

Strengthening Latin American communities with knowledge

Vivamos Mejor is a Swiss, self-help-oriented aid organization, which supports poverty-affected communities in Latin America in strengthening their capacities as well as exercising their civil rights and duties, to break the spiral of poverty. Against this backdrop, we focus on fundamental issues of education, water and nutrition. Thus, we engage in early childhood development for a successful entry into primary school as well as provide training and skills to vulnerable young adults for their first entry into the labor market within our programme «bridges into school and professional life». In our programme «water and nutrition» we support small-scale farmers and local authorities to manage their natural resources such as water, soil and forests sustainably in order to improve their food security and thus their livelihoods.

Local embeddedness

Vivamos Mejor realises all its projects in close cooperation with professional local partner organisations that exclusively employ local personnel. Through training and capacity building, we share our knowledge with local communities and authorities, who take complete ownership of their responsibilities and are accountable for results. As an organisation committed to continuous learning we closely monitor and assess the results of our work in cooperation with Swiss and international universities.

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Policy Brief

Promoting Opportunities for Vulnerable Youth in Colombia: Evidence from a Randomized Controlled Trial Evaluating Combining Job Training with a Youth Empowerment Program

An impact evaluation of Vivamos Mejor in Colombia

funded by the Swiss Agency for Development and Cooperation (SDC) and Medicor Foundation, in collaboration with the University of Lausanne¹, the Universidad de los Andes, ETH NADEL - Center for Development and Cooperation and Vivamos Mejor

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1 Introduction

Vulnerable young people around the world are facing increased difficulties in accessing quality jobs in order to move out of poverty. These difficulties have been exacerbated in the past decade by wars, conflicts, forced displacement, and economic, social as well as health crises, such as the COVID-19 pandemic, which have disproportionately affected and burdened vulnerable young adults. Many of today's at-risk young adults are hindered in engaging in income related activities and are therefore hindered in leading self-determined adult lives.

In many low and middle-income countries around the globe, and especially in Latin America, vocational training programs have been one of the most frequently used interventions to address skill deficiencies of vulnerable youth and enhance their opportunities to access the formal labor markets. However, the available evidence on the impacts of these vocational programs has been mixed. While some studies find positive effects of vocational training on economic success of vulnerable youth (Attanasio et al., 2011, 2017), it seems

¹ With the financial support from HEC Research Fund 2019, the Programme Fondation Philanthropique Famille Sandoz – Monique de Meuron pour la Relève Universitaire, and the Enterprise for Society (E4S) COVID-19 fund 2020.

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that vocational training has been most beneficial for the poorest quantiles of the population and for women (Ibarrarán and Rosas Shady, 2009). Still, a large share of studies indicate that such programs have not been effective to enhance labor market outcomes or socio-economic trajectories for young adults (Card et al., 2011; Cho et al., 2013). Nonetheless, many feel that considering the vulnerabilities of at-risk youth, adding additional psycho-social support would have possibly strong additional positive effects (Blattman and Annan, 2015; Blattmann et al., 2017; Baniera et al., 2014; Adoho et al, 2014).

As an alternative to providing stand-alone technical skills in the form of vocational training, Vivamos Mejor promotes programs combining vocational education training with youth empowerment toward formal and stable employment. Youth empowerment in our context consists of psychosocial support, soft skills training, peace-building skills development, and labor market placement. Fundación Apoyar, Vivamos Mejor's partner in Colombia, combines these components precisely to address the multidimensional skill deficiencies faced by at-risk youth in two low-income suburbs of Bogotá and Soacha. Many people in these neighborhoods not only come from socioeconomically disadvantaged backgrounds but have also been exposed to various facets of violence and conflict.

To better understand the impact of this combined intervention, Vivamos Mejor initiated a scientific study to find out whether combining vocational education with youth empowerment helps vulnerable young adults to better integrate into the labor market as well as to become more resilient in their mental well-being.



Project participants improve their computer skills and learn how to write a letter of application.

In 2018, Vivamos Mejor commissioned researchers of the University of Lausanne and the Universidad de los Andes to carry out a Randomized Controlled Trial on this program with funding from the SDC/NADEL impact award, Vivamos Mejor and Medicor Foundation. It was embedded within the framework of a PhD project, with joint funding from the University of Lausanne. The study took place in the peri-urban low-income neighborhoods of Bogotá and Soacha, where Fundación Apoyar and Vivamos Mejor Foundation have been supporting young vulnerable adults for a decade helping them create better futures for themselves.

