



## **ANNEX A-1 PROJECT DESCRIPTION**

### **Fund Manager for the "Outcome Fund for Education Results" (OFFER) Project in Colombia**

**August 2022**



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## A. Definitions

Within the context of this Contract, the following definitions apply:

**Alliance** The group of four private sector organizations (Fundacion Bancolombia, Fundacion SURA, Fundacion Nutresa and Fundacion Empresarios por la Educacion) and DFATD which co-designed the OFFER and represent the founding organizations that will fund the OFFER.

**ETCs or *Entidad Territorial Certificada*" or Certified Territorial Entity** Administrative entity (e.g., department or municipality) responsible for managing the educational services for the population within its jurisdiction. Departments and municipalities require legal and formal authorization from the Ministry of Education to be recognized as ETCs.

**Learning Agenda:** Evidence, lessons learned, and knowledge that the Project generates beyond assessing outcomes for payment. This could include answering questions around why a particular Pay-for-Results Challenge is successful or not, identifying the policy implications of the funded interventions, and addressing longer-term systems-change questions.

**Learning Partner:** Organisation that is contracted by the OFFER Manager to establish a long-term relationship with the OFFER to support the OFFER Fund Manager's learning team, comprised of Learning and Evaluation Managers, in the design of the learning agenda, providing capacity building to the OFFER's learning team and ensuring that the strategic learning and evaluation objectives are coherent across multiple projects and throughout the Fund's lifecycle.

**OFFER Fund Manager:** Organisation(s) responsible for executing both the Fund's pay-for-results and Pay-for-Results Challenges and the system change strategies, as well as the fund financial administration and oversight of the third-party verification process.

**Outcome:** Results that represent significant changes in the population's well-being or conditions. As opposed to outputs, outcomes do not refer to the immediate effect of an activity on the people but rather a desired substantial impact on the participants' lives.

**Outcome Funder:** Organisation that provides funding to pay for the achieved outcomes identified for each pay-for-results challenge/initiative.

**Pay-for-Results Challenge:** Competitive processes that the OFFER launches to select projects to address a specific sector issue under the pay-for-results framework. Coordinated and managed by the OFFER Fund Manager, an individual Pay-for-Results Challenge may fund one or multiple projects, which can run in parallel. Numerous Pay-for-Results Challenges will be set by the OFFER to address multiple gaps in the education sector

**Pay-for-Results Initiative:** Initiative (sub-project) contracted and implemented under a pay-for-results challenge. Projects are implemented by service providers, an intermediary, or a consortium consisting of a service provider and a social financier. Pay-for-results projects are the forum whereby evidence, knowledge, and lessons learned are generated.

**Social Financier:** Organization that provides working capital to service providers and takes on the financial risk of implementing a pay-for-results initiative

**Service Provider:** An organisation that implements a pay-for-results initiative. Service providers may include individual implementing organizations or consortia established to deliver specific pay-for-results initiatives.

**Verification Mechanism:** The mechanism through which an independent evaluator will assess whether the initiative achieved its outcomes and which forms the basis for payment to the service provider.

**Verification Agent:** Organisation in charge of implementing the verification mechanism for all Pay-for-Results Challenges or each specific challenge in coordination with the OFFER Manager's learning team and Learning Partner.





## **PROJECT DESCRIPTION**

### **1. Project Context**

#### **1.1. Country Context and Education Sector in Colombia**

Colombia is a middle-income country that remains one of the most unequal countries globally (with 1% of the population owning nearly 40% of the wealth) and a conflict-affected country. Colombia recognizes that more targeted investments in education are required to close the rural-urban gap and stabilize the areas historically affected by the armed conflict and recent internal and external migratory fluxes. As a result, education has been at the forefront of the political agenda, social engagement, and private sector investments in Colombia. Students and teachers recently pressed to invest more resources in education.

As a new member of the OECD, Colombia has government institutions with significant capacity, solid policies, and a commitment to delivering programs and services to its citizens. However, while education is a state responsibility to provide to its citizens, the Colombian government faces challenges ensuring equal access to education opportunities for all. Further, Colombia also has a robust and well-established private sector that is willing and engaged to reduce inequalities in the country, albeit in a fragmented manner. Nevertheless, despite a devoted private sector, the allocation of significant domestic resources through government systems, and the support of international cooperation donors, significant education gaps remain.

