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MULTILATERAL INVESTMENT FUND

BRAZIL

**NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN
CEARÁ - NEO BRAZIL**

(BR-M1139)

DONORS MEMORANDUM

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CONTENTS

EXECUTIVE SUMMARY

| | | |
|-------|---|----|
| I. | BACKGROUND AND RATIONALE | 1 |
| II. | OBJECTIVES AND COMPONENTS | 7 |
| III. | MONITORING AND EVALUATION STRATEGY | 16 |
| IV. | COST AND FINANCING | 16 |
| V. | EXECUTING AGENCY | 18 |
| VI. | PROJECT RISKS..... | 19 |
| VII. | ENVIRONMENTAL AND SOCIAL IMPACTS..... | 20 |
| VIII. | ATTAINMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS | 20 |
| IX. | ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY | 20 |

PROJECT SUMMARY
NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN CEARÁ - NEO BRAZIL
(BR-M1139)

New Employment Opportunities for Youth in Ceará, or NEO Brazil (NEO), is the tenth partnership project under the regional NEO initiative (document MIF/AT-1175). NEO is a pioneering initiative in which businesses, governments, and civil society in Latin America and the Caribbean are working together to improve the employment opportunities of one million young people, half of them women, before 2022. The initiative is being led by the Inter-American Development Bank (IDB), through the Multilateral Investment Fund (MIF) and the Bank's Labor Markets Division (LMK), the International Youth Foundation (IYF), and the following partners: Arcos Dorados, Caterpillar, Cemex, Forge Foundation, Microsoft, SESI, and Walmart. NEO Brazil will be the last partnership project under the regional NEO initiative.

The low levels of quality, relevance, and coordination of training and employment services mean that the key challenge for young people in Brazil, especially vulnerable youth, is to learn about, enter, stay in, and move ahead in the job market by improving their job skills and thus ensuring successful educational and employment careers.

The implementation of NEO Brazil is seen as an opportunity for collaboration and coordination between the public and private sectors and civil society, to build constructive trust, forge links, and nurture efforts, permanent dialogue, and a culture of continuous improvement, to address the needs of the thousands of young people who are looking to enter the labor market and of the businesses that need skilled workers. The vision of the NEO Brazil Partnership involves committing to a public-private partnership that can propose an innovative model of coordination and continuous improvement inspiring society at large—particularly institutions involved and interested in the topic of youth employability—and change the labor culture for employers, the public service, and vulnerable youth. The members of the NEO Brazil Partnership are: the Ministry of Labor, the Department of Labor and Social Development of Ceará (STDS); the National Industry Confederation (CNI); the Industries Federation of the State of Ceará (FIEC); Microsoft, the Walmart Institute, the Coca-Cola Institute, Instituto Alianza, and the Iochpe Foundation.

The impact being sought is to increase job placement opportunities for vulnerable youth between the ages of 14 and 29. In terms of outcomes, the project is expected to improve the quality and relevance of training programs and employability systems for poor and vulnerable young people in the state of Ceará.

During the implementation period, the project will benefit 95,000 young people, at least 50% of whom will be women; 29 centers providing training and employment services, and at least 100 businesses that will hire more qualified young people. NEO Brazil has four components: (i) coordination of actors and programs in support of public policies for youth employability and strengthening of the NEO Brazil Partnership; (ii) vocational and job counseling services that are more attuned and adapted to young people; (iii) institutional strengthening to improve the quality of training and employment services and innovation development; and (iv) a knowledge management and communication strategy. NEO Brazil seeks to have an impact on youth employability systems, which will serve as a demonstrative example and lay the foundations for validating an effective employability model for young people that is replicable, transferable, and scalable to other productive sectors and other states. The National Employment System (SINE), attached to the Ministry of Labor and one of the institutions to be strengthened, alone

has about 78 employment centers in the state of Ceará, and around 1,635 throughout Brazil; and the National Industrial Apprenticeship System has over 1,000 centers in 2,700 Brazilian municípios. The MIF's financial contribution is critical to encourage working in partnership and secure public and private resources. At least three dollars in counterpart funding will be leveraged for each dollar contributed by the MIF.

ANNEXES

| | |
|-----------|------------------------------|
| Annex I | Logical framework |
| Annex II | Summary budget |
| Annex III | Budget broken down by entity |

APPENDICES

Proposed resolution

AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM

| | |
|------------|---|
| Annex IV | Preliminary list of milestones |
| Annex V | <u>Diagnostic needs assessment of the executing agency (DNA)</u> |
| Annex VI | <u>Project status reports (PSR), attainment of milestones, fiduciary agreements and institutional integrity</u> |
| Annex VII | <u>Draft procurement and contracting plan</u> |
| Annex VIII | Timetable of activities |
| Annex IX | Operating Regulations |
| Annex X | Terms of reference for the project coordinator |
| Annex XI | Monitoring and evaluation plan for impact assessment |

ABBREVIATIONS

| | |
|----------|---|
| AWP | Annual work plan |
| CNI | Confederação Nacional da Indústria [National Confederation of Industry] |
| DNA | Diagnostic Needs Assessment of the Executing Agency |
| FIEC | Federação das Indústrias do Estado de Ceará [Industries Federation of the State of Ceará] |
| IEL | Instituto Euvaldo Lodi [Euvaldo Lodi Institute] |
| IYF | International Youth Foundation |
| LMK | Labor Markets and Social Security Division |
| NEO | New Employment Opportunities for Youth |
| NGO | Nongovernmental organization |
| OECD | Organization for Economic Co-operation and Development |
| PCU | Project coordination unit |
| PRONATEC | Programa Nacional de Acesso ao Ensino Técnico e Emprego [National Technical Education and Employment Program] |
| QED | Quality Matrix for Development Effectiveness |
| SENAI | Serviço Nacional de Aprendizagem Industrial [National Industrial Training System] |
| SESI | Serviço Social da Indústria [Industry Social Service] |
| SINE | Sistema Nacional de Emprego [National Employment System] |
| STDS | Secretaria de Trabalho e Desenvolvimento Social de Ceará [Department of Labor and Social Development of the State of Ceará] |

EXECUTIVE SUMMARY
NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN
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(BR-M1139)

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| Country and geographic location | Brazil, specifically the municípios of Sobral, Juazeiro, Horizonte, Fortaleza, San Gonzalo, and Maracanau, in the state of Ceará | | |
| Executing agency | Instituto Alianza | | |
| Area of access: | Knowledge Economy Unit | | |
| Coordination with other donors/Bank operations: | NEO Brazil will complement the National Employment System (SINE) standardization support program (BR-T1298) of the Labor Markets and Social Security Division (LMK), by providing strengthening to improve the quality of services, particularly for youth, provided by SINE offices in the state of Ceará and by proposing models and processes for job placement and vocational counseling services, which could be transferred to other SINE offices in other states. It will also coordinate with the MIF's Free Digital Education Project for Job Market Inclusion (BR-M1114), which complements the digital apprenticeship platform with vocational counseling contents, and expands its use in Ceará. | | |
| Direct beneficiaries: | <ul style="list-style-type: none"> • 95,000 young people, at least 50% of whom will be women; • 29 centers providing training and employment services, along with 200 professionals • 100 businesses that will have access to more qualified young people | | |
| Indirect beneficiaries: | As the average Brazilian family has 3.1 members, a total of 759,500 people would be affected indirectly. | | |
| Financing: | Technical cooperation: | US\$ 900,000 | 10% |
| | Investment: | US\$ 000,000 | |
| | Loan: | US\$ 000.000 | |
| | Total MIF contribution | US\$ 900,000 | |
| | Counterpart: | US\$ 369,883 | 5% |
| | Cofinancing | US\$7,432,733 | 85% |
| | Total project budget | US\$8,702,616 | 100% |

| | |
|--|--|
| Execution and disbursement period: | Execution period of 36 months, and disbursement period of 42 months. |
| Special contractual conditions: | The following will be conditions precedent to the first disbursement: (i) the Operating Regulations; (ii) the NEO Brazil Partnership governance agreement; (iii) bilateral agreements signed between each member of the partnership and the executing agency; (iv) presentation of the annual work plan (AWP); and (v) selection of the NEO Brazil coordinator. All of these conditions must be fulfilled to the IDB/MIF's satisfaction. |
| Environmental and social impact review: | This operation has been pre-evaluated and classified according to the requirements of the Bank's Environment and Safeguards Compliance Policy (OP-703). Since the impacts and risks are limited, the category proposed for the project is "C". |
| Unit with disbursement responsibility: | The project will be supervised by the Bank's Country Office in Brazil, with technical support from the regional NEO team based at Headquarters. |

