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MULTILATERAL INVESTMENT FUND

**BRAZIL**

**EXPANSION OF GALPÃO APLAUSO'S AT-RISK YOUTH  
JOB PLACEMENT MODEL**

**(BR-M1128)**

**DONORS MEMORANDUM**

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**PROJECT SUMMARY**  
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The proposed project seeks to scale up a training model for the job placement of disadvantaged youth by the nongovernmental organization Stimulu Brasil Institute, more commonly known as Galpão Aplauso (GA). Given the noteworthy outcomes published in the impact evaluation of the model, the MIF deems it appropriate to support the expansion of the model in the city of Rio de Janeiro, where the model originated, in Paraty, another city in the state of Rio de Janeiro, and in Vitória, a city in the state of Espírito Santo, through partnerships with the private and public sectors.

In 2009, the Multilateral Investment Fund (MIF) provided financing for the project to provide Sociocultural and Productive Opportunities for At-risk Youth from the favelas of the município of Rio de Janeiro (ATN/ME-11720-BR), which was executed by Galpão Aplauso. The project uses a socio-affective methodology developed by that institute, which draws on performing arts, including dance and theatre, mainly to teach life skills such as cooperation, trust, and leadership, among others. The model also includes intensive training in basic skills (mathematics and Portuguese) and job skills, to prepare disadvantaged young people for employment in sectors where there is demand for labor, such as construction and industrial services. The Galpão Aplauso approach proved successful in improving skills and thus enhancing the potential employability of disadvantaged youth. The final evaluation reports that the beneficiaries target was surpassed, with a 57% employment rate. For young people from Rio de Janeiro's favelas, results such as these represent major changes in their employment paths.

Firms, foundations, and municipal governments in Rio de Janeiro and elsewhere in Brazil have asked Galpão Aplauso to expand and/or replicate its approach in their institutions. Nonetheless, Galpão Aplauso needs support to expand its operations in Rio de Janeiro and elsewhere in the country, and to scale up its socio-affective model to other institutions in other regions of Brazil that are interested in applying it. Achieving this goal requires the methodology to be fine-tuned and adapted for implementation in new settings and for young people with different profiles, or in more disadvantaged conditions. Importantly, although the beneficiary youth in the first project are from the Rio favelas, 86% had completed secondary school and the vast majority had some work experience before entering the program. This would not be the case in other contexts in which the proposed project will be implemented.

This project will be implemented in the states of Rio de Janeiro (in the cities of Rio de Janeiro and Paraty) and Espírito Santo (city of Vitória) and will be executed by Galpão Aplauso. The project has been worked on in collaboration with the team from the Bank's Institutional Capacity of State Division and the Country Office in Brazil (ICS/CBR), to be part of the component on violence prevention for at-risk youth of the loan entitled "Project *Estado Presente*: Citizen Security in Espírito Santo" (BR-L1387), which was approved by the Bank's Board of Executive Directors in September 2014. In addition, the project will work with at-risk youth between 17 and 24 years of age: (i) from various favelas in Rio de Janeiro that participate in Galpão Aplauso; (ii) from the city of Paraty, who will work on the sanitation and sewerage project being implemented by a public-private partnership in the município of Paraty, in the state of Rio de Janeiro; and (iii) young people in the city of Vitória, through the transfer of the GA methodology to two citizenship centers in that city and its scale-up. The young people in question lack the

job skills needed to work and respond to the demand for labor that exists in the three localities. Moreover, the trades for which young people receive training in Galpão Aplauso (welding, locksmithing, forklift driving, and construction) are 90% men and 10% women. The project will conduct a gender analysis to identify activities that help to combat the prejudice and lack of incentives that exist for women's participation and thus increase their involvement.

## **ANNEXES**

Annex I	Logical Framework
Annex II	Summary Budget
Annex III	Quality for Effectiveness in Development Matrix (QED)

## **APPENDICES**

Proposed resolution

### **INFORMATION AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM**

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Annex VI	Diagnostic Needs Assessment of the Executing Agency (DNA)
Annex VII	Project Status Reports (PSR), Achievement of Milestones, Fiduciary Agreements and Institutional Integrity
Annex VIII	Procurement Plan
Annex IX	Schedule of Activities
Annex X	Operating Regulations
Annex XI	Terms of Reference for the Project Coordinator
Annex XII	Monitoring and Evaluation Plan for Impact Assessment

## ABBREVIATIONS

BNDES	Banco Nacional do Desenvolvimento [National Development Bank]
CBR	Country Office in Brazil
CC	Centros de Cidadania [citizenship centers]
DNA	Diagnostic Needs Assessment of the Executing Agency
GA	Galpão Aplauso
ICS	Institutional Capacity of the State Division
IFD	Institutions for Development Sector
IMPM	International Masters in Practicing Management
NGO	Nongovernmental organization
QED	Quality for Effectiveness in Development Matrix
SPD	Office of Strategic Planning and Development Effectiveness

**BRAZIL**  
**EXPANSION OF GALPÃO APLAUSO'S AT-RISK YOUTH JOB PLACEMENT MODEL**  
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**EXECUTIVE SUMMARY**

