



# Arymax Foundation

Evidence-Based Social  
Investment

The Arymax Foundation finances initiatives and social businesses that favor the productive inclusion in the labor market of economically vulnerable groups, either through entrepreneurship or employability. The Foundation is interested in building and consolidating an impact evaluation culture in Brazil, strengthening the organizations' capacity to design and execute this type of evaluation, and contributing to the production and dissemination of knowledge that can lead to more effective interventions.

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## Evidence-Based Social Investment



**YEAR OF FOUNDATION:**  
**1990**



**TYPE OF INVESTOR/SILO:**  
Foundation.



### SECTORS:

- Economic and social development.
- Employability.
- Entrepreneurship.
- Productive inclusion.



### CONTINUUM OF CAPITAL:

Strategic philanthropy.



### FINANCIAL INSTRUMENT:

Donations.

### SDGS:



### MAIN PARTNERS:

Accenture, B3 Social, Fundação Tide Setubal, Instituto Humanize, Instituto Veredas, and Potencia Ventures, among others.



### MOTIVATION OR PROBLEM TO SOLVE:

Productive inclusion of vulnerable groups in the labor market.



### NON-FINANCIAL SUPPORT OFFERED:

- Strategic and operational strengthening.
- Impact management and measurement.
- Access to networks and investors.



### FINAL BENEFICIARIES:

People living in economic vulnerability or poverty, urban and rural microentrepreneurs, and members of the Jewish community.



### IMPACT:

- Trained more than **6000** people in technical and socio-emotional skills for the labor market, with an employability rate of 80%.
- Through the Productive Inclusion Alliance, online training has been provided to more than **3300** urban and rural entrepreneurs.
- Provided support to third parties in the production of **seven studies** on productive inclusion, promoted a lecture on **rural productive inclusion** that is offered across various universities, and produced studies that have national impact.
- Bringing J-PAL<sup>1</sup> to Brazil through JOI<sup>2</sup>.
- In addition to the resources provided by the Foundation, more than **BRL 22 M (USD 4.35 M<sup>3</sup>)** was raised through partnerships and associations.

<sup>1</sup> The Abdul Latif Jameel Poverty Action Lab, also known as J-PAL, is a network of 262 affiliated professors from 91 universities around the world. Its mission is to reduce poverty by ensuring that public policy is informed by scientific evidence.

<sup>2</sup> Jobs and Opportunity Initiative. More about it below.

<sup>3</sup> At current exchange rates for June 16, 2022.



## Overview

The productive inclusion of vulnerable groups in Brazil faces significant challenges. By the end of 2021, unemployment reached historic levels, exceeding 14.5%.<sup>4</sup> In addition, a majority of newly employed people do not have a formal work contract. At the end of 2019, the informality rate in the Brazilian labor market structure was 41.4%.<sup>5</sup> For this reason, the Arymax Foundation—a family foundation established in 1990—focuses its efforts on productive inclusion.

In 2015, the Foundation started a rigorous process for configuring its strategic topics based on the use of evidence for impact.<sup>6</sup> The inspiration for this process came from the consolidation of the effective altruism and venture philanthropy movements. The process was informed by three guiding questions: Which causes can achieve a greater impact in Brazil? Which causes can be addressed through philanthropy? And which of these causes are underinvested?

The Arymax Foundation recognizes that fostering decent employment is key for achieving the economic inclusion of vulnerable groups, especially in those sectors that will provide more jobs in the future. To this end, it invests in organizations that train people in socio-emotional and technical skills and connects them with employment opportunities.<sup>7</sup> It also finances initiatives that work in the productive inclusion ecosystem in order to foster a common agenda.

The Foundation also works in partnership with various actors of society, especially private actors, in order to help small entrepreneurs in peripheral urban areas, as well as small rural farmers. It offers them training, mentoring, access to new markets, and capital.