I. BACKGROUND AND RATIONALE

- 1.1 New Employment Opportunities for Youth in Ceará, or NEO Brazil, is the tenth partnership project under the regional NEO initiative,¹ approved by the MIF Donors Committee in 2012 (document MIF/AT-1175). NEO is a pioneering initiative in which businesses, governments, and civil society in Latin America and the Caribbean are collaborating to improve the employment opportunities of one million young people, half of them women, before 2022. The initiative is being led by the Bank, through the Multilateral Investment Fund (MIF) and the Labor Markets Division (LMK), along with the International Youth Foundation (IYF) and the following partners: Arcos Dorados, Caterpillar, Cemex, Fundación Forge, Microsoft, SESI, and Walmart.
- A. Diagnostic of the problem to be addressed by the project**
- 1.2 **Youth education and employment situation:** The key challenges for young people in Brazil, especially vulnerable youth, are to enter and stay in the formal labor market and improve their job skills to ensure a successful career progression. In Brazil, 45.5 million people (22% of the total population) are between the ages of 15 and 29. Of these, 2.4 million live in the state of Ceará (28.5% of the state's population). These millions of young people are a “demographic bonus” and represent an opportunity for the country's development. Nonetheless, despite the progress made in recent years, 52% of all young people live under conditions of vulnerability and low income, mostly concentrated in the Northeast (40%);² 42% of individuals over 25 years of age have not completed secondary school; nearly 70% of students are at the lowest performance threshold in mathematics, as are over 50% in Portuguese and Science; and 94.5% of fatal shooting victims are young males between the ages of 19 and 20.
- 1.3 In terms of employment, 16.98% of Ceará's youth are unemployed (2.5 times the national average of 6.8%); and the figure rises to almost 20% if young people who are not in education, employment or training are included. Moreover, although Brazil is currently stuck in a slow-growth phase (0.1% in 2014), the state of Ceará has expanded continuously for the last seven years (4.36% in 2014). Nonetheless, one of the main problems holding back Brazil's sustained growth in the medium term relates to labor productivity: 61% of businesses have difficulty finding skilled workers, particularly for technical jobs and trades, because the candidates may not have the necessary skills, or they lack life skills such as responsibility and teamwork. The low quality of education and its limited alignment with productive sector demands poses major challenges for improving the quality of human capital and generating growth that includes the most disadvantaged young people.³
- 1.4 **Context of the youth employability ecosystem in Brazil:** Despite impressive progress in education coverage over the last few decades, Brazil continues to face significant obstacles in secondary school completion rates and system quality. In this context, vocational training and training for work are routes to a quicker integration into the labor force and, more directly, for meeting the needs of the

¹ www.jovenesneo.org.

² Brazilian Geography and Statistics Institute (IBGE) and National Household Survey (PNAD), 2013.

³ OECD (2015); Global Competitiveness Report (2015–16); World Economic Forum, (2015); Manpower (2015); and Hays (2013).

labor market. Accordingly, the National Technical Education and Employment Program (PRONATEC) was created at the federal level in 2011, coordinated by the Ministry of Education, with the aim of expanding the supply of students with vocational training. In 2013, Brazil's Ministry of Labor also launched a plan to reform the National Employment System (SINE). The main points of this reform included establishing the need to design instruments to standardize the services offered by SINE service points. These tools will serve as standard guides for SINE offices, because they define the service mechanisms and basic infrastructure, together with a system for monitoring and evaluating the main services offered. Lastly, another significant effort has been the Apprentice Law (10,097/2000),⁴ which regulates vocational education in classrooms and access to job internships for young people between the ages of 14 and 24. Nonetheless, today many challenges remain in terms of its implementation and coordination with the productive sector. Despite many efforts, there are also other substantial challenges, such as: efficiency in the alignment between training supply and skill demand; an improvement in the monitoring and evaluation system with indicators to monitor the young person; an information structure that is easily accessible to the young person and their families, to enable them to make the best educational and vocational decisions; and the creation of a system of continuous improvement to enable educational institutions to innovate in their pedagogic practices and improve the quality and relevance of the education and employment services being provided.⁵

- 1.5 **Problem to be addressed by this operation:** Essentially two problems will be addressed through NEO Brazil: (i) the poor quality, irrelevance, and lack of coordination of training and employment services; and (ii) the difficulty faced by the most vulnerable youth in finding quality jobs in the fastest-growing sectors.
- 1.6 **Causes: (i) Lack of coordination between actors and programs and irrelevant training.** The interface between the demands of the labor market and the supply of training is weak; and, although there are federal guidelines, Brazil is a very large and diverse country that moves forward at different speeds. Greater consistency is needed between the careers and fields offered, and what the labor market requires on the ground. Although there have been previous efforts deployed in Ceará,⁶ there is still weak coordination with the productive sector in terms of its systematic involvement, both in defining the curriculum and in the partnerships between educational establishments and agreements for job internships. Similarly, although there are strategic territorial development plans that influence training supply in constant communication with the productive sectors, these are seldom put into practice. In general, the youth employability system does not have an integrated and linked mechanism that covers the functions and has the basic components needed to operate as a continuous improvement and monitoring system, aimed at guaranteeing quality and relevance.
- 1.7 **(ii) Lack of projection for professional career development and insufficient access to and information on counseling services, labor practices,**

⁴ Expanded by Federal Decree 5598/2005. This provides that in the case of medium-sized and large firms, between 5% and 15% of their employees must be youth apprentices, to enable them to gain practical experience related to the training course.

⁵ Almeida, Amaral, and de Felicio (2014).

⁶ Bruns et al (2012) describe the schools of Ceará as examples of good practice in the OECD in this regard.

social/employment support, and opportunities for young people to enter the labor market. In general, there is no integrated information and support system that is also adapted to local territories and contexts and supports young people with their vocational decision-making. Thus, students and their families at low socioeconomic levels make complex decisions with little information. The labor market is constantly changing; and the education and training system in Brazil is long on options but at the same time can be complex for the young person. Vocational counseling is increasingly essential to making the most of young people's human talent, because the wrong career or job choice has a significant impact for society as a whole. It is therefore necessary to seek accessible information mechanisms that are adapted to the communication channels⁷ that young people and their families draw on in the process of creating a life plan, selecting a technical or academic path, providing them with information on the labor market, and linking it to formal employment services or additional information sources.

1.8 (iii) Low quality of training and insufficient skills to join the job market.

