



*Office of Evaluation and  
Oversight*

## **Review of the Youth Worker Training Sub Program in Colombia (CO0247)**

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## I. INTRODUCTION

Within the monitoring and evaluation (M&E) framework of the Inter-American Development Bank (IDB), the Office of Evaluation and Oversight (OVE) undertakes the independent evaluation of Bank interventions, in accordance with the Bank's policy on ex-post evaluation of operations approved in 2003. For the 2005 ex post evaluation cycle projects under the following three themes have been selected: (i) Job Training Programs; (ii) Rural Roads; and (iii) Science and Technology. OVE has reviewed the bank's interventions on the labor market since the early 1990s, specifically on job training for the unemployed or underemployed, and has selected eleven programs to evaluate. Individual evaluations will be produced for each country, and a thematic evaluation will be done based on the case studies.

This report constitutes a review of the Youth Worker Training subprogram named "Jóvenes en Acción" which was a component of the *Social Safety Net Program (CO0247)*. This document presents information about the entire program but the emphasis is given to "Jóvenes en Acción". The objective is to provide information about the subprogram: the context under which it was developed, the basic design features (inputs, outputs, outcomes) and the underlying model, the evaluability (at design and during the execution of the program), the execution efficiency and the main results. Although the central purpose of doing an impact evaluation of the effects of training on employability was not possible due to data limitations, this review was informative for the thematic evaluation.

The Social Safety Net Program has short, medium and long-term objectives. The loan document (LD) states that: "In the short term, program activities will help to mitigate the effects of the economic crisis on the very poor. Over the medium and long-term, it is expected that the subprograms for youth worker training and family support will help to institutionalize mechanisms of social protection that will support and encourage investment in human capital and that will constitute a more effective social safety net for vulnerable sectors of the Colombian population. The target population is families in the lowest two deciles of income distribution, which have been most seriously affected by the recession now gripping the country (...) For each of these subprograms, self-targeting and/or geographic targeting mechanisms will be applied, supplemented by the beneficiary identification and selection system (SISBEN)"<sup>1</sup>.

In 2000, the Government of Colombia requested that the IADB and the World Bank provided financing to the Social Safety Net Program (CO0247). This program has three subprograms: (1) Employment: "Empleo en Acción", (2) Youth worker training: "Jóvenes en Acción" (JA), and (3) Family support: "Familias en Acción". The IADB finances the three subprograms with US\$ 270 million while the World Bank finances subprograms (1) and (3) with US\$ 250 million. The Program was approved in November 2000, starting implementation in October 2001.

When the program was designed, the Colombian government had other programs in operation to assist vulnerable groups, such as the Colombian Institute for family Welfare (ICBF), the Social Solidarity Network, and the National Apprenticeship Service (SENA). However, according to the LD these programs were not efficient or effective in assisting the most vulnerable people,

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<sup>1</sup> Paragraphs 2.1 and 2.3.

Colombia did not have effective mechanisms for assisting the unemployed, or for guaranteeing a minimum family income in emergencies. Therefore, the current program would “provide a swift, efficient and targeted response...”. Over the medium and long term, the program will help to lay the foundations for developing an effective and permanent system of social protection that will allow vulnerable families to cope with natural or economic emergencies in the future”.<sup>2</sup>

#### **Box 1.1: SISBEN**

The loan document describes this system as: “a targeting instrument that uses an approximate resources index, known as I-SISBEN, that Colombia has employed since 1994 to select beneficiaries for social programs, particularly health and housing subsidies. The I-SISBEN covers a broad spectrum of variables relating to the quality of housing and amenities, utility services, demographic aspects, income, employment, human capital and social security. It is estimated that in 1997 the SISBEN, as applied to health subsidies, covered 76% of poor people at the national level, with a lesser degree of filtering than in similar systems in Australia and Norway. SISBEN consists of six deciles that correspond to ranges of scores based on the I-SISBEN. Deciles 1 and 2 correspond to families living in extreme poverty who have household incomes sufficient only to buy a basic basket of food; this range is approximately equivalent to the lowest two deciles of income distribution. In the case of potential beneficiaries who have not yet been registered in SISBEN (a situation that applies to approximately 15% of the nation-wide universe of beneficiaries) the municipality will undertake the necessary additional surveys on a demand basis in order to determine their eligibility; this activity is already underway with domestic financing”.<sup>1</sup>

The LD also indicates that the three subprograms were to be considered as one main operation for the following reasons: “(a) taken together, they represent a unified strategy for resolving problems of three different population groups: the employment strategy is targeted primarily at unemployed heads of low-income households. (b) The financial risk that resources will be underutilized because of execution problems with any of the subprograms is reduced because funding can be transferred from one subprogram to another, depending on how execution is proceeding in each one. (c) Although each subprogram will have its own execution schedule, administration and other general functions will be managed in common, so that there should be substantial savings in administrative costs”<sup>3</sup>.

JA aimed to offer demand-driven training as an alternative to the training offered by the national training institution (SENA). According to the LD, the training offered by SENA did not respond to the needs of the economy. Moreover, it mentions that the target population has not access to the training system. Also, the LD considers that the model adopted by subprogram, which relies on private training suppliers, will work in Colombia because the country has an ample supply of private training in its main cities. However, the LD does not analyse the main characteristics of the private training supply, particularly about the quality of the training that is provided.

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<sup>2</sup> Executive summary.

<sup>3</sup> Paragraph 1.19

## II. CONTEXT AND PROBLEM TACKLED

Overall, the diagnostic provided by Jóvenes en Acción gives an incomplete description of the development problem and it does not provide an analysis of the main causes of this problem.

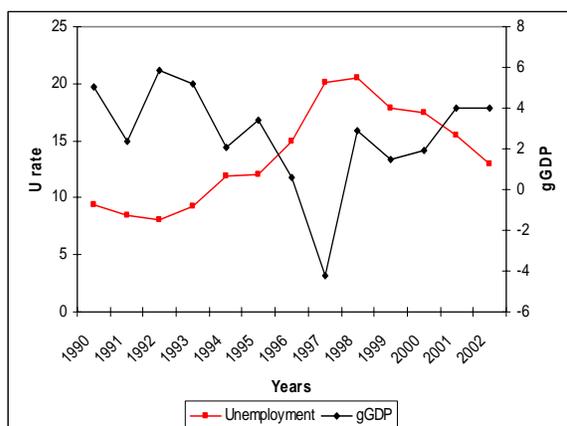
### A. Macroeconomic and labor market context

The Loan Document states that when the Program was designed Colombia was passing through one of the most “difficult moments” of its recent history; particularly, the country faced an economic crisis and high unemployment rate. The general economic situation improved during the execution of the subprogram but the negative labor market situation of the target population did not change. However, a thorough analysis of the causes, dynamics and trends of youth unemployment was not detailed.

#### 1. The economic crisis: 1997-2002

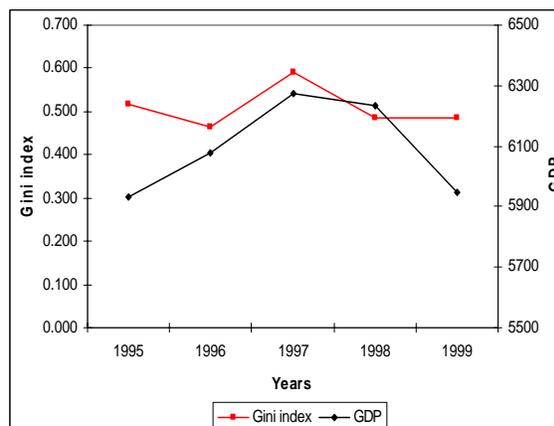
During the period 1997-2002 Colombia faced an economic crisis with an average annual growth rate of 1%; peaking T in 1999 (Figure 2.1) when the negative annual growth rate was -6.0 %. The economic situation had negative effects on poverty and income inequality affecting (Figure 2.2). the labor market. According to the IPES (2004), between 1995 and 1999 the employment rate decreased by three points (from 60% to 57%). This reduction affected men (from 81% to 74%) and youth (from 41% to 34%) the most. At the same time, the participation rates increased, especially for women and people 14-25 years old (Figures 2.3 and 2.4).

**Figure 2.1: GDP growth and urban unemployment rates, period 1992-2004**



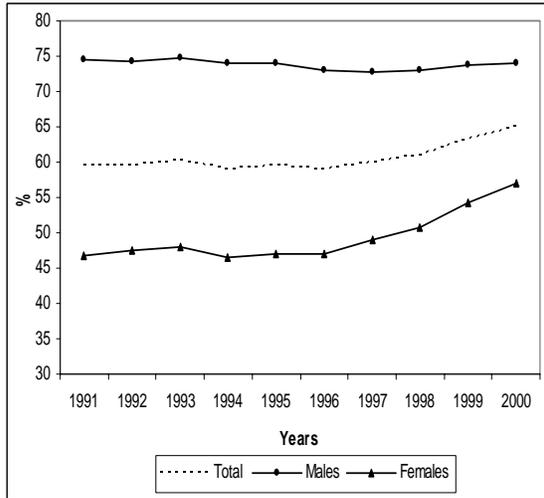
**Source:** World Development Indicators, built by the authors.