The present policy brief summarizes the results of the impact evaluation of the program described above, which combined a standard vocational skill-training component with youth empowerment (YE) for vulnerable young adults in Colombia. It provides evidence on how policies and programs should be designed to boost the capacities and economic prospects of vulnerable youth in Colombia.

2 Study Context and Design

The study took place between 2019 – 2021 and aimed to find out whether combining vocational education with youth empowerment would help disadvantaged young adults in their personal development in terms of mental health resilience and better labor market integration.

The study context

Colombia is one of Latin America's largest economies, and it suffers from high poverty rates and income inequality: with a GINI coefficient of 54.2 in 2020, Colombian income inequality was higher than that of its neighbors. Rates of informal employment are high – 62% of employment was informal in 2019. The economic context for young adults is difficult, with 27% of young adults in 2021 neither employed, nor in education or training. Colombia is a setting where conflict between armed groups and the government has led to internal displacement of at least 2 million young individuals, which accounts to 4 percent of the population. Economically, displacement results in the loss of assets, capital, and labor. Chances of earning a living and achieving a degree of stability are slim³. UNDP states that the probability of being unemployed as an internally displaced person is three times higher than for any other population group in the country. A key development challenge is therefore to understand which policies and programs can boost the capacities and economic prospects of vulnerable young adults.

The present study was carried out in Bosa, a low-income district of the capital of Colombia, Bogotá, and the neighboring municipality Soacha. Many who live in these areas are low-income and young. In addition, a large percentage of the country's internally displaced persons (IDPs) have settled in Soacha. Fundación Apoyar has been operating in both neighborhoods for many years and has thus created a reputation for itself as an organization helping locals create better lives for themselves. For the recruitment of program participants, Fundación Apoyar began canvassing in the last trimester of 2018 by talking to community leaders, advertising the programs on posters, and relying on mouth-to-mouth information thanks to an established network of contacts.

Selection of participants

A total of 300 of the most vulnerable youth of Soacha and Bosa were invited to take part in the study. These young adults were eligible if they were between the ages of 18-25, were finishing or had finished their high school education, and were eligible for social assistance. The study participants were randomly allocated into three different groups, of which 1) one group (Control group) did not receive any support, 2) the second group received vocational education only (VET group), and the third group 3) received vocational education and youth empowerment training (VET+YE). The randomization was guaranteed through the selection into the different groups through a public lottery.

Intervention: VET and youth empowerment training

Participants of the two treatment groups (VET and VET+YE) could pick a vocational education training in administration, childcare, supply chain, marketing, or human resources. The vocational training cycle is a course of 12 months, of which the first six months are classroom training, and the second half of the training includes the practical part, an internship which is paid (75% of the minimum salary).

In addition to the vocational education, participants of VET+YE also received youth empowerment training. More specifically, this includes the following components: 1) psychosocial support (group work and individual therapy), 2) soft skills development (mock interviews, curriculum vitae elaboration), 3) political empowerment and peacebuilding skills develop-

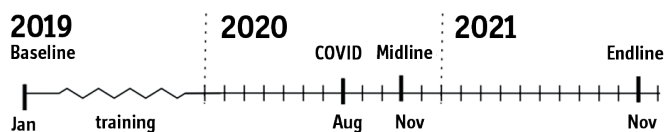
³ <https://www.icrc.org/eng/assets/files/other/irrc-875-carrillo.pdf>

ment, and 4) labor market placement support. Participants in VET only enrolled in their vocational training of choice and did not participate in the youth empowerment program. Participants who were sorted into the Control group did not receive support from the project to pursue their vocational education and did not participate in youth empowerment training. After completion of the study, the young adults from the control group had the opportunity to also participate in the combined program of Fundación Apoyar and Vivamos Mejor.

Data collection

A variety of data was collected at various points in time over a period of around three years: a baseline survey in January 2019 before the training; the VET and VET+YE training took place from February to November 2019; a COVID-19 lockdown survey in August 2020; a midline survey in November 2020; and an endline survey in November 2021. This study is based on evidence from mainly two data sources: standardized surveys and repeated phone interviews every three months. We collected data on a) earnings and labor market participation (self-report on average hourly earnings from the last week as well as the amount of hours worked in that past week); b) on mental health variables like post-traumatic stress disorder (PTSD), depression, and distress based on Blattman and Annan (2015), as well as c) demographic characteristics such as number of children, being displaced or not, and socio-economic status (based on the old SISBEN index, which was a 1-6 index given to people by the government, and is an indicator of whether or not someone is eligible for government aid).

