

TRAINING PROGRAM FOR WOMEN HEADS OF HOUSEHOLD

(TC-93-08-10-8)

EXECUTIVE SUMMARY

EXECUTING AGENCY: Fundación para la Educación Superior [Foundation for Higher Education] (FES)

BENEFICIARIES: Women heads of household in poor population groups who live in urban areas of Colombia.

OBJECTIVES: The objective of the technical cooperation is to develop an innovative and sustainable model for activities to expand the productivity of low-income women heads of household in Colombia's urban sectors. For this purpose, an effort will be made to improve, consolidate, and expand the training program conducted by the FES aimed at this segment of the labor force.

To implement the program, a sustainable financing system will be created through the establishment by the FES with part of the grant funding, of a Fondo Permanente con Contrapartida [Endowment Fund] (EF). This fund is a mechanism created by the institution to ensure the sustainability of the social programs in which it participates. The FES adds 50 percent of its own funds to the grant funding received to set up an interest-bearing fund.

DESCRIPTION: MIF funds will be used to introduce the following innovations: (i) improvement of the curriculum through the addition of an occupational training component that includes traineeships in private sector businesses; (ii) inclusion of women wage earners as beneficiaries of the program; (iii) institutional strengthening of the FES and of the network of nongovernmental organizations (NGOs) executing the program; (iv) development of a program monitoring and evaluation system; (v) introduction of a long-term financing mechanism, with the establishment of the EF; and (vi) preparation and implementation of a strategy for additional fund-raising to finance the program in the long term.

The program will have three subprograms:

Basic occupational training: The objective is to facilitate access by and integration of women heads

of household into the labor market, by providing them with training that covers subjects related to both work behavior and their situation as a woman head of household. The beneficiaries are intended to achieve greater efficiency in their roles as working women and heads of household.

The workshops on basic occupational training that have been offered to date by the NGOs involved in the program vary significantly with regard to their format, content, quality of training, and cost to the executing agency. Through this technical cooperation, the FES will coordinate the application of a standard curriculum with a common format and a basic content, and a certain degree of flexibility. In addition, new options will be developed that will enable this training to serve both as an introduction and as a screening process for training in productive development. An estimated 11,000 women will benefit from this training.

Productive development: This subprogram seeks to increase the productivity and incomes of women heads of household by providing them with the skills necessary to improve the efficiency of their business and to work at jobs in demand in the labor market. The design of the new program will be based on exploratory studies of the labor market through employment services and consultations with the private sector in selected cities, which will make it possible to identify the areas of greatest economic growth, the goods and services in greatest demand, employment levels in the different sectors, and the type of qualifications required. This subprogram will benefit an estimated total of approximately 6,000 women microentrepreneurs and wage earners.

Institutional strengthening of executing NGOs and development of the follow-up system of the program: This subprogram will lend technical support to the executing agencies of the program in: (i) standardization of work experience with a target group, consolidation of the training models developed under the program, and development of strategies for disseminating the program methodology to other NGOs not now participating and for mobilizing additional resources for future expansion; (ii) development of a system for monitoring program achievements and impact; and (iii) strengthening of their institutional capacity.

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| FINANCING: | Terms and conditions: | grant | |
| | FES: | US\$1,000,000 | |
| | Other contributions: | US\$1,000,000 | |
| | MIF: | US\$3,500,000 | |
| | Total: | US\$5,500,000 | |
| EXECUTION PERIOD: | 8 years | | |
| ENVIRONMENTAL CLASSIFICATION: | The Environment Committee, at its meeting of January 18, 1995, classified this as a Category II operation. | | |
| IMPACT ON POVERTY: | The project was designed with a focus on productivity. However, it is aimed at training women heads of household in the lowest economic brackets in the country. The selection criteria for beneficiaries requires these women to be in brackets 1 and 2 (paragraphs 2.18 and 2.35). | | |
| BENEFITS: | The main benefits of the program are: (i) development of a methodology for occupational training for women with potential for replication in other Colombian cities and other countries in the region; (ii) attention to increasing demand in the private sector for a more qualified labor force; (iii) institutional strengthening of a network of NGOs; (iv) support for the establishment of a long-term financing system for training projects for women; (v) mobilization of other donors and the FES itself to raise additional funds for the program; and (vi) training for approximately 17,000 women heads of household. | | |
| RISKS: | Four main risks were identified. First, continued collaboration between the FES and public and private institutions is essential to ensuring the success of the project and its future expansion. In view of the new government's explicit support of initiatives aimed at women heads of household, the participation of the public sector in this program can be expected to be maintained during the coming years. Moreover, the support provided under the institutional strengthening component will make it possible to consolidate the FES in its role of promoting this cooperative effort between the public and private sectors. | | |
| | Second, the execution of the training in productive development may present some difficulties, since it will be new to several of the entities involved in the program. Fulfillment of the selection criteria | | |

for the agencies that will be responsible for this training will be essential to dealing with and minimizing these difficulties.

Third, there is the risk that the program will not succeed in reaching women in the most vulnerable urban population segments. Adherence to the criteria for targeting the beneficiaries as defined is important to mitigate this risk. The mechanisms for consultation among the executing agencies and ongoing monitoring of the project will make it possible to take corrective measures whenever necessary.

