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BRAZIL

FREE DIGITAL EDUCATION PROJECT FOR JOB MARKET INCLUSION

(BR-M1114)

DONORS MEMORANDUM

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ACRONYMS

EA	Executing Agency
CASD	Alberto Santos Dumont Course
CNI	National Confederation of Industries
CPLP	Community of Portuguese Language Countries
DNA	Diagnostic of Executing Agency Needs
ENEM	National Exam of High School Evaluation
FIRJAN	Federation of Industries of the State of Rio de Janeiro
IDB	Inter-American Development Bank
IEL	Euvaldo Lodi Institute
INEP/MEC	National Institute of Educational Studies and Research, Anísio Teixeira / Ministry of Education
ITA	Aviation Technological Institute
IYF	International Youth Foundation
MIF	Multilateral Investment Fund
NEO	New Employment Opportunities for Youth
OECD	Organization for Economic Co-operation and Development
ILO	International Labor Organization
PLANSEQ	National Plan for Professional Training for Beneficiaries of the Bolsa Familia Program
PNAD/IBGE	National Household Survey / Brazilian Geography & Statistics Institute
PROMINP	Mobilization Program of the National Oil and Natural Gas Industry
PRONATEC	National Program of Access to Technical Education and Employment
PSR	Project Status Report
OR	Operating Regulations
ORP	Office of Outreach and Partnerships
SAEB	Basic Education Evaluation System
SENAI	National Industrial Training Service
SESI	Social Service of Industry
SCL/LMK	Labor Markets and Social Security Unit of the Social Sector

**ONLINE LEARNING FOR YOUTH JOB MARKET INCLUSION: THE FREE EDUCATION
PROJECT
(BR-M1114)**

I. EXECUTIVE SUMMARY

Executing Agency	Serviço Social da Indústria – SESI		
Beneficiaries:	200,000 poor and low-income youth ages 16 to 29 who graduate from the training offered through the Free Education Platform. Given the nature of the Project, the general public will be able to access the Free Education Platform. However, the Project has been designed to meet the needs of the target beneficiaries, creating incentive mechanisms to reach this specific youth population.		
Financing:	MIF (non-reimbursable):	US\$	2.000.000
	Co-financing:	US\$	<u>8.000.000</u>
	Total:	US\$	10.000.000
Project Objectives:	At the impact level, the Project will increase opportunities of securing decent employment for poor and low-income youth. At the results level, the Project will ensure that poor and low-income youth acquire the basic competencies and life skills that private sector employers seek.		
Execution and Disbursement Periods:	Execution Period:	48 months	
	Disbursement Period:	54 months	
Special Contractual Clauses:	The following conditions prior will be required for the first disbursement: (i) Project Operations Manual submitted to the MIF for approval; (ii) Annual Operational Plan for the first year approved by the MIF; and (iii) Project Coordinator selected.		
Exceptions to Bank Policies:	None.		
Environmental and Social Review:	This project was classified as category “C” (ESR 24-12 of June, 15th 2012).		
Coordination with other	SESI, in conjunction with the National Confederation of Industries (CNI), will coordinate with SENAI and IEL to provide opportunities		

Donors:

for project graduates to gain access to further technical training or labor market insertion. The National Industrial Training Service (SENAI) is the largest professional education complex in Latin America, building the workforce by training over two million Brazilian workers per year and providing companies with technical and technological assistance. The Euvaldo Lodi Institute (IEL) is the link between industry and academia, which aims to promote industrial growth through business skills training, improved management capacity and innovation support.

II. BACKGROUND AND RATIONALE

A. Context

- 2.1 Over the last 20 years, Brazilian society has undergone a significant political, social and economic transformation. From 2003 to 2010 the poverty rate more than halved, dropping from 28% to 13%¹, and income inequality was reduced, with the Gini Coefficient decreasing from 0.5957 in 2001 to 0.5190 in 2012². Despite these achievements, Brazil continues to face big challenges with its labor market, specifically youth unemployment, low quality jobs, and the skills gap.
- 2.2 **Youth employment situation.** In 2010, there were approximately 34.2 million young people between the ages 15 and 24 in Brazil, making up approximately 18% of the total population.³ Despite a remarkable decline in the youth unemployment rate from 22% in 2007 to 15% in 2011⁴, this rate is still about three times greater than that of adults. Additionally, approximately 23% of Brazilian youth neither study nor work, further limiting their future job prospects and deepening their social exclusion.⁵
- 2.3 However, above and beyond inactivity and unemployment, most poor and low-income youth who are employed work in low quality, unstable, informal jobs. In 2009, 30% of Brazilian workers between the ages of 15 and 24 earned below minimum wage vs. 18% of older workers between the ages of 25-49. In 2006, approximately 60% of employed youth were working in the informal sector, a rate that is almost 10 percentage points higher than that of adults. In absolute terms, this means that 11 million of the 18.2 million employed youth were working informally.⁶
- 2.4 **Main reasons youth lack employability skills.** The following are some of the main causes for the skills shortage among youth: (i) lack of basic competencies (Portuguese and math); (ii) lack of life skills; (iii) lack of flexible professional and technical training options that fit young people's schedules; (iv) lack of access to professional training institutes, as the average poor and low-income youth cannot meet the minimum entry requirements; (v) lack of physical infrastructure available to provide training in the basic competencies needed to enter professional and technical training courses; (vi) Brazilian "college" culture which does not encourage young people to pursue a technical education; (vii) asymmetric information between job seekers and employers; and (viii) social barriers.