Having a good level of education and skills is an important requirement for finding work. As noted above, fewer than half of all Brazilian youth complete secondary education, and the quality of education has significant shortcomings in Mathematics and Portuguese, which compounds employers' insistent demand for socioemotional or life skills. Recent evidence shows that businesses suffer from a disconnect between the abilities and skills they need and what the labor force has to offer, stressing life (or socioemotional) skills, particularly among young people.⁸ Moreover, quality is not consistent, with results that depend on the socioeconomic level and the type of school. Between 2008 and 2013, youth enrolment in vocational technical training courses rose from 11% to 17% (more than 1.7 million enrolled in 2014). Despite the increase in enrolment over the last few years, there is a lack of alignment between school and the workplace. With the rapid changes in the labor market brought about by the new technologies and in the new professional profiles, a higher value is placed on life skills, problem solving, capacity to relate knowledge and technological skills. Another issue in secondary education is school dropout, which, despite having declined in recent years (from 15.3% in 2006 to 8.1% in 2013), still generates challenges, as does the course failure rate, which has remained constant (edging up from 11.5% in 2006 to 11.8% in 2013).⁹ For many young people, vocational technical secondary education is their last cycle of studies and they are not very well prepared for work. Only 16.5% of the 22.5 million people between the ages of 18 and 24 in Brazil are in higher education.¹⁰ Lastly, a robust monitoring and evaluation system that systematically collects and processes monitoring information would be an initial step that would make it possible also to gather information that is relevant for training centers, the public and private sectors, and also for the young people themselves.

1.9 NEO Brazil proposal: The implementation of NEO Brazil is seen as a fundamental initiative and an opportunity, in the current context, for collaboration and coordination between the public and private sectors and civil society, to build

⁷ Quevedo (2015), World Bank (2009-2010) and other sources.

⁸ Bassi, Busso, Urzúa, and Vargas (2012).

⁹ National Institute of Education Studies and Research (INEP) – Education Indicators (2013).

¹⁰ Ministry of Education/Census 2013.

constructive trust and promote alliances, pool efforts, and nurture permanent dialogue and a culture of continuous improvement that responds to the thousands of young jobseekers and the businesses that need skilled workers to improve their productivity.

- 1.10 The NEO Brazil project was created following a process of participatory planning and consensus-building, over more than two years, that has resulted in the creation of a strategic partnership encompassing public, private, and civil society entities seeking to improve youth employability in the country. The formation of this partnership has been an intense challenge for both the regional NEO team (MIF, LMK, and IYF) and the local actors. Since its inception, the partnership has had to overcome sporting events, electoral processes, economic slowdown, changes in the identity of the executing agency, and long distances, among others. Yet, recognition of the need for collaboration has slowly been growing, with much effort plus a great deal of motivation and determination from actors. The vision of the NEO Brazil Partnership involves committing to a public-private partnership capable of proposing an innovative model of coordination and continuous improvement that inspires society at large, particularly institutions linked to, and with an interest in, the issue of youth employability. It also aims to transform the job culture of employers, public service, and poor and vulnerable youth, and thus will avoid duplication of effort, enhance efficiency, and ensure economic and social impact.

- 1.11 The members of the NEO Brazil Partnership are:

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|-----------------|---|
| Public sector: | <ul style="list-style-type: none"> • Ministry of Labor: Federal government agency, responsible for developing policies and guidelines for job creation; support for workers' incomes; modernization of labor relations; vocational training and development; and workplace health and safety. • Department of Labor and Social Development of Ceará (STDS): Institution that works to improve the population's quality of life, particularly in vulnerable segments, coordinating and executing employment policies and social assistance and development policies. It also runs the 78 offices of the National Employment System (SINE) in the state. |
| Private sector: | <ul style="list-style-type: none"> • National Confederation of Industry (CNI). Institution with a mission to defend and represent industry and promote a favorable environment for business, competitiveness, and sustainable development in Brazil. It encompasses 27 industry federations and 1,250 employer associations, representing over 700,000 industrial businesses. It administers the Industry Social Service (SESI), the National Industrial Training Service (SENAI) and the Instituto Euvaldo Lodi (IEL). • Industries Federation of the State of Ceará (FIEC). Institution linked to the CNI, promotes the state's social and economic development by stimulating competitiveness and new businesses and strengthening institutional links. It encompasses 39 affiliated employer organizations that represent various segments of industry. In conjunction with SESI, SENAI, and the IEL in Ceará, the FIEC system was created to satisfy industry's demand for workers' health and quality of life; vocational training and professional qualifications for industry; technical and specialized technological services; and promotion of innovation and executive education. • Microsoft: global leader in software, services, and solutions. Since 2003, it has invested about US\$115 million in open-source technology for over 2,484 nongovernmental organizations (NGOs) in Brazil. Its global YouthSpark initiative enables young people to envision and attain their full potential by connecting them to the best educational, employment, and business opportunities. It has benefited over 13.6 million young people since 2012. |

| | |
|----------------------|--|
| Civil society sector | <ul style="list-style-type: none"> • lochpe foundation: Public interest civil society organization that develops education, culture, and social welfare programs in partnership with public and private entities. • Instituto Alianza: Public interest civil society organization, with a mission to educate individuals, organizations, and institutions for sustainable human development in the national domain. • Coca-Cola Institute: Foundation dedicated to furthering the large-scale socioenvironmental transformation of Brazil, empowered by its partners and by the Coca-Cola system. • Wal-Mart Institute: Anchors and organizes the main social investment actions undertaken by Wal-Mart Brasil, implementing projects that strengthen the company's community relations. |
|----------------------|--|

B. Project beneficiaries

- 1.12 During the implementation period, the project will benefit 95,000 vulnerable young people between the ages of 14¹¹ and 29 in the state of Ceará, at least 50% of whom will be women (47,500), who will have access to better training and employment services through service providers strengthened by NEO. The project will be implemented specifically in the municípios of Sobral, Juazeiro, Horizonte, Fortaleza, San Gonzalo, and Maracanaú. There will be two groups of beneficiaries: (i) a group of 30,000 urban young people who are unemployed or underemployed, are either in the formal technical-occupational education system or are outside the formal education system, and have been unable to continue their studies beyond the 9th grade. Additional beneficiaries will be at least 60,000 young people with a similar profile who receive job placement and vocational counseling services through SINE offices. Lastly, at least 5,000 additional young people are expected to benefit from the digital platform that provides access to vocational guidance and employment services, during its first year of operation. The term “vulnerable”¹² is used to describe a low-income individual or family group that lives in poverty or is at high risk of falling back into poverty.
- 1.13 The project will also benefit: (i) 29 preidentified training and employment service providers,¹³ specifically 13 SINE centers, six training centers run by NGOs, nine SENAI centers and a Sesi school, which will be evaluated on the basis of the NEO Quality Standards Guide, and subsequently strengthened; (ii) over 200 staff of the aforementioned centers will be trained to provide services that meet the needs of the labor market, the inclusion of youth-oriented teaching methodologies, life skills, and vocational counseling and job placement services; and (iii) at least 100 businesses in the preidentified sectors that participate by offering internships and job positions will benefit from having young employees who are better prepared for the job.

C. Contribution to the MIF mandate, access framework, and IDB strategy

- 1.14 **Link to the MIF mandate:** The NEO Brazil initiative will contribute to the objective of poverty reduction by strengthening the institutional capacity of youth

¹¹ The general NEO age range is 16 to 29; but in the case of Brazil, the Apprentices Law applies to young people from the age of 14, so the age range has been extended to include this youth group.

¹² Based on “A renewed MIF vision: The next ten years,” 2013.