In Colombia, inequalities in access to quality education are evident in social strata related to geographic area, income level, gender, and ethnicity. There are persistent enrollment challenges for children and adolescents of all ages. Furthermore, the access gap between rural and urban populations is significant, with the widest gap for 15-16 years. Only 31% of this population living in rural areas has access to education compared to 47.6% of their urban counterparts. Nearly 93% of rural students do not have access to higher education.

Moreover, low-quality education at all levels has affected retention and graduation rates. The COVID-19 pandemic has compounded this situation. More than 150,000 students have officially dropped out of school. In addition, approximately 600,000 children have recently come to Colombia because of the Venezuela migrant crisis (out of a migrant population of roughly 1.8 million Venezuelans and Colombian returnees).

The Government of Colombia prioritizes education for its population. Accordingly, education has been included as an essential pillar in the latest National Development Plans ([Plan 2014-2018](#) and [Plan 2018-2022](#)), and public spending on education has increased considerably to demonstrate commitment. However, implementing and realizing strategic plans and reducing the rural/urban divide remains a significant challenge.

As a result of its persistent conflict state, vulnerable populations face significant challenges accessing quality education in Colombia, a key impediment to peace and development. Therefore, equal access to educational opportunities and outcomes for vulnerable learners is the primary objective of the Outcome Fund for Education Results (OFFER).

#### **1.2. Canada's Cooperation Program in Colombia**

Canada's Cooperation Program has been present in Colombia for over 40 years, with the primary objective of supporting the efforts of Colombia to reduce poverty and inequity. Currently, the Cooperation Program is focused on three (3) main areas: Peace and Stabilization, Human Dignity and Gender Equality (HDGE), and Growth that Works for Everyone (GROWE). In recent years, Canada has emphasized on helping Colombia tackle its development challenges as a true partner and help the country effectively transition to fully country-led development. In this context, with a focus on harnessing innovation for long-term sustainable development, programming increasingly seeks to achieve more impact with less Official Development Assistance (ODA)<sup>1</sup> by securing co-financing and leaving affordable solutions for the Colombian Government and private sector to scale-up.

<sup>1</sup>Based on Canada's Official Development Assistance Accountability Act (S.C. 2008, c. 17), official development assistance means international assistance (a) that is administered with the principal objective of promoting the economic development and welfare of developing countries, that is concessional in character, that conveys a



Education has been at the center of Canada's cooperation with Colombia. Over the last decade, Canada has invested more than \$60M in rural education projects in Colombia's most disadvantaged and conflict-affected areas. These projects have achieved outstanding results, and Canada remains among the most prominent donors in the education sector in Colombia. Nevertheless, on occasion, the interventions advanced by service providers are expensive and cannot be affordably replicated by the Colombian Government (national and local), and in some regions, there is an overreliance on Official Development Assistance (ODA).

In addition, development projects financed by the private sector have also implemented successful models, with noteworthy results for improving access to quality education and providing protective environments for girls and boys in conflict-affected areas. However, this has typically been at a cost that hinders sustainability and the transferability to the Government of Colombia. In alliance with its private sector partners, Canada's Cooperation Program is developing innovative mechanisms to integrate local funding and stimulate more efficient and scalable approaches, including pooling private and public revenue streams to create or scale-up activities for development impact and incentives to address market failures.

Canada has also engaged in the education sector through support to numerous non-programmatic initiatives to advance a gender-sensitive education policy. For instance, over the last years, Canada has provided technical assistance in various forms to the Ministry of Education (MEN)<sup>2</sup> to strengthen its capacity to develop a robust, resilient, and inclusive education sector. For example, Canada recently supported the MEN to respond to COVID-19, including co-financing an initiative valued at around \$200,000 to deliver educational content through radio to communities isolated due to COVID-19 lockdowns.

Canada enjoys a strong relationship with the Ministry of Education in Colombia, based on this history of effective programming in the sector, advances in policy dialogue, and strategic support provided in non-programmatic ways. Within this context in Colombia, and in line with Canada's Colombia Program growing emphasis on broadening non-traditional partnerships and maximizing impact, Canada has committed to exploring innovation for development in education through the Outcome Fund for Education Results.