¹ Preliminary data. Fundação Getúlio Vargas (FGV).

² Centro de Políticas Sociais (CPS) / Fundação Getúlio Vargas (FGV).

³ Census data, IBGE 2010.

⁴ The Youth Employment Crisis: Time for action. International Labour Organization. Geneva 2012.

⁵ SCL/LMK calculations based on household surveys, circa 2008.

⁶ Prepared by OLO/Prejal, from IBGE/PNAD data from 2006. Informal employment includes domestic work without a formal contract; the self-employed who don't contribute to Social Security; uncompensated workers working in construction for their own use or in production of goods for their own consumption.

- 2.5 **Lack of basic competencies.** Even though youth today stay in school longer than their parents, there are still evident disparities in access to education (income levels, color/race, rural and urban, region and country) and overarching problems with the quality of the education system.⁷ Many poor and low-income youth do not possess the basic math and Portuguese competencies and life skills (e.g. communication, teamwork, discipline, etc.) needed to improve their economic situation and make them more competitive in the labor market. In 2009, the results of the Basic Education Evaluation System (SAEB) showed that only 29% of students in their third year of high school had adequate Portuguese proficiency and only 11% were where they should be in math.
- 2.6 Without a foundation in these basic skills, not only are youth unprepared to meet the demands of employers, but they cannot even take advantage of free technical training programs, such as those offered by SENAI, to further their education. They remain stuck in low quality jobs at the same time that employers struggle to find entry-level workers with the specific skills for their sector.
- 2.7 **The skills gap.** Today, Brazil is experiencing a labor “blackout” where companies are unable to find qualified workers to fill job openings. This mismatch between worker supply and employer demand is having a negative impact on the country’s competitiveness and persists despite high numbers of youth who are unemployed or working in low quality jobs.
- 2.8 According to the results of the survey “What Brazilian Workers Lack”, carried out by the Federation of Industries of the State of Rio de Janeiro (FIRJAN) in May 2011 with 607 companies from across the country in the manufacturing and construction sectors, representing 260,239 workers, 53% of employers had difficulty filling job openings during the previous six months. 71% of employers stated that hiring workers who do not meet the minimum qualifications for a particular job is a common practice.
- 2.9 The “Talent Shortage Survey” published by the ManpowerGroup in May 2012 shows similar trends regarding the skills gap. Out of the 41 countries and territories included in this survey, Brazil ranks second in terms of employer difficulty in finding qualified workers (71% of employers reported this difficulty). This research also indicates that the top 10 jobs employers are having the most difficulty filling in Brazil include: technicians, skilled trades workers, engineers, drivers, production operators, accounting and finance staff, sales representatives, IT staff, laborers, and mechanics.

⁷ *Decent Work and Youth in Brazil*. ILO 2009.

- 2.10 **Government efforts to address the skills gap.** In order to increase workers' basic competencies and ensure the existence of a qualified workforce to help prepare for the 2014 World Cup and 2016 Olympic Games, the federal government created the National Program of Access to Technical Education and Employment (PRONATEC) in October 2011. The program aims to expand the reach of technical and mid-level professional training courses in order to meet the country's demand for qualified workers. It aims to train eight million workers by 2014.⁸ The populations intended to benefit from this program include: (i) public high school students and high school equivalency students; (ii) workers; and (iii) beneficiaries of the federal government's conditional cash transfer programs. The training courses are offered by the Federal Professional and Technical Education Network, the State Education Networks and the Private Education Networks (FIES Técnico), and by the "S System" (SENAI, SESI, SENAC and SESC, coordinated by CNI).
- 2.11 Among the institutions that make up the Industrial Training System, SENAI alone trains over 2.3 million Brazilians per year. Under PRONATEC, SESI and SENAI aim to reach four million annual enrollments through 2014.
- 2.12 Similarly, to increase the number of young people who go to college, the federal government nationalized the National High School Evaluation Test (ENEM), allowing students who pass this exam to be admitted to free public universities. Currently, the ENEM offers high school equivalency certification. Candidates over 18 years of age who possess the minimum academic proficiency required (400 points) obtain a formal high school diploma, in addition to the possibility of entering the public universities. However, despite these efforts, the program is having difficulty meeting its objectives due to the low capacity of such students to meet the demands of a university level education.
- 2.13 **The potential of technology as a training tool.** A study carried out by the Brazilian Internet Management Committee in 2010⁹ found that around 23 million people between the ages of 15 to 30 who live in households with less than two minimum wages and a maximum of a high school education have Internet access. Approximately 38% of this population is unemployed. Additionally, from 2005 to 2010, the proportion of the population with Internet access in urban areas nearly doubled from 24% to 45%, with an average growth of 16% per year, despite regional socioeconomic differences.

⁸ *The Right to be a Teenager: An Opportunity to Reduce Vulnerability and Overcome Inequality*. UNICEF, 2011. http://www.unicef.org/brazil/pt/br_sabrep11.pdf

⁹ *TIC Domicílios e Empresas 2010- Pesquisa sobre o uso das tecnologias de informação e comunicação no Brasil*. Brazilian Internet Management Committee (cgi.br) 2010. Study based on household survey data from PNAD.

