

TC Document

I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Afroestima Impact Evaluation: a Promising case of Prodetur Salvador
▪ TC Number:	BR-T1632
▪ Team Leader/Members:	Bettini Vicente, Juliana (CSD/RND) Team Leader; Rachter De Sousa Dias, Laisa (SCL/GDI) Alternate Team Leader; Pereira Libanio, Ana Tereza (SCL/GDI); Avila, Krysia A (LEG/SGO); Restrepo, Lisa Sofia (CSD/RND); Chavez, Elizabeth (CSD/RND); Diaz Gill Virginia Maria (LEG/SGO); Santana Araujo, Joana Kary (CSD/RND)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	BR-L1412, BR-L1636.
▪ Date of TC Abstract authorization:	23 Aug 2024.
▪ Beneficiary:	Municipality of Salvador, through its Secretary of Culture and Tourism
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Sustainability(W2A)
▪ IDB Funding Requested:	US\$270,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	January-2025
▪ Types of consultants:	Individual, Firms
▪ Prepared by Unit:	CSD/RND-Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	CSC/CBR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Institutional Strategy 2024-2030:	Productivity and innovation; Social inclusion and equality

II. Description of the Associated Loan

- 2.1 Since 2017, the city of Salvador has been implementing a program aimed at increasing employment and income generated by tourism in the municipality, Prodetur Salvador (BR-L1412). The general objective of the program is to promote tourism development to increase income and formal employment generated for the population of Salvador, with an emphasis on local culture and Afro-descendants. The specific objectives are to increase the spending by tourists in Salvador, as well as the portion of that spending that benefits the community, particularly the Afro-descendant population, through the promotion of cultural and beach tourism, infrastructure improvement, and institutional support for tourism management.
- 2.2 With a range of varied actions, the program included specific activities aimed at qualifying workers and entrepreneurs for the tourism sector labor market. These specific projects aimed to qualify vulnerable workers for the tourism sector, as well as qualify entrepreneurs for Afro-ethnic tourism related activities (including a wide array of activities, such as gastronomy, culture, guiding services, etc.). Prodetur had its last disbursement in June 2024, and its PCR is under preparation.

- 2.3 The IDB will also finance a second loan operation with the city, Salvador Capital Afro (BR-L1636), in design stage. The new Program aims to improve the quality of the experience of tourists visiting the municipality, as well as contribute to reducing the socioeconomic inequalities affecting the Afro-descendant population within the local tourism sector's value chain. The loan will include a component focused on Afro-tourism and is expected to be approved in 2025.

III. Objectives and Justification of the TC

- 3.1 **Objective.** The objective of this TC is to develop and implement an impact evaluation of the Afroestima Training Program (AFE), financed by operation BR-L1412 (Prodetur Salvador), and provide inputs for the design of optimal interventions under the scope of the new loan in preparation, BR-L1636 (Salvador Capital Afro).
- 3.2 **Main questions to be focused.** The evaluation aims to compare what happened to individuals who were trained by the AFE with what would have happened to those same individuals that had not taken the training course. Using technical resources, we will evaluate five training cycles carried out in the AFE, financed between 2021 and 2024, with the aim of answering some key questions: Was the AFE successful in increasing the average income and employability of those trained? Are there heterogeneous effects - men vs women, spec. age groups, different levels of education? Was the AFE capable of increasing formalization and accreditation of participants?
- 3.3 **Justification and theory of change.** Public training policies for owners of small and medium-sized businesses have become common around the world, especially in developing countries. Such initiatives are mostly aimed at increasing productivity, income, and the skills of more vulnerable workers. According to the literature, there are several reasons to believe that minorities benefit even more from these types of programs than non-minority populations. First, networks are generally an important asset for the success of businesses, and there is evidence that minorities have experienced smaller and less connected networks (Ibarra, 1993; Aldrich and Waldinger, 1990; Seidel, Polzer, and Stewart, 2000)¹. Moreover, training programs for small and medium-sized businesses can provide access to knowledge that would otherwise be difficult for minorities to obtain (Card and Giuliano, 2016)². Another important factor is that minorities are disproportionately exposed to self-employment and have less access to capital to start their businesses, thus potentially benefiting more from training (Dunn and Holtz-Eakin, 2000; Fairlie and Robb, 2007; Fairlie, 2006)³. Lastly, minorities may face discrimination from investors and consumers

