer base in Quatinga is quite small for her to be able to sell more bras. Thus, the best strategy for her would be to diversify the types of products she sells. As of now, she is thinking of reselling blankets – those can be very expensive in Quatinga, costing more than R\$100.

4. Finances

Neilma was one of the first people in the village to start receiving basic income. Initially, many in Quatinga were sceptical about Recivitas, but Neilma has always been a more trusting person. To her, the concept of making sacrifices to help out other people is not a new one – back in the

northeast, she used her training as a nurse to help people whenever they were sick or injured.

She decides how to manage the money from Bolsa Família, basic income and her bra business. As much as possible, Neilma tries to save money for the kids and their schooling.

Who should receive basic income?

She believes everyone in Quatinga should be entitled to receive basic income, but not necessarily everyone in the nearby regions. Basic income, she says, should be more ‘needs-based’ rather than a universal right. Neilma illustrated this opinion with the historical example of Brazil – the country was divided into many territories owned by rich families. Instead, the government should have tried to find the people that needed land the most and given it to them. Thus, basic income should be offered first and foremost to the communities that need it the most.

How much money should be offered as basic income?

Neilma understands that the current value of R\$30 was established so everyone in Quatinga could receive it. Therefore, she thinks basic income should be maintained at R\$30: “The amount of money we receive shouldn’t increase if that means less people will get it”

Sergio Soares



Sergio and family

1. Family history

Coming from the São Paulo slums

Sergio was born in the slums in São Paulo. He grew up without a father, and thus had to work since he was 8 years old. Having to get up at 4am every day, carrying 200 kg of weight, ruining his health and not being able to study were all factors that

made him a rebellious adolescent. At the same time, he decided that he did not want any of this to happen to his own children. In his words, “children do not ask to be born – if you bring them to the world, you should give them every opportunity possible.” Sergio is married and has two kids: a 9-year old son and an 11-year old daughter.

2. Move to Quatinga Escaping from drug dealers

He has been in Quatinga for 8 years already. Back in São Paulo city, he used to live in a slum but it was a very dangerous environment. One day, his daughter was in the street and a car almost hit her. Sergio started a physical fight with the driver, who had connections with drug dealers. Anticipating that he and his family could be threatened, Sergio decided to move out of the slum. He found Quatinga through one of his neighbours in the slum, and started working in a plot of land in the region.

While the fight was a strong motivator for him to leave the slum, he had already been considering moving out for a while. As he says, the lawful are not respected in the slums and people have easy access to all types of powerful drugs. He did not want his children growing up in an environment where drug users are standing right outside his door.

3. Adaptation to Quatinga

Adapting to Quatinga was not difficult. He made a point to adapt himself to the community, rather than pushing people to adapt to his way of living. He enjoys having many friends and playing football with them.

In addition, he finds it easier to plan his expenses in Quatinga. Compared to São Paulo, the cost of living in Quatinga is much lower and there are less

stores and shops around. Thus, Sergio and his family feel less tempted to buy things they don't need.

4. Saving and the value of money

He has always planned his expenses extremely well. While growing up without a father, his mother always taught him that you shouldn't spend what you don't have. Still today, he avoids taking on debts if he is still paying other debts.

For any large purchase Sergio needs to make, he makes detailed planning and saving in order to achieve that goal. As soon as he moved to Quatinga, he realized he needed to buy a car in case there was some sort of emergency. He set this as his objective and started saving money towards buying a car. After successfully achieving this goal, Sergio realized he could use his ability for financial planning to achieve other goals.

Many of Sergio's views on the value of money were transmitted to his children as teachings. Instead of simply giving money to his kids, Sergio lends them money. Of course, when the children were younger, they did not understand why the family suddenly did not have any more milk or diapers. Today, however, Sergio makes them responsible for providing for the family to the extent possible. If there is no meat in the house, his son will find a work on the floor and try to go fishing, for instance.

8. Conclusions

The OMI survey has shown that the inhabitants of Quatinga greatly value the loans they receive from Recivitas and use the money to pay for essential items such as food and health care. The additional income that Recivitas provides helps these people, who have variable incomes and are subject to random, negative events such as illness or unemployment cover their basic needs. Without this money the people of Quatinga would return to hovering at the poverty line and risk going without food, essential healthcare or schooling for their children and suffering the distress that this would bring.

The assessment of Recivitas highlighted that their chief difficulty going forward is their lack of reliable and long term funding. Though it is a principle of Recivitas that donors have the ability to withdraw their funds whenever they need them, this makes the BI payment inherently unreliable. As suggested in this report, longer term funding such as through partnering with a Brazilian Bank or another NGO with similar aims and ideals would ensure that Recivitas could continue to provide the basic income and microcredit and expand to other regions. Recivitas has had a number of University groups visit in the past, and offering volunteering tourism opportunities is another way that Recivitas could both raise funds and spread information about basic income.

