

TC Document

I. Basic Information for TC

▪ Country/Region:	COLOMBIA
▪ TC Name:	Design and Evaluation of Skills Certification Programs for Migrant Workers in Latin America and the Caribbean
▪ TC Number:	CO-T1762
▪ Team Leader/Members:	Busso, Matias (RES/RES) Team Leader; Gonzalez Velosa, Carolina (SCL/LMK) Alternate Team Leader; Van Der Werf Cuadros, Cynthia (SCL/MIG) Alternate Team Leader; Mendoza Benavente, Horacio (LEG/SGO); Ramos Piracoca, Johanna (SCL/LMK); Urquiola Ralero, Montserrat (RES/RES); Mancilla, Elton Alexander (RES/RES); Tapia Troncoso, Waldo Andres (SCL/LMK); Escobar Genes, Myriam Helvecia (RES/RES); Ruiz Contreras Juanita (SCL/MIG); Zegarra Azcui, Francisco (SCL/MIG); Diaz Gill Virginia Maria (LEG/SGO); Sarrazin, Tom (RES/RES) Piracoca, Johanna (SCL/LMK); Urquiola Ralero, Montserrat (RES/RES); Mancilla, Elton Alexander (RES/RES); Tapia Troncoso, Waldo Andres (SCL/LMK); Escobar Genes, Myriam Helvecia (RES/RES); Ruiz Contreras Juanita (SCL/MIG); Zegarra Azcui, Francisco (SCL/MIG); Diaz Gill Virginia Maria (LEG/SGO); Sarrazin, Tom (RES/RES)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	March 13, 2024
▪ Beneficiary:	Ministry of Labor
▪ Executing Agency and contact name:	Inter-American Development Bank, Matias Busso, Team leader
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E) OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$350,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months disbursement and execution
▪ Required start date:	July 26, 2024
▪ Types of consultants:	Individual consultants and firms
▪ Prepared by Unit:	RES-Research & Chief Economist
▪ Unit of Disbursement Responsibility:	RES/RES-Research & Chief Economist
▪ TC included in Country Strategy (y/n):	Yes

▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

2.1 This technical cooperation aims to evaluate the effectiveness of IDB-funded operation CO-L1250, designed to improve migrants' employability by mitigating informational gaps with skills certification. Given the growth of migratory movements across Latin America and the Caribbean, it is crucial to promote policies and initiatives that facilitate the integration of migrants into local job markets. Over the past decade, the region has experienced significant migratory flows, particularly from Venezuela. Recent data shows that Colombia, for instance, hosts 2.89 million Venezuelan refugees and migrants, constituting 37.5% of the overall Venezuelan migratory flow. Peru follows with 1.54 million, representing 20% of the total. Ecuador, Chile, and Brazil share similar proportions, hosting 6% of the Venezuelan migratory population (IDB,2021; R4V, 2023).

2.2 The integration of these migrants into the local economy remains a significant challenge for hosting countries. Employers often face difficulties in evaluating candidates because their qualifications are not easily observable. This issue of information asymmetry becomes more pronounced when dealing with migrant candidates, as assessing their skills is even more complex. To mitigate these informational gaps, the job search process often relies on signals that convey information about the candidate (Spence, 1973). These signals include various components such as academic qualifications, university reputation, diplomas, completed courses, and grade point averages (GPAs). However, due to substantial information barriers, migrants often find employment in positions that require a lower level of qualification than their educational background implies. This situation can lead to "skills downgrading", a phenomenon widely documented in many migrant populations around the world (Dustmann et al., 2012; Eckstein and Weiss, 2004; Dustmann et al., 2016; Lebow, 2023).

2.3 Extensive empirical evidence underscores the significance of certifications and signals in the labor market, contributing significantly to workers' outcomes. These skill certifications and signals play a crucial role in bridging information gaps between employers and job-seekers, allowing employers to more effectively assess the otherwise unobservable level of skills possessed by job-seekers. Specifically, increasing information about workers' skills has been shown to improve employability and job quality substantially. Multiple studies employing randomized control trials have shown the positive impact of various types of certificates, including those for general skills, specific skills, non-cognitive skills, and positive feedback from previous managers, all serving as signals to the labor market. (Abebe et al., 2021; Bassi and Nansamba, 2022; Carranza et al.,2022; Heller and Kessler,2021; Pallais,2014; Busso et al.,2023).

2.4 The IDB is currently supporting the provision of skills assessments and certification services to increase the employability of migrants by collaborating with government agencies such as the Servicio

Nacional de Aprendizaje (SENA) in Colombia or the Servicio Ecuatoriano de Capacitación Profesional (SECAP) in Ecuador. The investment loan CO-L1250 and the Policy Based Loan CO-L1272 have supported the design and the implementation of “Saber Hacer Vale”, a program executed since 2021 by the Ministry of Labor and SENA. This program has provided skills assessment, certification, and job search services to approximately 9,000 individuals who were unable to validate and signal their competencies in the labor market formally. As stipulated in the loan contract, at least 30% of the beneficiaries of “Saber Hacer Vale” have been migrants. The results of this technical cooperation will inform the Project Completion Report of CO-L1250.