<b>Country and geographic location:</b>	Brazil. Rio de Janeiro and Paraty in the state of Rio de Janeiro and Vitória in the State of Espírito Santo.		
<b>Executing agency:</b>	The Stimulu Brasil Institute (better known as Galpão Aplauso)		
<b>Access area:</b>	Access to Markets and Skills		
<b>Agenda:</b>	Youth Employment and Entrepreneurship		
<b>Coordination with other donors/Bank operations:</b>	BR-L1387. Project <i>Estado Presente</i> : Citizen Security in Espírito Santo		
<b>Direct beneficiaries:</b>	4,105 at-risk young people aged 17 to 24 (80% men and 20% women)		
<b>Indirect beneficiaries:</b>	11,360 people (four members of each beneficiary's family); and (ii) civil society organizations that will implement the methodology		
<b>Financing:</b>	Technical cooperation funding:	US\$2,000,000	40%
	Investment:	US\$000,000	
	Loan:	US\$000,000	
	<b>Total MIF contribution:</b>	<b>US\$2,000,000</b>	
	Counterpart:	US\$3,000,000	60%
	Cofinancing (if any):	US\$000,000	
	<b>Total project budget:</b>	<b>US\$5,000,000</b>	<b>100%</b>
<b>Execution and disbursement period:</b>	36 months for execution and 42 months for disbursements.		
<b>Special contractual clauses:</b>	Conditions precedent to the first disbursement: (i) the Project Coordinator will be hired; (ii) the Operating Regulations will be approved; and (iii) signature of an agreement between Galpão Aplauso and Lojas Americanas to train 270 young people.		
<b>Environmental and Social Impact Review:</b>	This operation has been pre-evaluated and classified in accordance with the requirements of the Bank's Environment and Safeguards Compliance Policy (OP-703). Given the limited impacts and risks, the proposed classification for this operation is "C.".		
<b>Unit with responsibility for disbursement:</b>	MIF/CBR		

## I. BACKGROUND AND RATIONALE

### A. Background

- 1.1 The NGO Galpão Aplauso developed a socio-affective methodology that uses performing arts, including dance and theatre mainly, to teach life skills such as cooperation, trust, and leadership, among others. Using the same methodology, the model also covers intensive training in basic skills like mathematics and Portuguese. This methodology is especially intended for the integration of at-risk young people. With the support of an initial MIF project, “Sociocultural and productive integration of at-risk youth in the município of Rio de Janeiro (ATN/ME-11730-BR) in 2009,<sup>1</sup> Galpão Aplauso included job skills in its methodology, with a view to preparing disadvantaged and at-risk young people for jobs in sectors where there was demand for workers, such as construction and industrial services.
- 1.2 The program’s impact evaluation, performed by the Office of Evaluation and Oversight, confirmed that the model was very successful in improving skills and hence the job opportunities of disadvantaged youth. The evidence shows that graduates of the program have a 33% increase in likelihood of employment and a 27% increase in earnings.<sup>2</sup> The job placement rate achieved by the project was very high (57%), considering the young people’s profiles. In addition, for youth from Rio de Janeiro’s favelas, such accomplishments signal important changes in their employment paths. On 23 July 2014, the Galpão Aplauso MIF project received an award from the U.S. Treasury Department, for excellence in promoting inclusive opportunities for employment and development.<sup>3</sup> Galpão Aplauso’s continued success is based on its capacity to make a value proposal to potential employers and establish strategic partnerships with private enterprises, research centers, and key public actors.
- 1.3 There is public- and private-sector interest in Brazil in promoting various alternative models for the inclusion of at-risk youth in the productive system, not only with a view to reducing existing violence but also to closing the existing skills gap. A significant proportion of young people in many cities are marginalized from the job market and have limited skills. Approximately 20% of young people aged 15 to 29 living in urban areas in Brazil are neither working nor studying.<sup>4</sup> In other words, more than 8.3 million young people are not employed and are not investing in their skills through vocational or educational programs. Since it is excluded from formal institutions, this population is considered a high-risk group because of its exposure to risk factors (substance abuse, delinquency, apathy, etc.).<sup>5</sup> The lack of quality job opportunities for these young people undermines their formative and occupational trajectories, generating discouragement and frustration.

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<sup>1</sup> Approved on 21 July 2009 by the Donors Committee, the MIF first supported Galpão Aplauso through the project “Sociocultural and productive integration of at-risk youth in the município of Rio de Janeiro ([BR-M1062, document MIF/AT-1014](#))

<sup>2</sup> [IDB/OVE](#). January 2014. “Can arts-based interventions enhance labor market earnings among youth? Evidence from a randomized trial.”

<sup>3</sup> For more information on the on the awards, [click here](#).

<sup>4</sup> Data for 2013. IDB/LMK (Labor Markets Unit), based on household surveys, December 2014.

<sup>5</sup> [ECLAC](#). 2014. “Social Panorama of Latin America 2014.”



- 1.4 In response to this demand, this project will be supporting the scale-up of the GA model's application, along two parallel and equally important paths:
- a. With the public sector. Implementation of the GA model, under ICS/CBR's loan "Project Estado Presente: Citizen Security in Espírito Santo" (BR-L1387). This loan is supporting the city of Vitória, in the state of Espírito Santo, under the violence reduction component at two citizenship centers. It may be implemented in 13 other centers that are part of the loan and in the rest of the state, with the potential of becoming public policy.
  - b. With the private sector. In Rio de Janeiro, with the company Lojas Americanas, one of the country's oldest retail chains, which has 863 stores in Brazil's main cities and four distribution centers in São Paulo, Rio de Janeiro, Recife, and Uberlandia: to prepare young people to work primarily on the premises of the company's distribution centers. The focus is in the logistics department, which would employ GA-trained youth, thereby reducing turnover and training costs. This represents an interesting on-site training model that has potential to be replicated by other firms seeking to train their staff and reduce costs over the long run.
- 1.5 Galpão Aplauso's work has focused on Rio de Janeiro and specific sectors. This project will help it expand its activities to new contexts and sectors. In order to successfully implement the aforementioned lines of action, the methodology will need to be fine-tuned and transferred to entities that can implement it in those contexts and also have the capacity to supervise such implementation to ensure that quality is maintained. In this regard, the project will support strengthening Galpão Aplauso's capacity in these areas, with the help of an entity like the SES Foundation (see paragraph 2.23), which has experience scaling up youth job placement models.
- 1.6 The project will begin with the implementation of a pilot initiative in Paraty (Rio de Janeiro), limited in its scope but very significant in terms of its characteristics of public-private collaboration and with scaling potential. This pilot will be carried out through the NGO Comunitas,<sup>6</sup> which represents a group of 10 large-scale entrepreneurs in Brazil and focuses on solving specific problems through public-private partnerships. Based on its profile, this same NGO could replicate the program in other parts of the country.