Lastly, the very structure of financing involved in the operation constitutes a risk, that is to say, the advance disbursement of Bank funds so that the FES may establish a counterpart fund. Nonetheless, the experience and credibility of the FES, proven by years of working with national and international entities, in the management of social and productive programs, and especially in the administration of counterpart funds, mitigate this risk considerably. In turn, the interim review that has been planned will make it possible to adjust the operation in case problems are identified.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

The executing agency and beneficiary will be required to:

1. Prior to the first disbursement, agree with the Bank on the auditing firm to be hired and report the number of the accounts where the program funds will be deposited (paragraphs 2.40 and 6.1(d)).
2. Prior to the first disbursement of the resources earmarked for the EF, submit to the Bank for approval a strategy to be implemented within eight years after signature of the contract to raise additional funds from other donors or from the FES itself, in the amount of at least US\$1 million. If at the end of the eight-year period the FES has not been able to raise the amount agreed upon, it must return to the Bank the difference between the US\$1 million and the funds raised within 60 days (paragraph 2.36).
3. US\$2 million of the grant funding is to be deposited in an account named Fondo Permanente con Contrapartida [Endowment Fund] (EF). Only 70 percent of the annual interest at nominal rates on the account will be used. The remaining

30 percent of this interest will be used to replenish the EF. When the Bank's contribution is disbursed, the FES will simultaneously add US\$1 million in local counterpart funding to this account. The remaining US\$1.5 million of the grant will be disbursed as the operation proceeds (paragraph 2.40).

4. At the start of the program, the FES will hire an independent financial expert, duly approved by the Bank, to evaluate its investment policy and the EF's profitability and compare it with that of other national and international financial institutions. The expert will also establish the necessary financial indicators and the procedures to be followed during the annual reviews of the program (paragraph 2.43).
5. Once the program activities have been completed, use the funds remaining in the endowment fund to finance training programs for women heads of household in income brackets 1 and 2. Programs are to be financed annually in an amount equivalent to 70 percent of the nominal annual interest on the endowment fund to be created by the FES (paragraph 2.46).
6. The monitoring system is to be designed, to the Bank's satisfaction, within six months of the start of program execution (paragraph 2.34).
7. Submit the following reports to the Bank: (i) an annual activity report that includes information on the financial profitability of the EF and the plan of action for the following year; (ii) an annual audited financial statement; (iii) an evaluation report on the program within 30 months after the start of its execution; (iv) a final evaluation report on the program activities 54 months after their initiation; and (v) a monitoring report on the use of the resources of the EF in the five years following the conclusion of the technical cooperation program (paragraphs 6.1, 6.2, and 6.3).

I. COUNTRY ELIGIBILITY

- 1.1 On November 1, 1993, the Donors Committee declared Colombia eligible for all terms and conditions of financing under the MIF.

II. PROGRAM DESCRIPTION AND OBJECTIVES

A. Background

1. Labor market for women in Colombia

- 2.1 Colombia has 70 percent of its total population concentrated in urban areas, where women predominate. In recent decades participation by women in the labor market has increased more rapidly than participation by men, and between 1970 and 1990 the population of working women increased by 168 percent, while the male population increased by only 62 percent. Thus, the rate of participation by women in the labor market went from 19 percent in 1964 to 46 percent in 1991. This increase was concentrated mainly in the large cities.
- 2.2 Although recent studies show that between 1976 and 1989 there was an increase in the relative number of women working in the better-paid sectors, nonetheless approximately 60 percent of all working women are employed by informal sector, where there is extensive participation by women heads of household. 1/

2. Employment opportunities, wages, and training for poor women

- 2.3 Fifty-five percent of the jobs created between 1990 and 1993 were for women. Nonetheless, this increase was not sufficient to absorb the increasing supply, and in this same period unemployment increased for women over the age of 25.
- 2.4 With respect to pay, the gap between the income earned by men and by women has narrowed significantly. Whereas in the middle of the 1970s men's wages were 70 percent higher than women's wages, by the end of the 1980s this difference had fallen to 20 percent. Although the gap is narrower, however, income earned by women continues to be systematically less than income earned by men.
- 2.5 The process whereby the Colombian economy has gradually been opened up in recent years is already creating increased demand for

1/ A woman head of household is defined as a woman with or without a companion who bears most of the responsibility for the financial support of the household and who is responsible for underage children or other persons who are unable to work.

specialized and better-paid employment in non-traditional areas such as agricultural production (flowers, fruits, and vegetables), chemicals, and mining for metals. It is anticipated that a large part of these jobs will be held by women, especially women heads of household, who account for a significant proportion of the labor supply of women.

- 2.6 In order to get these jobs, a woman head of household from the poorest urban population segments in Colombia needs basic occupational training and specialized skills in the productive sector. Yet the supply of training for women, especially poor and uneducated women, is fairly deficient. The main training institution of Colombia: the Servicio Nacional de Aprendizaje [National Apprenticeship Service] (SENA) offers few programs that are accessible to this population, and in addition it establishes formal and informal barriers to participation by women in courses traditionally occupied by men. The courses available at this time that are accessible to women are limited to training in traditional jobs such as secretarial work, pastry-making, and sewing. These jobs keep women in low-income positions and fail to respond to the new demands of the Colombian labor market.