### 1.3. Alignment with Policy and Cross-Cutting Themes

The Outcome Fund for Education Results (OFFER) is based on a new innovative results-based financing model, mobilizing private sector investment to achieve measurable cost-effective education outcomes. This pilot program draws upon the commitments outlined in the [Whistler Principles to Accelerate Innovation for Development Impact](#). This Project is aligned with the Department of Foreign Affairs, Trade and Development (DFATD)'s Feminist International Assistance Policy (Human Dignity Action Area) and Sustainable Development Goal (SDG) #4 (Quality Education). The OFFER will also contribute to SDG #9 to foster innovation for development and SDG #17 (Global Partnership for Sustainable Development) by mobilizing additional financial resources from multiple sources. This Project is aligned with Canada's core Action Area of Gender Equality. In addition, it would contribute to Canada's commitment to Education for Refugees and Displaced Children (including the recently launched "Together for Learning" Campaign).

In relation to implications for cross-cutting themes, the OFFER will work to reduce gender gaps in education outcomes for the most vulnerable populations, including girls, women, indigenous, afro-Colombians and migrants. At its core, the OFFER seeks to advance the principles of equity, transparency, and shared opportunity as part of contributions to be made in relation to the theme of Governance. Environmental considerations will be integrated into programming challenges where possible, incorporating considerations for the usage of materials, water, electricity, and learning opportunities for learners and communities

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grant element of at least 25%, and that meets the requirements set out in section 4, and (b) that is provided for the purpose of alleviating the effects of a natural or artificial disaster or other emergency occurring outside Canada (aide au développement officielle).

<sup>2</sup> Ministry of Education (MEN) National public entity responsible for designing educational policies, regulating, and overseeing the educational services for Colombians. The Ministry of Education is also responsible for funding the public educational system by transferring resources to local administrative entities, particularly ETCs.



## 2. Current Status

### 2.1 Design of the Outcome Fund for Education Results (OFFER)

This Project was approved by Global Affairs Canada in February 2021. The OFFER will focus on impact and scalable education solutions for the most disadvantaged and conflict-affected children, especially girls, migrants, victims of armed conflict, indigenous and those living in rural conflict-affected areas. The Colombian Government is committed to delivering education and has a well-established private sector that wants to help the most vulnerable. The OFFER has been co-designed with four (4) private sector partners (“Alliance Partners”) whose vision is to collaborate with Colombia on equal footing to achieve the Sustainable Development Goals (SDGs), including closing the financing gap for the SDGs.

The OFFER represents an important programming tool in an evolving toolbox for middle-income countries. The OFFER is a cutting-edge initiative in the field of impact mechanisms. It will be one among few education outcome funds in the world. Its lessons can guide other similar structures in the future (e.g., in health, etc.). In Colombia, the OFFER will complement several other Canadian and private sector partners funded investments in the education sector.

Lastly, in the context of the Covid-19 pandemic, flexible and adaptable programming modalities such as Outcome Funds, are increasingly highlighted as valuable tools that allow Governments and their private sector partners to respond appropriately and efficiently with impact-driven programming solutions to new development challenges.

## 3. Expected Results for the Project

### 3.1 Target Beneficiaries

The general profile of the OFFER beneficiaries are learners in Colombia who have one or more of the following characteristics: live in rural areas; have diverse identity factors (gender, race, ethnicity); have special needs; are in crucial transition points in their education journey; have been affected by internal conflict; have migrated; have low education performance etc. Since the expected results of each OFFER Pay-for-Results Challenges would be identified by the OFFER Fund Manager (based on data and insight provided by the local authorities and Ministry of Education, and confirmed by the Executive Committee) before launching each Pay-for-Results Challenge, the detailed profile and numbers of beneficiaries, both direct and indirect, would be defined at a later date for each Pay-for-Results Challenge.

### 3.2 Model and Principles

When fully operational, the OFFER will be a public-private sector fund that will create a marketplace for affordable education solutions to be scaled up for the most vulnerable in Colombia. In addition, it will strengthen the education ecosystem and improve education public policy, using a results-based payment and innovative financing approach to achieve a more significant impact.

The following five principles will guide the OFFER initiative:

- 1) Align incentives with the most hard-to-reach areas in Colombia and focus on vulnerable populations and supporting educational outcomes.
- 2) Focus the initiative design on outcomes with the flexibility to achieve results.
- 3) Leverage international cooperation, private sector, and public resources to address the financing gap for rural education services.
- 4) Orient key stakeholder's investments (international cooperation and private sector) to align with Colombian public sector<sup>3</sup> priorities (national and local), focusing on more equitable and sustainable education interventions,
- 5) Create a more efficient and competitive environment wherein implementers compete to achieve results within constrained contexts, resulting in cost-effective solutions.