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<sup>6</sup> Comunitas is a Brazilian civil society organization, created in 2000 with the mission of helping to improve corporate social investments, thereby promoting the participation of private initiative in the country's development. This takes place through the involvement of various actors, fostering joint actions with the common purpose of reducing social inequalities and promoting Brazil's sustainable development. The organization has the support of leaders from large businesses that are heavily involved in the development and implementation of Comunitas programs.

Comunitas works through a series of initiatives via the program "Together for Sustainable Development." The program was created out of a discussion among shareholders and presidents of Brazilian companies, gathered at the fifth Meeting of Leaders organized by Comunitas in 2012, who decided to develop an innovative model to improve corporate social investment and opted to work together with municipal administrations, betting on projects that could be reproduced in various cities and have lasting effects. So far, the following municípios are part of the program: Campinas – state of São Paulo; Paraty – state of Rio de Janeiro; Pelotas – state of Rio Grande do Sul; Santos – state of São Paulo; Juiz de Fora – state of Minas Gerais; Teresina – state of Piauí; Curitiba – state of Paraná; and Itirapina and five cities in the state of São Paulo's interior.

## **B. Diagnostic assessment of the problem to be addressed by the project**

- 1.7 Despite the political, social, and economic transformation that Brazil has undergone in the last 10 years, the country still faces major labor-market challenges, specifically in relation to youth unemployment. The official unemployment rate of 15.1% is roughly 3.2 times the rate for adults. Moreover, approximately 19.6% of young Brazilians are neither studying nor working, thereby compromising their future employment prospects and deepening their social exclusion. In addition to inactivity and unemployment, the majority of disadvantaged young people are employed in low-quality, unstable, and informal jobs. In 2011, 24.4% of Brazilian workers aged 15 to 24 were paid less than the legal minimum wage, while 14.3% of workers aged 25 to 49 received wages below the legal minimum. This reality coexists with the fact that Brazil has a shortage of skilled labor, and firms are unable to fill their job vacancies with competent individuals, which undermines the country's competitiveness. According to the annual talent shortage survey, 61% of employers in Brazil have difficulties finding skilled personnel (Manpower Group, 2015).<sup>7</sup> Despite multiple initiatives to expand the coverage of tertiary and technical education in Brazil, young people from the lowest quintiles generally do not tend to have the basic reading and calculation skills needed to be able to enter these programs (because of shortcomings in the education system). This consigns them to a situation of exclusion that becomes increasingly acute the longer they spend neither working nor studying, or in informal activities.
- 1.8 Given the success that Galpão Aplauso has had in overcoming these challenging conditions facing disadvantaged youth, and the interest shown by other firms and institutions in applying and/or adopting the Galpão Aplauso methodology, the MIF sees an opportunity to consolidate the achievements of the previous project, and thus support Galpão Aplauso, for the purpose of **scaling up its methodology with the Bank's Citizenship Security loan**, through civil society organizations, enabling Galpão Aplauso to operate in other geographic contexts and situations of youth vulnerability, such as Paraty and Vitória. The methodology in question is an alternative to the education and technical-vocational system that improves the potential employability of disadvantaged youth and enables them to break out of the vicious circle that confines them. Nonetheless, since Galpão Aplauso's efforts have centered on Rio de Janeiro and specific sectors, it needs to prepare its technical team to expand its radius of action (to additional sectors) and transfer its knowledge to other institutions.
- 1.9 The central problem that the project seeks to resolve is the limited access and capacity of training institutions to apply alternative methods that have proven effective for the job placement of disadvantaged youth.
- 1.10 The main causes of this problem are:
- (i) On the supply side: Limited Galpão Aplauso equipment and materials for the transfer, expansion, and replication of the model.* Since its creation, Galpão Aplauso has relied almost exclusively on grants from development agencies such as the MIF and the IDB, and from the local government and Brazilian corporations.

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<sup>7</sup> The results refer to the first quarter of 2015.

The effectiveness of its model has started to generate interest among firms and institutions that are willing to pay for the life skills methodology to be imparted in their places of business. Both the National Development Bank (BNDES) and the global management program International Masters in Practicing Management (IMPM) have received skill-development courses for recently hired executives in the case of the BNDES and for international management students in the case of the IMPM. Despite having a proven model and requests, Galpão Aplauso has not adequately packaged its methodology for implementation by other organizations that are interested in replicating it. Moreover, the technical team has shortcomings in its ability to conduct on-site training activities, travel to various cities, and then follow up and monitor to maintain the quality of the methodology when it is implemented by other institutions.

- 1.11 *(ii) On the demand side: public and private organizations do not have experience working in partnership, using innovative methods, to address the challenges facing disadvantaged unemployed youth.* The public-private partnerships that Galpão Aplauso has forged have been fundamental components of its success. Coordination with the private sector is essential for identifying jobs that need to be filled and the corresponding skills that employers require, which are then strengthened through training. With the public sector, the initial partnerships provided financial support, and they are now providing technical support.
- 1.12 Innovative and less conventional methodologies such as that of Galpão Aplauso are not always taken into account by different institutions at the local level, or used in a coordinated way, to meet the employment needs of this population segment. Quite often, training methods are such that it is difficult to maximize the learning potential. This approach is often absent from training offered by public-sector agencies, so the GA model is an alternative and supplement to what already exists in the market.