3. The FES

- 2.7 The FES is a private, non-profit foundation created in 1964 in Cali, Colombia, which manages and finances social and productive projects with its own funds and with national and international contributions. The FES received initial grants from the Ford and Rockefeller Foundations which it began to invest in the financial market, thereby establishing the bases for its financial operations. At the beginning of the 1970s the FES expanded its objectives to include social and productive development, which have become the central mission of the institution. In addition to managing and financing projects through executing NGOs, the FES has, as one of its objectives, strengthening these NGOs to enhance their professionalism and improve their efficiency (Annex II-1).
- 2.8 The FES obtains part of its funds from the successful operation of an affiliate, a commercial finance company that performs commercial banking operations with the exception of management of current accounts. The commercial FES operates under the supervision of the Superintendencia Bancaria [Office of the Bank Examiner], which granted it a license in 1975 to operate on a non-profit basis for 25 years. In the past 10 years, the FES has diversified its operations by creating four companies with financial operations: CORFES (finance company); FIDUFES (trust company); FESLEASING S.A. (leasing company); and FESVALORES (stock company that operates on local stock exchanges).
- 2.9 The FES allocates approximately half the profits obtained during the fiscal year of the preceding year to financing social and productive projects. Thus, during 1993, it made direct donations

of approximately US\$1.3 million to finance some 300 projects. In 1994, the donations distributed amounted to US\$2.5 million.

- 2.10 The FES, accordingly, operates at two levels, as an agency for the promotion of socio-productive development and as a financial entity that provides funds to cover its administrative expenses and to finance its programs.

4. National Development Program for Families with Women Heads of Household

- 2.11 The FES initiated the Program for Families with Women Heads of Household in Cali in 1989 with support from the Ford Foundation. The objective of the program is to increase the income of women heads of household in poor population segments by means of a package of services that include a component of credit for microentrepreneurs, courses in productive and personal development (occupational training), and a network of support for information or guidance to other services.
- 2.12 The program began to expand in 1992 and 1993, when the Consejería Presidencial para la Juventud, la Mujer, y la Familia [Presidential Advisory Council on Youth, Women, and the Family] and the Restrepo Barco Foundation signed an agreement with the FES, providing additional funds for the program and, in the case of the Advisory Council, assuming responsibility for the expansion of the credit component and the extension of the program activities in Cali to 15 additional cities. By the end of 1994, the program was operating in 24 cities with 26 local executing agencies (Annex II-2) and had already disbursed an amount equivalent to US\$2.1 million (Annex II-3).
- 2.13 As of the end of 1994, the program has benefitted 4,500 women microentrepreneurs and heads of household under the credit component, and approximately 25 percent of them under basic training programs for work.
- 2.14 Program coordination has been the responsibility of an Executive Committee comprised of three institutions: the FES, the Advisory Council 2/, and the Restrepo Barco Foundation. The executing agencies include a broad spectrum of NGOs. The Presidential Commission has provided resources for the revolving credit fund and for the basic occupational courses. The Restrepo Barco Foundation mainly supports the program promotion component. The FES has financed, with its own funds and funding from the Ford Foundation, part of the component of occupational training and productive

2/ The Advisory Council was replaced as of September 1994 by the Secretaría Técnica de la Mujer [Technical Secretariat for Women], under the Consejería Presidencial de Política Social [Presidential Commission on Social Policy].

development as well as promotion and research activities (Annex II-3). The FES has also financed women program coordinators in 19 of the 24 cities in which the program is being implemented. In the five remaining cities they are financed by local executing agencies.

- 2.15 The program has approached the position of women heads of household from a new perspective of gender and increase in productivity, by successfully establishing cooperative effort between the public and private sector and by creating a network of NGOs. In addition, the program created a real possibility of training low-income women to meet the new demands of the Colombian economy. The change of government in August 1994 instituted a new phase in the program in which allegedly new expansions thereof will be financed through greater participation by the private sector, which requires the FES to resume its role in promotion and coordination.
- 2.16 At the end of five years after launching the program, the FES requires technical and financial support in order to consolidate the experience accrued to date and to improve the training program that it has been offering so that it will be more comprehensive and better tailored to the needs of the labor market. To this end, it proposes to add a component of productive development or occupational training and simultaneously to strengthen the institutional capacity of the local executing NGOs involved in the program. Moreover, the FES wishes to ensure the sustainability and impact of the program through the creation of a long-term financing system, the Endowment Fund, to be established with funds from the Bank and the FES and through a strategy to raise additional funds both during and after execution of the program (Annex II-1).
- 2.17 The Fondo Permanente con Contrapartida [Endowment Fund] (EF) is a mechanism that was created by the FES at the beginning of the 1970s to guarantee the sustainability of the social projects in which it participates. The FES receives a donation to which it adds 50 percent to constitute a fund that accrues financial earnings. At present there are 375 EFs in the FES with capital of more than US\$20 million, and the largest EFs hold amounts of between US\$250,000 and US\$1.25 million (Annex II-1).

B. Program objective

- 2.18 The objective of the technical cooperation is to develop an innovative and sustainable model for activities to expand the productivity and raise the income of women heads of household in poor urban population groups in Colombia. To this end an effort will be provided to improve, consolidate, and expand the national development program of families with women heads of household, which is being executed by the FES and other institutions, with a view to creating a training model for this segment of the labor force that could be replicated both within Colombia and in other countries of the region. Sustainable financing for the program

will be achieved through the establishment of an Endowment Fund (EF) by the FES with part of the grant funding, which must be supplemented with additional resources from the FES or from other donors collected both during and after execution of the program activities.