Figure 1: Study timeline overview



The COVID-19 pandemic disrupted the study from 2020 onwards and created an additional source of stress that participants had to cope with. The pandemic also affected the data collected for this study and, because of its pervasive effect on mental health and labor markets in Colombia documented by other studies, the results should be interpreted under the lens of the pandemic.

3 Main Findings

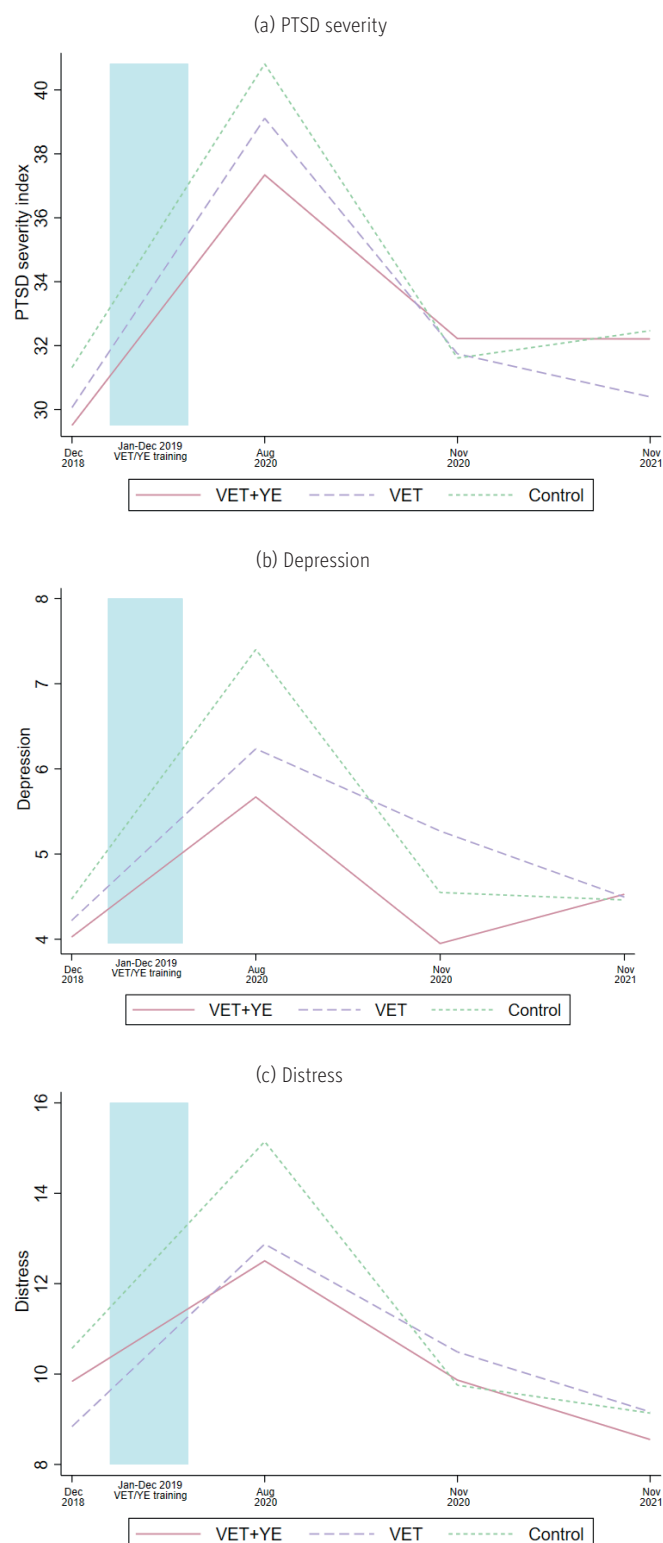
Mental health

The COVID-19 pandemic has placed an equal burden on all study participants. While all participants tended to be negatively affected by the pandemic, those exposed to a mix of soft and hard skills training (VET+YE) were much less negatively affected. More precisely: regarding the measured variables post-traumatic stress disorder (PTSD), depression, and distress, results show that depression and distress levels were more pronounced in the Control group than in VET and VET+YE. Out of the two treated groups, the increase in depression and distress is smaller in the group that received vocational education and youth empowerment training. This means that the YE program clearly reduced mental stress in August 2020 compared to participants in the Control group, which is when the COVID-19 pandemic took its largest toll on mental health. The program shielded participants somewhat from a strong deterioration in mental health observed in the Control group and the VET group. This shielding effect is particularly strong for women, and for individuals already facing a high level of depression before the program started. The shielding effect of the youth empowerment program decreased and waned as the stress caused by the COVID-19 pandemic decreased. Results on PTSD severity are qualitative similar, meaning that there was an increase but no difference between the groups. There is a cle-