### **C. Project beneficiaries**

- 1.13 The project's direct beneficiaries are: (i) 2,840 young people trained either through Galpão Aplauso transfer processes or by Galpão Aplauso directly and 1,265 young people who will continue to be trained by the organizations over the following two years; (ii) firms that gain access to the supply of skilled labor; and (iii) Galpão Aplauso itself, which will be strengthened to efficiently transfer life- and job-skill training services. The project's indirect beneficiaries will be: (i) 11,360 family members of the beneficiary young people (4 members per family); and (ii) three civil society organizations that will implement the methodology.
- 1.14 **Gender considerations.** It is expected that 80% of the beneficiaries will be men and 20% women. The majority of the young beneficiaries of Galpão Aplauso are men because of the technical training offered, such as welding and locksmithing, and also because men are generally more vulnerable. Even though the gap cannot be closed, work will be done on manhood topics with Promundo.<sup>8</sup> This work on the topic of manhood focuses on young men who are socialized in a context of violence, in which they internalize the values of a patriarchal society in which men are expected to provide for the family and women are expected to be responsible

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<sup>8</sup> Promundo is a Brazilian nongovernmental organization (NGO) with a mission to promote gender equity and build a violence-free world, involving men and boys together with women and girls.

for the family roles of childcare and housekeeping. As a result, men feel frustrated if they cannot find a job and thus fulfill their male role. As a result, they may resort to aggressive behavior or become socially excluded and vulnerable to membership in criminal or violent gangs. Manhood training seeks to address these beliefs and practices, emphasizing that manhood includes responsibility for the family and respect for household members. For young women in the project, steps will be taken to forge partnerships with the private sector in three project localities to explore possibilities for increasing female participation if there labor-market demand in technical fields that attract women's participation in all sectors offering employment.

#### **D. Contribution to the MIF Mandate, Access Framework, and IDB strategy**

The project falls under the Youth Employment and Entrepreneurship Agenda of the Access to Markets and Skills unit, and contributes to the MIF Mandate in its pillars of:

- 1.15 *(i) Scale:* The project will enter into a partnership with the public sector to install capacities in Vitória to enable it to apply the methodology on a more massive scale in the future; and (ii) with the private sector (*Lojas Americanas*, which is the largest commercial corporation in Brazil with 28,000 stores and e-commerce, and is part of the country's largest conglomerate), with a view to scaling up its model not only with the public sector but with the private sector as well. Although the Agenda has the New Employment Opportunities (NEO) program, which has a large-scale focus, the youth profile is different. This project will benefit at-risk young people, and it will test the scaling-up of a specific methodology (that of Galpão Aplauso), the effectiveness of which was tested and proven, without losing quality.
- 1.16 *(ii) Innovation:* The process of adaptation for systematic replication, as a strategy for scaling-up and knowledge transfer, will be tested and analyzed in depth.
- 1.17 *(iii) Outcomes, evaluation, and knowledge dissemination:* The training and job placement model targeting disadvantaged youth will be transferred and validated in different contexts. The evaluation of Galpão Aplauso's impact showed the model's effectiveness; and the proposed project provides an opportunity for knowledge creation in other contexts and with different profiles of young people, to achieve external validation.<sup>9</sup> The Institutional Capacity of the State Division of the Institutions for Development Sector (IFD/ICS) plans to conduct impact assessments on the different models and approaches that will be applied as part of the loan. The MIF will collaborate closely with the project team to coordinate the implementation of that assessment process and the dissemination of results and the scaling-up process.
- 1.18 **Collaboration with the IDB Group:** The objective of Component 2 of IDB loan BR-L1387 is to prevent delinquent activity among young people and improve social integration opportunities through the services offered in 15 community centers (CCs) that will be operated by civil society organizations. The services will include sports, culture, job training, and remedial education; and an increase in the supply

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<sup>9</sup> The external validation asks the following generalization question: To which population groups, settings, treatment variables, and measurement variables can this effect be generalized? In other words, the external validation is the degree to which the study's conclusions apply to other people in other places and at other times.

of, and opportunities for, young people to obtain training to improve their job opportunities. The project will work with IFD/ICS, by introducing the proven and innovative job placement model under the loan's violence prevention component, and transferring it to community institutions that will work hand-in-hand with the Espírito Santo state government to benefit 2,000 young people susceptible to becoming involved in violence.

## II. OBJECTIVES AND COMPONENTS

### A. Objectives

- 2.1 The project's *impact* will be an increase in the number of disadvantaged young people who have skills enabling them to obtain quality jobs, and in more areas of the country. The *outcome* will be organizations in localities outside Rio de Janeiro that are in a position to apply the GA methodology on a larger scale in their contexts.