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<sup>3</sup> **Public Sector:** Group of administrative entities, institutions, and policies through which the Colombian State delivers public services to the population. It includes the Ministry of Education, ETCs, public schools, and public teachers.



The OFFER approach is based on three fundamental beliefs: 1) All children in Colombia must have access to education, and the opportunity to stay in school and achieve well in school must be equitable. 2) Traditional approaches to funding projects are not delivering the outcomes that they intend; to achieve the vision, funding needs to incentivize the delivery of outcomes better, and 3) Taking a deliberate and transparent approach to its learning agenda, the OFFER can evolve and support the education ecosystem to learn and build its capacity to deliver outcomes.

### **3.3 Goal and Purpose**

The project goal is to improve education service delivery so that all learners in Colombia have equitable opportunities for access, retention, and achievement in the education system.

The project purpose is to create an education ecosystem that fosters innovative solutions to education Pay-for-Results Challenges while building the capacity of all stakeholders to promote and implement results-based financing programming employing public and private sector partnerships.

### **3.4 Outcomes**

The initiative is expected to achieve the following intermediate outcomes:

- 1) key actors in the education ecosystem in Colombia are strengthened with the ability to achieve equitable, measurable and lasting education outcomes; and
- 2) education policy in Colombia is strengthened with the adoption of outcomes-based principles and practices to deliver effective programs.