**Figure 2.2: Evolution of the GDP and the GINI index, period 1991-1999**



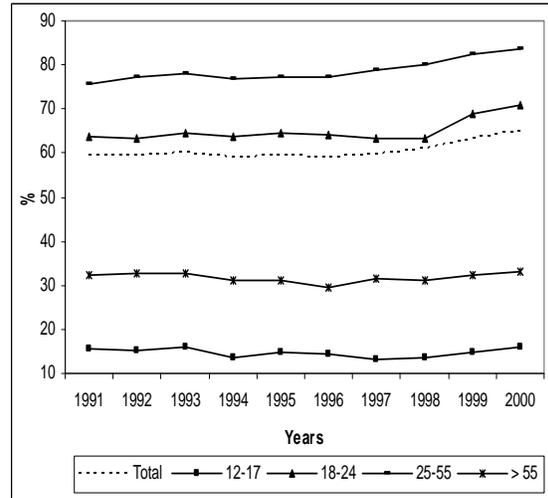
**Source:** IPES 2004 and Global Development indicators, built by the authors. **Notes:** GDP per capita, PPP (current international \$). Gini index based on the Per Capita Household Labor Income

**Figure 2.3: Participation rate by gender, period 1991-2000**



**Source:** DANE, built by the authors.  
**Note:** 7 metropolitan areas

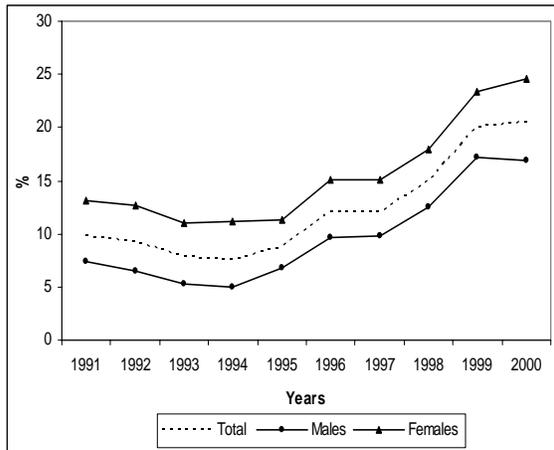
**Figure 2.4: Participation rate by age group, period 1991-2000**



**Source:** DANE, built by the authors.  
**Note:** 7 metropolitan areas

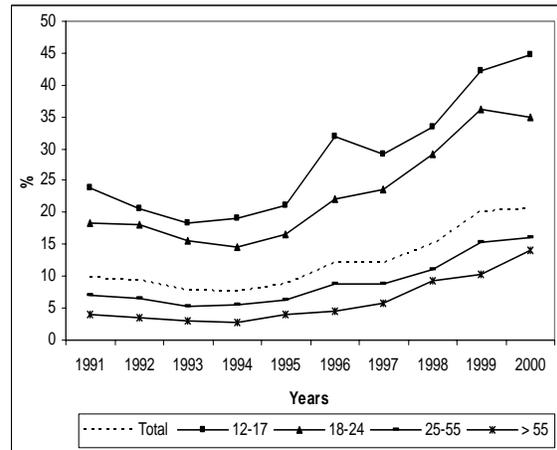
Moreover, the economic recession caused an important increase of unemployment, which reached 20% in 2000. The most affected by unemployment were females and the young, precisely those groups that increased their participation the most due to the crisis. (see Figures 2.5 and 2.6).

**Figure 2.5: Unemployment rate by gender, period 1991-2000**



**Source:** DANE, built by the authors.  
**Note:** 7 metropolitan areas

**Figure 2.6: Unemployment rate by age group, period 1991-2000**

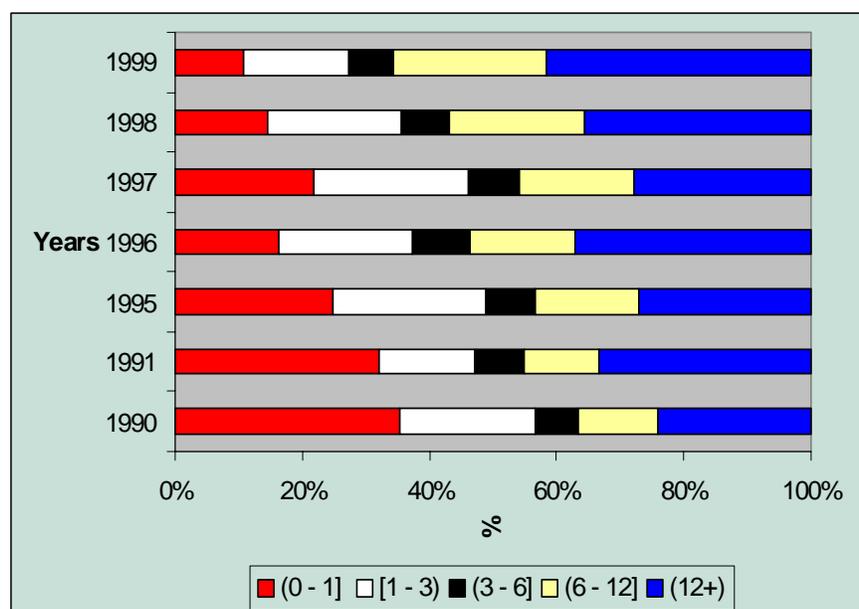


**Source:** DANE, built by the authors.  
**Note:** 7 metropolitan areas

The increase of unemployment affected all the educational groups, but principally people with secondary (complete and incomplete) and tertiary education. The duration of unemployment also increased during this period: Between 1995 and 1999 the average duration went from 6.6 months to 9.6 months (IPES). Figure II.7 shows that during this period, the short-term unemployment -

less than one month- decreased from 25% to 11%; while the long-term unemployment -12 months or longer- increased from 27% to 42%.

**Figure 2.7: Distribution of the unemployment duration, period 1990-1999**



**Source:** IDB 2004, built by the authors

**Note:** the duration of unemployment is measured in months.

The economic downturn affected the level, composition and quality of employment as well. For example, the employment rates strongly declined in the construction and manufacture sectors while they increased in the services sector<sup>4</sup>. The proportion of informal jobs increased strongly during this period: the share of informal sector employment increased from 46% to 56% between 1990 and 2000 (ILO, 2005). This increase was driven essentially by self-employees.

## 2. The economic recovery: 2003 to present

The government implemented financial adjustments, labor, social and institutional reforms to improve the economic and social situation. The economy began to grow in 2003 (the growth rates were 3.2 % in 2003, and 2.3 % in 2004). However, this economic recovery had small effects on the labor market, particularly in terms of unemployment. The unemployment rate maintained higher levels than those observed during the first half of the nineties, while the quality of employment was still inadequate (see table 2.1). Most affected by this negative situation were the poorest youths and women<sup>5</sup>.

<sup>4</sup> During the period 1992-2000 the share of the manufacture sector declined from 25% to 20% while the commerce and services sectors increased their share from 23% to 30%, and from 30% to almost 34% respectively. World Bank 2005.

<sup>5</sup> The unemployment rates remained high because the Colombian labor market was unable to adjust after the economic crisis due to : “(i) an increasing level of inflexibility of wages; (ii) the evolution of minimum wages; (iii) high and increasing non-wage costs; and (iv) an increase in the participation of women in the labor market. Additionally, high wages of employees in the public sector were shown to exert a negative, although small,

**Table 2.1 Employment indicators, 2000 - 2004**

Concept	January - August				
	2000	2001	2002	2003	2004
% of active age people	76.2	76.5	76.7	77.0	77.3
Participation rate	62.9	63.8	64.0	64.1	62.9
Employment rate	51.9	51.8	52.2	52.9	52.7
Unemployment rate	17.6	18.8	18.4	17.5	16.1
Open unemployment rate	15.9	17.5	16.9	16.3	14.9
Hidden unemployment rate	1.8	1.3	1.5	1.2	1.2
Underemployment rate	28.6	29.2	32.3	31.8	30.5
Insufficient hours	11.8	13.2	14.0	12.6	12.9
Inadequate employment by competencies	4.6	3.8	3.7	3.5	3.4
Inadequate employment by revenues	23.9	22.4	25.2	25.6	23.6

Source: DANE, built by the authors.

Note: 13 metropolitan areas

## B. The training system

Labor training supply in Colombia is characterized by a high level of dispersion and heterogeneity. The labor training supply is composed by a wide number of formal, informal and non-formal labor training institutions. The most important are: (1) The National Training Service (Servicio Nacional de Aprendizaje, SENA)<sup>6</sup>, (2) 2,700 institutions of secondary education, (3) 328 institutions of professional education, (4) 4,000 institutions that provide non formal education and are accredited by the Ministry of Education and (5) the larger private firms. The country does not have a system of equivalences which would enable people to move from the different modalities and institutions into the labor market. Also, while the labor training offered by formal institutions requires completed primary education, the non-formal and informal institutions offer short courses that do not require this pre-requisite<sup>7</sup>.

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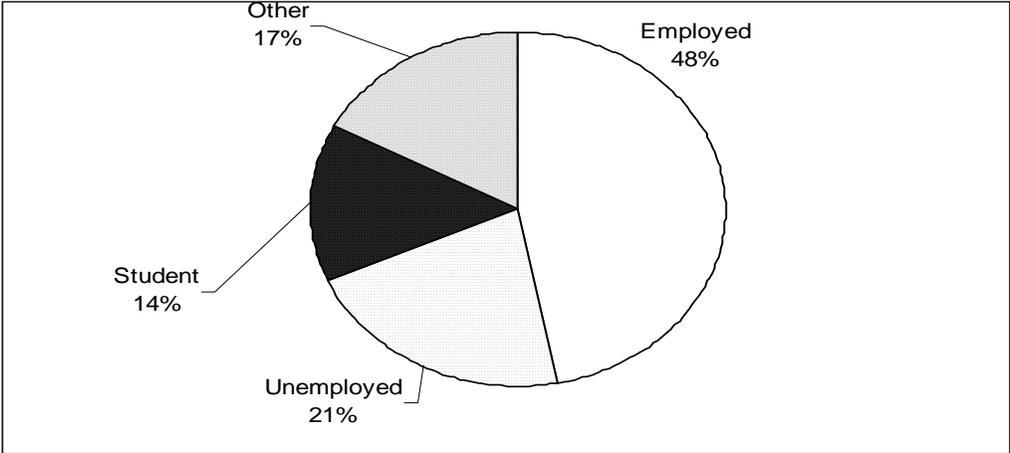
influence on overall employment rates through their effect on the overall wage distribution” . World bank 2005, page 43.

<sup>6</sup> SENA was created in 1957 ascribed to the Ministry of Social Protection. The “Consejo Directivo Nacional” that is presided over by the Minister of Social Protection is its maximum authority but the institution also has a general director that is nominated by the President. SENA has an annual budget of about US\$ 200 million that come mainly from mandatory contributions made by the employers that have to pay approximately 2% of their payroll. Its main objective is to invest in the social and technical development of the Colombian workers. The institution offers and executes integral vocational training and also offers the following services: “Continuous training of human resources linked to enterprises: (1) Information, orientation and training for the job; (2) Support to the enterprise development; (3) Technological services to the productive sector and (4) Support to innovative projects, technological development and competitiveness.” In 2003, SENA trained almost 2 million people in 167 centers distributed throughout the country.

<sup>7</sup> The education system in Colombia consists of formal, non-formal and informal learning programs. Formal education has four levels: (1) kindergarten for children younger than 7 years old and lasts at a minimum one year; (2) basic primary that last 5 years; (3) basic secondary that lasts 4 years; (4) the intermediate education that lasts two years; and (5) higher education that is organized around different degrees and programs. Higher education is offered by universities and technical institutions. Non-formal education consists basically of classroom-based courses that are not standardized by law. Informal education is essentially learning by doing. Generally the non-formal and informal technical educations do not require previous formal education as a prerequisite. Both non-formal and informal educations lead to a specific certificate that cannot be consider as a diploma.