- 2.14 This study also shows that in 2010, 66% of Internet users in urban areas participated in online educational activities and 34% of companies carried out activities related to online training and education. Internet users who have higher levels of education, are male, live in urban areas, spend more time on the Internet and use social networking sites are more likely to take online courses. As might be expected, people who access the Internet from public places like telecenters and LAN Houses are less likely to take online courses than those who have access from home, school, or work. This result highlights the importance of public policies to provide broadband Internet access in homes and/or educational institutions. The study's findings related to the use of social networking sites are particularly interesting. Online interaction through chats and discussion forums is an essential part of online education courses – people are more likely to participate in training courses if they incorporate social networking tools. The increased Internet connectivity and tech savviness of disadvantaged populations provides fertile ground for developing an innovative online platform to offer education and training services to such populations.
- 2.15 **Need for multi-stakeholder partnerships.** Addressing youth employment, training and the skills gap calls for building multi-stakeholder partnerships among public, private, civil society and youth actors. It is necessary for these actors to converge complementary interests and investments around the issue of youth employability and promote the adoption of best practices, tools, methodologies and quality standards tailored to youth needs and with the potential for scale. Such partnerships can serve as a foundation for advocacy efforts to disseminate Project results and influence public policy.

B. The Proposed Project

- 2.16 **The Proposed Project. Online Learning for Youth Job Market Inclusion: The Free Education Project.** Today's generation of tech savvy youth requires a new educational approach that takes advantage of the power of technology as a learning and communication tool. The Project will develop an innovative online **Educational Platform** to expand opportunities for poor and low-income youth and strengthen their basic math and Portuguese competencies and life skills. Equipped with these fundamental skills, youth will be able to gain access to other technical training programs, such as those provided by SENAI, internships, and decent employment.

- 2.17 **An interactive online educational Platform.** To maintain youth engagement, the online curriculum will be interactive and game-based. Depending on each youth's initial self-assessment and the goals they select to pursue (employment or further technical training), youth will follow different personalized learning routes through the portal that take into account their profile, as well as the technical demands of the industrial sector they've selected (oil and gas, mining or metalworking to start) or the technical training course (offered by SENAI) that they are aiming to qualify for. These learning routes will be flexible and the game-based content will get increasingly challenging and rewarding as participants progress through the program. The platform will monitor users during their entire online experience and progressive certification (or medals) will be issued at the completion of every new challenge. After completing a full learning route, the user will receive a final certification recognized by the participating companies and by SENAI, allowing the participant to pursue opportunities in the job market or in further technical training.
- 2.18 The education model will include online training in life skills, basic math and Portuguese competencies, and some specific basic skills for the selected industrial sectors (e.g. health and safety in the workplace). In the medium term, specific technical content for new sectors could also be included in the platform.
- 2.19 Additionally, to ensure greater participation in the platform among poor and low-income youth and to complement online learning, SESI will provide space and equipment for youth to receive face-to-face support and guidance through its *Indústria do Conhecimento* [Knowledge Industry Program]. This program currently has 300 centers - equipped with computers, broadband Internet access, virtual and physical libraries and study rooms - in five regions of the country, mainly in low-income communities. These centers are free and open to the public. The educational platform will be available in all of these centers, but to start, the Project will identify at least 10 centers to run pilot projects that will include having a tutor on site to provide in-person support and guidance for youth who are accessing the platform from these centers.
- 2.20 **Roles of the private and public sectors.** The private sector will be involved in two primary ways: (i) by posting job openings (including training, internship and entry-level job opportunities) in the Project's Talent Database; and (ii) by sponsoring and co-financing the participation of the target beneficiaries in the platform. Companies can provide sponsorships to create tailored learning routes for their particular sector, to finance prizes for youth related to the platform's game-based curriculum, and/or to provide space and equipment for their new employees to access training through the platform.

- 2.21 To guarantee the participation of companies in the Project, SESI will link the Educational Platform to its ***National Base Agreements Project***. For this project, SESI identified the 250 biggest companies from the industrial sector with national reach to establish training and capacity building agreements with SESI for their employees. The goal is to sign agreements with 50% of these companies. So far, SESI has signed 28 agreements with companies including Petrobras, Vale, Braskem and Oi (phone company). Part of the training to be carried out through these agreements will take place on the Educational Platform, providing SESI with a more efficient way to train employees using online materials. Depending on the needs of the company, young employees can receive training in basic competencies (Portuguese, math and life skills), health and safety in the workplace, and gradually move into more sector-specific technical content.
- 2.22 Once the Platform is running, the public sector will be involved in a more integral way to establish a multi-stakeholder partnership to support the Project's scale efforts.
- 2.23 The partnerships formed to date are providing financial resources and operational support to get the "Free Education Project" off the ground. The Spanish Cooperation Agency has contributed US\$ 100,000 to hire an expert consultant to develop the platform concept. An agreement is currently underway with the *Curso Alberto Santos Dumont* (CASD) to design learning routes for the platform. The CASD is a course managed by teachers and students from the Aeronautics Technology Institute (ITA) that helps to prepare poor and low-income youth for entry into free public universities. This relevant experience will be used to identify and produce appropriate online content for the platform for the target population. Additionally, an agreement has been signed with UNESCO to manage the implementation of the first phase of the project. Finally, negotiations are also underway with the Ministry of Education and the Ministry of Science and Technology.