¹³ The service providers to be strengthened come from the partnership members themselves, which have agreed to use NEO quality standards. These providers are generally located in poor areas and work with the NEO target population.

employability service providers, thereby increasing skills development among vulnerable youth in the state of Ceará. The private sector will also benefit, since the targeted youth will be better prepared to be productive in their jobs, thus reducing the costs of hiring, turnover, and training of employees. Lastly, the NEO experience in Brazil will serve as an input for public policies to reduce youth unemployment and strengthen the technical-vocational training system.

- 1.15 **Gender approach.** The NEO Brazil project will evaluate the entities strengthened through the project in accordance with the NEO Quality Standards Guide, which includes gender indicators for job training, counseling, and placement services, so as to address gender differences on a crosscutting basis and thus achieve effective and equitable formal job market integration for men and women. To evaluate the project's outcomes and analyze the relevance of the gender approach, plans call for (i) disaggregating the indicators by gender in the monitoring system; (ii) analyzing gender, ethnicity, geographic origin, or disability considerations in activities to evaluate quality and build the technical capacity of youth service providers included in the project; and (iii) promoting and facilitating equal access to training activities, social and employment services, and formal jobs for men and women.
- 1.16 **Knowledge gap:** This project will help to narrow the knowledge gap by answering the following questions: Which public-private partnership models are effective at improving employability? Which models for collaboration between businesses and training centers are in place and effective for reducing the gap between job supply and demand? And which of the various counseling, training, and job placement processes for poor youth have been proven effective?
- 1.17 **Link to the regional New Employment Opportunities for Youth (NEO) initiative RG-M1210:** NEO Brazil is the 10th and last partnership project at the country level under the regional NEO initiative, which currently has projects in Argentina, Brazil, Chile, Colombia, the Dominican Republic, El Salvador, Jamaica, Mexico, Panama, Paraguay, Peru, and Uruguay. These projects offer and develop a wide range of services, from the creation of sector roundtables in Paraguay to the strengthening of technical secondary education in Mexico or vocational counseling and job placement in Panama. As a whole, the projects in the regional NEO portfolio are expected to offer employability services to around 500,000 young people by 2017. In addition to serving young people, the NEO initiative mobilizes active participation by businesses, public agencies and civil society organizations to join the partnerships in the countries. Currently, over 100 institutions are participating in these 10 multisector partnerships. In addition, among the approved NEO projects, 2,300 businesses are expected to offer internships and job positions to poor and vulnerable youth; and 263 employability service providers will improve the quality and relevance of their services.
- 1.18 The following table summarizes the regional NEO initiative's main targets:

| Key indicators | regional NEO target 2017 ¹⁴ | Progress towards targets * | Achieved as of March 2016 |
|---|--|----------------------------|---------------------------|
| Young people benefited | 500,000 | 575,343 | 102,533 |
| Service providers strengthened | 200 | 263 | 125 |
| Companies offering jobs and internships | 1,000 | 2,300 | 333 |
| National partnerships that adopt high-impact employability models | 10 | 10 | 8 |

(*) Projections based on the sum totals of the indicators of NEO projects approved thus far, in chronological order: BR-M1114, DR-M1044, ME-M1091/MET1255, CO-M1094/CO-T1374, RG-M1256, PN-M1027, PR-M1031, ES-M1049, ES-M1054, PE-M1110, JA-M1036, CH-M1073, and BR-M1139. The projections also include data from the NEO WALMART regional project, NEO RUTAS USAID, and NEO CATERPILLAR regional project. For more information, click [here](#).

- 1.19 **Collaboration with the IDB Group.** This operation represents the Bank's ongoing support for Brazil's efforts to improve its active labor market policies. It is aligned with the Bank's country strategy with Brazil,¹⁵ which includes the following goals: (i) increase productivity and competitiveness; (ii) reduce inequity and improve public services; and (iii) strengthen institutions at the three levels of government. NEO seeks to improve the quality and relevance of the services provided by 29 training and employment institutions, creating systemized models for multisector coordination and alignment of supply and demand, and to share experiences and lessons learned with the Bank's operations.
- 1.20 NEO Brazil will complement the program to support SINE standardization (BR-T1298),¹⁶ being implemented by the Labor Market and Social Security Division (LMK). NEO Brazil will also support an improvement in the quality of the assistance provided to young people at SINE offices in the state of Ceará, by proposing models and processes for job placement and vocational counseling services that can be considered by other SINE offices in other states.
- 1.21 Lastly, NEO Brazil will be linked with the MIF's Free Digital Education Project for Job Market Inclusion (BR-M1114),¹⁷ complementing the digital learning platform with vocational counseling contents and expanding its use in Ceará.

II. OBJECTIVES AND COMPONENTS

A. Objectives

- 2.1 The desired impact will be to increase job placement opportunities for vulnerable youth between the ages of 14 and 29. The expected outcome is to enhance the quality and relevance of the training programs and employability systems for poor and vulnerable youth in the state of Ceará, Brazil.

B. Description of the model/solution/intervention

- 2.2 The objective of the NEO program is to close the current gap between the skills of young people and businesses' demand for qualified personnel by: (i) coordinating

¹⁴ All NEO partnerships are expected to have 36 months to implement their projects in the respective countries, so a one-year delay is anticipated in the RG-M1210 regional initiative.

¹⁵ [2016-2018 strategy](#).

¹⁶ <http://www.iadb.org/en/proyectos/project-information-page,1303.html?id=BR-T1298>.

¹⁷ <http://www.iadb.org/en/projects/project-description-title,1303.html?id=BR-M1114>.

- and linking the efforts of the main actors working in the areas of education/training, the labor market, and youth to address these problems in a systematic manner rather than through isolated and uncoordinated efforts; and (ii) scaling effective models for vocational counseling, training, and job placement services, to improve service quality and job opportunities for vulnerable youth.
- 2.3 NEO Brazil is based on the scaled intervention model that was designed at the regional level and is now being implemented in several countries. The model consists of forming multisector partnerships where businesses, governments, and civil society contribute resources, knowledge, and capabilities to implement effective and sustainable employment solutions for poor and vulnerable youth. The NEO Brazil Partnership was formed voluntarily, and Instituto Alianza was selected as coordinating entity. Through a joint and participatory process, Instituto Alianza formulated a youth employability diagnostic assessment and a time- and resource-bound strategic plan, including a mission, objectives, and expected outcomes. This plan was reviewed and adjusted with the MIF/IDB team, and is embodied in this operation.
- 2.4 Following several analysis meetings, the NEO Brazil Partnership decided to find a geographical area for project implementation that fulfilled several characteristics ensuring that it would proceed according to plan. For that reason, the state of Ceará was chosen, which has had stable growth over the last few years, decisive support from the Industry Federation of the State of Ceará (FIEC), and economic diversification that will make it possible to test which economic sectors have most opportunities for youth participation. In addition, the following sectors were preidentified: industrial (food, textiles, metallurgy, chemicals, and footwear), logistics (the port of Pecem, among others), tourism, agribusiness, and energy. These sectors were chosen for the following reasons: (i) they are sectors with unmet demand¹⁸ for skilled workers who match the NEO youth profile; (ii) the FIEC, which is part of the NEO Brazil Partnership, includes businesses in these sectors; (iii) the sectors are described as strategic for Ceará and for the country; and (iv) there are public and private entities that provide job training, counseling, and placement services, which, in association with the productive sector, could prepare young people to occupy vacant positions. These sectors could be adjusted during implementation to take into account the region's local demands and the actions that members of the partnership may be implementing.
- 2.5 The NEO Brazil Partnership has undertaken to adopt and implement a comprehensive job training model and good practices developed by the MIF, the IDB, and the International Youth Foundation (IYF). The project will seek to strengthen the technical capacity of 29 public and private institutions that provide job training and placement services. This strengthening will be achieved through the transfer and adaptation of good practices validated in the IYF/MIF *entra21* program¹⁹ and in other Bank-financed programs. To this end, IYF has developed

¹⁸ The Ceará labor market is estimated to need about 300,000 technical professionals and workers to fill current vacancies and for investments projected in the short and medium terms (FIEC, 2012).