### B. Description of the model

- 2.2 Galpão Aplauso has been trialing alternatives for scaling up its model, while maintaining the structure of soft and technical skill development, through its socio-affective methodology, working closely with the private sector. The proposed project aims to expand those alternatives and develop new lines of business, through public-private partnerships that reach a larger number of beneficiaries.
- 2.3 To scale up the model, Galpão Aplauso will need to fine-tune it and establish a transfer team with trainers by management, pedagogy, and monitoring area (methodology transfer and quality maintenance manager), to assist the organizations receiving the methodology. As part of this process, the institute will collaborate in selecting civil society organizations located in the project's areas of action, to determine their capacity and forge partnerships with suitable partners for on-site implementation. To achieve an effective expansion and replication process, Galpão Aplauso will also form a team of trainers in the socio-affective methodology, including teachers of mathematics, Portuguese, and technical subjects, to enable them to transmit knowledge using the pedagogy developed with the socio-affective methodology.
- 2.4 The process of transferring the GA model will be implemented as follows:
- 2.5 *Testing* the GA model's transfer outside the city of Rio, as part of a public-private initiative, in this specific case in the city of Paraty. Given that the conditions for implementation in Paraty need to be established, a relatively modest goal was set of training 120 young people initially. To resolve the problem of the lack of sewerage systems in Paraty, a public-private partnership has been set up, led by the Comunitas NGO, city hall, and the Águas do Brasil water company. The partnership aims to resolve the specific problems of the lack of sewerage systems and a shortage of skilled labor for construction work, with the involvement of business leaders and high-level public officials willing to work in partnership to resolve a labor shortage in Paraty. The role of Galpão Aplauso will be to train the young people who will work with the firms on the city's construction and sanitation, and to give them the skills needed not only for this work but also for other jobs that will be generated by various works to be undertaken in the city. This transfer will be

very useful for Galpão Aplauso, because by undertaking the activities it will have a chance to fine-tune the transfer process and adopt corrective measures for the second transfer, which will be more complex given the number and profile of young people in Espírito Santo.

- 2.6 *Then, scaling the GA methodology as part of the state of Espírito Santo's public policy for preventing violence, in the context of IDB loan BR-L1387. The GA model will be transferred to two citizenship centers (CCs) in Vitória, Espírito Santo, as part of the second component of the loan. The objective of this loan component is to prevent criminal activity among young people and improve their opportunities for social integration through a number of services, including an increase in the supply of, and opportunities for, training and the entry of young people to the labor market, in collaboration with the private sector. Once the methodology's effectiveness has been evaluated, it could be used by the other CCs. Given the challenges and complexity involved in transferring and scaling up a model in different contexts (and with beneficiaries with a higher risk profile, as is the case in Vitória), support and technical advisory services from the SES Foundation is being considered. The SES Foundation is an Argentine organization that works locally, nationally, and internationally to strengthen and expand the scope of youth programs that are truly useful and effective (see paragraph 2.23 for more information about the SES Foundation).*
- 2.7 *At the same time, with a view to testing the viability of the GA model as a component of business recruitment and training policies, Galpão Aplauso will forge agreements with various firms to which it can provide services, and that need adequately trained young people. One of these agreements is with Lojas Americanas and focuses on expanding the GA model to the logistics sector, by training 270 young people to operate forklift trucks and learn about the logistics of the company's stores. This enables Galpão Aplauso to diversify its supply of training in response to the needs of the private sector in Rio de Janeiro. This effort will also help with external validation and knowledge both for Galpão Aplauso and for the MIF.*

### **C. Components**

**Component I: Systematization of the Galpão Aplauso model and strengthening of Galpão Aplauso (MIF: US\$722,720; Counterpart: US\$163,550)**

- 2.8 This component's main objective is to offer technical advisory services aimed at strengthening Galpão Aplauso's installed capacity, with a view to developing the capacity to scale up the GA model in different contexts. It will be implemented by preparing its entire team and systematizing the methodology, so that it can be transferred to organizations that are interested in applying it in the community centers of Vitória-Espírito Santo and Paraty-Rio de Janeiro.
- 2.9 The component has the following activities: (i) preparation of thematic kits for various modules; (ii) preparation of new tools to be offered to the private sector; (iii) development of a monitoring system; (iv) training of the technical team according to the lines of business; (v) expansion of the technical team for methodology transfer; (vi) psychosocial support for GA staff to assist vulnerable youth; (vii) staff training in the analysis of data from the information system;

(viii) plan for managing partnerships and fundraising; and (ix) systematization of administrative and financial processes.

- 2.10 The expected outcomes are as follows: (i) 15 sets of teaching aid materials for different modules (mathematics, Portuguese, values and virtues, and technical/industrial); (ii) three new products to be offered to the private sector; (iii) monitoring system developed; (iv) technical team trained for different lines of business; (v) training team expanded for methodology transfer; and (vi) GA staff given psychosocial support to be able to assist young people at risk.

**Component II: Transfer and scale-up of the Galpão Aplauso model (MIF: US\$769,880; counterpart: US\$2,411,572)**

- 2.11 The objective of this component is to enable the transfer and scale-up of the GA model in different public- and private-policy contexts. As a result of the component, the Galpão Aplauso team will transmit knowledge of the methodology so that the receiving organizations internalize it and implement quality job placement services with suppliers on a larger scale and in an efficient manner.
- 2.12 The main activities associated with this component are: (i) strengthening of networks of institutional actors; (ii) planning for adaptation and transfer development; (iii) training and support services provided by Galpão Aplauso; (iv) implementation by the organizations that receive the methodology; and (v) methodology monitoring and quality control during the implementation process.
- 2.13 **Paraty – Rio de Janeiro.** To disseminate the project and attract the city's young people, Galpão Aplauso will put on theater presentations that will serve to motivate the young people to get involved in the large sewerage system works being built in their city and to be part of it through training and work. The theater team's creativity comes to the fore in cases like this in which they have to attract young people to work in heavy construction that does not always appeal to them, and also to win over the entrepreneurs who are invited to such events. Galpão Aplauso will bring its math, Portuguese, and values teachers and will implement the model with the local organization during the first six months. During the second six months, the local organization will be responsible for implementation with GA support. Lastly, during the second year, the organization will implement the model independently and Galpão Aplauso will monitor.
- 2.14 **Vitória – Espírito Santo.** Theater presentations will also take place in the communities where the citizenship centers (CCs) are located. With the methodology kit and teaching materials ready, the itinerary to follow will be determined, together with the participating actors and objectives of the activities. A manual will be put together to be used as a tool for the transfer.
- 2.15 Then the work teams will be trained to teach. At this stage, the goal is for the organization and its members to be able to clearly identify the challenges facing the scale-up of a methodology of their own and the advantages of doing so, as well as the importance of linking the civil society organizations that will be selected in the CCs and their partnership with the state and the private sector, as key tools in the scale-up process.
- 2.16 The transfer team will have to be trained on the tracking actions to be carried out, their frequency, monitoring systems, and evaluation, to measure the outcomes of