¹ IBARRA, HERMINIA (1993). "Personal Networks of Women and Minorities in Management: A Conceptual Framework." *Academy of Management Review* 18 (1): 56–87. ALDRICH, HOWARD E., & ROGER WALDINGER (1990). "Ethnicity and Entrepreneurship." *Annual Review of Sociology* 16 (1): 111–35. SEIDEL, MARC-DAVID L., JEFFREY T. POLZER, & KATHERINE J. STEWART (2000). "Friends in High Places: The Effects of Social Networks on Discrimination in Salary Negotiations." *Administrative Science Quarterly* 45 (1): 1–24.

² CARD, DAVID, & LAURA GIULIANO (2016). "Can Tracking Raise the Test Scores of High-Ability Minority Students?" *American Economic Review* 106 (10): 2783–816.

³ DUNN, THOMAS, & DOUGLAS HOLTZ-EAKIN (2000). "Financial Capital, Human Capital, and the Transition to Self-Employment: Evidence from Intergenerational Links." *Journal of Labor Economics* 18 (2): 282–305 FAIRLIE, ROBERT W (2006). "Entrepreneurship among Disadvantaged Groups: Women, Minorities and the Less Educated." In *International Handbook Series on Entrepreneurship*, Vol. 3. New York: Springer. FAIRLIE, ROBERT W., & ALICIA M. ROBB. 2007. "Why Are Black-Owned Businesses

(Blanchflower, Levine, and Zimmerman, 2003; Brooks et al., 2014)⁴. Other studies have also shown that, in the short term, non-minorities benefit more from entrepreneurial training programs, but in the long term, the effect is much greater for women and non-whites. Although these findings are related to the program to be studied in this evaluation, AFE has slightly different aspects, such as part of the training program's curriculum focusing on the appreciation of Afro-Ethnic culture and tourism. In this regard, based on the positive results that programs focusing on socio-emotional aspects have achieved (Camargo et al, 2021; Barrera-Osorio et al, 2021), an even better outcome is expected from AFE compared to the above-mentioned evaluation articles.

- 3.4 The costs and benefits of these policies vary greatly from case to case, and it is difficult to predict their effect ex-ante. Nevertheless, they continue to be implemented in different countries and in different sectors, such as tourism and creative economies. Therefore, it is necessary to evaluate these policies for a better understanding of their effects and to identify areas for improvement.
- 3.5 **The context of Salvador, Bahia.** A study conducted by the IDB under the preparation of Prodetur Salvador⁵ shows that the leisure tourism chain in Salvador heavily relies on the Afro community for its existence and competitiveness in two ways: (i) as producers and owners of the unique cultural tourism content that distinguishes Salvador from other tourist destinations; and (ii) as the workforce, accounting for up to 77% of formal employees in the sector. However, the study also demonstrates that the Afro-descendant community faces racial inequality within the tourism industry: (i) they are the least benefited racial group (receiving 67% of tourist spending despite being 77% of formal employees, while other races, comprising 23% of formal employees, receive 33% of spending) and earn less (1.8 times less than other groups); (ii) they have less career progression and occupy fewer high positions than other races, even when they have similar educational levels; few access managerial positions, even in cultural activities (between 0.5 and 4% depending on the chain link); and (iii) they face high informality: for every formal Afro tourism employee, there are 0.8 informal ones, who suffer greater social vulnerability. The study also reveals that all these indicators of racial inequality worsen if the Afro-descendant is a woman.
- 3.6 One of the actions financed by the Prodetur was the Afroestima (AFE), which aims to qualify Afro descendant individuals involved in businesses related to the tourism value chain in the capital of Bahia. Through the training of these individuals, the project aims to improve their income, enhance the recognition of the value of Afro culture to the tourism sector in Salvador, and to improve boost the self-esteem of those working in this sector, with a special focus on Afro-descendant women. Its conception was based on the Salvador Afro Tourism Plan, which identified gaps related to both the technical and business training of this population and low self-esteem. A total of 1,066 students

Less Successful than White-Owned Businesses? The Role of Families, Inheritances, and Business Human Capital." *Journal of Labor Economics* 25 (2): 289–323.