C. Program description

- 2.19 The program will introduce the following innovations: (i) improvement of the curriculum through the addition of an occupational training component that includes traineeships in private sector businesses; (ii) inclusion of women wage earners as beneficiaries of the program; (iii) institutional strengthening of the FES and of the network of NGOs executing the program; (iv) development of a program monitoring and evaluation system; (v) introduction of a long-term financing mechanism, with the establishment of the EF; and (vi) preparation and implementation of a strategy for additional fund-raising to finance the program in the long term.
- 2.20 The FES will execute the program in just 12 cities in Colombia ^{3/} within an eight-year period; the activities are to be completed within the first four years and the additional fund-raising by the end of year eight. The limited number of cities was determined by the development of and experimentation with a new and important part of the program and by financial constraints affecting more extensive implementation. The program consists of three subprograms.

1. Basic occupational training subprogram

- 2.21 The basic occupational training is intended to facilitate access by and integration of women heads of household into the labor market. This training will provide the beneficiaries with training that covers subjects related to both work behavior and their position as women heads of household, in order to achieve greater efficiency in their roles as working women and heads of household. An estimated 11,000 women will benefit from the activities under this subprogram (Annex II-5).

^{3/} The cities selected on a preliminary basis will be: Cali, Medellín, Barranquilla, Pasto, Pereira, Bogotá, Bucaramanga, Ibagué, Cartagena, San Andrés, Manizales, and Valledupar. The criteria adopted for the selection of the cities were the following: (i) they were already executing the program for women heads of household sponsored by the Presidential Advisory Council, the FES, and the Restrepo Barco Foundation; (ii) they had a large number of women heads of household; and (iii) they had the institutional capacity in the form of prospective executing NGOs and training institutions.

- 2.22 The basic occupational training workshops offered to date by the NGOs involved in the program vary significantly with regard to their format, content, and quality of training. Through this technical cooperation, FES will coordinate the application of a standard curriculum, with a common format and a basic content, and a certain degree of flexibility, taking into account the characteristics of executing agencies and users. The agencies executing and coordinating the program in each city will be the same ones involved in the current program. Any of these agencies could be replaced, however, if their work is found to be deficient.
- 2.23 In addition, new options will be developed that will enable this training to serve both as an introduction and as a screening process for training in productive development. Insofar as possible, courses and modules will be designed that are aimed at both groups of beneficiaries, that is, both women microentrepreneurs and wage earners.
- 2.24 The curriculum for this training will include core and elective units. In addition to core subjects such as the identity of working women heads of household, working women and the family, and the duties and rights of working women, new subjects will be included, such as time management, work discipline, productivity in work, job searches, job interviews, and others. Some elective literacy units (advanced reading and writing, mathematics, etc.) will also be designed for participants whose schooling proves to be very low (Annex II-4).
- 2.25 The selection of participants for the basic occupational training courses will be done by administering a basic test to evaluate reading and writing ability and an interview to assess the candidate's motivation to participate in the program courses as a means of improving her productivity at work and thereby increasing her income.
- 2.26 Throughout the implementation phase, the performance of the basic occupational training subprogram will be monitored, according to the follow-up procedure described below, and will be adjusted as necessary.

2. Productive development training subprogram

- 2.27 This subprogram is intended to increase the productivity and income of women heads of household, whether self-employed or wage earners, by providing them with the skills necessary to improve the efficiency of their business and to work at jobs in demand in the labor market. To date, only a few units on training in credit management have been implemented, aimed exclusively at women microentrepreneurs. During its execution this subprogram will benefit an estimated total of 6,000 women, 58 percent of them microentrepreneurs and approximately 42 percent of them wage earners (Annex II-5).

- 2.28 The design of the training will take into account the following components: (i) the vocational profile and interest of the participants in this type of training; (ii) the characteristics of labor demand in the cities where the program will be implemented; and (iii) the existence of private institutions specializing in vocational training and the supply of traineeships by the private sector in these cities.
- 2.29 Training for wage earners will vary according to the type of job. In any case, no more than 200 to 300 hours will be devoted to apprenticeship. Training for women microentrepreneurs will require between 100 and 150 hours. In addition to subjects such as access to and management of financial credit and basic finance, new subjects will be included such as marketing, product improvement, production technology, cooperatives and associations, negotiation, demand analysis, and others. In both cases, the training courses will be held in a period not exceeding six months, with a schedule compatible with the women's workday.
- 2.30 Insofar as possible, 20 percent of the training will concentrate on non-traditional jobs for women with good potential for employment. Non-traditional jobs are activities in which the presence of women is very low and which many times have higher wage levels and better working conditions. Examples are jobs in processing agricultural products, electronics, and repair of household appliances.
- 2.31 The selection of participants for productive development courses will be based on: (i) an interview to assess the candidate's motivation to participate in the program courses and the number of years and type of work experience she has had; (ii) the areas of training that are of interest to the candidate; and (iii) an evaluation of her performance in the basic training courses, in the event that she participated. Preference will be given to the selection of candidates who have already participated in the basic occupational training workshops. Those who have not will be offered a selection of core and elective curriculum units in occupational training that are relevant to the type of training for which they wish to register.