Previous studies have analyzed the characteristics of labor training in Colombia (see Box 2.1), showing that the poorest young people have lower probabilities of access to the labor training system and also that most of those that received training went to the public institutions, particularly SENA. OVE used the ECV of 2003 to complete and update this description of the training system in Colombia. Overall, the main results of the previous studies were confirmed<sup>8</sup>, concentrating on the situation of youth trainees 18-25 years old. Figure 2.8 shows the trainee's labor situation just before they started the training. We observe that 14% of the trainees were students, 21% were unemployed and 48% already had a job. Almost 50% of the young trainees were already active workers.

**Figure 2.8: Labor situation before training**



Source: ECV 2003, calculated by the authors

<sup>8</sup> However, there are also some differences between our results and those shown by previous studies. This can be related to the labor reform and to other measures oriented to improve the labor training system that were taken since 2002.

### Box 2.1: Findings of two recent studies about the training system in Colombia

Gaviria and Nuñez (2003) used different surveys to analyze the training system. For example, they used the 1999 Social Survey of Fedesarrollo to compare private and public training programs<sup>1</sup>. Their main findings are: (1) Only 20% of people older than 15 years received training. Among these people 22% attended SENA, 16% went to a different public institution, 33% went to the set of private institutions and the remainder received on-the-job training. (2) People with complete secondary education but without college education have a higher probability to attend SENA. On the opposite, the probability of attending a private institution grows monotonically with schooling. (3) Males have more chances to receive training than women irrespective of whether they attend a private or public institution. (4) There are no differences in course length between SENA and the private institutions<sup>1</sup>. (5) More than 80% of people who received on-the-job training were enrolled in short-term courses (less than 3 months). (6) The majority of trainees devoted few hours per week to formal instruction (for example, 60% received less than 10 hours of formal education during the week). The authors also explored the Encuesta de Calidad de Vida (ECV) of 1997 to compare mean individuals characteristics between four categories of trainees<sup>1</sup>. They found that: “individuals who received training are more likely to be currently employed and to earn higher wages than individuals who never received any formal training. For their part, individuals who attended private institutions earn higher wages and are more likely to be employed than individuals who attended public institutions. No differences are apparent, however, between individuals who attended SENA and individuals who attended any other public institution (...) 60% of those who received training in a public institution do so at SENA. SENA trainees come from two different backgrounds: they are either disadvantaged individuals who undergo training in order to improve their labor market prospects (the young and the unemployed figure prominently in this group), or they are middle-income workers who undergo training in order to upgrade their skills (older workers in manufacturing are common in this group). Something similar can be said about individuals who received training in other public institutions”<sup>1</sup>.

Paqueo and all (2003) also analyze the labor training system. They used a Fedesarrollo survey implemented in 2002. They found that most of the trainees afford the training through contributions of their firms (38 %) and families (26 %). SENA is the biggest public sector training institute in the country but the majority of the trainees’ attained private training institutions and their own firms. Moreover, females are particularly likely to enroll in private training courses, 44 % compared to 39 % among males”<sup>1</sup>. The authors also used data for formal private training institutes registered with ICFES. They found that these institutions were the fastest growing source of training during the nineties. However, the SENA was the source of training that grew the highest (100% by year). Finally, like Gaviria and Nuñez, the authors used the ECV of 1997 to analyze the distribution of courses by duration and provider. They found similar results. For example, 90% of trainees were enrolled in short-term courses; the majority of these courses were taken in private training institutions, firms and SENA.

Table 2.2 shows the distribution of trainees by type of provider. As the previous studies mentioned, the private sector is the main provider of training in the country in terms of the total number of trainees.

**Table 2.2: Distribution of trainees by provider (%)**

	<b>Total</b>	<b>Men</b>	<b>Women</b>
<b>SENA</b>	16.6	17.2	16.2
<b>At workplace by SENA</b>	2.4	3.0	2.0
<b>On the job training</b>	21.3	27.5	16.9
<b>At workplace by other</b>	6.3	9.1	4.3
<b>Caja de Compensación</b>	2.0	1.3	2.4
<b>Public institute</b>	8.1	6.1	9.5
<b>Private institute</b>	15.7	12.1	18.3
<b>University</b>	3.5	1.8	4.7
<b>Other</b>	24.1	21.9	25.7

**Source:** ECV 2003, calculated by the authors

The survey found that training in the public and private sectors have the same duration. Surprisingly, the cost of SENA courses is higher than the cost of private courses. This is

important because it reduces the chances of the target population to access the training offered by SENA.

The ECV does not have information about the SISBEN. Thus, it is not possible to analyze the training situation of the population from SISBEN 1 and 2. However, we can have an idea of the economic situation of the trainees by doing an analysis of different household and individual characteristics of trainees by provider of courses (Table 2.3).

Overall, trainees seem to have better living conditions than youths who did not receive training. For example, a higher proportion of trainees completed their studies and have secondary or higher education. Among the trainees those who attained the on-the-job training are in a better economic situation.

**Table 2.3: Characteristics of the training and characteristics of trainees by provider group**

Characteristics of the trainees	N training	Training									
		Total	All			Males			Females		
			Public	Firm	Private	Public	Firm	Private	Public	Firm	Private
<i>Dwelling characteristics</i>											
Firm walls	8463	9292	897	941	942	947	977	935	863	897	945
Quality floor	4574	593	507	730	561	523	772	500	496	678	592
Number of bedrooms/household size	0.8164	0.900	0.908	0.971	0.853	0.963	1.020	0.849	0.870	0.911	0.854
Sanitary services	6825	8581	868	888	830	863	905	835	871	866	834
Waste Disposal	7195	8926	866	916	895	858	935	879	871	893	903
<i>Household Characteristics</i>											
Household head	1018	1208	132	147	98	237	193	167	62	90	62
Living in couple	2824	2229	300	156	218	280	188	208	313	116	223
Household size	5.006	4.705	4.723	4.355	4.907	4.267	4.404	4.935	5.082	4.235	4.892
N of children under 7 years old/household size	0.1357	0.1124	0.127	0.084	0.121	0.071	0.076	0.091	0.166	0.035	0.136
Father with secondary education or more	2128	278	227	252	330	213	229	325	240	280	332
Mother with secondary education or more	1338	2374	191	276	246	164	255	298	204	305	219
Household income	275,238	347,336	269,535	444,703	334,579	293,412	446,781	368,918	249,974	442,155	316,916
<i>General characteristics</i>											
Age	2088	2148	214	219	213	213	219	214	215	219	212
Student	2568	2006	147	255	199	224	226	179	95	291	210
With secondary education or more	5608	7430	780	694	751	697	682	746	837	708	754
Employed before the training											
- just before	NA	4694	390	772	333	535	787	429	292	753	283
- 3 months before	NA	4397	340	674	357	410	651	467	294	702	299
- 6 months before	NA	4419	349	650	371	333	634	468	351	669	321

**Source:** ECV 2003, calculated by the authors

**Note:** \* For the employment characteristics we only concentrated in youths who already finished the training.

## 1. Training reforms

The LD does not give information about the institutional arrangements or the reforms that affected the training system and the labor market in Colombia. The country tried different times to reform its training system and, especially, increase the efficiency of the SENA. For example, in 1997, the “Consejo Nacional de Política Económica y Social”, the public institution in charge of the orientation of the economic and social policies in the country stipulated (CONPES 2495) that the SENA had to take the leadership of the new created “Sistema Nacional de Formación para el Trabajo” (SNFT). Five years later, the labor reform of 2002 (Law 789) considered the reform of the SENA. It stipulated that the firms who offer on the job training had to receive

reimbursement of the taxes paid to SENA. It also indicated that 25% of the resources of the SENA have to be used to train unemployed people. This reform included other measures to improve the employment situation of youths. For example, a new Apprenticeship Contract (AC) and a new legislation for apprenticeship were introduced (see box II.2). According to the World Bank (2005), these measures: “de-laboralized” the contractual relationship between the apprentice and the firm (i.e. now there is not a formal work contract between the two that would make all labor regulations binding) and allowed firms to hire apprentices for half or 75% of the minimum wage (depending on whether the apprentice is in the learning or practical stage)”. The World Bank study found some evidence, which shows that the AC had an effect on the employment of younger workers<sup>9</sup>.

**Box 2.2: The labor market reform in 2002 (law 789)**

Two of its main objectives were to reduce the level of informality and to increase the generation of formal and quality jobs. A related objective was to increase the hours worked in some sectors (services and commerce). Moreover, some measures were introduced to favor people with a low employability (women and young people). Especially, the apprenticeship contract was modified and a new legislation for apprentices was established. The World Bank (2005) indicates: “this regulation aims at avoiding rigidities on wages and parafiscales for a specific group of the population (young workers over 14 years of age). First, the law removed the contractual obligations between employers and the apprentices (“deslaboralización” del contrato laboral), so, in practice severance payments are eliminated. Second, the apprenticeship contracts are exempted of paying parafiscales. Third, the regulation allowed remuneration lower than the minimum wage: 50% in the learning phase, and 75% in the practical one. And finally, the law enacted the obligation to contract apprentices and trainees in the firms that have 15 or more employees, according to the number of workers of the firm. As a final point within this group, firing costs were reduced for all workers, but in higher proportion to those who have more than 10 years of tenure. Also, the law established differential indemnities for unjustified firings according to the wage rank. Finally, the reforms allowed refunding of paid parafiscales to those firms that made in site training” (page 66).

Finally, in 2005 the CONPES introduced a proposal to consolidate the SNFT. This document mentioned that the SNFT had to structure the supply of labor training in the country and promote the possibilities of transfers, equivalences or validations between the different modalities and institutions that shape the supply of labor training. SENA had an important role in this effort of consolidation. Especially promoting the participation of more and better institutions and also the competition between them in the labor training market. Actually, two of the twelve points mentioned in this document were: (1) to increase the number of institutions that offer labor training and (2) to improve the quality of institutions that shape the current labor training supply. SENA had to transfer methodologies of standardization and certification, and to develop a program of educational technological transfer. Moreover, SENA had to approve agreements, contracts and alliances with the labor training institutions that shape the SNFT. The target of the Conpes for 2006, was for 70% of the SENA students to receive training from institutions that have an agreement, contract or alliance with SENA. Therefore, the model adopted by JA and the

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<sup>9</sup> The number of apprentices doubled one year after the reform (from 33,337 to 72,087) representing an increase over 4% of all employed individuals of 18-25 years old. However, the authors indicate that: “those individuals are almost 6.5% of those working as private salaried workers, which is a sizeable size”. Almost 20% of the apprentices hired in 2003 came from institutions other than SENA, while the main users of these contracts were the larger private firms that export a part of their production.

implementation of the subprogram, represented a good opportunity for SENA to attain the specific targets required by the Conpes.