C. The Project in the Context of the Youth Agenda: Justification

- 2.24 **The new MIF Youth Agenda.** The MIF Youth Agenda remains committed to the critical goals of supporting access to jobs and business opportunities for poor and low-income youth. The next five-year phase of the MIF Youth Agenda is comprised of five main elements: scale, innovation, results, evaluation and knowledge sharing, youth empowerment, and gender. In implementing this five-part agenda, the MIF will target poor and low-income youth between the ages of 16-29 who lack employability skills and are either unemployed or working in the informal sector. The proposed Project primarily focuses on the two Agenda priority areas of innovation and scale.

- 2.25 **The Free Education Project as an innovative youth employment model.** One of the MIF's greatest strengths is the wide latitude that it has provided its executing agency partners to explore creative approaches, make and learn from mistakes, and seek alternative solutions to challenging problems. As part of its new Youth Agenda the MIF will continue to be a laboratory for testing innovations that address the specific challenges identified through its nearly 20 years of experience. The MIF's goal is to help low-skilled youth gain basic job skills in order to improve their livelihoods, rather than to provide intensive technical training for skills upgrading to help them get jobs in more growth-oriented sectors. Through the Free Education Project, an innovative model will be developed that builds upon the enormous opportunities for learning and knowledge-sharing made possible by modern communication technologies.
- 2.26 **The Proposed Project in the Context of NEO.** Due to its potential for scale, this Project is included as part of the NEO (New Employment Opportunities for Youth) Program, which, together with SCL/LMK, the International Youth Foundation (IYF) and other important private sector partners, aims to increase youth employability. The possibility for replication of the Project in a cost-effective manner is also in line with NEO objectives. Through NEO, the MIF will take advantage of its rich knowledge and experience in the area of youth employment to adapt and scale up the most effective youth training and job placement models. As indicated in the NEO Donors Memorandum, the MIF was already in the process of designing this Project when NEO was approved in April 2012.
- 2.27 The main aspects that were taken into consideration to include this Project as part of NEO are: (i) commitment to adopt the knowledge and best practices provided by NEO and to participate in NEO's monitoring, evaluation, and learning efforts; (ii) clear potential to work at scale and sustain activities once project funding terminates; (iii) a leverage of at least 3 to 1 of resources; actually, this Project provides a leverage of 4 to 1, all in cash; (iv) potential to be adapted and replicated in other places; and (v) technical merit and coverage of the project's objectives and target population.
- 2.28 Due to the innovative nature of this Project, at the beginning of its execution efforts will concentrate on the development of the Platform and its content. Once the Platform has been tested and is in use, a multi-stakeholder partnership will be formed to reach scale and sustainability. With support from NEO, key public and private stakeholders will be identified to work in a coordinated way.

- 2.29 SESI, and the Brazilian Industry System (CNI, SENAI and IEL) as a whole, brings with it experience, scale, operational capacity, connection with national policies and industries, and territorial reach. The Industry System is the main government partner for implementing youth technical training for the industrial sector, and if the Project is successful, it will be able to be expanded across the country and potentially in other LAC countries. To complement these assets, the MIF brings rich technical knowledge and experience through nearly 20 years of work in the area of youth training and employment, with good validated results, as well as the capacity to transfer the experience to other countries. Collaborating through this Project also offers all actors involved the opportunity to test an innovative technological platform as a way to deliver youth employability skills training on a massive scale. Learning captured during this Project can help to inform the design of future MIF and Industry System operations.
- 2.30 As part of NEO, and given its large scope, this Project will contribute to the MIF Youth Agenda both in terms of results and knowledge generation. This Project will help to assess: (i) if the specific components of the NEO model, basic competencies and life skills can be offered online and if this creates more favorable job insertion conditions for poor and low-income youth; and (ii) if, as a result of the intervention, Project beneficiaries strengthen the basic competencies and life skills needed for 21st Century jobs. Qualitative and quantitative evaluation methodologies will be defined and implemented through NEO. This Project will help to determine the potential of technology as a youth training tool and if the MIF should place different degrees of emphasis and resources on the different components of the model related to basic competencies and life skills.

III. OBJECTIVES AND COMPONENTS

A. Objectives

- 3.1 At the impact level, the Project will increase opportunities of securing decent employment for poor and low-income youth. At the results level, the Project will ensure that poor and low-income youth acquire the basic competencies and life skills that private sector employers seek.
- 3.2 To meet the proposed objectives, the Project includes four components: (i) Development of the Free Education Training Platform; (ii) Job and Technical Training Opportunity Management; (iii) Partnerships and Strategic Communications; and (iv) Monitoring, Evaluation and Learning.

B. Components

Component 1: Development of the Free Education Training Platform (MIF US\$ 659,400; Counterpart US\$ 2,174,400).

- 3.3 The objective of this component is to develop the educational platform and prepare basic curriculum in math, Portuguese, life skills, and sector-specific technical knowledge. Related to basic competencies, existing open source educational content,

such as eTwinning, Khan Academy¹⁰ and Curriki, will be identified and selected for use in the platform (with full consideration for intellectual property rights). For the content related to life skills, the Project will have the support of IYF through NEO to develop a life skills curriculum tailored to youth beneficiaries' needs and an online environment. Finally, the sector-specific technical content will initially be adapted from existing SESI/SENAI courses. In the medium term, new sector-specific content will be developed and made available on the platform with support from the companies participating in the Project.