⁴ BLANCHFLOWER, DAVID G., PHILLIP B. LEVINE, & DAVID J. ZIMMERMAN (2003). "Discrimination in the Small-Business Credit Market." *Review of Economics and Statistics* 85 (4): 930–43. BROOKS, ALISON WOOD, LAURA HUANG, SARAH WOOD KEARNEY, & FIONA E. MURRAY (2014). "Investors Prefer Entrepreneurial Ventures Pitched by Attractive Men." *Proceedings of the National Academy of Sciences* 111 (12): 4427–31.

⁵ [Afro-Descendant Inclusive Value Chain Analysis and Action Plan: increasing the pro-Afro impact of PRODETUR Salvador \(Bahia, Brazil\) - Final Report \(2015\)](#)

have already been certified by the AFE, and it is estimated that by the end of 2024, the reach will be expanded to a total of 1,500 people. The training sessions were organized into learning paths, each containing a set of modules and topics.

- 3.7 **Methodology.** To conduct this evaluation, this TC intends to employ two separate methodologies: (i) Synthetic Differences-in-Differences + Matching; (ii) Stepped Synthetic Differences-in-Differences.
- 3.8 In the first method, we plan to use enrollment data of past participants as the treatment group (T). Due to the low representativeness of the waitlist (small sample), missing information will be corrected using synthetic control, creating a control group (C) with characteristics similar to the treated population. Historical data from the RAIS (Brazilian Registry of Employed and Unemployed Persons) and databases from the Salvador Economic Development Secretariat will be utilized for this modeling.
- 3.9 For the second method, the treatment group (T) remains the same, but the control group (C) will consist of yet untreated groups to be drawn from newly registered participants for the upcoming training cycle starting in August 2024 (approximately 350 participants). Historical information from existing databases will be sought for this population, ensuring the creation of a control group with characteristics closer to those of the treated population.
- 3.10 It's worth mentioning that, although there is an established methodology for evaluating the effectiveness of similar tourism programs to generate employment and income (Castillo et al., 2015; Blackman et al., 2012; UNESCO, 2014), there is no specific assessment of the effects of training and development of Afro-entrepreneurship in the tourism sector, such as AFE, on income and labor supply of individuals.
- 3.11 **Strategic relevance.** The IDB has as one of its strategic priorities to work to address the exclusion of Afro-descendants due to origin, racial or ethnic status. Projects like Afroestima include economic empowerment, identification of racial gaps through data collection and harmonization, and promotion of policy development at national and subnational levels. The proposed evaluation fills a crucial knowledge gap by investigating the impact of tourism projects with a racial focus, as there is a shortage of comprehensive studies that have systematically and empirically evaluated the effect of these training programs on the Afro descendant community, particularly in terms of increased income, employability, and possible heterogeneous effects. A specific evaluation of AFE is of utmost relevance for guiding better resource allocation in future Bank-financed operations, both in tourism sector or others related.⁶
- 3.12 **Data and main variables.** The data to be used will be sourced from: RAIS (Registry of Employed and Unemployed Persons), information on formalization of micro-entrepreneurs provided by SEBRAE (Brazilian Support Service for Micro and Small Enterprises), CadÚnico (Unified Registry for Social Programs), Federal Revenue Service, as well as data from the Salvador Economic Development Secretariat related to beneficiaries of training programs conducted by the Municipality such as name, locality, race, gender, income, type of business . The Municipality has already shared with the IDB team data on the profile of the AFE beneficiaries in each cycle (1.066 people). This data set includes contact information and national registry identification