## **2. Evaluations of the labor training system**

The model adopted by JA relied on private training as it considers that the public training supply offers low quality training which does not respond to the needs of the economy. The previous evaluations of the training system confirmed this diagnostic made by the LD. Overall, the public training had no significant impacts on the employability of the trainees.

The labor training supply has been evaluated several times. Two of the most recent impact evaluations use a quasi-experimental design: Medina and Nuñez (2000), and Gaviria and Nuñez (2003)<sup>10</sup>. The first evaluation mentions that, even if the training supply has been evaluated before, there still is a lack of robust evidence<sup>11</sup>. Both evaluations focus their analysis on the training provided by the SENA. The authors founds that people who attended the public institutions were less prepared than those individuals who decided to attend the private sector training. Furthermore, they showed that training offered by the public institutions, such as SENA, have very low impact or even negative impact. Particularly for the youths, the labor training has not had a significant impact on trainees when it lasts less than one year (see Box 2.3).

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<sup>10</sup> Paqueo and all (2003) mention other recent evaluations by Barrera and Corchuelo (2003):“Sena: a Re-Evaluation”, Background paper, World Bank, Washington DC. They indicate that: “that on average, those who attend long courses earn higher wages than those who do not, regardless of the service provider, but those who attend private training courses earn higher wages than those who attend SENA. Graduate of private training (long) courses earn approximately 1 % higher wages than do those who attend SENA. This inequality is exacerbated among the less educated. However the wage premium to training for women and informal sector workers is higher from SENA than from non SENA courses”.

<sup>11</sup> The authors indicate that: “even though there have been many papers analyzing training in Colombia, their emphasis in evaluation of its impact has not accounted for many sources of biases, relying in poor estimators of it based on which policy has been design”.

### Box 2.3: The Evaluations of the labor training system

Medina and Nuñez evaluated the impact on incomes of job training programs offered by SENA, the other public institutions and private institutions. The authors used the ECV of 1997 and estimated a propensity score matching<sup>1</sup>. They found differentiated results for youth and adults trainees. Both, public and private training institutions increased the income of the young trainees (this impact was relatively stronger for male youth). However, the impacts for adults that received training from SENA and from the public aggregate (including SENA) were negative. For example, training decreased the income of the adult males by 21% and by 7% in SENA, and in the public aggregate respectively, but it increased the income by 24% in the private institutions. Actually, the authors indicate that: “training does not have a significant impact for female youth. For male youth and adult females, only among those who ever took training more than one year ago, there is a significant positive impact. Finally for adult males, only private training seems to have a significant positive impact.”

Gaviria and Nuñez (2003) used public opinion polls to evaluate the perception of employers, workers and the public at large<sup>1</sup> about the role of the SENA and the quality of training provided. They found that SENA had a good reputation in the country and it was perceived as one of the most honest public institutions<sup>1</sup>. The authors considered three types of training services in their analysis: (1) training services (firm contract SENA to train its employees); (2) apprenticeship services (firm temporarily hires SENA trainees) and; (3) hiring SENA trainees. They found that: “53% of the surveyed firms report using training services, 62% report using apprenticeship services and 35% report hiring SENA trainees on a regular basis”. The biggest firms are those who used the most of these services, specially the apprenticeship services. In general, managers considered that the quality of services provided by SENA was good.

For the impact evaluation, Gaviria and Nuñez used a quasi-experimental design. Two different data sets were used for that: the ECV of 1997 and a survey conducted by SENA among graduates. They evaluated the impact of SENA training on earnings and employment rates through the estimation of a propensity score matching<sup>1</sup>. Their results contrast with their previous findings about the good reputation SENA has in the country because they did not find a discernable impact on these variables. They conclude that: “the true impact is nil at best (average impact estimates show that trainees’ post graduation earnings decrease by as much as 10 %). (...) Overall, the results cast serious doubts on the social and private returns of SENA programs. At best, SENA training programs do not have a significant impact on the labor market outcomes of graduates”<sup>1</sup>.

### III. PROGRAM DESIGN: A THEORY BASED EVALUATION

Table 3.1 shows the basic information for the Social Safety Net Program. The execution was planned to be completed by June 2006. According to the PPMR (December 2005) more than 95% of the current approved amount had been disbursed. It is important to mention that the program was restructured in June 2004; US\$6 million were transferred from the subprogram “Empleo en Acción”, to finance an employment pilot to subsidize the labor supply (PADE).

The portion of “Jóvenes en Acción” financed by IDB funds has finished disbursing. In 2004, the Government transferred the executing unit to the SENA in order to institutionalize JA. However, SENA decided to give priority and support other training programs, particularly a training program for rural youths. Finally, a new decree that was approved in December 2005 modified the target population of the program. The decree indicated that JA has to train the youth that are displaced by the violence.

**Table 3.1: Basic information of the CO0247**

Project	Social Safety Net Program
Project Number	CO0247
Loan Number	1280/OC-CO
Executing unit	Departamento Administrativo de la Presidencia
Approval date	11/22/2001
Current disbursement expiration date	06/18/2006
US \$ (IDB)	270,000,000
- Subprogram 1: “Empleo en Acción”	105,180,000
- Subprogram 2: “Jóvenes en Acción”	71,395,000
- Subprogram 3: “Familias en Acción”	80,162,000
- Others costs	13,263,000
US \$ (Country)	116,000,000
- Subprogram 1: “Empleo en Acción”	62,420,000
- Subprogram 2: “Jóvenes en Acción”	467,000
- Subprogram 3: “Familias en Acción”	27,273,000
- Others costs	25,840,000
Evaluation Component	Yes

Source: Loan Document.

#### A. Description of the program

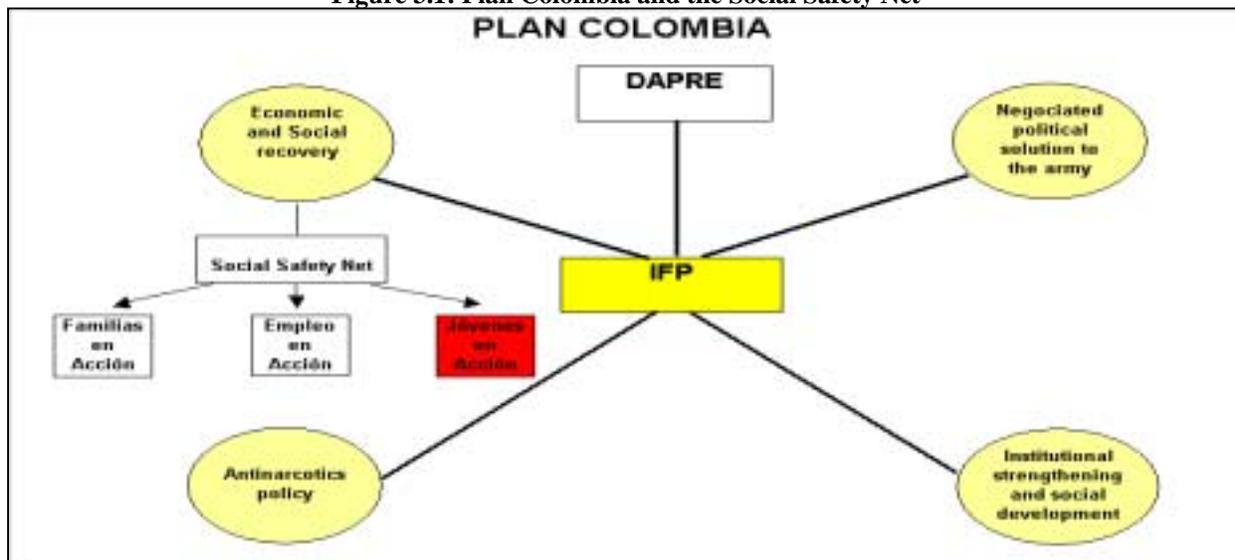
##### 1. General description

The Social Safety Net Program was part of the “Plan Colombia”, which was conceived between 1998 and 1999 by the administration of President Pastrana (see Figure 3.1). According to the LD, the program was designed as a: “comprehensive and focused program of social protection measures designed to alleviate the short-term effects that the economic crisis is having on people living in extreme poverty, as well as to build institutionalized mechanisms-in effect a social safety net-that will sustain and promote investments in human capital of these people”<sup>12</sup>. In the case of JA, the LD mentions that this subprogram was to improve the opportunities of young

<sup>12</sup> Paragraph 1.1.

people of finding employment through training and practical working experience in the private sector.

Figure 3.1: Plan Colombia and the Social Safety Net



Source: Jóvenes en Acción

The Social Safety Net Program was designed to be executed by a National Coordination Unit (NCU) that was under the responsibility of the Administrative Department of the Presidency (DAPRE). DAPRE had to execute the program activities through the Investment Fund for Peace (IFP)<sup>13</sup>. According to the LD, this institutional arrangement had the following advantages: “in the first place, it ensures support at the highest levels of government, and secondly it offers greater flexibility in execution, since the FIP is governed by special procurement procedures that can be used for the program, provided they are acceptable to the Bank”<sup>14</sup>. The three subprograms had to be executed in accordance with their specific operating regulations. In the specific case of JA the subprogram had a coordination unit inside the NCU structure. Local coordination units were created in the seven cities where the subprogram operated.

## 2. Main characteristics of the subprogram JA

The main objective of the training subprogram was to: “improve job opportunities for approximately 100,000 low-income youths between the ages of 18 and 25, in the first deciles of SISBEN, in seven of the country’s major cities (Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Manizales and Cartagena)”<sup>15</sup>.

The design of the subprogram took from the experience of Chile (CHILEjoven)<sup>16</sup>. JA provided funding for basic or semi-skilled training in particular occupations. The vocational training had

<sup>13</sup> Paragraph 3.5 mentions that the IFP was created by Law 487 and regulated by decree 149 of 2000. It is a funding account of DAPRE with no judicial personality for the purpose of financing programs and projects structured to support the peace process.

<sup>14</sup> Paragraph 3.4.

<sup>15</sup> Paragraph 2.9.

<sup>16</sup> Paragraph 2.10 mentions that: “this form of training, which has been shown to be successful in several countries of the region, will constitute an alternative mechanism to the training provided by SENA, the principal public

two main components or phases. The first was a learning phase where training courses were directly provided by training institutions (TIs). Beneficiaries attended the training courses for three months. The second was an internship phase at private or public institutions where trainees acquired on-the-job experience. During this phase each beneficiary interned at a firm for three months. The cost of both training phases was covered by the subprogram. To achieve its proposed objectives the subprogram considered two components: labor training and strengthening the capacity of potential TIs.