¹⁹ The *entra21* program (operation ATN/MH-10303-RG) was created by the MIF and IYF in order to improve the employability of disadvantaged youth in Latin America and the Caribbean. It was successfully implemented from 2001 to 2011 and benefited more than 137,000 vulnerable youth in 22 of the region's countries through 50 civil society organizations. Seventy-five percent of the graduates found work or continued their studies six months after completing the program.

- two products under the regional NEO program: (i) a “Quality Standards Guide: Tool for evaluating youth job training and placement processes,”²⁰ with an online portal that will allow entities to perform self-assessments and determine what aspects of their employability services they wish to improve, formulating their improvement and support plans on that basis; and (ii) a package of strengthening guides²¹ that includes training for life skills instructors, training for workforce managers in job placement, training for vocational counselors, training for instructors in teaching methodologies, and training for supervisors in all four areas, in order to build installed capacity at the institutions. The approach will be tailored to meet the needs of the youth population.
- 2.6 Introducing these good practices and scaling them up at public and private service providers is expected to lead to better youth employability outcomes. The goal of this demonstration effect is for providers to continue to implement these practices after the project has ended, once the model has been scaled to other entities, thereby contributing to the systemic impact objective and to many more young people benefitting beyond the project execution period.
- 2.7 The NEO model is innovative because, although there is much theory and an abundant bibliography on partnerships and youth unemployment,²² NEO is one of the few existing practical experiences involving coordination of actors for youth employability focusing on 10 Latin American and Caribbean countries.²³ Through these projects, NEO is putting theoretical recommendations into practice, such as: (i) develop job skills through a shared vision with co-responsibility on the part of the different actors—governments, entrepreneurs, civil society organizations, and training institutions; (ii) encourage communication mechanisms to respond to the speed with which technological process and quality changes occur, and the demands that these impose on the labor market; (iii) design deconcentrated processes in which comanagement mechanisms are promoted to exploit the advantages of the different actors; (iv) implement quality standards that make it possible to harmonize content, quality criteria, and the relevance of the different education and training structures that are implemented, thereby ensuring their interconnection for the development of training and employment paths; (v) develop cost-efficient and scalable processes; (vi) encourage integrated information and monitoring systems.
- 2.8 Lastly, the NEO Brazil Partnership seeks to have an impact on youth employability systems that would serve as a demonstration example and lay foundations to validate an effective youth employability model that will be replicable, transferable, and scalable to other productive sectors and other states. Complementarity with LMK’s program to support SINE standardization (BR-T1298) is an example of this. NEO Brazil will support improvement of the quality of services for young people provided by the SINE offices in the state of Ceará, and will propose models and processes for job placement and vocational counseling services that can be considered by other SINE offices in other states.

²⁰ For more information about the guide, click [here](#).

²¹ For more information about the services, click [here](#).

²² OAS (2007), CIDEAL (2014), Fundación Carolina (2007), Aliarse (2012), Fundación Corona (2002), McKinsey (2009, 2012), IDB (2005, 2010, 2012, 2015), FGS (2012), ILO (2013), World Bank (2013), ECLAC (2013), among others.

²³ FSG (2013).

SINE alone has some 78 employment centers in the state of Ceará, and about 1,635 throughout Brazil.²⁴ Another opportunity would involve the training centers operated by SENAI, one of the five largest technical training complexes in the world and the largest in Latin America, with 518 centers and 504 mobile training units spanning roughly 2,700 municípios in Brazil.

C. Components

Component I: Coordination of actors and programs in support of public policies for youth employability and strengthening of the NEO Brazil Partnership. MIF: US\$23,513; counterpart/cofinancing: US\$8,970

- 2.9 The objective of this component is to formulate a strategic plan for public-private coordination in youth employment, and to set up roundtables to discuss recommendations on public policies to align supply and demand and to strengthen, coordinate, and link actors and programs related to youth employability. These roundtables will have two focuses, one that is geographically confined to the state of Ceará, and the other focused on general public policy at the national level.
- 2.10 This component will implement the following activities: (i) develop a strategic plan for public-private coordination in youth employment and public policy recommendations; (ii) organize five public policy discussion forums; and (iii) organize three annual strengthening and planning workshops among the NEO partners.

Component II: Vocational and job counseling services more attuned and adapted to young people. MIF: US\$73,880; counterpart/cofinancing: US\$68,333

- 2.11 The objective of this component is to close the information gap that exists among young people related to training and labor market opportunities, and provide guidance for their decisions in this domain. The general aim is to develop an integrated information and support system, coordinated by the Ministry of Labor, that supports young people's vocational decision-making throughout their educational and vocational development. This integrated information system would be linked to the Free Digital Education Project for Job Market Inclusion (BR-M1114).
- 2.12 The component's activities are as follows: (i) develop a virtual center, with language and dynamics that are appropriate to youth, that centralizes and facilitates access to various existing virtual platforms and sites on vocational, counseling, training, and job placement; (ii) develop a mobile application of the virtual center with vocational guidance and job placement services for youth; (iii) organize 10 dissemination and promotion activities on the vocational guidance and job placement system for youth; (iv) reach 5,000 young people using the platform during the project period; and (v) develop a vocational skills test for industry and other productive sectors.

²⁴ BR-T1298.

Component III: Institutional strengthening to improve the quality of training and employment services and innovation development. MIF: US\$283,667; counterpart/cofinancing: US\$7,648,883

- 2.13 The objective of this component is to support 29 occupational and technical training institutions and job placement offices in the process of self-assessment according to the NEO Quality Standards Guide, and the development of continuous improvement plans to enhance the quality of services affecting the skills of young people for entering the job market more effectively. Once the self-assessments have been made and the improvement plans developed for each institution, specific activities will be proposed according to each institution's needs, aimed, among other things, at: strengthening practices among teachers and professionals in the life skills areas; strengthening practices among job placement managers; strengthening practices among vocational counselors; strengthening practices among teachers in teaching methods; guiding computer teachers and directors of training centers on digital literacy tools and programming that are available in the YouthSpark program;²⁵ and strengthening practices among supervisors in the mentioned areas to build installed capacity in the entities.
- 2.14 A further aim is to foster the knowledge economy and industrial and technological innovation by setting up a FabLab to create suitable conditions for learning focused on applied and technological sciences. FabLab²⁶ is an educational component of the Massachusetts Institute of Technology. It functions as a digital manufacturing laboratory linked to a global FabLab network, created to facilitate idea prototypes, and encourages innovation, invention, and local entrepreneurship. Here the students and educators can acquire knowledge, conduct experiments, and use teams to implement their projects. This FabLab will be managed by SENAI but will be open to the entire educational community on a cost-free basis.
- 2.15 The activities of this component will: (i) evaluate 29 training and employment providers and develop continuous improvement plans; (ii) develop a training plan for professionals in life-skill, job-placement, and counseling best practices, which potentially reaches 200 professionals; (iii) serve 30,000 young people in the strengthened training centers; (v) serve 60,000 young people in the SINE centers; and (vi) create a FabLab in Ceará to foster the development of technological and entrepreneurial skills and innovation projects among young people.

Component IV: Knowledge management and communication strategy. MIF: US\$117,600; counterpart/cofinancing: US\$0.