- 3.4 In addition to using existing open source educational content and developing original content for the platform, the Project will also encourage the sharing and co-creation of additional content among users. Platform users can collaborate, share their experiences with the platform and help to increase and improve available content. This strategy will allow the platform to be continuously improved, with oversight from a designated quality control team. Working through multi-stakeholder partnerships will allow for the creation of the educational platform with rich content.
- 3.5 This component will include the following activities: (i) develop and implement the technological platform and train technicians to manage platform functionality; (ii) develop a repository of free content, identify existing online content in Portuguese and math and design new content in life skills, define validation mechanism for existing content, adapt validated content to the learning routes, implement continuous evaluation mechanisms for educational objectives, create mechanisms to stimulate content production, and integrate educational objectives with the technological platform; and (iii) develop the repository of sector-specific content, assess sector-specific knowledge and skills gaps, create curricula plans according to market demands, and create a methodology to produce targeted content for specific sectors in collaboration with companies.
- 3.6 The key outputs of this component are: (i) Free Education Platform developed and made available; (ii) basic content organized within different learning routes (Portuguese, math and life skills); and (iii) sector-specific technical content developed and available (initially for at least three different sectors).

Component 2: Job and Technical Training Opportunity Management (MIF US\$ 121,640; Counterpart US\$ 191,100).

- 3.7 The objective of this component is to ensure that youth are able to use the platform correctly and reach the goals they set upon entering the program (e.g., either accessing opportunities for further technical training through SESI/SENAI courses or accessing the labor market). To this end, a virtual and in-person user support model will be developed. Tutors will be trained in the technical aspects of the platform to provide online and in-person support to participants. They will also be trained in life skills using the content to be developed by IYF through NEO, and will provide virtual support to participants in this area. A network of volunteer virtual mentors

¹⁰ The Khan Academy, a non-profit educational organization, was created in 2006 by Salman Khan, a Bangladeshi American educator graduate of Harvard Business School and MIT. Its mission is "providing a high quality education to anyone, anywhere" and provides, through its website, free more than 3,200 on line micro lectures via video tutorials teaching mathematics, history, finance, biology, and other subjects.

will also be created. The experience of the MIF and that of other organizations in working with poor and low-income youth has shown that the less education and training youth have, the greater their need for additional support, including in the use of technology tools.

- 3.8 Therefore, the Project will develop a pilot project to provide face-to-face support to a group of youth beneficiaries to help them use the platform. By providing youth with face-to-face support in an adequate learning environment (equipped with computers and high speed Internet), this pilot project aims to help youth take full advantage of the opportunities offered by the platform and build the discipline necessary to complete learning routes. The pilot will be implemented in two phases in 10 existing Knowledge Industry centers created by the National Department of SESI and managed by the Regional Departments. In phase one, SESI will select five centers from different areas of the country that are managed by the best prepared Departments to carry out pilot projects. In phase two, the five remaining centers will be selected through an open call for proposals that will consider the following criteria: (i) institutional capacity of the regional department; (ii) department's ability to mobilize youth; (iii) location of the centers (low-income municipalities); and (iv) the department's capacity to allocate the necessary resources. To guarantee full participation of the Regional Department, the National Department will prepare a formal Terms of Agreement that will be signed by each selected regional department. If the pilot has good results, it will be replicated throughout the country's 300 Knowledge Industry centers.
- 3.9 Finally, this component will also focus on youth labor market insertion through internship and formal job placement assistance. To this end, online tools will be developed, including a Talent Database searchable by potential employers, as well as career counseling and resume development tools. These tools will be adapted from those developed in the *entra21* program (e.g. Fundación Chile's Virtual Portfolio).
- 3.10 It is important to highlight that this component will have the support of IYF through NEO. Specifically, in this component, IYF will provide the following services: design and establish a virtual user support model, with tutors trained in the life skills components and a network of volunteer virtual mentors; develop the pilot projects; and assess the online tools for job placement and training that can be established in the Platform.
- 3.11 This component will include the following activities: (i) implement the virtual support model; (ii) develop the pilot projects in the Knowledge Industry centers; (iii) develop the Talent Database and other online tools to facilitate youth job insertion; (iv) create a strategy to manage company relationships and keep track of available job opportunities; and (v) develop a strategy to integrate Project with the PRONATEC, PROMINP and PLANSEQ programs.
- 3.12 The key outputs of this component are: (i) network of online monitors and volunteer mentors implemented; (ii) 10 pilot projects implemented; and (iii) Talent Database developed and made available.

Component 3: Partnerships and Strategic Communications (MIF US\$ 789,000; Counterpart US\$ 5,248,600).