⁶ It is worth noting that, if possible, information from AfroBizz (a program aimed at Afro-entrepreneurs in the tourism sector in Salvador) will also be used and evaluated to enhance the robustness of the analyses, considering that most participants of AfroBizz also participated in Afroestima.

numbers, that will make possible the connection with other datasets previously mentioned – such as RAIS, CadÚnico, etc. Furthermore, the Municipality also possesses data from the survey of tourist demand, which includes valuable information about the population that can be utilized as context. Additionally, the registry of micro and small entrepreneurs in the city provides inputs such as profit data, challenges faced in business, and other relevant information.

- 3.13 **Strategic alignment.** The TC is aligned with the IDB Group's Country Strategy with Brazil 2024-2027 (GN-3243-1), specifically with the specific objectives of strengthening policies for the protection and welfare of women and diverse population and empowering sustainable investments. Furthermore, the TC is consistent with the IDB Group's Institutional Strategy: Transformation for Scale and Impact (CA 631) and aligns with the objectives of: (i) reducing poverty and inequality; and (iii) fostering sustainable regional growth. The TC is also aligned with the following operational focus areas: gender equality and inclusion of diverse population groups; institutional capacity, rule of law and citizen security; social protection and human capital development. The TC is also aligned with the Ordinary Capital Strategic Development Program (OC SDP), Window 2, Priority Area 1: Climate Change and Environmental Sustainability (W2A) (GN-2819-14), especially with the priority area of inclusive social development and inclusive economic growth, considering it will generate knowledge products, data and relevant operational inputs to guide future interventions in those areas. Finally, the TC is aligned with the Tourism Sector Framework (GN-2779-12), especially in its area focused on expanding the economic benefits of tourism and its distribution to the most vulnerable groups.
- 3.14 **Synergies.** Inputs provided by the studies conducted within the scope of this TC will also be valuable inputs for future programs developed by IDB Invest related to training and entrepreneurial assistance in the tourism sector, providing evidence-based data for future investment opportunities.
- 3.15 **Beneficiaries.** The main beneficiary of the TC is the Municipality of Salvador, that will benefit from the results of studies conducted in order to better design future training interventions. The IDB and other financial institutions will also benefit from the results, considering the ample dissemination strategy to be conducted, and that results achieved might be widely adapted to other training programs contexts.

IV. Description of activities/components and budget

- 4.1 The activities to be financed by the TC have been grouped into two components as described below:
- 4.2 **Component 1: Impact assessment of the Afroestima program (US\$200,000).** This component focuses on the design and execution of the impact evaluation of the Afroestima program. The component will finance consultancy services aimed at (i) collecting the data needed to carry out the evaluation from both public databases (RAIS, CadÚnico, Receita Federal, etc.) and the information provided by Salvador Municipality; (ii) designing and implementing the selected methodologies. The expected result for this component is to establish the basis for an adequate impact assessment of AFE and to have methodologies selected and validated.
- 4.3 **Component 2: Analysis and dissemination of Impact Evaluation Results (US\$70,000).** This component aims to analyze and disseminate the results obtained through the impact evaluation of the Afroestima program. The component will finance

consultancy services to (i) carry out a detailed interpretation of the results, highlighting the main economic and social impacts achieved by the participants; (ii) prepare comprehensive reports that will include robust statistical analysis and explanatory graphs, as well as recommendations for improving public policies and future strategies focused on the tourism value-chain, specifically producing inputs for further incorporation under the BR-L1636. The main inputs generated through the analysis will be disseminated to internal audiences in the IDB Group so they can be incorporated in future program designs – not only in BR-L1636. The expected result for this component is to analyze and disseminate information on the impact assessment for both internal and external audiences, contributing for better planning of future interventions financed by the IDB and the Municipality of Salvador.