#### **a) Labor training**

This component had short, medium and long term objectives. The *short-term* objective was to provide labor training and a living allowance to beneficiaries. The beneficiaries belonged to a population not served by any existing public program or by SENA. The TIs designed the courses in collaboration with firms which had to ensure an internship, in a field directly related to the training received during the classroom phase. The *medium term* objective was to improve the “stable employment opportunities” of the treated. The *long term* objective was to help enhance the efficiency and effectiveness of the national training system: “by demonstrating the advantages of an approach of training that, while financed with public resources, relies on private suppliers selected through transparent and competitive award procedures, in response to concrete demands of the Colombian economy”<sup>17</sup>. Two phases were considered:

- a. ***The training phase:*** conducted by the TIs and lasted 350 hours, of which 50 to 100 hours had to be devoted to vocational training activities. This phase also included a module on basic social skills and work habits and a module on remedial work in mathematics and literacy skills. The first module was called “Proyecto de Vida” and considered the concepts of self-esteem, self-respect, responsibility, honesty and punctuality<sup>18</sup>. Given the difficult social and economic background of most of the participants, this module was supposed to provide basic social skills.
- b. ***The internship phase:*** that had to be in a formal private firm<sup>19</sup> lasting three months. The internship had to be related with the training the beneficiaries received in the previous phase.

During both phases, JA provided a daily living allowance of US\$ 2.50 to beneficiaries to cover transportation costs and a snack<sup>20</sup>. It also covered the costs of the training courses and an occupational accident insurance.

#### **b) Strengthening the capacity of potential TI**

According to the LD, the main objective of the second component was to strength the capacity of the TIs in order that: “they can introduce skills oriented training and redirect their training

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institution providing occupational training in Colombia. That entity is viewed by business circles in the country as slow and inefficient in adapting the courses it offers to the training needs of the labor market”.

<sup>17</sup> Paragraph 2.12.

<sup>18</sup> A large portion of the beneficiaries was composed by young females, many of which were single parents.. For them, the opportunity of socializing and creating social capital, learning a trade, and generating income was significant.

<sup>19</sup> However, during the execution public firms and public institutions were also accepted.

<sup>20</sup> This allowance was US\$ 3.50 for young mothers with children under seven.

programs toward young people, by incorporating work place-related skills (...). This will be done by providing financing for: (a) the design of a strategy and support materials to prepare training institutes to take a skill and workplace focused approach to training; (b) the development of introductory workshops for institutes with the potential of offering such training; and (c) virtual support activities for institutes offering training through the provision of online materials and consultation”<sup>21</sup>.

### **3. Selection of beneficiaries and Training Centers (TIs)**

The target population was composed by unemployed youths between 18 and 25 years old that came from poor families in the deciles 1 and 2. The program was voluntary and operated on a first-come first-serve basis. The design of the subprogram considered that the registry and selection of beneficiaries must take place at the local chambers of commerce in the cities where the subprogram operated. The Colombian Confederation of Chambers of Commerce received the responsibility of the coordination of these chambers. The confederation had the option of assigning the registry and selection of the beneficiaries to the Employment Intermediation Centers (CIE) of SENA. During the execution of the subprogram this function was entirely transferred to the SENA.

TIs were pre-selected by JA on the basis of legal, institutional and administrative aspects as well as their operational experience. TIs that complied with all the subprogram requirements were included in the Registry of training institutions (RTI). Only centers in the RTI were allowed to participate in JA public calls to provide vocational training. Each TI received a registration number for the RTI and had to update their personal information each year in order to continue its participation in the subprogram. TIs offered technical training and the possibility of a professional experience<sup>22</sup>.

### **B. The model behind the program**

Publicly funded job training is a policy instrument within the Active Labor Market Policies framework. In the literature there are several definitions of these policies, from those “aiming at improving the access of unemployed to the labor market and jobs, job-related skills and the functioning of the labor market” (Martin, 2000) to “activities intended to increase the quality of labor supply, to increase labor demand; or to increase the matching of workers and jobs” (Betcherman et. al, 2000). It is possible to identify the central elements as a direct intervention of the government aimed at impacting the functioning of the labor market, centered around two issues: improving the opportunities for the unemployed and improving the skills of the labor force.

Within the set of active labor market policies, training is one of the most common instruments. It has several modalities (training for unemployed, displaced or active workers) and it is used to address various issues. Training programs are intended to impact on labor supply, by providing or updating relevant skills to the population, with the ultimate goal of increasing employment and incomes. In some cases, training is closely linked with intermediations services.

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<sup>21</sup> Paragraph 2.13

<sup>22</sup> The courses offered by the TIs were planned to be awarded through an international competitive bidding process.

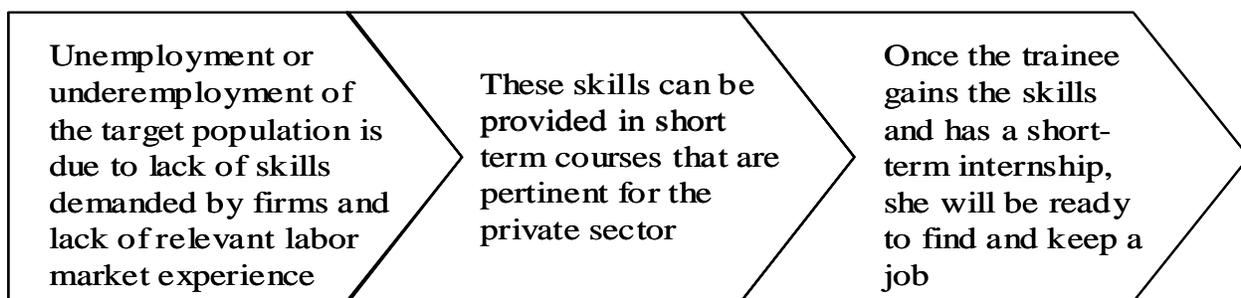
Labor markets have various important failures,<sup>23</sup> which could justify government intervention to increase its efficiency. These failures include imperfect and asymmetric information, the lack of complete contracts (the prohibition of long-term binding contracts in labor relations), and externalities (that arise insofar as training creates knowledge, which may be considered a public good). Additionally, a major political economy rationale for these programs is to create support for economic reform; an added motivation is that of equity concerns.

Given that the model followed in Colombia is largely based on the experience of *Chile Joven*, it is important to stress some peculiarities of the original program. First, it was conceived as a one-time intervention to address a specific situation, the existence of a delimited group of young people that abandoned the formal schooling path during the crisis of the mid 1980s. The diagnosis was that this was a stock problem. In this sense, the purpose of JA is consistent, for here it was also considered –although no evidence was presented to support this—that this was a one time intervention to address an emergency situation.

Second, a solid market of training firms with a working relationship with the private sector was in place, and the State, through SENCE, had an established supervisory and regulatory role. This clearly did not hold in Colombia. Colombia has a strong national training institute, SENA, that finances, provides and regulate training. Clearly SENA differs from SENCE in key aspects.

Third, in Chile it was estimated that the economy would enjoy sustained growth, and that the jobs that would be created would be suitable for the trainees. This was also plausible in Colombia given that the economy was expected to recover from the crisis.

Succinctly, the assumptions behind the model can be described as follows:



The underlying assumption is that potential beneficiaries –this does not apply to the general population—are not able to find a job because they lack the skills that are demanded by the productive sector, and/or because they lack relevant labor market experience. In general this may be the result of changes in labor demand, due to the adoption of a new the development model – from import substitution industrialization to export lead growth— that resulted in a structural change of the economy. In Colombia the document did not provide evidence to justify this or an equivalent assumption. So, if these groups received adequate training in the specific areas that are demanded, they would be able to find a job.

<sup>23</sup> For a more comprehensive analysis of this topic, see OVE (2005), *IDB's Labor Training Operations: Ex-Post Thematic Evaluation Approach Paper*.

## IV. EVALUABILITY AND EVALUATION STRATEGY

This section analyzes the ex-ante and ex-post evaluability of the subprogram and also the evaluation strategy that was adopted for this document. Overall, JA had a lack of ex-ante evaluability, that was not solved during its implementation.

### A. The results framework

#### 1. The ex ante evaluability

OVE evaluated the design and the logical framework of the Social Safety Net Program in 2002 (CPE Colombia). The ex-ante evaluability index<sup>24</sup> was relatively low (0.26)<sup>25</sup>. This report will put emphasis on the evaluability of JA.

JA has low levels of evaluability, a. the LD does not analyze, based on the national household surveys of the target population; thus, it is not possible to know if the high unemployment that affected this population was a structural or a temporary problem. It does not mention the number of poor young people that enter every year into the labor market (the flow), . only that 38% of the 1,000,000 of unemployed people are 15-24 years old (the stock). Furthermore, the LD does not provide an analysis of the labor training system; it only mentions that different studies were made but their main findings are not presented. There is no analysis of the main characteristics of private training institutions and the quality of the training they offered. Moreover, the LD does not explain how the labor training was articulated nor the institutional arrangements, reforms, and institutional measures that were adopted during the nineties in order to increase the efficiency of the system<sup>26</sup>.

The logic of JA presents important problems. The subprogram was designed as a short-term intervention (three years) but it had medium and long-term objectives. For example, the long-term objective of the first component was to help to enhance the efficiency and effectiveness of the national training system. This objective was difficult to accomplish in three years. Moreover,

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<sup>24</sup> Evaluable projects are defined as those that clearly identified a problem, proposed a logical intervention to address the problem, had adequate indicators to determine progress, and monitored those indicators during project execution to determine whether the anticipated degree of progress was being achieved (4.7 of RE-300). See also RE-275, both available at [www.iadb.org/ove](http://www.iadb.org/ove).

<sup>25</sup> This program has a diagnostic that identifies the development problem: the high levels of poverty and unemployment, that were caused by the economic crisis and that affected the most the young people and the poor. However, the diagnostic does not provide an analysis on the causes of the specific problems that each of the three subprograms had to solve. The objectives are relatively clear but the general logic was not necessarily consistent. The program was conceived as a temporary intervention but it has short, medium and long-term objectives. The three subprograms share the same goal but each one has a specific purpose. It is important to mention that there is an inconsistency between the goal and purposes of the LD and those of the Logical Framework (LF). The LD is more precise in the definition of the goal than the LF but it is less clear with the definition of the specific purposes.