2.5 The project directly aligns to “IDB Group Institutional Strategy: Transforming for Scale and Impact” (CA-631). In particular with the focused area of Social Protection and Human Development (paragraph 5.16.3; 5.24.5 and 5.28.3) and is designed to maximize the delivery of value and results through impact orientation (paragraph 6.2) by producing knowledge for the region (paragraph 6.11). The project also aligns with the Ordinary Capital Strategic Development Program (OC SDP), Window 2: Priority Area 5: Inclusive Social Development (W2E) (GN-2819-14). Specifically, this project contributes to the comprehensive socio-economic integration of migrant populations, aligning with broader inclusion and workforce development goals stipulated in the Migration Action Framework (GN-3021, paragraphs 3.44-3.47 & 3.81(iv)). Labor intermediation programs through public employment services can have a key role in migrants' economic integration. These programs can offer job counseling, training, skills certification, and job placement services. In addition, the framework highlights job training, certification of skills, and or prior knowledge as key for migrants (paragraph 3.47). It will also evaluate the current conditions for access to the labor market for migrants in the region, including regularization processes, certification of skills, access to entrepreneurship funds, financial inclusion, public employment agency opportunities, impacts on salaries, and displacement of local workers (paragraph 3.81).

2.6 This technical cooperation directly aligns with the IDBG Labor Sector Framework Document (GN-2741-12), which recognizes that modular and stackable training courses, combined with certification systems, may allow people to increase employability and transition to new labor trajectories (paragraph 3.8). The document directly states that experience in Colombia shows that labor competency certifications are promising tools for the labor inclusion of migrants who need validation and recognition of their skills in the host country. The strategy, however, requires that the benefits of certification are widely disseminated and that the liquidity constraints faced by immigrants are addressed (paragraph 4.14).

2.7 This technical cooperation also aligns with the IDBG Country Strategy with Colombia (GN-2972) which proposes to address the challenge of immigration as one of its cross-cutting themes. It directly contributes to implementing actions to support the country in addressing the needs of immigrants and their host communities which includes formalization, employment, and entrepreneurship: programs to train and certify human capital, integrating the immigrant population (paragraph 3.37).

III. Description of components and budget

3.1 The technical cooperation includes four broad components: diagnosing barriers to integrating migrants into the labor market, understanding how employers respond to information about migrants' skills, conducting formal impact evaluations of existing certification programs, and disseminating policy lessons and results.

3.2 Component 1 (Saber Hacer Vale Context Evaluation - \$30,000). Skill certifications and barriers for migrants' employability. This component will analyze data in Colombia of local residents and migrants interested in obtaining a skill certification before their skills are certified. By focusing on workers interested in obtaining a skill certification, this strategy allows to control for the selection of participants into the program. It will complement current efforts being pursued by MIG and LMK in other countries in the region. The data to be analyzed will include information on migrants and locals about basic demographics, levels and types of skills, job-seeking mechanisms, networks, use of employment services (including regularization and skill certification programs), and assessments of bottlenecks in the job-seeking process in the hosting economy. This understanding is crucial to characterize the context in which the Saber Hacer Vale program in Colombia (CO-L1250) and similar programs elsewhere in the region operate. This component will produce a supervision report analyzing the context in which Saber Hacer Vale operates.

3.3 Component 2 (Saber Hacer Vale Impact Evaluation - \$215,000). Evaluation of certification program. This component will directly evaluate the Saber Hacer Vale program's effect on beneficiaries' labor market outcomes. Beneficiaries are assessed in their area of expertise and, upon approval, receive an official certification by SENA. The main labor market outcomes of interest are the likelihood of employment and wages. The analysis will also estimate heterogeneous effects by gender and migration status.

3.4 The evaluation's research design will take advantage of the fact that Saber Hacer Vale is typically oversubscribed. Due to a lack of infrastructure and resources, approximately 2,000 of the almost 6,000 registered beneficiaries in each call have received services. The research team will work with local NGOs and other organizations to reach out to workers potentially interested in getting the certification. Interested eligible participants will be randomized into treatment and control groups. Because certifications are skill-specific and cannot be concurrently deployed, the intervention(s) will be staggered. This will require collecting follow-up information at multiple points, making the follow-up data collection costly. We plan to collect baseline data as part of the registration process so that the costs are convex and only incurred if the intervention and the design are successful. Three post-treatment follow-up surveys will be collected four, eight, and 12 months after the intervention, where participants will be asked about their employment situation. The experimental evaluation will also rely on social security administrative records (if available). This component will produce a dataset with information of treated and control individuals and a technical note that estimates the treatment effects of Saber Hacer Vale.