- 3.13 The objective of this component is to develop partnership and communication strategies to ensure the sustainability and scale of the platform. After all, the success of the Free Education Project depends on its ability to attract, mobilize and maintain the participation of various institutional partners and investors. It is therefore important to make sure that the benefits of participation are clear and convincing for all participants. The main partners of this initiative are: youth, content developers and academic entities, employers, cyber cafes and telecenters, youth-serving civil society organizations, local and national government officials, and multi and bi-lateral donors.
- 3.14 In this component, the role of IYF will be to support the formation of alliances through the regional NEO Program (to be financed under Component I of NEO).
- 3.15 This component will include the following activities: (i) develop and implement an interactive online sub-platform for partners (teachers, technical institutions, schools, and the public at large) to use to discuss and find solutions to specific educational or youth training problems; (ii) implement a strategic partnership mobilization plan, including Road Shows to engage with the target market and promotional events to present the platform and let people and the media test it out; (iii) design a marketing plan that will include the development of social media applications to disseminate information about the platform and promotional materials such as mouse pads, computer covers for equipment or hardware (which will be produced and distributed by partnering companies); (iv) design an incentive strategy to keep youth engaged with the platform including ongoing competitions, games, Olympics, raffles and prizes for good performance (creative currency); and (v) carry out a series of ongoing studies on user profiles and usage trends to gain feedback and continually improve the platform.
- 3.16 The key outputs of this component are: (i) interactive online sub-platform designed and implemented (interactive blog and multi-stakeholder virtual environment); (ii) marketing plan designed and implemented; (iii) 8 studies carried out to understand platform usage trends and user profiles; and (ii) communication strategy designed and implemented.

Component 4: Monitoring, Evaluation and Learning (MIF US\$108,960; Counterpart US\$ 113,900).

- 3.17 The objective of this component is to monitor and evaluate the Project during execution, measure its results, and, in the case of success, systemize and transfer the experience to different countries as a public good. As such, it will be available for use by youth from other Portuguese-speaking countries, including Mozambique, Angola or other members of the Community of Portuguese Language Countries (CPLP). The platform's main pages will also be translated into Spanish to allow youth from other Latin American and Caribbean countries to use the platform, although specific training materials and online courses will have to be developed for future use.
- 3.18 By measuring the Project's impact, the MIF will be able to assess whether poor and low-income youth beneficiaries improve their basic Portuguese and math competencies and life skills and if they are able to get an internship, job or continue

their technical education. The platform will use an analytics system to monitor participants by gathering information about each user, their profile, the learning routes they take, the difficulties they encounter in the different training modules, the number of hours they connect to the platform, among other data. Qualitative approaches will be used to evaluate critical success factors and favorable conditions throughout the Project in order to understand which combination of training components produces the best results.

- 3.19 This component will include the following activities: (i) define baseline Project information; (ii) implement a results and impact monitoring and evaluation system that is integrated to the NEO system; (iii) conduct periodic measurements of the platform indicators and evaluations; and (iv) systemize and validate the experiences and lessons learned.
- 3.20 This Project will help to evaluate if: (i) the specific components of the NEO model can be implemented and if they lead to more favorable job insertion conditions for poor and low-income youth; and (ii) as a result of the intervention, Project beneficiaries strengthen the basic competencies and life skills needed for 21st Century jobs. This Project will help to determine the potential of technology as a youth training tool and if the MIF should place different degrees of emphasis and resources on the different components of the model related to basic competencies and life skills.
- 3.21 The key outputs of this component are: (i) monitoring and evaluation system implemented; (ii) sustainability business model developed; and (iii) model systematized for potential transfer to other countries.
- 3.22 **Audiences.** The Project will seek to reach the following audiences in order to share knowledge generated through NEO: (i) private sector employers (large corporations and small and medium businesses) that increasingly want to address the youth un/underemployment problem because stability, safety and a skilled workforce are good for business; (ii) the public sector at municipal, state and national levels to find solutions to address the problem of youth un/underemployment and the economic and social cost of not targeting disadvantaged youth; (iii) civil society/ intermediate organizations (foundations and NGOs) to support their efforts to improve socioeconomic opportunities for disadvantaged youth; (iv) youth themselves to improve their access to economic opportunities and improve their quality of life; and (v) the general public to benefit from a safer, more inclusive society.
- 3.23 **The overall results of this Project will be:** (i) 40,250 youth employed; (ii) 23,000 youth participate in internships; (iii) 40,250 youth gain access to technical training courses offered by SENAI; (iv) 16,100 youth have access to other technical training courses; and (v) 460,000 youth enrolled and actively using the platform.
- 3.24 **The expected impact of this Project will be:** (i) up to 40,250 youth remain employed for at least six months after graduation; (ii) 80,050 youth who complete the training program increase their income by up to 20%.

IV. COST AND FINANCING

- 4.1 The total cost of the Project is US\$ 10,000,000. The MIF will contribute US\$2,000,000 in non-reimbursable resources and the executing agency will contribute US\$ 8,000,000.

Budget Items in US\$	MIF	Co-financing	Total
Component 1: Development of the Free Education Platform	659,400	2,174,400	2,833,800
Component 2: Job and Technical Training Opportunity Management	121,640	191,100	312,740
Component 3: Partnerships and Strategic Communications	789,000	5,248,600	6,037,600
Component 4: Monitoring, Evaluation, and Learning	108,960	113,900	222,860
Project Administration and Coordination	96,000	192,000	288,000
Evaluations (midterm and final)	30,000	0	30,000
Financial Audits	60,000	0	60,000
Contingencies	15,000	80,000	95,000
SUBTOTAL	1,880,000	8,000,000	9,880,000
% of financing	19%	81%	100%
Impact Evaluation Account	100,000	0	100,000
Youth Agenda Account	20,000	0	20,000
TOTAL	2,000,000	8,000,000	10,000,000