<sup>26</sup> Other limitations of the diagnostic are: (1) the analysis of the economic context is incomplete. For example, the main reasons of the economic recovery are not analyzed neither what are the economic perspective. (2) The description of the Colombian labor market situation in 2000 is incomplete. For example, the level of segmentation in the labor market is not indicated. (3) The articulation of the education system, especially the current links between the formal secondary education and the training system, is not explained. (4) The results of similar training programs (with the same model) that were implemented in the region are not mentioned.

the small size of the program and the fact that it was focalized to a certain group of young people make it difficult to succeed to transform the entire system. The LD does not explain the reasons to restrain the intervention of JA to only 100,000 beneficiaries when the stock of potential beneficiaries was more than three times higher. Thus, the design of the subprogram was not consistent with the structural problem that affected the target population: the high rates of unemployment and the inefficiencies of the training system. The subprogram did not detail the necessary actions to fulfill its objectives.

Because JA was designed as a temporary intervention, it did not consider the required measures to be sustainable in the long-term. For example, the LD does not indicate how the subprogram was to finance the public calls after the IDB funds were totally disbursed. While stating the following assumption: “it is expected that if the subprogram is successful, it could be institutionalized in the future and used as a new way of contracting training services for existing programs”<sup>27</sup>. Furthermore, it did not consider including the SENA in the design or implementation of the program. Given SENA’s reputation and political strength a participatory approach was necessary in order to reduce the risk of SENA’s opposition.

The LD only identified the following two internal risks: (a) an slippage in the pace of project execution as originally scheduled; and (b) a potential poor response capacity of various participating players. Important external risks that can affect the program execution are not considered. Particularly, institutional (for example the opposition of SENA), and political risks (for example, change of government in the election of 2002) nor the persistence of the economic crisis are mentioned.

The products are related to the components and there are outcomes and outputs indicators. However, all of them suffer from the absence of baselines and milestones.

Finally, the subprogram did not consider a systematic evaluation of the public calls results and impacts. The LD stipulates that the subprogram JA has to be evaluated twice: “(a) an evaluation after each cycle of bidding on project execution, known as monitoring, the general purpose of which is to evaluate activities, results and immediate effects of the subprogram, (b) an evaluation, the principal objective of which is to quantify the impact of the subprogram”<sup>28</sup>. Therefore, insufficient information is provided about these evaluations. For example, the methodology is not indicated.

## **2. The ex post evaluability**

The PPMRs defined the objectives and indicators of the Social Safety Net program somewhat differently from those defined by the LD and the LF. For example, in the last PPMR there is no a unique overall goal for the program, but four different project development objectives or purposes: (1) to procure to the unemployed people that participate on the program experience, ability and human capital that improve their possibilities of employment in the future; (2) to contribute to the promotion and protection of human resources amongst the poor; (3) to increase the level of income of families and prevent the deterioration of their living conditions by generating temporary work in small basic infrastructure and community projects and, (4) to

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<sup>27</sup> Paragraph 4.6.

<sup>28</sup> Paragraph 2.14.

improve the level and quality of economic participation of youth beneficiaries of the program. Therefore, the last objective seems to be the purpose of the JA that is specified in the LF. It seems that during the implementation phase, the coherence of the three subprograms was not obvious.

The lack of evaluability of JA was not solved during the implementation. The main objective seem to be more general in the LD than in the LF. The PPMRs reports that the objective is: “to improve the level and the quality of the economic participation of the young beneficiaries”. Also, the subprogram does not have two components but only one. Thus, the activities related to the strength of the TIs disappeared (all the 13 indicators from the second component are also dropped).

The current status of the implementation and the achievement of the development objectives, in terms of the outputs and outcomes indicators, are reported in the PPMRs. For example, at the end of 2005 JA attained 41% of its target in terms of the number of beneficiaries. However, in terms of outcome indicators, the information presented is incorrect because it is based on the preliminary results of the Mid Term Evaluation that was completed in December 2004. This evaluation concerned the analysis of the pilot, first and second public calls. The PPMR used the term “control” group instead of indicate that the results presented for each indicator only concerned the situation of the beneficiaries before and after the program.

In terms of the evaluation activities, noticeable improvements were produced during the implementation. The Terms of Reference (ToR) for the evaluation of the Social Safety Net was prepared by the DNP, which was in charge of the entire evaluation of the program. For JA, the document indicates the main requirements for the evaluation (objectives, methodology, etc.). The ToRs recommend adopting a quasi-experimental approach. The baseline had to be created 2 weeks after the beginning of the training courses. The follow-up surveys had to be implemented 12 and 18 months after. Different impact indicators on the beneficiaries, the TIs and the firms were considered.

## **B. Evaluation strategy**

As we previously mentioned, the LD indicates that JA had to be evaluated twice. Three private consultant firms<sup>29</sup> joined efforts and formed a group that was in charge of the Mid Term (results) and Final (impact) Evaluations. The Mid Term Evaluation (MMT) was completed in 2005; while the impact evaluation was to be finished in June 2006. The MMT considered the evaluation of the pilot, first and second public calls of the subprogram. The impact evaluation considered the evaluation of the fourth round and adopted an experimental methodology<sup>30</sup>.

OVE decided to integrate the findings of these evaluations, especially those from the impact evaluation to this report. However, the impact evaluation has suffered delays<sup>31</sup>. This problem conducted OVE to explore the possibility to undertake a quasi-experimental impact evaluation

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<sup>29</sup> The Institute for Fiscal Studies (IFS), Sistemas Especializados de Información (SEI) and Econometria Consultores.

<sup>30</sup> The control group was randomly selected from the universe of eligible candidates (those that were selected by the TIs). The TIs had the option to replace until 20% of the groups.

<sup>31</sup> For example, the signature of the contract with the consultants took one year and half.

based on the methodology used before by Jalan and Ravallion (2000) and by Gaviria and Nuñez (2003) but it was not feasible<sup>32</sup>. Therefore, OVE was forced to limit the scope of this report to the findings of the field mission and to those from other sources of information, mainly the MMT that was completed in 2005.

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<sup>32</sup> The main idea was to use existing databases about beneficiaries (from the results evaluation) and potential controls groups (from national surveys). More precisely, these databases were: (1) a survey of 1,037 beneficiaries of the subprogram and (2) the ENH of 2003<sup>32</sup>. We preferred this survey instead of the ECV 2003 because its sample is larger and also it is representative at a national level. However, we also used the ECV 2003 to construct an alternative control group. An important difficulty to deal with was the generation of a proxy of the SISBEN because this focalization system is not included in the national surveys. This proxy was created using information about household and individual socio-economic characteristics of the young people. The task was facilitated by the cooperation of Alejandro Gaviria that shared with us a program he made to construct a proxy of SISBEN using the ECV of 2003. Thus, we adapted this program to the ENH. A supplementary difficulty was caused by the fact that each survey used different ways to collect the labor income information. The evaluation was not possible to realize mainly because the characteristics of the databases. For example, the survey of beneficiaries comported few variables of household and individual characteristics that were common with the variables of the ENH or the ECV. Also, the income variables were constructed in a different way in each survey and thus it was not possible to make comparisons.

## V. FINDINGS: EXECUTION EFFICIENCY AND EFFICACY

The Social Safety Net program suffered some problems during implementation, and was restructured in 2004 without altering its original objectives. This restructure did not reduce significantly the original budget allocated in the design to JA. It succeeded to offer labor training and a first professional experience to 80,000 youths from the target population. The subprogram operated in all the seven cities but the majority of the courses were provided in Bogotá, Medellín and Cali.

Some important modifications and improvements of the design were introduced during JA's implementation. The most important one, was that the government decided to move the executing agency from the Presidency to the SENA in order to facilitate the institutionalization of the subprogram. This modification had the opposite results as it negatively affected the execution of the subprogram and reduced its chances of sustainability. SENA gave priority to other training programs, so JA has not being able to implement a new round since 2005.

### A. Outputs

During the period 2001-2005 JA financed five public calls and trained more than 80,000 beneficiaries (see Table 5.1). Almost one third of the total number of graduates was from Bogota. The cities that had the lowest proportion of graduates and TIs were Cartagena (5% and 5%) and Manizales (5% and 8%). The average drop-out rate for the period was 85%, which compares favorably with other training programs. On average, the final cost per trainee for these rounds was around two million Pesos.

**Table 5.1: The execution of the training sub-program by round**

	Rounds					Total / average
	Pilot	First	Second	Third	Fourth	
<b>Tis</b>	15	59	163	87	118	442
<b>Courses</b>	38	247	589	NA	441	1,315
<b>Firms</b>	310	2,192	4,753	3,808	5,633	16,696
<b>Beneficiaries</b>			33,039			
<b>Elegibles</b>	4,263	10,437	34,183	19,081	26,615	94,579
<b>Finished the first phase</b>	3,968	9,875	32,060	17,974	24,928	88,805
<b>Finished both phases</b>	3,621	9,019	28,742	16,647	22,274	80,303
<b>Rates of drop out</b>						
<b>First phase</b>	93%	95%	94%	94%	94%	94%
<b>Both phases</b>	85%	86%	84%	87%	84%	85%
<b>Cost per beneficiary (Pesos)</b>	1,520,000	1,700,000	1,920,000	1,980,357	2,264,219	1,876,915

**Source:** Sub program documentation

**Notes:**

NA = non available.

The subprogram started with a pilot in Bogotá that was financed only with the resources of SENA. The next rounds were financed by the IDB. The first round started in the second semester of 2001 and finished in March 2002. In total, 59 TIs were selected to offered 247 different courses; 4263 beneficiaries were accredited but only 3,621 graduated; and 310 firms offered internships. The number of TIs, firms and beneficiaries increased in the following rounds.

## **B. Main modifications of the original design and problems during the implementation of the subprogram “Jóvenes en Acción”**

Two main sources of information were used in this section. First, OVE analyzed the internal documents available, such as all the PPMRs that were produced from 2001 to 2005. Second, OVE realized a visit to the field in 2005. During this visit different participants of JA, local labor market experts, government officials and researchers were interviewed<sup>33</sup>. During this mission, OVE was invited by the Country Office Social Specialist that was in charge of the subprogram to participate in an inspection visit to Cali (the managers of both UEs, DAPRE and SENA, participated in the same mission).