- the replication effort as well as identify the lessons arising from it for subsequent adjustments.
- 2.17 **Lojas Americanas.** Galpão Aplauso will have to adapt the warehouse—the center of its operations in Rio de Janeiro—in order to house a Lojas Americanas mini distribution center that is appropriate for training young people. The infrastructure will enable the young people to understand the stores' logistics processes, such as forklift driving or technology -based inventory management, etc. The GA experience has demonstrated that the best tactic is to hire a professional with significant practical experience in the technical line for which the young people will be trained, rather than a theoretical instructor. This will be the case for the forklift operating, inventory, and other activities. Another experience that has been successful for Galpão Aplauso is for the instructor to have support from an assistant referred to as a “monitor,” who is a young person who graduated from the training and has proven to be capable and to have initiative.
- 2.18 The expected results are: (i) 24 participants in institutional networks strengthened; (ii) adaptation and transfer development plan prepared; and (iii) training and advisory support services provided to 2,840 young people and 1,265 young people who will continue to be trained by the organizations over the following two years.
- Component III: Knowledge management and strategic communication. (MIF: US\$157,400; Counterpart: US\$0)**
- 2.19 This component's objective is to extensively disseminate the results of the project to audiences in the private and public sectors and civil society, so that a larger number of actors in Rio de Janeiro, Paraty, and Espírito Santo become familiar with the experience and are motivated to join the initiative and provide some additional support, while having an impact on public policy. The results will also be disseminated to other zones of the country, to enable them to learn about the process that has been undertaken and, if successful, expand it to other states. The knowledge gaps that this component seeks to address are: How effective is the transfer of the GA model to other institutions, whether public or private? How effective is the model for the different youth profiles? Is the same impact achieved with the same number of hours and services? With the current components, is the model scalable? Is it possible to make the model widely available given its cost?
- 2.20 The activities will include: (i) preparation of a communication strategy; (ii) preparation of case studies that reflect the process and outcome of the transfers to Paraty and Espírito Santo; (iii) preparation of a guide on the GA transfer methodology; and (iv) the project's infographics.
- 2.21 The expected outcomes are as follows: (i) a communication strategy implemented; (ii) two case studies reflecting the process and outcome of the transfers, made to Paraty and Espírito Santo; (iii) a methodological guide to the transfer methodology that will be useful for organizations interested in implementing the GA model; (iv) dissemination to media and audiences previously identified in the communication strategy.
- D. Project governance and execution mechanism**
- 2.22 The project will be managed by an executing unit which will be located in the GA offices and will consist of a technical coordinator, an administrative-financial officer,



and other support staff, who will be responsible for the project's overall implementation in the technical, administrative, and financial areas, as specified in the Operating Regulations. The project will be implemented in three cities—Rio de Janeiro, Paraty, and Vitória.

- 2.23 Given the challenges and complexity involved in transferring and scaling up a model from its application in a specific context to its implementation on a larger scale in different contexts (and with beneficiaries with a higher risk profile, as is the case of Vitória), technical advisory assistance and support from the SES Foundation has been considered. SES is an Argentine organization with a 15-year track record, the objective of which is to work for the educational, social, political, and economic inclusion of young people with fewer opportunities. Since it was established, the SES Foundation has focused on building networks of organizations to take its work to the next level and transfer its intervention models in partnership with other (public and private) organizations. In this context, in 2011, the IDB and the MIF, with support from IDB Youth and Microsoft, supported the project “Technology Fund for Youth Employability” (RG-M1189). In this program, SES made progress in the key area of working with young people: the strengthening of institutions that are devoted to them. As a result of this program, SES developed tools to strengthen NGOs and institutional quality standards applicable to these organizations, in order to improve the quality of their training and job placement projects. Specifically, with MIF support, SES has transferred the program to 29 organizations in nine countries.<sup>10</sup>
- 2.24 The technical assistance will include activities that are crucial to the development of a partnership with the private sector and with the state, and success in implementing the transfer, such as: (i) planning of actions for the GA strengthening plan; (ii) development of a transfer manual for the organizations that implement the model; (iii) workshops to strengthen actors participating on the ground; and (iv) support in the various stages for monitoring and the appropriate adjustment of the methodology to fine-tune it and extract lessons learned.

## **E. Sustainability**

- 2.25 To maximize the chances of success of the transfer and scale-up strategy and contribute to the sustainability of the results achieved by Galpão Aplauso, the project will work in partnership with the private and public sectors in both Paraty and Rio de Janeiro, as well as in Vitória. Galpão Aplauso will transfer the knowledge and know-how of a successful methodology for enhancing the potential job placement of at-risk youth to civil society organizations in new contexts. If this replication is successful, it will open the doors for other opportunities with public and/or private sector organizations interested in the model. Other lines of action and products suited to different beneficiary profiles will be developed, so that Galpão Aplauso can respond to the existing demand and reach out to other partners to diversify income sources.

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<sup>10</sup> The SES strategy to fulfill its mission involves work in networks and with multiple actors. With MIF support, the SES Foundation has transferred its methodology to the Alvaralice Foundation in Colombia (MIF 13.004.00-C). SES is currently advising several governments in the region.