9. Appendix

Recivitas - OMI Survey

1. Name:
2. Interviewer:
3. Date:
4. Time:

A. General Information

5. Household size *(please circle the answer)*:
1 2 3 4 5 6 7 8 9 10
6. Sex: Male ☐ Female ☐
7. Age: _____
8. Marital status: *(please tick one)*:
 - a. Single ☐
 - b. Married ☐
 - c. Divorced ☐
 - d. Widowed ☐
9. Number of dependents *(specify the # of children/elderly if provided)*:

10. Education level *(please tick all that are applicable)*:
 - a. None ☐
 - b. 1-4 Grade ☐
 - c. 5-8 Grade ☐
 - d. High School ☐
 - e. University ☐
11. What is your religion? _____
12. What is your work situation?:
 - a. Unemployed ☐
 - b. Formal employment ☐
 - c. Retired ☐
 - d. Informal employment/self-employed
13. Missing
14. How many hours per week do you work?
15. Do you have a bank account?
 - a. Yes
 - b. No

B. Socioeconomic Information:

16. What are the sources of income in the household? *(Select up to 4 categories in order of importance (1 being the main revenue driver and 4 the least))*

a. Agriculture/Aquaculture	
b. Livestock	
c. Trade	
d. Services	
e. Production	
f. Employed in Business	
g. Employed in Informal Sector	
h. Employed in Government	
i. Teacher	
j. Pension	
k. Inheritance	
l. Family in Brazil	
m. Family from different Country	
n. Bolsa-Família	
o. Other <i>(please specify)</i>	

17. What is your monthly income? _____

18. How much do you and your family spend on:

	by week R\$	by month R\$
a. Food		
b. Clothes		
c. School material		
d. Transportation		
e. Health care		
f. Construction		
g. Savings		
h. Rent/ taxes for habitation		
i. Utilities: water, gas, electricity		
j. Business		
k. Others		
TOTAL		

C. Demand for Microcredit (bulk payments):

19. Have you ever received a loan for your business/household before?

a. If yes, from which source?

- i. NGO ☐
- ii. Bank ☐
- iii. Cooperative ☐
- iv. Family/Friends ☐
- v. Informal moneylender ☐
- vi. Government ☐
- vii. Other ☐ _____

b. No ☐ *If no, skip to question No. 6*

20. If yes, how much did you borrow? _____

21. How long was the repayment period? _____
22. How much did you repay each month (on average)? _____
23. What did you use the money for? _____
24. What are the biggest current needs in your household? *(Select up to 4 categories in order of importance (1 being the main need and 4 the least))*

a. Medicine	
b. Education	
c. Food	
d. Clothes	
e. Construction	
f. Business	
g. Transport	
h. Others <i>(please specify)</i>	

25. If you had access to a loan now, what would you use it for? _____
26. For that purpose, what would be the ideal value of the loan? _____

D. Supply Survey Questions

27. Are you aware that you can request interest-free loans from Recivitas?
- a. Yes ☐
- b. No ☐
28. Do you know the procedures for requesting a loan?
- a. Yes ☐
- b. No ☐
29. Do you know the criteria used to assess loan applications?
- a. Yes ☐
- b. No ☐
30. Do you agree with those criteria?
- a. Yes ☐
- b. No ☐

E. Impact Assessment Questionnaire

31. Did receiving money from Recivitas affect	Yes/No	How? To what extent?										
a. Your reliance on financial support from other people												
b. Your employment status												
c. The number of people you employ												
d. Your access to:	<table border="1"> <tr> <td>Loans</td> <td></td> </tr> <tr> <td>Savings</td> <td></td> </tr> <tr> <td>Life insurance</td> <td></td> </tr> <tr> <td>Other financial services</td> <td></td> </tr> </table>	Loans		Savings		Life insurance		Other financial services				
Loans												
Savings												
Life insurance												
Other financial services												
f) Your expenditures in	<table border="1"> <tr> <td>Health care</td> <td></td> </tr> <tr> <td>Education</td> <td></td> </tr> <tr> <td>Housing</td> <td></td> </tr> <tr> <td>Food</td> <td></td> </tr> <tr> <td>Others</td> <td></td> </tr> </table>	Health care		Education		Housing		Food		Others		
Health care												
Education												
Housing												
Food												
Others												

If you received a loan:

32. How long after receiving a loan did you feel your income had markedly increased?	<table border="1"> <tr> <td>a. Did not increase</td> <td></td> </tr> </table>	a. Did not increase	
a. Did not increase			

	b. 1 months	
	c. 3 months	
	d. 9 months	
	e. 12 month	
	f. More, indicate	
33. What did you use your loan for?		

Quality of life

34. Do you sometimes have difficulty paying for all of your, and your family's basic needs, such as food clothing or housing?

