How to Support Urban Microentrepreneurs
The Vida Melhor Program

Overview
This case study investigates the Vida Melhor (A Better Life) Program that the Bahia state government in Brazil launched in 2011 to promote the social and productive inclusion of disadvantaged (low-income, also called “popular”) entrepreneurs, and highlights how a governmental social policy can interact with and provide services to a highly vulnerable, unorganized sector. The targeted entrepreneurs were so defined by their social vulnerability and difficulties in entering the formal labor market. The Vida Melhor approach was based on the presence in poor communities of socioproductive inclusion units (UNIS) and of development agents residing in those communities. The agents interact with entrepreneurs through participatory economic feasibility studies, sharing knowledge to enhance businesses and identifying demands to be met through a package of technical assistance, including professional training services, microcredit, small business registration, and equipment donation. The agents identify demands for social policies, which are referred to the responsible public services.

Key contextual conditions:
- In Greater Salvador, about 20 percent of the economically active population have historically been self-employed, and in 2011, that percentage totaled around 400,000 people.
- Including domestic employees, undocumented wage earners, and unpaid employees as precarious workers, the figure climbs to 830,000 individuals. With the unemployed, the total rises to more than 1.1 million people or about 53 percent of the economically active population.

Key stakeholders: Salvador Catholic University (UCSAL); state government of Bahia; social organizations; UNIS; development agents; disadvantaged entrepreneurs; Vida Melhor board and executive committees; chief of staff in the governor’s office; Social Work Reference Centers; Secretariat of Justice, Human Rights, and Social Development (SJDHDS); Social Development and Anti-Poverty Secretariat (SEDES); Regional Action Company. The stakeholders all played a role in program coordination and implementation.

Lessons Learned
- Investigate creative solutions to ensure that disadvantaged entrepreneurs can benefit from training courses, microcredit, and company registration. Work with program partners to ensure that their contributions can be adapted or tailored to the situation of disadvantaged entrepreneurs.
- Ensure that training is conducted for new donated equipment.
- Expanding and developing new partnerships and creating a revolving credit fund helped to address some initial program limitations.
A continuing education plan for the development agents helped address training demands not covered by the initial training.

Revising the information system resulted in a new output, the Entrepreneur’s Handbook, that provided a base for entrepreneurial data.

The lack of coordination and communication among governmental bodies made it difficult in the field for each UNIS coordinator to link up with other services.

Higher-level political commitment and continuity of leadership are needed for such an intersectoral program to flourish, while building integration and coordination between institutions takes time.

Development Challenges

- Overcome the social, economic, and cultural barriers faced by disadvantaged entrepreneurs in their context of vulnerability by promoting their economic and social inclusion, both by enhancing their businesses and incomes and by providing access to other social programs.
- Strengthen the economic sectors where the disadvantaged entrepreneurs work, based on a better understanding of the economy.
- Institutionalize public policies for the social and economic inclusion of one of society’s least structured sectors.

Delivery Challenges

- Establish governmental policy program interaction and service to a highly vulnerable and unstructured audience, for whom it is hard to adapt to the public sector’s administrative rules and whose family and business accounts are often comingled.
- Address government management issues such as budget cutbacks and program shutdowns; improve interagency coordination and communication.
- Address governance issues such as accounting discrepancies at the UNIS units and program delays.

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