- 2.16 The objective of this component is to document and disseminate the initiative's outcomes and lessons learned, in order to consolidate and expand the NEO Brazil Partnership experience. A project communication strategy will also be developed to support the performance of activities under the various components and reach the beneficiaries.
- 2.17 The following audiences have therefore been identified: (i) enterprises interested in addressing the issue of youth employment and skilled labor for their business; (ii) public entities interested in finding and implementing solutions for youth unemployment and attracting the attention of poor and vulnerable youth;

²⁵ <https://www.microsoft.com/es-xl/responsabilidadesocial/youthspark/youthsparkhub/default.aspx>.

²⁶ <http://www.fabfoundation.org/fab-labs/what-is-a-fab-lab/>.

- (iii) educational institutions interested in improving the quality of their teaching practices; and (iv) civil society organizations interested in strengthening their youth services.
- 2.18 The main channels for reaching these audiences will be: seminars with key actors from the public and private sectors, personalized face-to-face meetings, presence in online and print media, project launch and closing events, roundtable discussions to disseminate the technical notes and project outcomes, and other channels deemed relevant when the project's communication strategy is formulated.
- 2.19 The component's activities are as follows: (i) develop and implement a strategic communication and dissemination plan to bring the developed products to the strategic audiences and help to achieve the project objectives; (ii) identify the knowledge products created by the project and convey them to a total of 20 interested institutions related to youth employment: five private sector institutions, five public sector entities, five educational institutions, and five civil society organizations.
- 2.20 The following knowledge products will be developed to fill the regional NEO program and NEO Brazil gaps: (i) a thematic analysis on the experience of the process of evaluating the institutions under NEO quality standards; (ii) a thematic analysis on the experience of the NEO Brazil Partnership; and (iii) a technical note (in the form of thematic analysis) that includes proposals for improving the youth employability policy on the basis of the experience and results achieved by the NEO Brazil Partnership.

D. Project governance and execution mechanism

- 2.21 The NEO Brazil Partnership is comprised of public, private, and civil society institutions that act and have an influence on programs and strategies aimed at fostering more and better integration of youth in Ceará society, primarily through youth, education, and employment policies. IYF may participate as an observer at meetings of the NEO Brazil Partnership. Given that this approach is very new in Brazil, the MIF, in its role as donor, and LMK, in its role as strategic liaison with the SINE offices, may participate as full members, with the right to vote, as appropriate. The NEO Brazil Partnership chose Instituto Alianza to serve as the executing agency for this project and to coordinate the partnership.
- 2.22 The NEO Brazil Partnership is based on a "governance agreement"²⁷ signed by all the partners. The agreement describes the intent of its members, their roles and responsibilities, the relationship between the NEO Brazil Partnership and the executing agency, and how it will be organized to implement, evaluate, and supervise the budget. In addition to the governance agreement, bilateral agreements will be developed and included between each of the members of the partnership and the executing agency, confirming the amounts to be contributed and the responsibilities to be assumed by the parties. The governance agreement will be aligned with the regional NEO initiative and with the agreement to be signed

²⁷ The regional NEO team has developed a guide based on conversations with the IDB Legal Department and the experience of NEO partnerships. It aims to provide the NEO partnerships in each country with guidance for crafting their respective governance agreements. It includes guidelines and examples that are merely illustrative and do not represent the regional NEO program's opinion on how the agreement should be crafted by each local NEO partnership. A governance agreement approved and signed by all the members of each NEO partnership is a requirement for gaining access to the first disbursement.

between the project's executing agency and the MIF. Approval of this governance agreement will be a condition precedent to the first disbursement, and will require the MIF's no objection.

- 2.23 The structure of the NEO Brazil Partnership consists of the board, executive committee, and working committees. The board, comprising all members of the partnership, will review the annual work plans and budgets, delegating to a smaller and more operational executive committee the task of overseeing compliance with the governance agreement and the coordinated implementation of the annual work plans of the NEO initiative in Brazil. This executive committee will consist of institutions from the three sectors (private, public, and civil society) and the institutions that have the most responsibilities for implementing the key activities. The composition of the executive committee will require the MIF's no objection.
- 2.24 Lastly, the governance agreement describes the role of the executing agency that will lead the project execution process, coordinating the actions of the various members, and managing funds with direct collaboration from the executive committee of the NEO Brazil Partnership and supervision by the MIF. After serving as technical secretariat of the pre-partnership at the unanimous request of the partners, Instituto Alianza was confirmed as the project's executing agency and will sign the legal agreement with the MIF and be responsible for ensuring execution and meeting the objectives of the NEO initiative in Brazil. To ensure that the project is executed effectively and efficiently, Instituto Alianza will set up a technical team that will form part of the executing agency's operating structure and report directly to the executing agency and the MIF.

E. Sustainability

- 2.25 There are three principal conditions that will ensure the sustainability of the operation: **(i) the partnership and its members' installed capacity.** As explained in the description of the model, the objective of NEO Brazil is to ensure that institutions in the system, including businesses, public and private training centers, the public sector, and NGOs, offer more and better employability services for vulnerable youth. This does not necessarily entail additional investment, but rather improvements in the institutions' systems and better preparation of instructors, counselors, and job placement agents. Another factor ensuring the sustainability of NEO Brazil may be the partnership itself. This partnership was created in a participatory manner, gradually bringing in key actors linked to the problem of youth employability and job training. The fact that the proposal was constructed in a collaborative manner made it possible to reach a consensus and secure the support of the partnership. Trust should be built as the project is executed and, based on the outcomes and lessons learned, the NEO Brazil Partnership may continue improving and contributing better youth employability programs and policies for the country.
- 2.26 **(ii) Institutionalization of continuous improvement and quality standards:** The practical experience of the self-assessments, the development of the improvement plan, and the development of the professional training plan of the 29 employability service providers through the NEO standards (Component 3) are expected to continue. Experience with the standards will produce feedback for the SINE and training center objectives of creating a framework of quality standards and accreditation for training and employment service providers in Brazil.

- 2.27 **(iii) Transfer and scale:** Once the working model implemented by the partnership has been validated, a partnership-led plan to transfer the model as implemented in the 29 training and employment centers to other service providers in Brazil will be formulated, after the pilot in the initial institutions is completed. There are potentially 1,635 SINE centers, in addition to the NGO and SENAI centers, the latter being one of the five largest technical training complexes in the world and the largest in Latin America, with 518 centers and 504 mobile training units in roughly 2,700 municípios across Brazil.
- 2.28 Once the midterm evaluation has been completed, or one year before the end of execution (whichever occurs sooner), a sustainability workshop will be held with all entities involved, to identify what measures are necessary to ensure the continuity of the project actions once the funding ends.

F. Lessons learned from the MIF or other institutions in project design

- 2.29 Below is a summary of the main lessons that have shaped the design of this operation:
- 2.30 Forging partnerships to develop a proposal in a participatory manner and begin joint implementation of a project requires a lead time of at least six to nine months, in order to form a group identity. The dynamics of partnership-building in the social sectors is slow and cannot be forced. It is tied to prior collaboration and the level of trust among the partners, the election of an execution lead to coordinate planning, appropriate economic and political junctures, an organizational culture of prior experience working in a partnership, and a shift in outlook toward building a project together in which all contribute financially and technically. During the partnership development and startup stage, the same group of members needs to be maintained. The group should not be open to new members until group identification with and ownership of the project is consolidated. The executing agency has to be actively participating from the design phase and it is critical that the implementation team as well as the general coordinator and financial specialist do so as well, to avoid complex learning curves.
- 2.31 The main factor hindering coordination of the youth employability system is the lack of trust among the actors and the absence of incentives for teamwork. The MIF has been able to act as a catalyst, enlisting the partners and generating the initial trust, thereby motivating the key actors to sit down at the table together to seek a solution to the problem of youth unemployment.
- 2.32 Mechanisms for institutional collaboration and coordination to achieve scale or systemic impact require specific institutional strengthening for the partners, executing entities, and the partnership group itself.
- 2.33 To effectively transition from school to work, education must be linked to jobs. This is particularly important in the case of technical education, which involves preparing students for a trade so that, once they graduate, they can enter the job market. To ensure an effective transition, courses must be relevant to demand, and ongoing feedback must be provided, institutionalizing this linkage in a stable manner.