3. Subprogram on institutional strengthening of executing NGOs and program follow-up

- 2.32 This subprogram was designed to facilitate the management of the program, to ensure its continuation and expansion once this technical cooperation is concluded, and to guarantee that the working models whose development is proposed can be replicated. In this context, institutional support will be lent to the executing agencies of the program in: (i) standardizing work experience with this target group, refining a gender approach, and consolidating training models in the areas of basic occupational training and productive development, and in the development of strategies for disseminating the program methodology to other NGOs not participa-

ting and for mobilizing additional funds for its future expansion; (ii) the development of a system for monitoring program achievements and impact to facilitate its replicability; (iii) strengthening the institutional capacity of the NGOs executing the program, including its capacity to raise additional funds to finance the program in the long term.

2.33 The main activities planned to achieve standardization of this experience and consolidation of the training models entail:

- a. Publication of a quarterly bulletin on the program activities, the executing agencies, and the users. The bulletin will make it possible to strengthen the exchange of information and experiences between the various entities involved in the program and to strengthen its institutional image. Moreover, it will contribute to disseminating the methodology developed by the programs to other NGOs not participating therein. It will be distributed to the entities that are working directly or indirectly in similar programs and/or with similar groups.
- b. Organization in the initial phase of the program of a meeting with all executing NGOs to discuss their experiences and to establish the bases for standardization of the program. This meeting, which will be held with the support of national experts, will also provide an opportunity for examining the program objectives, the characteristics of demand for its activities, its operational aspects, the criteria for targeting beneficiaries, potential strategies for recovering the costs of the program in the medium and long term, and last, the strategy for mobilization of additional funds to expand its activities after the termination of this project.
- c. Conducting a series of regional workshops for exchange of experiences between the executing agencies. Approximately four of these workshops will be held annually in various regions of the country and insofar as possible NGOs that are not participating will be invited to guarantee the dissemination of the training methodology.

2.34 Monitoring is a fundamental aspect of the program and a system must be designed within six months of the start of execution. Through this subcomponent, an effort will be made to provide all the entities directly involved with the program with a system and appropriate tools to ensure permanent internal monitoring of the activities that are being conducted and of the methodology adopted for implementation. The foregoing will make it possible to review the activities continuously and to incorporate corrections promptly throughout the process.

4. Financing system and program sustainability

- 2.35 The program will be financed by a MIF grant and counterpart resources through the establishment of a Fondo Permanente con Contrapartida [Endowment Fund] (EF). The objective of this fund is to ensure the long-term sustainability of a program that is unique in the region. The operation of the EF is described in section E below.
- 2.36 The establishment of the EF would be essential to ensure the program's long-term impact, to create the institutional capacity to execute this type of program, and to generate the possibility of attracting additional funding. Prior to the first disbursement of the resources earmarked for the EF, the FES must submit to the Bank a strategy to be implemented during and after execution of the program activities to raise funds in addition to the EF so as to increase the financing available for the EF. With the support of the NGOs executing the program, the FES must raise additional funds in the amount of at least US\$1 million within eight years after signature of the contract. If at the end of the eight-year period the FES has not been able to raise the amount agreed upon, it must return to the Bank the difference between the US\$1 million and the funds raised. The efforts of the executing agencies to obtain additional resources to expand the program will be monitored by the Bank.

D. The beneficiaries

- 2.37 The beneficiaries of the project are women whose average age is approximately 30 years. In terms of educational attainment, most have not completed primary school. They are residents of poor districts that are often affected by the violence that prevails in the urban sectors of Colombia and where access to basic services such as electricity, water, and sanitation is limited. The ones who have been participating in the program to date are most frequently found in the following sectors of activity: shops, street vendors, dress-making, production of sweets, ceramics, and others. In most cases, these businesses are operated at the women's homes, as well as on the street or in market squares. Wage earners generally have temporary or part-time jobs.
- 2.38 According to the selection criteria, the beneficiaries will: (i) be women heads of household, microentrepreneurs, or wage-earners; (ii) be in the lowest income groups (brackets 1 or 2); and (iii) reside in the areas selected in each municipality for implementation of the program (See Annex II-4).
- 2.39 No financial contribution will be required of the beneficiaries to participate in the training activities. The program will assume the total cost of the training. Nonetheless, throughout this period, an effort will be made to identify terms and conditions and/or appropriate arrangements for recovering part of the costs of this type of program.

E. Cost and financing

- 2.40 The Bank will contribute US\$3.5 million to finance the program. Of this amount, US\$2 million will be used by the FES to establish an Endowment Fund (EF) (see Annex II-1), to which the institution will contribute US\$1 million (30 percent of the fund total) when the Bank's contribution is disbursed, establishing a fund with initial capital of US\$3 million. The resources from the Bank earmarked for the EF (US\$2 million) will be disbursed in a single payment once the contract is signed and the conditions precedent to disbursement have been fulfilled. The remaining US\$1.5 million of the total funds will be used as start-up capital for the project and will be disbursed as the operation proceeds. The FES will inform the Bank, prior to the first disbursement, of the numbers of the accounts where the program funds will be deposited.
- 2.41 The FES, which will execute the program, will also be responsible for the financial management of the resources. During the analyses conducted in the course of preparing the operation, the FES proved that it was financially solid and ensured that the return on the EF was competitive with other Colombian financial institutions.
- 2.42 According to the financial projections made, the actual annual return on the fund to be established by the FES will average about 6 percent per year in real terms (the nominal rate of 90-day fixed-term deposits, plus three points). Of the annual nominal return, 70 percent will be allocated to the project objectives and the remaining 30 percent will be returned to the fund.
- 2.43 At the start of the program, the FES will hire an independent financial expert, duly approved by the Bank, to evaluate its investment policy and the EF's profitability and compare it with that of other local and international financial institutions. The expert will also establish the necessary financial indicators and the procedures to be followed during the annual reviews of the program.
- 2.44 The program will finance US\$2.76 million during the first four years of execution (see below the Consolidated Budget of the Program and Annex II-6 Itemized Budget). When the execution of the program activities is completed, the EF will be left with a balance of approximately US\$2 million, which will allow financing for the training program for women heads of household to be maintained in the long term. Although these resources will decline considerably (from US\$559,000 in year four to US\$337,000 available in year five), they would still be sufficient to ensure implementation of the training programs in the 12 cities for several more years. It should be borne in mind that a large part of the annual disbursement during the execution period will be used to develop the methodology and content of the programs, prepare guidelines, train local extension workers, and mainly to strengthen the participating NGOs. Since these expenditures will be eliminated or