## **F. Lessons learned on project design from the MIF or other institutions**

- 2.26 *The need to work with various partnerships.* It is necessary to manage and forge partnerships with various actors in both the public and the private sectors. This makes it possible to avoid difficulties that arise from focusing efforts on a single sector, which could compromise the model's long-term sustainability.
- 2.27 *Importance of soft skills.* The evidence shows that young people with the best socioemotional skills achieve better employment outcomes. This is consistent with the GA model, which considers socioemotional skills as a crucial asset for young people and stresses the need to strengthen them.

## **G. MIF additionality**

- 2.28 **Nonfinancial additionality.** The MIF will contribute its wide-ranging experience in implementing job placement models. It will also contribute its knowledge of working on the coordination of public-private partnerships undertaken to provide job opportunities for at-risk youth.
- 2.29 **Financial additionality.** The MIF's financial participation is necessary for Galpão Aplauso to develop the institutional capacities that will enable it to scale up the model and strengthen its business model. It is also necessary to increase the number of disadvantaged young people benefiting from its methodology.

## **H. Project outcome**

- 2.30 The outcome will be that the GA methodology is scaled up by organizations in localities outside Rio de Janeiro.
- 2.31 The project expects to achieve the following outcomes: (i) 2,840 at-risk young people aged 17 to 24 (80% male and 20% female) trained and 1,265 young people who will continue to be trained by the organizations over the following two years; (ii) three organizations training young people with the GA methodology; (iii) 12 firms involved in the project; (iv) 12 partnerships with the public or private sector; and (v) 150 institutions that gain access to the project's case studies and infographics.

## **I. Project impact**

- 2.32 The project's impact will be in the form of an increase in the number of disadvantaged young people, in more areas of the country, who have skills enabling them to obtain quality jobs.
- 2.33 The impact will be assessed in terms of the following indicators: (i) 1,420 young graduates to be working six months after having completed their training (with a gender breakdown); (ii) 40% of young graduates are receiving at least the minimum wage; (iii) 710 young people obtain employment with benefits ("*carteira assinada*");<sup>11</sup> and (iv) 142 young people continue their training in technical courses.

## **J. Systemic impact**

- 2.34 The project will help to promote systemic change in the following ways: (i) the GA model introduced by the MIF is scaled up; and (ii) two key actors or institutions,

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<sup>11</sup> Young people with "*carteira assinada*" are those working with a formal contract.

public or private, change or apply new practices based on projects or knowledge shared by the MIF.

### III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** The baseline will include the initial indicators defined in the Logical Framework on the educational level of the young people, related to their technical competencies and life skills, their levels of job market placement, and the local demand for labor in the three implementation areas.
- 3.2 **Monitoring.** The project will be permanently monitored and will undergo midterm and final evaluations. The loan provides for impact evaluations in collaboration with IFD/ICS and with the Office of Strategic Planning and Development Effectiveness (SPD). These will assess different types of interventions to be implemented in the CCs in Vitória-Espírito Santo, including that of Galpão Aplauso, which seek to improve the employability of at-risk youth.
- 3.3 **Evaluation.** In Latin America and the Caribbean, evidence on the effectiveness of job training programs for young people is limited but growing. The studies that do exist generally report relatively favorable employment outcomes, particularly for women. In the case of Galpão Aplauso, the impact evaluation showed that the model was effective not only in providing employment opportunities, but also in income generation in the short and medium terms. These impacts were greater than those of other youth job training programs in the region.<sup>12</sup> With regard to the program's effect on measures related to socioemotional skills, the results suggest that young people with higher levels of such skills achieve better job market outcomes, although the evidence was not conclusive. The project will finance a midterm evaluation and a final one. The MIF, through its impact evaluation account, will contribute resources for an impact evaluation that will examine the knowledge-gap-related questions presented in paragraph 2.19 of the document. By answering these questions, the proposed project provides the opportunity for a more in-depth study of this area, which recently has received a lot of attention from policymakers and researchers.
- 3.4 **Closing workshop.** In due course, the executing agency will hold a **Closing Workshop** in conjunction with other stakeholders to evaluate the results achieved, identify additional tasks to ensure the sustainability of the actions launched 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\$5 million, of which US\$2 million (40%) will be contributed by the MIF and US\$3 million (60%) will be provided in the form of counterpart funding. The execution period will be 36 months, and the disbursement period 42 months.

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<sup>12</sup> The results of the project impact evaluation revealed that, in the short term, the chances of being employed increased by 25.2% for the young people who participated in Galpão Aplauso; and their monthly income increased by R\$302.9 (US\$148.37). This result has been maintained in the medium term, where the project improved the chances of obtaining a job by 14.6%.

- 4.2 Up to US\$91,380 will be recognized as counterpart expenses for activities that the executing agency had to undertake once the project had gained eligibility status, with the aim of preparing its team both to implement replication of the model in the city of Paraty and for the new logistics line with *Lojas Americanas*, which were scheduled for the first quarter of 2015. These activities include: reproduction of teaching materials for the training courses, work on the premises to set up the mini distribution center inside the GA warehouse, training of three instructors who will be the methodology multipliers, as part of the transfer and training team of two groups of 30 young people.