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<sup>4</sup> Reuters (June 30, 2021). Desempleo en Brasil sigue en máximo histórico de 14,7% en el trimestre hasta abril [article]. Available at: <https://www.reuters.com/article/economia-brasil-empleo-idLTAXN20C06C>

<sup>5</sup> La República (September 28, 2019). La informalidad en el mercado laboral rompe récord en Brasil, según señaló IBGE [article]. Available at: <https://www.larepublica.co/globoeconomia/la-informalidad-en-el-mercado-laboral-rompe-record-en-brasil-segun-senalo-ibge-2914454>

<sup>6</sup> Fundação Arymax (n.d.). Productive Inclusion. Available at: <https://arymax.org.br/inclusao-produtiva/>

<sup>7</sup> Fundação Arymax (n.d.). Strategic philanthropy: smart decisions generate effective actions. Available at: <https://arymax.org.br/filantropia-estrategica/>



In addition, the Foundation supports the Brazilian Jewish community. In doing so, it contributes to education about Judaism, the promotion of harmonious coexistence, respect for diversity, and the dissemination of Jewish culture and its traditions in Brazil.

These three main areas of intervention are governed by six strategic philanthropy principles that the Foundation has integrated into its operations:<sup>8</sup>

- 1...Evidence-based interventions: using technical and scientific knowledge to generate evidence that identifies the most efficient and effective strategies in generating social impact, and to select the most qualified organizations that can implement them.
- 2...Continuous monitoring and evaluation of all initiatives that receive finance, with the purpose of measuring their results and optimizing their impact.
- 3...Provide long-term financing to organizations in order to enable their sustainability and allowing them to develop more comprehensive solutions.
- 4...Demonstrative effect of initiatives that can produce exemplary social technologies, capable of being spread throughout Brazil.
- 5...Non-financial support: a key component in which the funded initiatives are closely monitored, and are supported on strategy and connected to relevant actors.
- 6...Integration of impact, sustainability, and resilience. Impact is perceived as social change in the target population, financial sustainability as the guarantee that organizations will have sufficient resources to maintain their social mission, and resilience as the organization's maturity in terms of its governance and ability to generate resources, among other aspects.

The Foundation has prioritized funding for initiatives that address productive inclusion, produce and disseminate knowledge on productive inclusion, and work to strengthen the impact ecosystem in Brazil. These strategies translate, in turn, into results such as the creation of sustainable businesses that generate income and revenue, better job qualifications, access to decent employment for vulnerable

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<sup>8</sup> Fundação Arymax (n.d.). Strategic philanthropy.

groups, and broader investment for the productive inclusion ecosystem. All these contributes to the Foundation's mission of ensuring stable and long-term work and income for people living in economic vulnerability in Brazil.

Finally, in terms of non-financial support, the Foundation has made an effort to strengthen the organization rather than their initiatives. This means that the support designed is highly flexible and adapts to each organization's specific needs. Moreover, the Foundation has promoted the establishment of close and transparent relationships with each of the organizations and initiatives financed. This has allowed the Foundation to provide a wide range of support including socio-emotional support for teams.

*"We always tell them [the organizations and initiatives financed] that we want to be more than funders. We want and aim to be partners. When they need to plan something, we are always willing to support them."* Natalia Leme, Head of Strategic Partnerships and Programs at the Arymax Foundation.



### Innovative factors

Both the principles described above and the Foundation's theory of change<sup>9</sup> integrate impact management and evaluation as a key strategy for designing productive inclusion interventions in Brazil. In this way, Arymax Foundation has contributed to expanding knowledge on entrepreneurship opportunities and employment trends and analysis. This has occurred especially through the relationship that the Arymax Foundation has developed with J-PAL LAC<sup>10</sup> and other partners such as B3 Social, Potencia Ventures, the Inter-American Development Bank, Fundação Tide Setubal, and Insper. By leveraging their resources, Arymax Foundation and its partners were able to launch the

<sup>9</sup> Fundação Arymax (n.d.). Productive Inclusion. Available at: <https://arymax.org.br/inclusao-produtiva/>

<sup>10</sup> J-PAL LAC is a research center that aims to reduce poverty and improve the quality of life of people in Latin America and the Caribbean (and other regions where it operates) by producing evidence of what works. Academics affiliated with J-PAL measure the impact of programs through randomized evaluations, seeking to use what they learn to inform the design of public policy.