reduced upon completion of the program activities agreed upon with the Bank, basically only the training courses per se will then have to be financed. However, the FES will have to obtain, within eight years after signature of the contract, additional funding from other donors or from its own resources, in the amount of US\$1 million, which will increase the amount available annually for investments. This amount must be used to supplement the EF, or, subject to approval by the Bank, it may be used to defray recurrent expenses under the program.

- 2.45 After completion of the program, the FES must continue to disburse 70 percent of the annual nominal yield of the EF each year. Throughout the life of the EF, these resources will be used to finance job training programs for women heads of household in brackets 1 and 2.

| CONSOLIDATED PROGRAM BUDGET YEARS I/IV US\$ | | | | | | |
|--|----------------|----------------|----------------|----------------|------------------|------------|
| | Year I | Year II | Year III | Year IV | Totals | % |
| COORDINATION AND ADMINISTRATION Coordinator/Assist. Administrative support Emoluments NGOs Official Travel Others | 104,600 | 104,600 | 104,600 | 104,600 | 418,400 | 15 |
| BASIC OCCUPATIONAL TRAINING Dissemination and promotion Review of courses Guidelines and training for instructors Development/Implementation of courses Other activities | 171,500 | 208,000 | 230,000 | 51,000 | 660,500 | 24 |
| PRODUCTIVE DEVELOPMENT Dissemination and promotion Studies of the labor market Development of curriculum Other activities | 120,200 | 199,700 | 398,200 | 269,000 | 987,100 | 36 |
| INSTITUTIONAL STRENGTHENING AND FOLLOW-UP Publications Support professionals Institutional support to NGOs Monitoring and evaluation system Seminars | 202,280 | 181,280 | 162,280 | 134,280 | 680,120 | 25 |
| CONTINGENCIES | 1,420 | 6,420 | 4,920 | 120 | 12,880 | 0 |
| TOTAL | 600,000 | 700,000 | 900,000 | 559,000 | 2,759,000 | 100 |

F. Organization and execution

- 2.46 The program will be executed during an eight-year period beginning on the date of contract signing. The activities called for must be executing within the first four years, although the additional fund-raising to finance the program is not to be completed until the end of year eight. The FES Foundation will be responsible for

its execution, through the Division of Economic and Social Development. The FES, because it is an agency that manages and finances projects but does not directly execute them, will coordinate and administer the execution of the program, will conduct the follow-up and evaluation thereon, and will channel the technical cooperation funds to the executing agencies. The Division of Permanent Funds and Project Evaluation of the FES, in coordination with the Division of Economic and Social Development, will form an Administrative Committee to administer the EF that is to be created.

- 2.47 A Program Advisory Committee will be created, comprised of private and public entities that operate and finance programs for women heads of household. This Committee will have advisory functions and the final decision-making will be reserved for the FES. (See Annex II-8).
- 2.48 The program will have a woman coordinator at the national level, to be financed with program funds, who will perform her duties and report to the FES Foundation. Her function will be to implement the decisions by FES with respect to the direction and correction of the program, including coordinating the design of central and regional work plans; to support the consolidation of the plan of activities; to issue a call for bids for the execution of various components and enter into agreements with the executing institutions; to follow-up on the agreements using the monitoring system and suggest the necessary adjustments; and to comply with the Bank requirements concerning the use of funds. The national coordinator will directly supervise the 12 support professionals. A coordination assistant will support the work of the coordinator.
- 2.49 The program will finance, for the 12 cities where it will be executed, a support professional who will perform her duties at the FES. Her basic task will be to coordinate and supervise the progress of the basic occupational training and productive development training, by maintaining close contact with the program users, encouraging their participation in the training, and following up on those who participate. She will report to the national coordinator and maintain ongoing coordination between the FES and the executing institution(s).
- 2.50 The agencies to be selected to undertake the local execution of the training for women microentrepreneurs and wage earners must fulfill the following basic requirements: (i) institutional capacity (organizational structure, sufficient human resources, etc.); (ii) experience in the region; (iii) experience in the execution of programs linked to the hiring areas; and (iv) preferably, experience with projects involving women. For the productive development subcomponent, only firms that can offer the program participants traineeships of at least three months in firms in the private sector will qualify.