	<b>MIF (US\$)</b>	<b>Counterpart (US\$)</b>	<b>Total (US\$)</b>
<b>Project components</b>			
Component 1. Systematization of the Galpão Aplauso model and strengthening of Galpão Aplauso	722,720	163,550	886,270
Component 2. Transfer and scale-up of the Galpão Aplauso model	769,880	2,411,572	3,181,452
Component 3. Knowledge management and strategic communication	157,400	0	157,400
<b>Execution and supervision</b>			
Administration	180,000	424,878	604,878
Evaluations	40,000	0	40,000
Contingencies	15,000	0	15,000
Audits and institutional strengthening	45,000	0	45,000
<b>Subtotal</b>	<b>1,930,000</b>	<b>3,000,000</b>	<b>4,930,000</b>
<b>% of financing</b>	<b>40%</b>	<b>60%</b>	<b>100%</b>
Impact Evaluation Account (5%)	50,000	0	50,000
Agenda Account	20,000	0	20,000
<b>Grand total</b>	<b>2,000,000</b>	<b>3,000,000</b>	<b>5,000,000</b>
<b>% of financing</b>	<b>40%</b>	<b>60%</b>	<b>100%</b>

## V. EXECUTING AGENCY

- 5.1 The Stimulu Brasil Institute NGO, more widely known as Galpão Aplauso, will be this project's executing agency and will sign the agreement with the Bank. Galpão Aplauso was created in 2004 to implement social programs and actions benefiting young people aged 15 to 29 from Rio de Janeiro's various low-income communities and favelas. Galpão Aplauso's mission is to promote the training and inclusion of young people in the job market through a liberal arts, ethical, artistic, and entrepreneurial education. Its vision of bringing a network of knowledge, work, values, and virtues to the world is achieved through training events aimed at providing employment opportunities, particularly within the productive chains of different industries. To date, more than 11,000 young people in 500 communities have attended and completed GA programs.
- 5.2 Galpão Aplauso has partnerships with various entities, including Petrobras, BNDES, Lojas Americanas, L'Oreal Paris, Docas do Rio, TV Globo. It also has a variety of partners in the artistic and cultural spheres. Its unique methodology of using art and theatre as a pedagogic tool has become a brand, because the young

people that graduate from Galpão Aplauso are valued by, and inspire confidence in, employers.

- 5.3 Procurement. The executing agency will comply with the IDB's procurement policies (documents GN-2349-9 and GN-2350-9) for the procurement of goods and consulting services. Given that the Diagnostic Needs Assessment of the Executing Agency (DNA) generated a low need/risk level, the project team has determined that, pursuant to the provisions of Appendix 4 to those policies, the executing agency, which is in the private sector, will use the private sector methods set out in Annex 1 to the Operational Guidelines for Technical Cooperation Projects (OP-639). Moreover, project procurement will be reviewed on an ex post on an annual basis. Prior to starting project procurement, the executing agency will submit the project procurement plan to the MIF for approval. The plan will be updated annually and whenever there is a change in methods and/or the goods or services to be procured.
- 5.4 **Financial supervision and management.** The executing agency will establish and maintain adequate financial accounts, internal control mechanisms, and filing systems for the project that are consistent with Bank/MIF financial management rules and policies. Given that the DNA generated a low need/risk level for the financial management section, supporting documentation for disbursements will be reviewed ex post on an annual basis.
- 5.5 The IDB/MIF will hire independent auditors to conduct the ex post reviews of procurement processes and supporting documentation for disbursements. The scope of the ex post reviews will include the analysis of financial statements that the executing agency will prepare annually as part of its financial management. The cost of hiring the auditors will be financed from the proceeds of the MIF contribution, pursuant to the Bank's procedures.
- 5.6 During project execution, the frequency of the ex post reviews of procurement processes and supporting documentation for disbursements and the need for additional financial statements may be changed by the MIF, based on the findings of the ex post reviews conducted by the external auditors.

## VI. PROJECT RISKS

- 6.1 *Sector risks:*
- 6.2 (i) Lack of interest among employers in hiring young people from the communities in which the training using the GA socio-affective methodology will be implemented. This risk will be mitigated by involving the private sector beginning in the design stage, and raising employers' awareness of the advantages of hiring young people graduating from the Citizenship Centers, given the results obtained with the GA methodology in the Rio de Janeiro's industrial sector.
- 6.3 (ii) Lack of motivation among young people in Vitória and Paraty to participate in training. Galpão Aplauso will give presentations to attract and engage the young people, publicizing the benefits of its methodology and the partnerships achieved, which will help them obtain quality jobs, giving them the chance to make a career and thus improve their economic situation and that of their families.

- 6.4 (iii) The civil society organizations, which are the targets of the transfer, have low levels of institutional development. This will imply a higher cost, as well as strengthening and monitoring by the executing agency.

## **VII. ENVIRONMENTAL AND SOCIAL IMPACTS**

- 7.1 No adverse environmental or social impacts of any kind are envisaged. The project will have a positive impact for the young people and their families, in terms of improving their soft and technical skills and motivating them to enter the job market or to continue their studies.

## **VIII. ACHIEVEMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 8.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will agree to the standard MIF arrangements on results-based disbursements, procurement, and financial management, as specified in Annex 7.

## **IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY**

- 9.1 **Access to information.** Except for the publication of the entities' strategic and marketing plans, the project information is not considered confidential under the Bank's Access to Information Policy.
- 9.2 **Intellectual property.** The project involves expanding the socio-affective methodology model, which was developed by Galpão Aplauso and is the intellectual property of Galpão Aplauso. Nevertheless, Galpão Aplauso will grant the IDB/MIF a free, irrevocable license for noncommercial purposes and for an indefinite period, for the use of the copyrights, patents, and other intellectual property rights that Galpão Aplauso owns, including, but not limited to, all knowledge products generated during the development of this methodology. Furthermore, all knowledge products generated by the project are the property of the IDB/MIF and the IDB/MIF will use the information necessary to systematize the experience and generate knowledge products for use in promoting replication of the model. Galpão Aplauso will ensure that all contracts signed with consultants during project execution include provisions that assign all copyrights, patents, and other intellectual property rights to the IDB.