Long Term Impacts of Vouchers for Vocational Training: Experimental Evidence for Colombia

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We use experimental data of a training program in 2005 in Colombia. We find that even up to ten years ahead, the JeA program had a positive and significant effect on the probability to work in the formal sector, and to work for a large firm. Applicants in the treatment group also contributed more months to social security during the analyzed period. Earnings of treated applicants were 11.8% higher in the whole sample, and they made larger contributions to social security. We also present non parametric bounds showing that for some percentiles of the sample of women, there are positive and nearly significant effects of the program. Thus, the effects of the program would have been capitalized both in increases in the likelihood of being formal, and increases in productivity. We also present evidence that the estimated program effects on the likelihood of working for the formal sector, the likelihood of working for a large firm, and the earnings in the formal sector, are not an artifact of analyzing multiple outcomes.

We also find those in the treatment group have 0.315 more years of education, and have a probability of graduating from high school 10 percent higher than the control group. We find no significant effect on the probability of attending college or any school program, nor on fertility decisions, marital status or some dimensions of assortative mating. Among applicants matching to the census of the poorest population, we find that beneficiaries are more likely to participate in the labor market, to be employed, and to be enrolled in a private health insurance at the time of the survey.

Finally, we find that the benefits of the JeA program are higher than it costs, leading to an internal rate of return of at least 22.1 percent.

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