ar trend that vocational education in itself seems to be a cushion for excess stress during the crisis. Yet, participants of VET+YE showed more mental resilience than participants that were only offered VET and the Control group. The data suggests that participants of VET+YE are more resilient and have a longer-lasting protection of their mental health. There are two potential explanations for this. First, vocational training provides the at-risk youth with tools to manage situations of stress and crisis. Second, study participants of the groups VET and VET+YE might have planned for a transition period during the end of training and finding a first job. They are less concerned by the lockdowns as they may have planned for a period of unemployment regardless of the crisis.

Figure 2: Mental health symptoms over time

All participants are negatively affected by the pandemic (levels rise on x-axis); however, the increase is smaller in the group with VET+YE (overall lowest increase and peak) which indicates that the empowerment program helped participants to better cope with the mental health shock of the pandemic (cushioning effect).



Earnings and Labor market participation

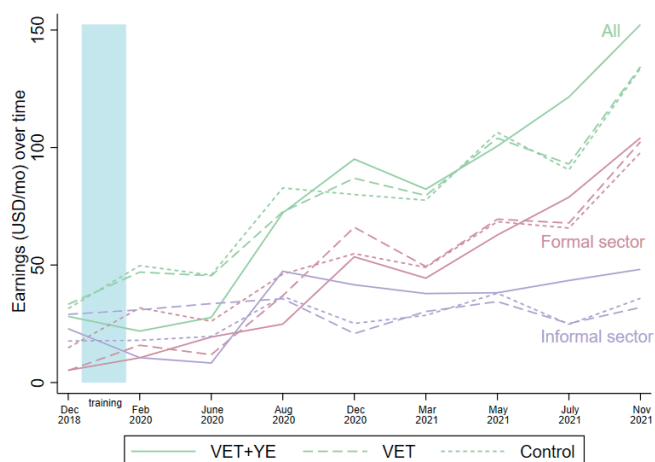
The data provides evidence on the positive effect of youth empowerment training on earnings after a so-called lock-in effect of training. This means that initially the earnings dropped when participants started their training and kept being lower than the Control group's a few months after the training had ended. Towards the end of 2020, earnings of participants of the youth empowerment program increased to the observed level of the Control group. In the two years after training, VET+YE participants surpassed earnings of the Control group and VET group by \$66 more per month. It should be noted here that the minimum wage in Colombia in 2021 was \$250. An addition of \$66 per month means a wage increase of 26%. Three years after the start of the program, participants in youth empowerment earned more than their peers in VET only and the Control group. On the question of where the higher earnings are generated: a clear trend can be observed that the empowerment program has a positive effect on formal and informal earnings and labor market participation. Evidently, VET+YE participants make more money, irrespective of the fact whether in the informal or formal labor market. However, this growth in earnings is mainly driven by formal market earnings, which leads to the suggestion that the formal sector is a better source of earning in the long run. The strong persistence of informal sector earnings can be explained by the importance of informality in the context of the Colombian labor market.

This is explained in the following way: consistent with the aims of the YE program, participants with VET+YE reduced their participation in the informal labor market initially, which led to somewhat lower overall earnings for this group during what we can call a transition phase after their training. After this transition phase, however, individuals with VET+YE increased participation in the informal market as well as the formal labor market.

Interpretation of the mechanism behind these results in the medium run is somewhat complicated by the presence of the COVID-19 pandemic, as well as the shielding effect of the YE program on mental health. The positive earnings effects of VET+YE might be due to the program directly – perhaps it is the entire package that directly helped participants. Alternatively, the effects might be due to the program indirectly through better mental health – for example, by shielding participants from the negative impacts of the COVID-19 pandemic.

As for the second treatment group, the VET only group, we only observe little to no effects of the training on earnings compared to the Control group. This, however, is not surprising, as it matches the results of former studies on vocational training.

Figure 2: Earnings over time



Cost benefit analysis

The cost benefit analysis indicates that the YE program provides higher returns in earnings for its participants. Participants in the VET+YE program can be expected to earn between \$2,160 and \$2,680 more than participants in the Control group over the course of the next ten years. The total costs of the VET+YE program per participant for 2019 was \$1,390⁴, of which \$550 is the cost of training at the private training institute. The opportunity cost⁵ is approximately \$17 per month and refers to the theoretical part of the training of six months. Over the course of the ten years following the treatment, there is therefore an estimated net benefit between \$760 and \$1,290 per participant of the VET+YE program. The corresponding rates of return would be between 55% and 92%, respectively. These results may be even more powerful when one considers that they emerge during the COVID-19 crisis, which led to a sizeable increase in the unemployment rate during the period of study and increased reliance on informal activities.