3.5 Component 3 (Saber Hacer Vale Scalability Evaluation - \$90,000)¹. An important question for understanding whether expanding the coverage of these skills certifications is feasible requires answering two distinct questions. The first question relates to employers' valuations of the certifications. The second question relates to workers' take of programs similar to Saber Hacer Vale in the context in which beneficiaries receive only the certification (i.e., without any compensations for the opportunity cost of time), which would dramatically reduce the implementation costs.

3.6 The IDB Team, composed of specialists from RES, MIG, and LMK, will conduct a correspondence study involving the creation of fictional candidate profiles that will be submitted to open job vacancies across various employers. Correspondence studies have been extensively used in the literature (Bertrand and Mullainathan, 2004; Lahey, 2008; Neumark et al., 2019). The study will first identify job portals with open positions to create a database for the study. We will generate ten profiles for each job posting which will randomly vary the applicant's nationality and differential credentials (certifications, exams, degrees, etc.). The format of the C.V. will also vary randomly. The IDB Team will then submit applications by also randomizing the moment of application to avoid correlation with the treatment. In the third phase, labor demand post-intervention will be gauged by tracking how many applications, both with and without signals, receive subsequent contact from employers.

3.7 The IDB Team will implement an intervention that provides the same certification as Saber Hacer Vale but does not provide monetary compensation to the beneficiaries. This intervention will, in principle, aim at measuring take-up only. This component will produce an implementation report with a description of the interventions evaluating the scope for program scalability.

3.8 Component 4 (Dissemination - \$15,000). This component will fund workshops to present the products of the different components and receive feedback. They will include a discussion of the main findings of the research activities included in the TC and their policy implications. The main audience for the dissemination of the project findings are policymakers in LAC, private sector leaders, academics, and practitioners. These workshops would be implemented in hybrid format to include participants at headquarters and provide the opportunity for the audience to attend and participate from the region.

3.9 Indicative Budget. The TC's total budget is US\$350,000, financed the Ordinary Capital Strategic Development Program (OC SDP), Window 2: Priority Area 5: Inclusive Social Development (W2E) (GN-2819-14). The execution and disbursement will be in 36 months. The table below shows the detailed budget.

Indicative Budget

Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
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¹ No activities will be developed until the letter of no objection has arrived and has been attached to the documents of the TC.

		OC SDP Window 2 - Social Development(W2E)		
Component 1. SHV Context Evaluation	Baseline data analysis (consultant)	30,000	0	30,000
Component 2. SHV Impact Evaluation	Three post-treatment data collection and post-treatment data analysis	215,000	0	215,000
Component 3. SHV Scalability Evaluation	Development of correspondence study intervention and implementation of SHV with no monetary compensation	90,000	0	90,000
Component 4. Dissemination	Policy dialogue/conference and edition and publication of reports	15,000	0	15,000
	Total	350,000	0	350,000

3.10 The designated focal point in the COF is Waldo Tapia (SCL/LMK). Sector specialists responsible for execution are Carolina Gonzalez Velosa (SCL/LMK), Cynthia Van Der Werf Cuadros (SCL/MIG), and Matias Busso (RES/RES). The unit of disbursement is RES/RES. There are no other supervision costs to COF. Budget resources for monitoring come from RES/RES, SCL/MIG and SCL/LMK. The Team leader, Matias Busso (RES/RES) will approve the deliverables and payments for consultants and firms.

IV. Executing agency and execution structure

4.1 The Executing Agency will be the Inter-American Development Bank (IDB) in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the TC Operational Guides (GN-2629-1), through the Research Department (RES/RES), the Migration (SCL/MIG) y the Labor Market (SCL/LMK) divisions. The UDR will remain on RES/RES. The Bank has extensive experience in this type of research and dissemination agendas in the labor sector. Specifically, members of the research team have been directly involved in the loan CO-L1250. The team has also conducted randomized control trials in Colombia (e.g., IDB-WP-1067, IDB-WP-1388), has worked on providing guidance for regional governments to enable labor migrant integration (IDB-TN-2825), and has studied the role of signals in the labor market in Colombia (IDB-WP-1456).

4.2 All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines. The knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank. They may be made available to the public under a Creative Commons license. However, at the request of the beneficiaries, following the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department. The knowledge products generated in this TC will be produced and disseminated per AM-331 and AM-325.

V. Major issues

5.1 One risk involves potential implementation challenges. The firms may present delays, logistical issues, or unforeseen obstacles during the project's implementation. To mitigate these risks, the firms will present a plan for potential drawbacks. The research team will structure the payments to provide incentives for firms to deliver their products on time, and it will closely monitor progress through intermediate reports and close contact with the firms.

5.2 As part of the work in this TC, the Bank will receive, manage, and use information that may contain personal data. The research team has been actively working with the VPF/ADS team to comply with the Bank's Personal Data Privacy Policy (GN-3030).

VI. Exceptions to Bank policy

6.1 This TC does not involve any exceptions to Bank policy.

VII. Environmental and Social Aspects

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

Required Annexes:

[Results Matrix_64910.pdf](#)

[Terms of Reference_49911.pdf](#)

[Procurement Plan_31741.pdf](#)