- 2.51 In order to facilitate participation by users in the training courses, the executing agencies will offer incentives and services to supplement the training such as: (i) vocational guidance with regard to their occupations; (ii) a snack; and (iii) a subsidy to defray transportation expenses, when necessary.
- 2.52 In the occupational training subprogram, the FES will hire national and international agencies and/or experts to redesign the curriculum, develop methodological guides for the instructors, and organize training for trainers. The design of the subprogram will be based on its objectives and experience acquired to date. Along these lines, the FES will organize, at the beginning of the project, a national meeting with the executing agencies to evaluate the workshops that have been offered to date. The FES will also have studies of demand done, *inter alia*, to identify the degree of interest and satisfaction of the participants and reasons for dropping out.
- 2.53 Under the subprogram on training for productive development, the FES will hire agencies or experts during the first year of the program, through a bidding process in conformity with Bank procedures, to conduct exploratory studies of the labor market in selected cities. These studies, to be conducted through labor and consulting agencies in the private sector, will make it possible to identify areas of greatest economic growth, goods and services most in demand, employment levels in the various sectors, and the type of qualifications required. Based on the results of the surveys, the FES will call for competitive bids from specialized private institutions in order to design and carry out the training of both women microentrepreneurs and wage earners.
- 2.54 In order to strengthen the institutional capacity and support the management of the executing NGOs, the FES:
- a. will hire national or international experts to conduct a diagnostic assessment of the institutional management of the executing NGOs, develop a plan of action to improve such management, and implement the strategy to raise additional funds for the program;
 - b. on the basis of this assessment, the FES will hire experts to lend institutional support to the NGOs and will develop a flexible institutional-strengthening program that meets the needs of the various NGOs participating in the program. This institutional support could extend over a maximum period of six months in the case of NGOs with serious weaknesses. The less intensive version calls for support at a more general level for all the NGOs that participated in the assessment phase. In this case, the FES will support the groups of NGOs in the implementation of a basic strategy for improving their management and their institutional capacity. The FES will promote the exchange of experiences between the NGOs who are benefi-

ciaries of this subprogram as a means of communicating innovative methods of dealing with institutional problems.

- 2.55 For the execution of the monitoring system, the FES will hire national or international experts during the initial phase of the program to design a simple system to collect data from the executing agencies on the functioning of the program, the beneficiaries and their participation in the various activities. The FES will be responsible for the centralized processing of these data and for the preparation of periodic reports on program follow-up and monitoring. This effort requires training personnel at the executing agencies and also ongoing technical monitoring at the FES and the other coordinating entities.
- 2.56 The firms to provide the services required by the project will be hired following the Bank procedure for selection and hiring of consultants. At the beginning of program execution, the FES Foundation must make an announcement in a specialized international journal or periodical in order to identify and evaluate firms from Bank member countries that are interested in participating in the project. This will result in the prequalification of a group of firms, which must be invited to participate in the biddings to be held. The background of these firms will be updated on the short list that will be submitted for consideration by the Bank.

G. Viability and risk

- 2.57 The training program for women heads of household has been designed with enough flexibility to facilitate its meeting the established objectives. The viability of the program lies in the effectiveness of the institutional support proposed for the FES and other executing agencies of the program.
- 2.58 Four main risks were identified, which will be analyzed below. First, the relationship of cooperation between the FES, the Restrepo Barco Foundation, the Presidential Advisory Council on Youth, Women, and the Family, and the network of executing NGOs that was put in place under the previous government has been instrumental to the expansion of the program during 1992-1994. Continuation of this cooperative effort is essential to guaranteeing the success of the project and its future expansion. Given the explicit support by the new government for initiatives aimed at women heads of household, participation by the public sector in this program will be maintained during the coming years. Moreover, the support planned through the institutional strengthening component will make it possible to consolidate the FES in its role in promoting this cooperative effort between the public and private sectors.
- 2.59 Second, the execution of the productive development training component could present certain difficulties since it will be a new experience for various entities involved in the program. Although

it is true that Colombia has various institutions with extensive experience in training, training for women in low income brackets in jobs that are in demand on the labor market is a relatively novel area. The fulfillment of the selection criteria of the agencies that will be responsible for this training - in particular criteria related to the experience of the training institutions in this area and their capacity to guarantee practical work instruction to the beneficiaries - is essential to dealing with and minimizing these difficulties.

- 2.60 Third, there is the risk that the services of the program may not succeed in reaching women in the most vulnerable segments of the urban population. Adherence to the criteria for targeting and selecting beneficiaries as defined is important to alleviating this risk. The mechanisms for consultation and exchange of experiences between the coordinating and executing agencies as well as the procedure for monitoring the program that were provided for by the component of institutional strengthening will make it possible to take corrective measures whenever deviations or difficulties in complying with this aspect of the program are observed.
- 2.61 Lastly, the very structure of financing involved in the operation constitutes a risk, that is to say, the advance disbursement of Bank funds so that the FES may establish a counterpart fund. Nonetheless, the experience and credibility of the FES, proven by years of working with national and international entities, in the management of social and productive programs, and especially in the administration of counterpart funds, mitigate this risk considerably. In turn, the interim review that has been planned will make it possible to adjust the operation in case problems are identified.

III. FULFILLMENT OF CRITERIA TO DETERMINE PROJECT ELIGIBILITY

A. General criteria

- 3.1 MIF financing for training workers is consistent with its general purpose of increasing the productivity of the workers, especially the criteria established in Article I(b) in connection with the implementation of development strategies that promote an expanding private sector and help alleviate poverty.

B. Facility criteria to determine project eligibility

- 3.2 The proposal is also consistent with the criterion for extending financing under paragraph (b) of the Human Resources Facility of the MIF Agreement which establishes, among other criteria, that grants are to be provided for training programs, services, and for the labor force, especially with reference to worker training

programs that meet the needs of private companies and support the local economy.