Following the same logic as before, the benefits of following the VET only program are between \$160 and \$200 over the next ten years. This means tenfold less than participants of VET+YE.

4 Relevance and Recommendations

Overall, the impact study on the combined intervention finds positive evidence on mental health and earnings. The results indicate that the youth empowerment program offered several important complements compared to stand alone vocational education and training:

- First, YE promoted participant's mental health and protected them from the negative mental stress effects of the COVID-19 pandemic.
- Second, YE clearly improved overall earnings of the participants, due to overall higher earnings from the formal as well as the informal labor market.
- The program, finally, provides high rates of return in terms of earnings vs. costs.

Considering that the study was conducted amid the COVID-19 pandemic, which resulted in a considerable increase of unemployment rates and the reliance of the informal sector, these results gain even more weight. This means that despite the more difficult circumstances on the labor market, the youth empowerment program effectively led to boosting participant's socio-economic prospects and to greater resilience during a time of crisis.

Recommendations

The results of the study suggest that vocational skills-training programs should be complemented with youth empowerment to enhance the impacts and promote the wellbeing of vulnerable youth in fragile and conflict-affected settings. Therefore, a key implication is that interventions should be designed according to the skill deficiencies and the different dimensions of vulnerability of at-risk youth. Thus, interventions should consider the many dimensions which are not limited to standard cognitive or technical skills but also include psychological and socioemotional capacities. The latter are important because the circumstances that vulnerable and at-risk youth face worldwide often erode their psychological capacities and are correlated with poor mental health. This, in turn, hinders economic decisions and socioeconomic trajectories.

There is more and more evidence about the interplay between socioeco-

⁴ Since 2020, Vivamos Mejor has been working with the public training institute SENA. There, the training is free of charge. The program costs per young person have thus fallen significantly.

⁵ The opportunity cost is the foregone income participants incur when they join the program and reduce their time devoted to income-generating opportunities. This is estimated as the amount of money that participants in VET+YE earn less than participants in the Control group during the six months theoretical part of the training.

mic and psychological domains, and robust data on how poor mental health contributes to lower productivity and wellbeing and increases the Disability-Adjusted Life Years (DALY) (Moya and Carter, 2019). Access to mental health services is limited for vulnerable youth across the world and especially in low and middle-income countries. This is driven by supply-side dimensions, including inappropriate funding and a scarcity of trained mental health professionals, and by demand-side factors, which include lack of psychosocial education and stigma. Not surprisingly, few interventions combine standard economic programming with mental health components. Within this context, this report provides evidence on the potential of combining standard economic programs with psychosocial components to support at-risk youth.

The overall positive results of the VET+YE group highlight the relevance of combining different dimensions regarding vulnerabilities and skill deficiencies, when working with at-risk youth. Programs that only address standard technical skills are ill-equipped to improve the life trajectories of vulnerable youth. Likewise, mental health programs are essential to support at-risk youth, and should be strengthened and receive more funding, especially in low- and middle-income countries and in fragile and conflict affected settings. However, these programs by themselves, should not be thought as alternatives to standard socioeconomic interventions. By contrast, designing comprehensive interventions that address socioeconomic and mental health constraints show evidence of being more effective as a strategy.



A project participant during her training as an early childhood educator.

5 Learnings and Outlook

VET+YE clearly improved overall earnings of participants, stemming from both higher formal and informal earnings. The evidence in this study shows that participation in the informal labor market remains an important part of income-generating activities in Colombia. Nonetheless, arguments such as stable income, social protection, and labor rights are in favor of strengthening labor market participation in the formal market. Future work should therefore identify mechanisms and drivers that can increase access to and persistence in formal labor markets. In practical terms, this would help us sharpen comprehensive interventions on the long run.

We assume that the findings of the impact evaluation are applicable to other comparable urban contexts in Colombia and Latin America with similar vulnerability attributes of young people. Likewise, assessing the potential for scaling up these comprehensive interventions to ensure their fidelity

and cost-effectiveness is another important question to move forward. The cost benefit analysis indicates that the youth empowerment program provides high returns in earnings for its participants. In comparison, the net rate of return of vocational education is negative. This means that participants in VET likely do not recover the costs of the program in the long run. To make this statement more visible, we need reliable robust data on the costs of VET only, which are, to our knowledge, not publicly available.

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