G. MIF additionality

- 2.34 **Nonfinancial additionality.** The leadership of the MIF, LMK, IYF, and the other regional NEO partners acts as a catalyst in attracting and mobilizing key actors in

the public, private, and civil society sectors working toward more and better technical training and employability programs for poor and vulnerable youth in Brazil. The MIF plays a key role as a facilitator in the process of negotiating the project design with this extensive network of partners and in the transmission of the technical knowledge and best practices accumulated not only by the MIF but also by IYF and the Bank. Moreover, by creating incentives for higher quality (through the NEO quality standards) and greater relevance of employability services (by linking the public sector and training institutions with the productive sector), the MIF makes the investments of the partnership members in vocational counseling, training, and job placement activities more efficient, and resources are optimized, generating greater impact on the socioeconomic conditions and lives of the young people. Lastly, the MIF's monitoring and evaluation experience will complement the transmission of technical knowledge, thereby strengthening the entities in terms of monitoring and tracking so that the achievements can be ascertained and resources can be invested more efficiently with a better return.

- 2.35 **Financial additionality.** The MIF's financial contribution is fundamental to incentivizing the formation of the partnership, which thus far had not been generated spontaneously despite the serious youth employment situation. The MIF grant is the incentive needed to bring key actors together under a common task in a three-year project format and to leverage public and private resources under joint administration. For every dollar provided by the MIF, it has been possible to leverage at least three dollars from local partners, and the MIF's presence generates the trust needed to attract investment from other members.

H. Project outcomes

- 2.36 The NEO initiative in Brazil seeks to increase the quality and relevance of vocational and technical training programs and of employability service providers. To this end, service quality at 29 training, vocational counseling, and job placement centers will be evaluated and strengthened and 200 professionals will be trained in these areas. In turn, 95,000 young people will have access to better training services, digital inclusion through the YouthSpark initiative, vocational counseling, and information about educational, social, and job supply and demand. Additionally, the project seeks to create a public-private partnership that includes 100 employers who offer internships and employment opportunities to young people.

I. Project impact

- 2.37 The impact sought by this initiative is to increase job placement opportunities for 95,000 vulnerable young people, 50% of whom (47,500) are women. Of the young people who graduate from vocational and technical training programs, 50% are expected to find a job, and at least 20% are expected to continue their studies and/or reenter the formal education system. Of the young graduates employed, 50% are expected to have a formal job. In addition, 75% of the young graduates hired are expected to earn at least the legal minimum wage.

J. Systemic impact

- 2.38 NEO Brazil will contribute to systemic change through the following indicators: (i) a public-private partnership that promotes and adopts high-impact, scaled youth employability models; and (ii) 29 key public and private institutions in the country that are strengthened and institute new practices and improvements in their youth

employability services based on the knowledge acquired and models sponsored by the MIF.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** A monitoring and evaluation system was designed at the regional level to capture outcomes and changes in all countries where NEO is implemented. This system contains a limited set of indicators and a series of tools to measure them. All NEO countries are expected to implement this system so as to obtain information that can be aggregated at the regional level and shared to compare the different local experiences. As part of the regional NEO initiative, NEO Brazil will digitally connect to the NEO information system technology platform, to track the educational and employment paths of the young people and the institutions to be strengthened. A series of enrollment or registration tools will be implemented to this end. Each participant and institution will be assigned a unique number, which will serve as a baseline for the initiative.
- 3.2 **Monitoring.** In addition to tracking the performance of the young people and institutions, the information system will also be used to compile the initiative's management indicators to facilitate decision-making by the NEO Brazil Partnership. Plans call for contracting an individual as part of the execution unit to monitor the system and ensure data quality control.
- 3.3 **Evaluation.** This project will include a midterm evaluation²⁸ to analyze the relevance, levels of efficiency, effectiveness, and sustainability of implementation and make recommendations for improvement. There will also be a final evaluation to analyze whether it has been possible to answer the following knowledge questions: (i) How does a multisector partnership focused on strengthening and coordinating youth employability service providers work? (ii) What are the critical factors for ensuring success in the scaling of innovative processes and products and their sustainability? and (iii) Which counseling, training, and job placement processes for vulnerable youth outside the system have been proven effective in placing them in growing sectors and developing professional careers?
- 3.4 **Closing workshop.** The executing agency will organize a closing workshop in due course, to jointly evaluate the outcomes achieved with other partnership members involved, identify additional tasks to ensure the sustainability of the actions undertaken by the project, and identify and disseminate lessons learned and best practices.

IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$8,702,616. Of that amount, US\$900,000 (10%) will be contributed by the MIF and US\$7,802,616 (90%) will be contributed by the NEO Brazil Partnership in the form of counterpart funding and cofinancing. Although Instituto Alianza will sign the agreement with the MIF, the counterpart and cofinancing resources will be provided not only by Instituto Alianza, but also by the individual partners. For that reason Instituto Alianza will do its utmost to ensure that the members of the NEO Brazil Partnership contribute their respective resources, and to raise additional funds from other donors in order to reach the total

²⁸ 50% of implementation period or 50% of the disbursements, whichever occurs first.

contribution amount. The execution period will be 36 months, and the disbursement period will be 42 months.

- 4.2 Regarding the 90% contribution from the NEO Brazil Partnership, the public and private members of the partnership will be contributing around US\$7,432,733. In the case of the public sector, the Ministry of Labor will contribute a total of US\$287,200 to finance the employment and counseling services. In addition, the Labor and Social Development Department of Ceará (STDS) will be contributing US\$4.8 million for training services by subsidizing NGOs. In the private sector and civil society, the largest donors identified thus far are the CNI, with around US\$2.4 million mainly in training services; Microsoft, with a contribution of US\$100,000; and Instituto Alianza, with a contribution of around US\$80,000 (see Annex IV for the contributions to be made by each entity per component). These contributions will be guaranteed via the governance agreement and the commitment letters for the counterpart or cofinancing of activities, or the bilateral agreements between each of the partnership members and the executing agency. These will be attached to the governance agreement as annexes and will confirm the amounts to be contributed and the responsibilities to be assumed by the parties. Approval of this governance agreement and delivery of the commitment letters will be conditions precedent to the first disbursement.
- 4.3 The MIF contribution mainly finances Component 3 related to evaluation and institutional strengthening of the job training and placement centers and assistance in developing plans to improve their services, as well as most of the knowledge and communication activities and the monitoring and evaluation system. Another area where the MIF contribution is crucial is the executing agency, with resources to hire the general coordinator and support staff for project management. In principle, no MIF funding has been identified for the procurement of goods. The services involving self-assessment and the development of improvement plans based on the NEO Quality Standards Guide will be provided directly by IYF, as stated in paragraph 3.19 of the regional NEO donors memorandum (document MIF/AT-1175).
- 4.4 In the quest for scale, it should be noted that there is significant involvement on the part of the public sector; and a considerable number of the preidentified centers to be strengthened stem from public-sector or subsidized institutions, in addition to the number of young people served by these institutions. Investments in direct services for youth, whether planned or already being provided, are identified as cofinancing. The aim with NEO is to optimize the resources invested by increasing the quality and relevance of the training programs and counseling and job placement services. The cofinancing of these institutions will be recognized based on completion of the activities described in their commitment letters.