IV. COMPATIBILITY WITH THE BANK PROGRAM IN THE COUNTRY

- 4.1 The Bank's strategy in Colombia, as defined in the Country Paper approved in March 1995, is directed toward activities and programs aimed at reducing poverty, improving the capacity and efficiency of the public sector, and expanding participation by and the productivity of the private sector in the economy. According to the Country Paper, the Bank is to use MIF funds to foster extensive participation by the private and nongovernmental sector in economic activities, the development of civil society, and the strengthening of the regulatory capacity on the part of the Government. In this project, support is lent to increasing productivity on the part of the female labor force and a network of NGOs that will be executing the program.

V. AVAILABILITY OF MIF FUNDS

A. Terms and conditions of financing

- 5.1 It is expected that the project will be financed with a grant based on (i) country eligibility; and (ii) fulfillment by the country of the eligibility criteria to obtain country funding (Article 5(b) of the Agreement Establishing the MIF) as set forth in Section III, paragraphs 3.1 to 3.4, of the Eligibility Memorandum for Colombia.

VI. PROGRAM REPORTS, EVALUATION, AND SUPERVISION

- 6.1 The FES will assume responsibility for preparing the following reports and submitting them to the Bank:
- a. Prior to disbursement of the funds for the EF, the FES must submit to the Bank for approval a proposal to raise additional funds in the amount of no less than US\$1 million within eight years after signature of the contract.
 - b. **Annual Activity Report.** This report will include information concerning the number of workshops held, expected beneficiaries, guidelines developed and results obtained with respect to the institutional strengthening component for the executing agencies and the development of a program monitoring system. The report will also include a brief description of the program users during the period. It will be accompanied by an activity

plan for the following year, which must be approved by the Bank, and must include information on the financial profitability of the EF during the period.

- c. **Annual Financial Statement.** This statement must be audited by a private firm to be agreed upon with the Bank, prior to the first disbursement.
 - d. **Monitoring Report on the Use of EF resources.** It must be submitted in the five years following the conclusion of the technical cooperation program.
- 6.2 Given the experimental nature of this operation, an interim evaluation and a final evaluation of the program will be conducted, which will make it possible to measure progress vis-à-vis the quantitative and qualitative objectives established by the program and its various components. The FES will hire national and international experts with the approval of the Bank to design and perform these evaluations and will send the respective reports to the Bank for its approval.
- 6.3 The interim evaluation will be conducted two years following the initiation of the project and the respective report will be sent to the Bank within six months after the end of the two-year period. Emphasis will be placed on aspects related to the sustainability of the program upon completion of project execution, with special attention to the efforts initiated by the FES and other coordinating and executing agencies up to the mobilization of funds to guarantee the continuation and future expansion of the program. If the findings with respect to fund-raising should not be consistent with the goals established by the FES and approved by the Bank, measures will be recommended for implementation during the remaining period. Under the interim evaluation, the progress of the activities will also be measured and operational and administrative problems of the project will be examined.
- 6.4 Attention will be given to the following aspects, among others: number and characteristics of the beneficiaries of the various training activities, number of cities participating in the project, appropriateness of the criteria and mechanisms for selecting the beneficiaries, appropriateness of the criteria for selecting the firms/agencies responsible for training in productive development, actual capacity of the firms hired, degree of uniformity and appropriateness of the work methodology adopted by the executing agencies of the program, quality of the technical assistance offered to the coordinating and executing agencies, quality and status of the curriculum of the training programs provided and the guide for instructors, status and quality of the exploratory studies conducted in order to facilitate the design of the training for women wage earners, quality of the system for communication and exchange of information and experience between the executing and

coordinating agencies, and appropriateness of the program monitoring system.

- 6.5 The final evaluation of the program will be conducted 54 months after program initiation. This evaluation will measure the socioeconomic and institutional impact of the program and will recommend measures to be taken in future training programs for women heads of household to be financed by the EF. More specifically, it will make it possible to measure the performance of the project in relation to the indicators presented in Annex II-9. It will evaluate the strategy for disseminating the training methodology developed by the program to other cities of Colombia and to other countries of the region. It will also evaluate the effectiveness of the efforts made by the executing institutions to mobilize additional funds for the expansion of the program.
- 6.6 The direct supervision of the program will be done by the staff from the Country Office and Headquarters assigned to the project. Given the innovation and demonstration characteristics of this project, there are plans for an administration mission to be conducted at the end of the first year and a second mission of the same type once the interim evaluation of the program is completed. The objective of these missions will be to conduct a review with the FES of the performance of the program and to agree on any adjustments and future plans of action. The missions will be comprised of an RE3/SO3 specialist, a WID specialist, and the responsible specialist from the Country Office.

PROPOSED RESOLUTION

COLOMBIA. NONREIMBURSABLE TECHNICAL COOPERATION FOR
A PROGRAM FOR TRAINING OF WOMEN HEADS OF HOUSEHOLDS

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Fundación FES and to adopt such other measures as may be pertinent for the execution of the Proposal Memorandum referred to in Document MIF/AT-_____ with respect to a non-reimbursable technical cooperation for a Program for Training of Women Heads of Households.

2. That up to the sum of US\$3,500,000 is authorized for the purposes of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund.

3. That the above mentioned sum is to be provided on a non-reimbursable basis.