- 4.2 **Recognition of Counterpart Expenses.** To be able to reach the expected results of the Project, SESI has been investing in the initial design of the platform since early 2012. These initial investments were necessary to ensure that the platform is completed and launched to the public and Project beneficiaries in early 2013. The IDB will recognize as counterpart expenditures all expenses related to the Project as of January 2012 up to US\$500,000, provided that they correspond to the expenses listed in the Project's detailed Procurement Plan (Annex V) and follow the IDB's procurement policies.
- 4.3 **Sustainability.** To a great extent, the sustainability of the services created by the Project will depend on the institutional arrangements established by SESI with its partners of the educational platform especially related to: (i) support from the upper management of the organizations involved; (ii) management and organizational capacity of the organizations involved; (iii) inter-organizational coordination; (iv) interest among companies and target beneficiaries for the educational platform and its educational training content; (v) government support (federal, state and municipal); and (vi) the political, legal and regulatory framework. To this end, SESI is currently working to develop a business plan based on a comprehensive market assessment which includes an analysis of: (i) the profile of the Brazilian Internet; (ii) the target beneficiaries of the Free Education Project; (iii) the spaces available for Internet use (including Lan Houses and public schools); (iv) the existing technology

available to the target beneficiaries; and (v) the existing public policies related to incorporating information and communications technology (ICT) in schools.

- 4.4 **Intellectual Property.** The Free Education platform is a public good. The business plan developed by SESI will take into consideration the Intellectual Property of the Platform, its content and all the knowledge generated within the project and will follow MIF's Guidelines for the Application of Intellectual Property Regulations.

V. PROJECT EXECUTION

A. Executing Agency

- 5.1 **O Serviço Social da Indústria – SESI.** Created in 1946, SESI is a private entity that is maintained and managed by industry. Its mission is to promote and improve the quality of life of workers and their families by providing health, education, leisure, culture, nutrition and citizenship promotion services. It is present in the country's 26 states and the Federal District, serving a total of 2,006 municipalities. As of September 2010, across 27 Regional Departments, the SESI Educational Network reached a total of 1,723,200 students with services related to basic and continuing education and various other educational activities.
- 5.2 For the Free Education Project, SESI will work in close coordination with CNI, SENAI and IEL. One of the main roles of CNI - which represents all 27 industrial federations in Brazil, including over 1,000 employers' unions and 196,000 industrial companies - is to strengthen the coordinated actions and take advantage of existing synergies among the entities that make up the Industry System (SESI, SENAI and IEL). The National Industrial Training Service (SENAI) is the largest professional and technological education complex in Latin America, training over 2.3 million Brazilian workers per year. It also supports companies in 28 industrial areas through human resource training and the provision of technical and technological services, such as consultancies and assistance to the productive sector, laboratories, applied research and information technology. The Instituto Euvaldo Lodi (IEL) is the entity responsible for offering services to companies to improve management capacity and business training. In 2010 through its 103 offices throughout the country, it placed 171,600 trainees in 33,900 companies. IEL has a network of 10,700 educational partners, including universities, community colleges, technical schools and high schools.
- 5.3 One of CNI's main roles is to strengthen coordinated actions among the entities that make up the Industry System (SENAI, SESI and IEL), which aim to provide quality technical training, social responsibility and business training policies. Also, in line with the objectives of the Project, these entities seek to promote youth job insertion using innovative approaches to free education, focusing on basic math and Portuguese competencies and life skills. The Industry System supports a network of schools, laboratories and technological centers across the country.
- 5.4 The Industry System has experience in the management of MIF projects. CNI is currently the Executing Agency of the Project, "Support for Local Competitiveness Initiatives" (BR-M1060/ATN/ME-11076-BR), which aims to improve the

competitiveness and international market access of small companies in four areas of the country through public-private management. SESI is the executing agency of the Project “Sustainable Working Conditions for Better Performance of MSEs” (BR-M1066/ATN/ME-12626-BR).

B. Execution Mechanism

- 5.5 To execute the project, SESI will establish a **Project Executing Unit (PEU)** comprised of one Institutional Coordinator, one Technical Coordinator and an Administrative Assistant.
- 5.6 A **Management Committee** will be created with representatives of the main Project partners (SESI, CNI, SENAI, MIF) and an Advisory Committee will also be created. The Management Committee will be responsible for establishing the Project’s strategic guidelines and for monitoring its results. It will meet periodically and the Technical Coordinator will serve as its Secretary. The **Advisory Committee** will meet at least once per year and will include companies, youth-led organizations, think tanks related to youth employment, research institutions and individuals invited by SESI/CNI.
- 5.7 **Disbursement by results.** Project disbursements will be contingent upon verification of the achievement of milestones. These milestones will be verified using their means of verification, which will be agreed upon between the Executing Agency and the MIF. Achievement of milestones does not exempt the Executing Agency from the responsibility of reaching the logical framework indicators and project’s objectives.
- 5.8 According to the Performance and Risk-based Project Management approach, project disbursement amounts will be based on the project’s liquidity needs, for a maximum period of 6 months. These needs must be agreed upon between the MIF and the SESI and will reflect the activities and costs scheduled in the annual planning exercise. The first disbursement will be contingent on reaching Milestone 0 (conditions prior). Subsequent disbursements will be issued as long as the following two conditions are met: i) MIF has verified that milestones have been achieved, as agreed to in the annual plan; and ii) that the Executing Agency has justified 80% of all cumulative advances..
- 5.9 **Procurement and contracting.** For the procurement of goods and contracting of consulting services, the Executing Agency will apply the IDB Policies (GN-2349-9 y GN-2350-9). Given that the Diagnostic of Executing Agency Needs (DNA) [<http://mif.iadb.org/projects/prjrissummary.aspx?proj=BR-M1114>] generated a low level of need/risk classification, the project team has determined as stipulated in Appendix 4 of the IDB Policies, the Executing Agency which belongs to the private sector, will use their own procurement which have been deemed compatible with IDB Policies. In addition, the review of procurement and contracting processes for the project will be conducted ex-post and on an annual basis. Before project contracting and procurement begins, the Executing Agency must submit the project Procurement Plan for the first 18 months of execution for the IDB/MIFs approval which will be updated annually and when there are changes in the methods or goods or services to be procured. As indicated in the NEO Donors Memorandum