### **1. Main modifications**

The original design of JA suffered different modifications during the execution in order to improve the sustainability of the program and also to facilitate its implementation. Most of these modifications corrected some shortcomings of the original design. The most important changes are:

- 1 JA was designed and initially executed under the government of President Pastrana. In 2002, new presidential elections were celebrated, resulting in the election of President Uribe. The new government introduced important changes that affected the execution of the subprogram. Particularly, moving the executing agency from the Presidency (DAPRE) to the SENA, where a new executing agency was created inside the “Direction of Employment”<sup>34</sup>. According to the government, the purpose of this transfer was to facilitate the institutionalization of the subprogram<sup>35</sup>. The original UE received the responsibility of the final supervision of the subprogram.
- 2 The local chambers of commerce were not used as expected to perform the registration of beneficiaries. Instead, first the UE decided to use local focal points; usually institutions specialized in social work, for this task. At the second public call, the subprogram decided to give this responsibility to the SENA but only in

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<sup>33</sup> For example, the OVE staff had the opportunity to interview the staff from both UE, SENA, the consultants in charge of the evaluations of JA, the DNP, etc.

<sup>34</sup> Most of the staff in charge of the subprogram was translated to SENA to continue working with the program and a new coordinator was hired. According to the interviews, for this group of people the transition to SENA was not easy

<sup>35</sup> The official reasons to move the program to the SENA are shown in the web page of the SENA: “(a) Contar con el prestigio, reconocimiento, experiencia y seriedad de una entidad que por excelencia tiene la misión de orientar e implementar programas que faciliten la formación técnica de los trabajadores y su posterior inserción laboral; (b) el poder de convocatoria del SENA es muy alto lo que facilita varios de los procesos identificados en el ciclo de proyecto; (c) contar con una infraestructura física en el ámbito nacional adecuada para el desarrollo de las diferentes actividades; (d) contar con un recurso humano idóneo, competente, concientizado y comprometido con todas las actividades que se desarrollen en beneficio de las poblaciones marginadas y vulnerables. (e) Contar con mecanismos e instrumentos ampliamente validados; (f) contar con un recurso humano preparado para la ejecución de estas actividades; (g) aportar valor agregado a la fase lectiva y facilitar la posibilidad de una mayor preparación para la vida laboral del joven beneficiario y con ello su inserción y retención laboral bien sea en el ámbito del empleo o del autoempleo. El joven beneficiario puede continuar su ciclo de formación en el SENA. (h) Posibilitar la consolidación de proyectos de vida, dando las bases para la creación de empresas y (i) aprovechamiento del Sistema Nacional de Formación para el Trabajo, lo cual permitirá el fortalecimiento de las ECAP.”

Bogotá. This role of SENA was generalized in the next public calls and was extended to the other cities. The beneficiaries were registered in the database of the employment intermediation service of SENA.

- 3 The UE developed different activities in order to strength the capacity of the TIs. For example, the UE provided support for the formulation of the proposals of courses, they help to learn the TIs how to work with the target population, etc.
- 4 The UE decided to open bank accounts to the beneficiaries in order to provide the daily living allowance. Apparently, this system of payment was highly appreciated by the beneficiaries who did not have access before to the formal bank system.
- 5 The supervision process was improved and consisted in five steps. Quantitative and qualitative tools were introduced. The supervisors were specially trained for this function and they had to supervise both phases of the program visiting the TIs and the firms. Each supervisor had the responsibility of approximately 1,000 students<sup>36</sup>.

## **2. Main problems during the execution**

The last PPMR's does not report important problems that affected the execution of the JA. Moreover, the historical ratings do not show many negative qualifications. Actually, the only negative rating concerns December 2000 (an L in AS). This negative rating was due to some problems accomplishing the contractual conditions precedent to the first disbursement (see table V.2). It is important to mention, that these ratings concern the Social Safety Net Program and are not specific to the subprogram.

In the specific case of JA the following problems affected the execution:

- 1 The subprogram design did not consider SENA as a participant. However, the government imposed upon SENA the financing of the pilot round in Bogotá; fuelling the negative attitude of SENA towards the subprogram.
- 2 The transfer of the UE to the SENA created a complex institutional situation that affected the execution of JA<sup>37</sup> involving three actors in the process of execution: IDB, the new UE in the SENA and the original UE (DAPRE). The Bank was not allowed to work directly with the new UE without the approval of the original UE, even if the work-relation between the two UE was very tense.
- 3 Moreover, a new decree that was approved in December 2005 modified the target population of the program because it indicated that JA has mainly to focalize in the youth people that was displaced by the internal violence. Thus, this population do not necessarily belong to SISBEN 1 and 2. The new budget allocated to the program is around US\$ 10 millions. Currently, a public call that started in march 2006 is under execution.

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<sup>36</sup> For example, during the pilot they were only 5 supervisors while they were 10 and 29 supervisors in the first and second rounds respectively. In the first round, 60 TIs and 1859 firms were supervised.

<sup>37</sup> For example, the supervisors of the subprogram and the staff of the original UE were not permanent staff of SENA and they were not sure to have a job after 2005.

- 4 The database of potential beneficiaries, SISBEN, was not updated during the period of execution of JA. Thus, some young people from the target population were not considered eligible participants.
- 5 The promotion of the program to the potential beneficiaries, TIs and firms had some limitations. On one hand, the program essentially used a “job fair” in each city to attract the potential beneficiaries. This way of promotion did not consider the characteristics of the objective population (lack of motivation, marginalization, etc.). On the other hand, the TIs were in charge of the contact with the firms. Thus, many firms in the cities where JA was implemented did not know that the subprogram existed; neither the potential beneficiaries nor the firms knew all the courses that were provided by the subprogram<sup>38</sup>.
- 6 Public firms and public institutions were allowed to participate in JA even if they had relatively lower probabilities to retain the trainees. Also, the internships they offered had lower probabilities to be related to the needs of the economy<sup>39</sup>.
- 7 The signature of the contract with the consultants in charge of the impact evaluation took more than one year. This delay impeached the evaluation of the third call. Also, the complexity of the experimental design of the impact evaluation and the manner in which it was implemented affected the execution of the fourth’s public call. The evaluation strategy generated dissatisfaction from the TIs and the beneficiaries. For example, the TIs were not explained why the eligible candidates that were considered as control groups had to be blocked for the next public calls. Moreover, the consultants in charge of the evaluation had problems to construct the control group for different reasons, such as the fact that TIs competed between them, that they selected the “best” people (filter) and that the system of focalization (SISBEN) was not working properly. There was also concern that the mobility of the target population would create difficulties finding the people, especially from the control group, 12 and 18 months after the completion of the course.
- 8 The potential problem of “cream-skimming”: the TIs were encouraged to select the “best” individuals among the sample of eligible beneficiaries because they were paid by results. Generating an important selection bias.

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<sup>38</sup> According to the survey of beneficiaries made by the evaluation of results, the main mechanism through which the trainees became aware of the program was: friends, neighbors and family members (55%). Only, 40% of the beneficiaries knew the existence of the “job fair” and only 28% assisted to it.

<sup>39</sup> According to the survey of firms made by the evaluation of results, 16% of the firms that participated in the three first rounds of the subprogram were from the public administration sector (4%) and from NGOs in the social or community services sector. This evaluation found that the public administration had the lower results in terms of keeping their interns after the training.

**Table 5.2: C0247 Bank's Evaluations Ratings**

<b>Historical PPMR Ratings</b>											
Month Year	Dec. 2000	Jun. 2001	Dec. 2001	Jun. 2002	Dec. 2002	Jun. 2003	Dec. 2003	Jun. 2004	Dec. 2004	Jun. 2005	Dec. 2005
IP – Implementation Progress Classification	S	S	S	S	S	S	S	S	S	S	S
AS – DO Assumptions Classification	L	H	H	H	H	H	H	H	H	H	H
DO – Development Objectives Classification	P	P	P	P	P	P	P	P	P	P	P

**Source:** PPMR of December 2005

## VI. RESULTS OF JA

As we already mentioned, OVE was unable to include the findings of the impact evaluation in this report. Thus, this section is limited to the presentation of the main results of the pilot, first and second rounds of JA that were found by the MMT. Overall, the MMT found that the first rounds of JA had positive results on the participants. For example, the beneficiaries increased their employability after the program and the TIs improved their capacity and the quality of their training. These were the main objectives of the two components of the subprogram. However, a supplementary analysis was necessary to confirm these findings. Some concerns about the implementation appeared. Particularly, the majority of the beneficiaries had good levels of education and previous working experience. This seemed to confirm that the TIs selected the best individuals among the target population (creaming/skimming bias). Another problem was that more than 70% of the beneficiaries were single parent females. This subgroup of the target population has higher probabilities to transit to the inactivity.

The evaluation of the activities, results and immediate effects of the first three rounds of the subprogram was finished in February 2005<sup>40</sup>. This results evaluation is based on information collected through different quantitative and qualitative surveys on the beneficiaries, TIs and firms participating in the subprogram. The quantitative analysis concerned: (1) 1,037 beneficiaries that finished the subprogram 6-22 months before in the seven cities; (2) 186 TIs from the universe of 190 TIs that participated in these calls and (3) 686 firms from the universe of 4,751 firms that offered internships. These surveys were implemented in December 2003 in the seven cities where the subprogram was implemented. The qualitative analysis is based on 18 focal groups of beneficiaries, 11 focal groups of TIs and 9 focal groups of firms. Additionally, 12 TIs and 6 firms were interviewed. The qualitative analysis is limited to only three cities (Bogota, Medellin and Cartagena).

The MMT found some interesting results about the characteristics of the participants. Particularly, there are some concerns about the focalization process of the beneficiaries: the beneficiaries were relatively young, the average age was 21 years, and they came from disadvantaged families. However, most of the beneficiaries were females with children. Thus, they had lower probabilities of staying in the labor market after the completion of the training. Moreover, most of the beneficiaries came from three cities (Bogota, Medellin and Cali). This problem was maybe related to the number of TIs, with a minimum standard of quality, that were available in the other cities. Most important, the level of education of the participants was relatively high and the majority already had received some labor training and also they had working experience. This problem could be a result of the auto selection of the beneficiaries or the fact that TIs selected the best candidates among the eligible target population. The MMT also analyzed the quality of the TIs and found that it was acceptable. For example, their average age and their average size (in terms of number of students) were higher. However, a more detailed analysis of the characteristics of the TIs was necessary to have a better idea of the capacity of the private training supply in Colombia. Finally, MMT found that the majority of the firms that offered the internship worked in the sectors of services and had a small size.

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<sup>40</sup> The pilot round was undertaken for Bogotá and finished between February and March 2002. The other two rounds included all the cities and finished respectively between July and August 2002 and February and June 2003.