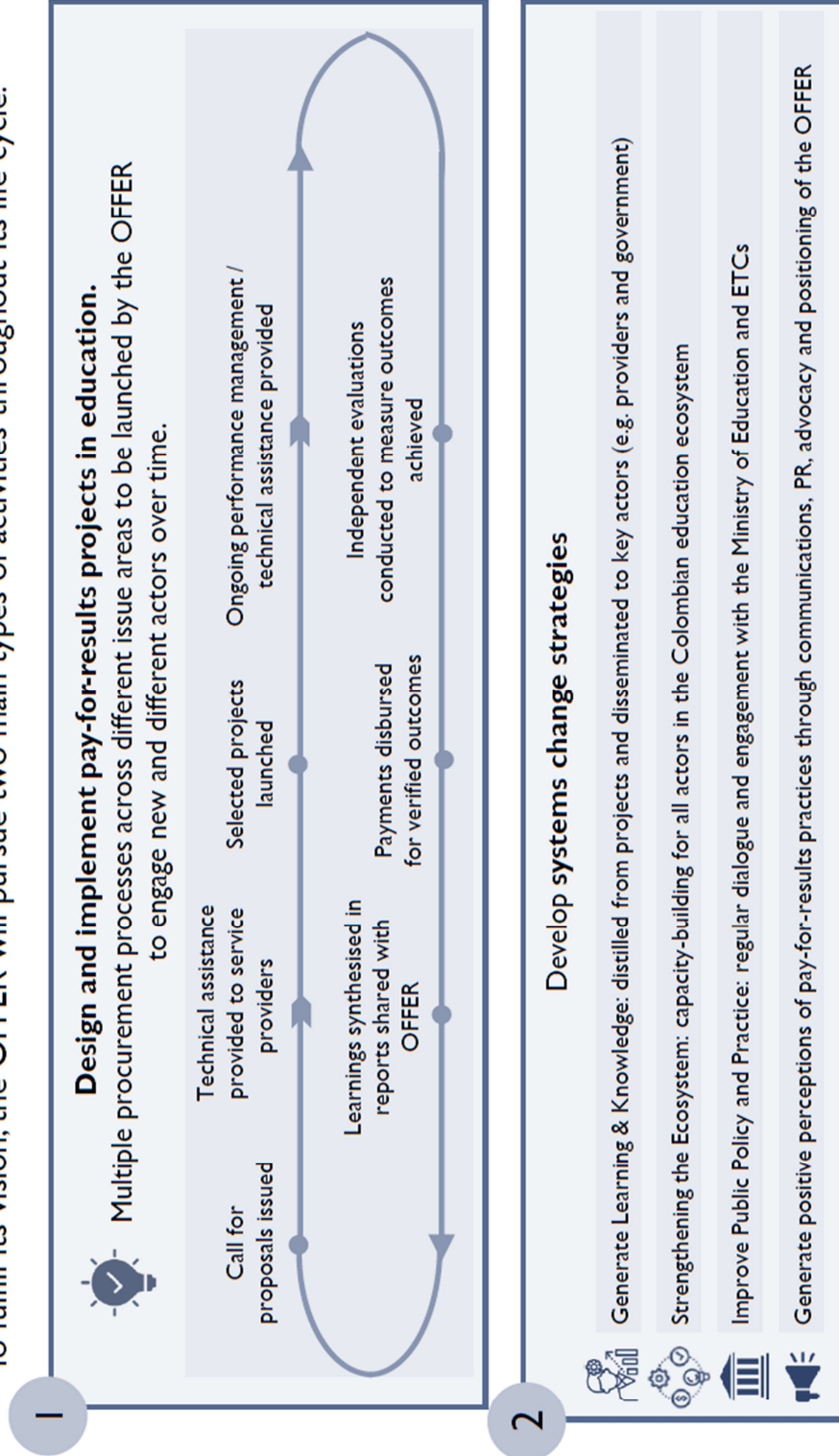




### APPENDIX 1: OFFER VISION AND APPROACH

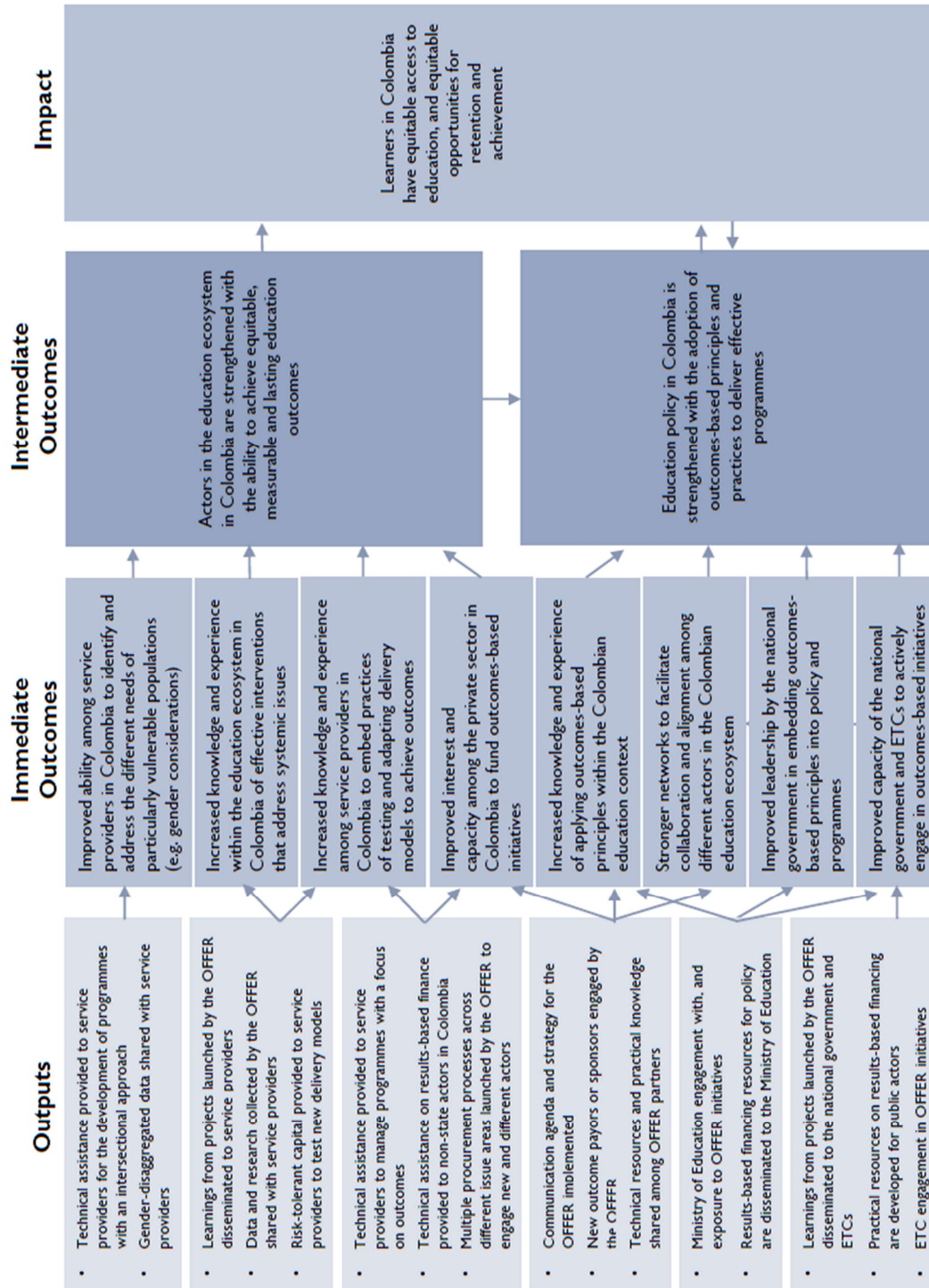
**All learners in Colombia have equitable access to education, and equitable opportunities for retention and achievement.**