- 4.4 In the case the Bank receives, manages or uses information containing personal data or sensitive information due to the activities that will be financed, those will be conducted ensuring compliance with the Bank's Personal Data Privacy Policy (GN-3030), as well as coordinating with the VPF/ADS team.
- 4.5 **Costs.** The estimated cost of the TC is of US\$270,000, to be financed by the Ordinary Capital Strategic Development Program (OC SDP), Window 2, Priority Area 1: Climate Change and Environmental Sustainability (W2A) (GN-2819-14). The funds will be non-reimbursable and there is no local counterpart foreseen in the TC. The budget structure is presented in the following table:

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component 1	Impact assessment of the Afroestima program	US\$200,000	US\$200,000
Component 2	Analysis and dissemination of Impact Evaluation Results	US\$70,000	US\$70,000

- 4.6 **Expected results.** Expected results derived from the analysis include an increase in the average income and employability of the participants, demonstrating the program's effectiveness in improving their economic conditions. It is expected to identify heterogeneous effects, with results varying between men and women, different age groups, and educational levels, revealing how different subgroups benefited from the training. Additionally, the AFE is anticipated to have contributed to the formalization and accreditation of participants, increasing their inclusion in formal and recognized employment, thus highlighting the program's positive impact on professionalization and the recognition of the participants' work.
- 4.7 **Sustainability.** Evaluations designed and implemented through the TC will generate frameworks for the future assessment of such programs within the Municipality of Salvador. The establishment of guidelines related to the registration and selection of participants of training programs will set the basis for future rigorous analysis of such interventions in the city of Salvador and provide more sustainability for the results expected from the TC.

V. Executing agency and execution structure

- 5.1 This TC will be executed by the Bank at the request of the beneficiary. The Division of Environment, Rural Development and Disaster Risk (CSD/RND) and the Division of Gender and Diversity (SCL/GDI), through their teams based in the Country Office of Brazil (CBR), will oversee execution.
- 5.2 In accordance with the Bank's Policy for Technical Cooperation (GN-2470-2) and the corresponding operational guidelines OP-619-4, the execution by the IDB considered the beneficiary's limited experience in the execution of technical cooperation of these characteristics and the unavailability of an operational structure for such execution within its structure. The technical nature of the proposed activities and characteristics of the funding also justify the execution by the Bank.
- 5.3 The TC will be led by the Tourism and Gender and Diversity Specialists based at the IDB Country Office in Brazil and include members from the Gender and Diversity (GDI) team. The TC team will monitor its execution in collaboration with the technical team of the Secretariat of Culture and Tourism of Salvador.
- 5.4 All procurement to be executed under this Technical Cooperation will be included in the Procurement Plan and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 5.5 The TC will be executed in a period of 36 months. Monitoring activities will be carried out periodically during project execution, using the appropriate tools in Convergence.

VI. Major issues

- 6.1 The risks associated with this TC are low, given that it is a research initiative aimed at evaluating the effectiveness of a program implemented within an IDB operation.
- 6.2 One of the main challenges may be the availability and quality of the data collected, especially from sources such as RAIS, CadÚnico, and other public and governmental databases. Integrating these data sources can be complex and may require close collaboration with various governmental entities and local organizations. To avoid these risks, it will be essential to establish clear collaboration and communication protocols with all parties involved, ensure adequate training for the field team, and maintain rigorous supervision of the data collection process. Furthermore, consulting with impact evaluation experts and conducting periodic reviews of the work plan will help identify and address any challenges that may arise during the implementation of the technical cooperation.
- 6.3 Another risk is related to the level of engagement from local stakeholders within the Municipality throughout the implementation of the assessments. They are a key stakeholder in providing data, communication channels with beneficiaries and in implementing the key findings of the research in further interventions. Their engagement from the beginning – including their participation in the Impact Evaluation Design Week – as well as the definition of a constant communication approach, using the ongoing loan preparation activities as enablers, will be implemented to minimize this risk.

VII. Exceptions to Bank policy

7.1 There are no exceptions to Bank policy.

VIII. Environmental and Social Aspects

8.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_71123.pdf](#)

[Results Matrix_53485.pdf](#)

[Terms of Reference_76961.pdf](#)

[Procurement Plan_56166.pdf](#)