- a. Yes, frequently
- b. Yes, once in a while
- c. No
- d. I don't know

35. On a scale of 0 to 5, how much has basic income altered your ability to provide for the basic necessities of your family? (0 means no perceptible impact, 5 represents transforming impact)

- a. 0
- b. 1
- c. 2
- d. 3
- e. 4
- f. 5

36. Did receiving money from Recivitas affect	Yes/No	How? To what extent?
a. Your ability to cope with unexpected expenditures (e.g. sudden diseases, fixing cars, etc.)		
b. The decision making process in the household		
c. Educational outcomes of the children in your		

house (eg, school attendance or performance)		
d. Your self esteem/confidence		
e. Your life style		
f. Your stress level		
g. Your health		
37. Did receiving money from Recivitas change the level of respect you receive from (removed)	Family members	
	Business Partners	
	Community	
	Friends	
	Others	

38. On a scale of 0 to 5, how much have your expectations for the future (plans and dreams) changed since you started receiving Basic Income? (0 means no perceptible impact, 5 represents transforming impact)

- a. 0
- b. 1
- c. 2
- d. 3
- e. 4
- f. 5

Social Competence

39. Did receiving money from Recivitas affect	Yes/No	How much? To what extent?
a. The number of hours you are		

<p>able to spend helping others in your community (excluding family)</p>		<table border="1"> <tr> <td data-bbox="1154 331 1354 436">Less than 1 hours</td> <td data-bbox="1354 331 1377 436"></td> </tr> <tr> <td data-bbox="1154 436 1354 499">1-3 hours</td> <td data-bbox="1354 436 1377 499"></td> </tr> <tr> <td data-bbox="1154 499 1354 562">4-6 hours</td> <td data-bbox="1354 499 1377 562"></td> </tr> <tr> <td data-bbox="1154 562 1354 625">7-9 hours</td> <td data-bbox="1354 562 1377 625"></td> </tr> <tr> <td data-bbox="1154 625 1354 741">More than 10 hours</td> <td data-bbox="1354 625 1377 741"></td> </tr> </table>	Less than 1 hours		1-3 hours		4-6 hours		7-9 hours		More than 10 hours	
Less than 1 hours												
1-3 hours												
4-6 hours												
7-9 hours												
More than 10 hours												
<p>b. The number of hours you are able to spend helping others in your family</p>		<table border="1"> <tr> <td data-bbox="1154 825 1354 930">Less than 1 hours</td> <td data-bbox="1354 825 1377 930"></td> </tr> <tr> <td data-bbox="1154 930 1354 993">1-3 hours</td> <td data-bbox="1354 930 1377 993"></td> </tr> <tr> <td data-bbox="1154 993 1354 1056">4-6 hours</td> <td data-bbox="1354 993 1377 1056"></td> </tr> <tr> <td data-bbox="1154 1056 1354 1119">7-9 hours</td> <td data-bbox="1354 1056 1377 1119"></td> </tr> <tr> <td data-bbox="1154 1119 1354 1234">More than 10 hours</td> <td data-bbox="1354 1119 1377 1234"></td> </tr> </table>	Less than 1 hours		1-3 hours		4-6 hours		7-9 hours		More than 10 hours	
Less than 1 hours												
1-3 hours												
4-6 hours												
7-9 hours												
More than 10 hours												
<p>c. The provision of services to your community</p>	<table border="1"> <tr> <td data-bbox="812 1266 1089 1339">Education</td> <td data-bbox="1089 1266 1127 1339"></td> </tr> <tr> <td data-bbox="812 1339 1089 1413">Health</td> <td data-bbox="1089 1339 1127 1413"></td> </tr> <tr> <td data-bbox="812 1413 1089 1476">Sanitation</td> <td data-bbox="1089 1413 1127 1476"></td> </tr> <tr> <td data-bbox="812 1476 1089 1549">Stores</td> <td data-bbox="1089 1476 1127 1549"></td> </tr> <tr> <td data-bbox="812 1549 1089 1623">Entertainment</td> <td data-bbox="1089 1549 1127 1623"></td> </tr> </table>	Education		Health		Sanitation		Stores		Entertainment		
Education												
Health												
Sanitation												
Stores												
Entertainment												
<p>40. What type of help do you provide to members of your community (outside your household)?</p>		<table border="1"> <tr> <td data-bbox="1154 1707 1354 1812">Less than 1 hours</td> <td data-bbox="1354 1707 1377 1812"></td> </tr> </table>	Less than 1 hours									
Less than 1 hours												

		1-3 hours	
		4-6 hours	
		7-9 hours	
		More than 10 hours	

41. Do you think that the unconditional basic income in Quatinga Velho has encouraged more social participation in general by the residents of Quatinga Velho?

- a. yes ☐
- b. no ☐
- c. I don't know

42. Has the unconditional basic income increased your freedom of choice?

- a. ☐no, reduced
 - b. ☐yes, a little
 - c. ☐yes, a lot
 - d. ☐do not know
-