(MIF/AT-1175; paragraph 3.19), each project to be financed under Component 3 of the NEO Program will allocate specific resources for capacity building services, which will be provided by IYF and financed by the MIF. Therefore the MIF will use the sole-source selection process to contract IYF to provide capacity building services to SESI, assuring reasonable market costs.

- 5.10 **Financial monitoring.** SESI will establish and will be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB/MIF. Given that the Diagnostic of Executing Agency Needs (DNA) generated a low level of need/risk in financial management, the review of supporting documentation for disbursements will be conducted ex-post and on an annual basis [<http://mif.iadb.org/projects/prjrissummary.aspx?proj=BR-M1114>].
- 5.11 The IDB/MIF will contract independent auditors to carry-out the audit of financial statements as well as the ex-post reviews of procurement processes and of supporting documentation for disbursements. Ex post reviews will include an analysis of the Financial Statements that the EA should prepare as part of its financial management. The costs associated with this contract will be financed with the MIF contribution resources according to IDB procedures.
- 5.12 During project execution, the frequency of ex post reviews for procurement processes and supporting documentation for disbursements as well as the need for additional financial reports can be modified by the MIF based on the results of the ex post review reports conducted by external auditors during the project execution.
- 5.13 **Project Status Reports.** The Executing Agency will be responsible for presenting Project Status Reports (PSRs) to the MIF within thirty (30) days after the end of each semester, or more frequently, and on such dates as the MIF shall determine, by providing at least sixty (60) days advance notice to the Executing Agency. The PSR will contain information on the progress of project execution, achievement of milestones, and completion of project objectives as stated in the logical framework and other operative planning instruments. The PSR will also describe project issues encountered during execution and outline possible solutions. Within ninety (90) days after the end of the execution term, the Executing Agency will submit a Final Project Status Report (Final PSR) to the MIF, which will highlight results achieved, project sustainability, evaluation findings, and lessons learned.

VI. MONITORING AND EVALUATION

- 6.1 A baseline and a monitoring and evaluation (M&E) system will be established in line with the Logical Framework indicators. As mentioned in Component 4, the Project will benefit greatly from the analytics functionality of the training platform to determine the level of activity of the users and more importantly the extent to which they have mastered the content imparted via the platform at every stage of the training activities. The Project will finance a midterm evaluation to be carried out 24 months after the first disbursement or after 50% of the MIF resources have been disbursed, whichever occurs first. A final evaluation will be carried out at project

completion to assess the impact of the project on the youth who have completed and graduated from the training courses offered via the platform.

- 6.2 In addition to assessing the overall use of the platform and the acquisition of skills (both life and technical), the evaluations will assess how well the youth were able to apply the skills to further their skills base through technical training, internships or first employment. This collective set of experiences are intended to help youth make further gains in obtaining jobs with greater remuneration, benefits, stability, among other characteristics of decent employment. The evaluations will test the Project's theory of change which is "youth obtain better employment when they acquire a strong foundation in life skills and technical know-how". During execution, the team will explore the possibility of carrying out a quasi experimental impact evaluation on SENAI technical training graduates by comparing those who gained admittance to SENAI through the SESI platform with youth who entered without requiring the SESI platform.
- 6.3 **Gender.** The access barriers faced by women are different than those faced by men, as are their needs, interests and circumstances. The M&E system will track young women's participation in Project as well as their labor market insertion rates. In line with NEO's gender strategy, the Project will include specific activities, games and content for young women in the platform.

VII. BENEFITS AND RISKS

A. Benefits and Beneficiaries

- 7.1 200,000 poor and low-income youth ages 16 to 29 who graduate from the training offered through the Free Education Platform. Given the nature of the Project, the general public will be able to access the Free Education platform. However, the Project has been designed to meet the needs of the target beneficiaries, creating incentive mechanisms to reach this specific youth population.

B. Risks

- 7.2 Potential weakness of the Executing Agency: (i) other areas of the organization do not collaborate with the Project; (ii) inability to secure strategic partnerships for the Project; (iii) communication deficiencies hinder Project progress; and (iv) the Project Team cannot work from one place to execute the Project, considering the many partners involved, which can decrease management efficiency and the Project's ability to achieve expected results.
- 7.3 Deficient Project concept or inaccurate assumptions: (i) online support mechanism through tutors and mentors is ineffective; (ii) difficulties in the accurate identification of users, bringing focus away from the target beneficiaries. This risk increases due to the fact that the platform is a public good that is open to the general public; (iii) loss of functionality with different access mechanisms (web, mobile and tablets). If the functionality is affected depending on whether users access the platform from a computer, mobile phone or tablet, this can discredit the platform's overall reputation; (iv) communication weaknesses that jeopardize the Project's