Jobs and Opportunity Initiative (JOI) with the purpose of evaluating innovative strategies that address the most pressing challenges of the Brazilian labor market.

The implementation of this initiative in Brazil has been underway since 2021 and is expected to last for five years. Funds are used primarily to finance impact evaluations that can guide both public and private interventions aimed at creating employment opportunities in Brazil.

*“The most important thing is for us to be able to join forces and bring together public and private problems that can help governments and large organizations define and make the right decisions on what effectively creates impact in productive inclusion and, thus, significantly improve and the insertion of people in the labor Brazilian market. This can also serve as future reference for other countries in Latin America facing the same challenge.” Vivianne Naigeborin, Executive Director, Arymax Foundation.*

JOI also promotes a social incubation process that seeks to build capacity for policy and project makers and implementers. Its objective is to support organizations working on productive inclusion issues to develop an impact management and measurement culture so that there is more evidence regarding what works and what does not work, and what has the potential to be replicated or scaled up. Through three free phases, the process provides information, capacity building and tailored technical assistance for those responsible for implementing interventions.

In addition, JOI offers technical and financial support to Brazilian researchers focusing on productive inclusion areas.

*“J-PAL uses impact evaluations not only to identify policies that work, but also establishes partnerships with organizations that are implementing projects in order to strengthen them by sharing the academic knowledge being produced.” Paula Pedro, Executive Director, J-PAL LAC.*

The Foundation also has its own indicators that are aligned to its theory of change. For instance, finance organizations must record their performance metrics in a reporting platform. This platform was built alongside Vera Solutions, which configured the software on which the information is stored.

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The monitoring platform ultimately represents one of the main non-financial support instruments for organizations, to the extent that it is established as a mechanism to consult, report, and fine-tune the interventions executed.

Indicators allow organizations to have a standardized common guide, which makes it easier for them to follow up on their own interventions, as they have continuous access to the platform. The Foundation also has exclusive ownership of this platform, from which different analyses and reports are created and shared with different stakeholders. On the platform, the Foundation follows up and monitors more than 40 indicators, including increase in income levels of those who attend training courses and get a job or develop their business, the degree of formalization, and the profile of the population living in economic vulnerability that entered the labor market.



## LESSONS

Firstly, the relationship that the Arymax Foundation has established with J-PAL shows how important it is for both of them to form strategic partnerships with different sectors, ranging from academia, impact investment funds to multilateral organizations that allow to expand the ecosystem for productive inclusion in Brazil. Consequently, JOI has established itself as a platform for the integration of different co-financers. Furthermore, some of these organizations are part of the Steering Committee that supports the implementation of the initiative, where recommendations are put forward with regard to process development and communications in order to position both the initiative and the Foundation itself.

Secondly, JOI has been well received in Brazil and has position itself as an initiative that provides finance and deploys technical support. However, Arymax also identified difficulties for organizations in carrying out impact evaluations of their projects, programs, or interventions. This is mainly due to the lack of finance that prohibits the creation of units dedicated to evaluation, or for hiring external consultants.



**Arymax has made it possible** to expand the productive inclusion ecosystem in Brazil and to integrate efficient and robust impact measurement practices.

Thirdly, the Foundation has made it possible to expand the productive inclusion ecosystem in Brazil and to integrate efficient and robust impact measurement practices into each of the initiatives supported. This has been possible thanks to the consolidation of partnerships with institutionalized actors in the field, such as J-PAL, public and private organizations, and the national government. This consolidation was achieved particularly through the implementation and dissemination of effective productive inclusion interventions. With this, the Foundation hopes that within five years the productive inclusion ecosystem in Brazil will sufficiently embrace an evaluation culture, and apply evidence-based practices in order to integrate vulnerable groups into the labor market.

Finally, the establishment of partnerships with main focus in the academic, government, and business sectors contributes decisively to the dissemination of knowledge and the consolidation of a support network that is not limited to the initiatives but also allows interaction among different sectors and interests. These interactions have enabled co-financing opportunities for entrepreneurs and expanded capacity building efforts.