### Box 6.1: The main characteristics of the participants

#### Beneficiaries

- Sex: the majority of the beneficiaries were females (71%)
- Age: the majority of the beneficiaries were very young (61% were 18-21 years old), the average age was 21 years old.
- Location: The majority of the graduates were located in three biggest cities: Bogota (33%), Medellin (20%) and Cali (14%).
- Household head: 24% of the males and 35% of the females were household head. This proportion is similar to the target population.
- Children: In average, the number of children by beneficiary was: 1.5 for the females and 1.3. for the males.
- Education level: The level of education was relatively high. For example, the average number of years of education was 10.5 years. Also, 55% of the graduates had complete secondary education and 17% had a post secondary technical education. These numbers are higher than those of the young population of Sisben 1 and 2. For example, the average number of years of education for this population was only 5.8 and only 10% of these youths had complete secondary education.
- Parents education: the beneficiaries had a high education level that their parents, only 11% of the fathers and 8% of the mothers had a complete secondary education.
- Former training: the majority of the beneficiaries received labor training before the subprogram.
- Working experience: The majority of the beneficiaries were in the active population before the subprogram (71%) and half of them had working experience (at least for one month). Also, 71% of the youths that had a job before the subprogram worked in the informal sector and their wage was very close to the official minimum wage.

#### TIs

- Quality: in the second call, 71% of the courses offered were considered eligible and 24% of the eligible courses were contracted.
- Type: The majority of TIs that participated in the subprogram offered non-formal education (72%).
- Experience: 54% of the TIs had more than ten years of experience and 20% between five and ten years.
- Location: 64% of the TIs were located in three biggest cities: Bogota, Medellin and Cali.
- Size: 2/3 of the TIs have more than 200 students.
- Courses: 68% of the TIs were specialized in offering courses for the sector of services; only 19% and 11% oriented their courses to the commerce and manufacture sectors respectively.

#### Firms

- Sector: 60% of the firms were related to the sector of services.
- Location: 61% of the firms were located in the three biggest cities: Bogota, Medellin and Cali.
- Size: 67% of the firms were small (less than 50 employees), 24% medium (50-200 employees) and 9% were big (more than 200 employees).
- Reasons to participate in the subprogram: the main reasons were: to procure a social service and to contract temporary labor. A small proportion of these firms declared that they were worry about the characteristics of the target population.
- Main occupations: “auxiliar o promotor de ventas y servicios”, auxiliar administrativo, secretarias o oficinistas” and “auxiliares y obreros de procesamiento, fabricación, y ensamble de bienes”.

The pilot round shows better results than the next rounds. Firms from the sector of “fabricación y procesamiento” contract relatively more of their interns. The public administration had the opposite results

Overall, the main results found by the evaluation are positive (see box VI.2). After training, the beneficiaries increased their employability, especially the males those with higher levels of education, and who interned in small and medium private firms. The participants that interned in private firms had higher probabilities to keep their jobs that those who interned in public institutions. This supports the idea that it is more efficient to restrain the participation of the public institutions or firms as providers of the internships. The quality of the jobs that were

offered to the beneficiaries after the training was also higher. This is related to the fact that 90% of the beneficiaries did not have a previous formal contract before the internship. This potential effect of JA is important because the average quality of employment is very low in Colombia. Moreover, the wages of the beneficiaries increased after JA. Other interesting results concern the way the beneficiaries sought for a job. It seems that the program increased their social network. Thus it improved their chances of finding a job. Finally, the evaluation also mentions that JA increased the self-esteem of the beneficiaries. This is also very important because the target population is composed by marginalized people that did not have a social network.

It is important to remark that the MMT also found that JA was achieving the objective of its second component, which was drop, because the capacity of the TIs and the quality of their training was improved. For example, the TIs that participated in these calls declared that they improve their courses and their relations with firms. Also, they integrated the basic social skills and work habits modules in all the courses they provided.

## Box 6.2: Main results of the subprogram

### Beneficiaries

- Employment rate: six months after the program it was 43% (59% for men but only 36% for women). This is slightly lower than the rate of the total young population of 18-25 years old but is higher than the rate of the population of the youths from deciles 1 and 2 of the SISBEN. Beneficiaries with complete secondary education had a higher employment rate than the other beneficiaries (47%). Also, beneficiaries that attained TIs of medium size (200-500 students), especially the “cajas de compensación” (50%) and the universities (48%), and those that interned in small firms (less than 50 employees) had higher rates of employment than the rest of trainees: 47% against 41% for the medium size firms (51-200 employees) and 38% for the large firms (more than 200 employees). Moreover, beneficiaries that interned in manufacture and personal services firms had better employment results. It is important to remark that the current employment rate of the beneficiaries was only 40% (51% for men and 36% for women). Almost all the previous results are confirmed for the current employment. According to the SISBEN database the rate of employment of the youths from SISBEN 1 and 2 was only 24%.
- Employability: the proportion of beneficiaries with an employment was slightly higher after (55%) than before (52%) the subprogram. However, this difference is only significant for the beneficiaries from Medellin, for males and for those with a complete secondary education.
- Type of employment: the proportion of beneficiaries with formal employment contracts increased from 18% to 41% while the proportion of beneficiaries with informal contracts decreased from 71% to 51%.
- Wages: the wages before and after the subprogram are almost the same and are similar to the minimum official wage. However, for men the wages after the subprogram are 15% higher than the minimum wage.
- Employment duration: The average duration of the first employment was 6.5 months. Also, 66% of the beneficiaries maintained their jobs 9 months after they finished the subprogram and 40% of the beneficiaries maintained their jobs 22 months after they finished the subprogram.
- Social network: the most common ways used by the beneficiaries to find a job after the subprogram were: friends or family member (45%) and the firm that offered the internship (29%).

### TIs

- Courses: 44% of the TIs increased the level of participation of firms in the selection of trainees, 82% considered that this increase was a result of their participation in the subprogram. Also, 17% of TIs implemented new courses oriented to new sectors, 85% of these TIs considered that this was also a result of the subprogram. Moreover, 60% of TIs implemented courses oriented to new occupations because the subprogram and 70% modified their existing courses.
- Sustainability of these changes: 4/5 of TIs that implemented new courses or modified their existing courses considered that these changes were permanent. For 2/3 of the TIs the training is the main source of revenues but they are not to dependent of the subprogram. In fact, the share of the incomes generated by the participation in the subprogram in the total revenues is not high (it was only 17 % in 2003).
- Pertinence of the training: 23% of the TIs changed the sources of information they used to identify the needs of training, 74% of these TIs considered that this modification was a result of the subprogram. Also, 2/3 of TIs declared to have a direct contact with the firms after their participation in the subprogram and 44% of the TIs increased the level of participation of firms in the selection of trainees.
- Adequacy: 58% of TIs declared that they increased the access to their courses to the target population after their participation in the subprogram. For example, 92% of the TIs integrated basic social skills and work habit modules in their courses. In fact, 22% of TIs mentioned that they adapted their courses because the subprogram.
- Institutional development: 60% of the TIs increased their “installed” capacity during the subprogram and 80% declared that they would maintain the same capacity. Also, 77% of the TIs that introduced measures in order to improve the quality of their courses (supervision process, intermediation services, etc.) during the period of the subprogram mentioned that this improvement was a result of JA.

### Firms

Relation with TIs: More than 50% of the firms that participated in the second round declared that they had a close relation with the TIs, this proportion increased to approximately 80% for the internship phase.

## VII. CONCLUSIONS

“Jóvenes en Acción” is one of the three subprograms of the Social Safety Net Program that was approved in 2000 in Colombia. In the specific case of JA the main objective was to increase the employability of youths and women in poverty. A medium term objective of the subprogram was to strengthen the capacity of the Training Institutions (TIs). A long term-objective was to help enhancing the efficiency and the effectiveness of the Labor Training System. JA operated in the seven largest cities of the country (most in Bogota, Cali and Medellin) and realized 4 public calls fully disbursing the IDB funds. It succeeded to offer labor training and a professional experience to 80,000 youths from the target population.

JA tried to tackle a real development problem that affected the country during the economic crisis: the high unemployment rate of the target population. which did not have access to the training system Moreover, the training supply, and particularly SENA, was not considered able to offer training courses pertinent for the target population and the private sector. The country undertook different reforms in order, to improve the efficiency of the labor training system. Currently, SENA is in charge of the regulation and supervision of the entire system, which is composed by the private and public suppliers of training. Among its new functions, SENA has to contribute to develop and improve the quality of the private training supply. Thus, JA was a good opportunity for SENA to accomplish its new mandate.

The design of JA was based on the experience of ChileJoven and other similar training programs previously implemented by the Bank in the Region. However, Colombia introduced some modifications to the original model to improve the results and impacts of the subprogram. For example, new training modules were introduced in order to increase the self-esteem, self-respect, responsibility and punctuality of the beneficiaries.

JA suffered from a lack of evaluability. Important problems were found in the diagnostic and the logic of the subprogram. These problems were not solved during the implementation affecting the execution of the subprogram. JA was designed as a temporary intervention but it had medium and long-term objectives. The long-term objectives were incompatible with the lifetime of the subprogram but also with its size and the fact that it was focalized on a group of young people. The design did not detail the necessary actions to fulfill these objectives. This problem affected the sustainability of JA because the design did not consider its institutionalization. Moreover, the dialogue with SENA was not considered in the design. Given SENA reputation and political strength a participatory approach was necessary in order to reduce the chances of SENA potential opposition to the subprogram. For example, in a similar training program in Dominican Republic the national training institution is in charge of the supervision activities and it is paid for this task.

This problem of sustainability was the reason the government transferred the program to the SENA. This decision had the opposite results. The transfer resulted in important delays in the execution and SENA decided to give priority to other training programs. Finally, a new decree modified the target population of the program because it indicated that JA has to train the youth that are displaced by the violence.

The design of JA did not consider important assumptions, such as the necessity of economic growth to have a dynamic labor demand. Moreover, it did not consider the quality of the training institutions. This was an important condition for the subprogram to have positive impacts.

Finally, although the subprogram considered a comprehensive set of impact evaluations, it was decided during execution to do an impact evaluation only on the fourth call, and a mid term evaluation on the results of the first three calls. This report described the main findings of the Mid Term Evaluation that analyzed the pilot, first and second public call of the subprogram, where interesting results are observed. Overall, it seems that the first rounds of JA had positive results on the participants. For example, the beneficiaries increased their employability after the program and the TIs improved the quality of their training courses. However, a supplementary analysis was necessary to confirm these findings. Some concerns also appeared. Particularly, the majority of the beneficiaries had good levels of education and previous working experience. This seems to confirm the existence of a “creaming skimming bias”.



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