# Colombia Workforce Development Social Impact Bond (SIB) – Empleando Futuro

**Summary:**

Launched in 2017, this SIB aimed to provide skills training and employment support to vulnerable, unemployed individuals in Bogotá, Cali, and Pereira. Outcome payers/ funders include *Prosperidad Social*, Colombian National Government; Inter-American Development Bank (IDB)– Innovation Lab channelling funds from the Swiss Confederation State Secretariat of Economic Affairs (SECO).

**Objectives:**

- To achieve 3-month retention in a formal job for the vulnerable unemployed population.

**Key Stakeholders:**

- Prosperidad Social, Colombian National Government
- Inter-American Development Bank (IDB) - Innovation Lab, channelling funds from the Swiss Confederation State Secretariat of Economic Affairs (SECO)
- Kuepa, Fundación Colombia Incluyente
- Corporación Volver a la Gente
- Fundación Carvajal
- Fundación Mario Santo Domingo
- Fundación Corona
- Fundación Bolívar Davivienda
- Instiglio (SIB design)
- Fundación Pro Bono
- Baker McKenzie
- Durán & Osorio
- Deloitte
- Vulnerable individuals not formally employed

**Implementation strategy:**

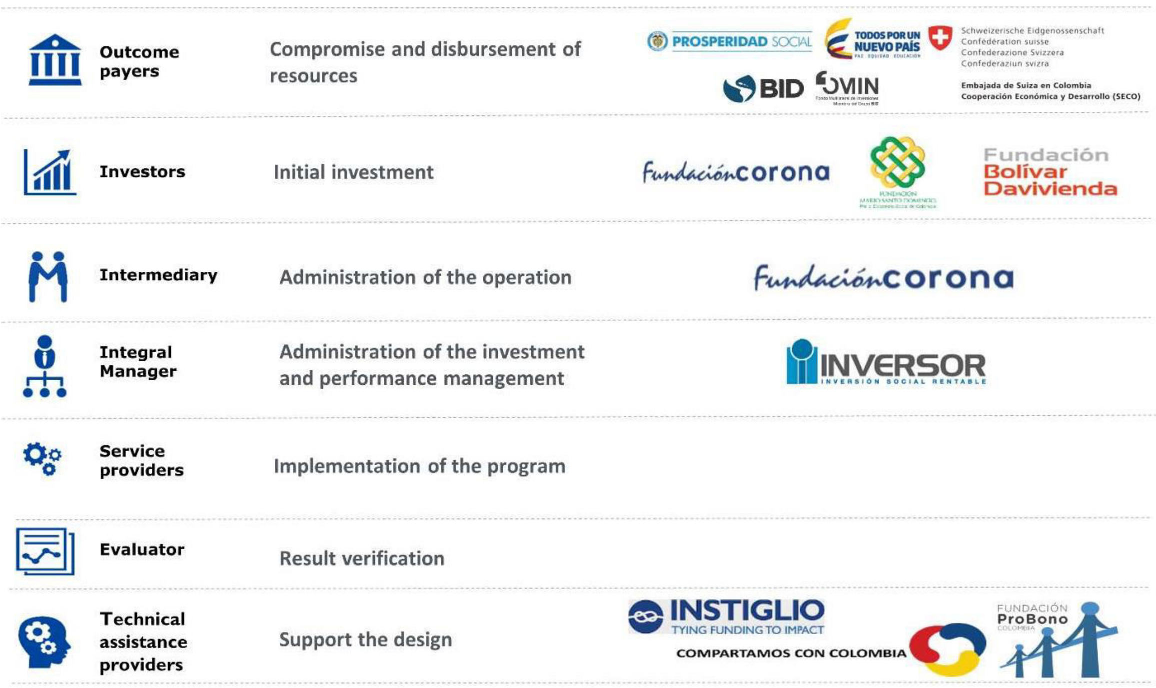
The SIB supported a range of employment measures, including skills training, psychosocial support, and intermediation services for job placement and 3-month retention. It financed these outcomes for up to 766 vulnerable individuals. The service targeted individuals not formally employed at the start of the program, aged 18-40, who scored below 41.74 on the Beneficiary Selection System for Social Programs (SISBEN), were registered on Red Unidos or were victims of displacement due to armed conflicts. Moreover, the candidates should not have participated in Prosperidad Social's employment programs in the last two years. Payments to providers were weighted as follows:

- Job placement, for which providers receive 50 per cent payment per capita
- Three months retention, for which providers receive the remaining 50 per cent payment per capita;
- Six months retention, resulting in a 10 per cent bonus payment

**Resource Utilisation:**

The investors include *Fundación Mario Santo Domingo, Fundación Corona, and Fundación Bolívar Davivienda and the service providers are Kuepa, Fundación Colombia Incluyente, Corporación Volver a la Gente,* and *Fundación Carvajal.* Outcome payers committed COP 2.2 billion (approximately US$ 0.76 million) for outcome payments – this amount corresponds to the funding tied to results.

The figure provides an overview of the stakeholders and their role in SIB:




*Source: (SECO Economic Cooperation and Development)*

**Impact/ Outcomes: (Anticipated)**

Out of a total of 1,855 people who received the labour intermediation, 46 per cent (899) were placed in formal jobs. Of the people who got a job, 79 per cent of the employed beneficiaries retained their jobs for at least three months and 34 per cent for six months and more. There were positive returns for investors, and the IRR was 8.2 per cent before inflation. (Instiglio, Results-based Financing to Enhance the Effectiveness of Active Labor Market Programs, 2018).

**Challenges/ Lessons Learnt:**

- The deployment of the second SIB served a challenge of familiarity. There was a strong relationship with local authorities at the time of first SIB. Therefore, the set-up of the second SIB followed the approach of testing the model with a sub-national government as a strategic method to develop the necessary ecosystem (SECO Economic Cooperation and Development).

**Replicability & Sustainability:**

- In Colombia, the SIB programme aims to sustain for further five years and aims to implement several SIBs with two additional market-building and learning dissemination components. The goal is to run at least 3 SIBs on the same target group as this programme to build a replicable model with entered feedback through piloting processes and build a market of service providers (SECO Economic Cooperation and Development).

**Fact Sheet:**

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| **Thematic area** | Skills training and employment |
| **First-year of the program** | 2017 |
| **Responsible institutions** | Prosperidad Social, Colombian National Government;<br>Inter-American Development Bank (IDB) - Innovation Lab, channelling funds from the Swiss Confederation State Secretariat of Economic Affairs (SECO) |
| **Target audience** | Vulnerable unemployed population |
| **Coverage** | Bogota, Cali and Pereira |