| Component | MIF | Counterpart | Cofinancing | TOTAL |
|--|--------------------|--------------------|----------------------|----------------------|
| Component I: Coordination of actors and programs in support of public policies for youth employability and strengthening of the NEO Brazil Partnership | US\$ 23,513 | US\$ 8,970 | | US\$ 32,483 |
| Component II: Vocational and job counseling services more attuned and adapted to young people | US\$ 73,880 | US\$ 68,333 | | US\$ 142,213 |
| Component III: Institutional strengthening to improve the quality of training and employment services and innovation development | US\$283,667 | US\$216,100 | US\$7,432,733 | US\$7,932,500 |
| Component IV: Knowledge management and communication strategy | US\$117,600 | – | | US\$ 117,600 |
| Executing agency | US\$351,340 | US\$ 76,480 | | US\$ 427,820 |
| Subtotal | US\$850,000 | US\$369,883 | US\$7,432,733 | US\$8,652,616 |
| Audits | US\$ 15,000 | | | US\$ 15,000 |
| Midterm and final evaluation | US\$ 24,000 | | | US\$ 24,000 |
| Startup workshop | US\$ 2,000 | | | US\$ 2,000 |
| Contingencies | US\$ 9,000 | | | US\$ 9,000 |
| Total financing | 10% | 5% | 85% | |
| Total | US\$900,000 | US\$369,883 | US\$7,432,733 | US\$8,702,616 |

V. EXECUTING AGENCY

- 5.1 The Instituto Alianza organization will be this project's executing agency and will sign the agreement with the Bank. Instituto Alianza is a nonprofit association classified as a public interest civil society organization (OSCIP). It was founded in 2002 to coordinate the "Partnership with the adolescents project for sustainable development in the Northeast region," the outcome of a strategic partnership with the Instituto Ayrton Senna, the Kellogg Foundation, the Odebrecht Foundation, and the National Economic and Social Development Bank (BNDES).
- 5.2 The knowledge generated from this first challenge and the experience gained by its team of professionals enabled Instituto Alianza to expand and diversify its actions, improving its educational products and methodologies, disseminating a results-driven social management model, and thus contributing to the design and improvement of social programs and policies at the regional and national levels. In addition, it was an excellent executing agency under the *entra21* program phase II, and its current execution of an IDB technical cooperation program with the Education Division (EDU) is very satisfactory.
- 5.3 Its mission is based on educating individuals, organizations, and communities for sustainable human development at the national level. It currently has a presence in 10 Brazilian states, including Ceará, and also in 430 municípios.
- 5.4 Instituto Alianza will set up an execution unit and provide the structure needed for it to effectively and efficiently carry out the project's activities and manage its

resources. This execution unit will be comprised of a general coordinator, an accounting/financial specialist, a monitoring and evaluation specialist, and a communications specialist. Instituto Alianza will also be responsible for delivering project status reports and procurement plan updates on an annual basis. Details on the execution unit's structure and status report requirements can be found in Annex VII of this operation's technical files.

- 5.5 Instituto Alianza may hire the project coordinator and accounting/financial specialist directly. These two positions will be financed from the MIF resources and will require the approval of the members of the partnership. Justification for direct selection is based on the experience and qualifications of the candidates to implement youth employability programs. Such selection is consistent with the provisions of the Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9).

VI. PROJECT RISKS

- 6.1 **Risks associated with project sustainability.** Public-private partnerships are an essential part of the initiative, but with changes in institutional authorities, especially at public sector agencies, there is a risk that the members of the partnership will lose interest and stop being involved or making contributions over time. To mitigate this risk, the NEO Brazil Partnership has prepared a governance agreement describing the responsibilities of the members and ensuring their participation. Additional responses are planned, such as: (i) spreading responsibilities between the public and private sectors, to ensure a certain level of implementation of activities; (ii) lobbying the incoming and outgoing authorities in groups by sector, informing them of the benefits and results of the initiative; and (iii) including the initiatives in the government's long-term development plans that normally involve different sectors and civil society actors. Furthermore, the project's Component 1 provides for strengthening the NEO Brazil Partnership through specialized workshops on working in partnership, conflict resolution, and the standardization of processes, to mitigate the risks of dissolution.
- 6.2 **Sector risks.** Another risk, particularly given Brazil's current economic situation, is the inability to attract a significant number of companies in the selected sectors willing to contribute in the form of internships or employment opportunities. To mitigate this risk, the NEO Brazil Partnership already includes businesses, foundations of multinational enterprises, and a business federation that is very important in the state (FIEC), in addition to the National Confederation of Industry (CNI) at the national level, which can provide an example for other associations and/or businesses to join the cause. Moreover, Instituto Alianza and the MIF undertake to use their network of contacts to reach out to these companies. Specifically, Component 1 provides for making contacts with businesses for this purpose. Another way of getting companies involved will be through the communication campaign described in Component 4.
- 6.3 **Social risks.** By the end of the project, 50% of the young people who find jobs through the new training modalities are expected to be women. This is a challenge, since the data show that women and young people, particularly from the low-income population, have more difficulty getting jobs than other groups. To mitigate this risk, strategies for connecting with individuals and with the productive sector will include activities focused on gender and vulnerable youth to foster job training

and placement for more vulnerable groups, such as: (i) quality standards that include gender, ethnicity, geographic origin, or disability considerations in the activities to evaluate quality and strengthen the technical capacity of the employability service providers; (ii) employer awareness raising; and (iii) strategic analyses of available jobs for these groups.

VII. ENVIRONMENTAL AND SOCIAL IMPACTS

- 7.1 This project has no adverse environmental or social impacts. Indeed, it facilitates the social integration of low-income young men and women through technical and life skills training to help them enter the formal workforce or continue their education.
- 7.2 According to the Environmental and Social Review (ESR), this project was classified as a Category “C” operation.

VIII. ATTAINMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will commit to the standard MIF arrangements relating to results-based disbursements, procurement, and financial management specified in Annex 8, as well as the following specific special arrangements for this operation. For the procurement of goods and contracting of consulting services, the executing agency will abide by the Bank’s procurement policies (documents GN-2349-9 and GN-2350-9).
- 8.2 As the diagnostic assessment of the executing agency’s needs (DNA) reported a medium level of need/risk, the project team decided that, pursuant to Appendix 4 of the Bank’s procurement policies, the executing agency, which is in the private sector, will use the private sector methods specified in Annex 1 of the Operational Guidelines for Technical Cooperation Projects (OP-639). In addition, project procurement will be reviewed *semiannually* on an ex post basis. The Bank/MIF will use project funds to contract consulting services for training on procurement areas that need strengthening, as identified in the analysis made with the DNA (<http://mif.iadb.org/projects/prjrisummary?proj=BR-M1139&exec=BR-AIA&rald=1180>). Before starting the project procurement processes, the executing agency will submit the project procurement plan for MIF approval. This plan will be updated annually and whenever there is a change in methods and/or in the good or service to be procured.

IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Intellectual property.** The Bank will hold the intellectual property rights to any work produced or outcomes achieved in connection with NEO Brazil. At its discretion, the Bank may grant a free nonexclusive license for noncommercial purposes covering the dissemination, reproduction, and publication in any media of the works that are solely owned by the Bank. The executing agency will ensure that all contracts signed with consultants under this operation include express assignment to the Bank of all copyrights, patents, and any other intellectual property rights.