To fulfill its vision, the OFFER will pursue two main types of activities throughout its life cycle:





APPENDIX 2: OFFER LOGIC MODEL





### APPENDIX 3: OFFER OUTCOMES FRAMEWORK

Outcome Type	Outcomes	Illustrative Metrics (Short-Term)	Illustrative Metrics (Long-Term)	Data Sources & Collection Method
<b>Impact</b>	<b>All learners in Colombia have equitable access to education and equitable opportunities for retention and achievement</b>			
	Reduced performance gaps in rural areas and educational achievement is normalised to national averages.	<ul style="list-style-type: none"> <li>Differences in standardised test scores between rural ETCs and the national averages</li> <li>Education quality across rural ETCs compared with national standards</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholders' (including teacher, students, ETCs, service providers) perception of differences in the quality of education delivered in rural and urban areas</li> </ul>	<ul style="list-style-type: none"> <li>ICFES</li> </ul>
	Improved education outcomes for vulnerable population groups in rural areas.	<ul style="list-style-type: none"> <li>Access, retention and achievement outcomes for particularly vulnerable learners, including those marginalised by poverty, gender, ethnicity, disability, and conflict</li> <li>% of rural schools that have established guidelines to promote equitable learning environments</li> <li># of teachers trained to deliver inclusive education programmes</li> </ul>	<ul style="list-style-type: none"> <li>Perception of the value of education in rural communities</li> <li>Community attitudes towards education for all learners</li> <li>Self-reported attitudes towards education and the school learning environment among vulnerable learners</li> <li>Government data systems have the capacity to collect and analyze data disaggregated by gender, ethnicity, immigration status and other demographic considerations</li> </ul>	<ul style="list-style-type: none"> <li>Multidimensional Poverty Index</li> <li>Ministry of Education data</li> <li>ICFES</li> </ul>
<b>Intermediate Outcome</b>	<b>All actors in the education ecosystem in Colombia are strengthened with the ability to achieve equitable, measurable and lasting education</b>			
Strengthening the Ecosystem	Increased partnerships to facilitate collaboration and alignment among actors in the Colombian education ecosystem	<ul style="list-style-type: none"> <li># of new pay-for-results partnerships established through the OFFER</li> <li># of new education actors engaged by the OFFER</li> <li># of service providers who receive OFFER technical assistance</li> </ul>	<ul style="list-style-type: none"> <li># of government stakeholders that have heard of the OFFER</li> <li>Stakeholders' perception of the value of the OFFER to the education sector</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation and surveys</li> </ul>
Strengthening the Ecosystem	Improved capacity and interest among the private sector to fund outcomes-based initiatives in education	<ul style="list-style-type: none"> <li># of new private sector partners engaged by the OFFER</li> <li># and total value of private sector commitments to outcomes-based initiatives in education</li> </ul>	<ul style="list-style-type: none"> <li>Perceptions among private sector partners of the impact generated by their investments in OFFER initiatives</li> <li>Level of interest among OFFER partners to commit additional funds</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation and surveys</li> </ul>

Outcome Type	Outcomes	Illustrative Metrics ((Short-Term)	Illustrative Metrics (Long-Term)	Data Sources & Collection Method
Strengthening the Ecosystem	Improved capacity and skills among service providers to deliver education services and programming using intersectional approaches, particularly in regard to addressing gender inequalities	<ul style="list-style-type: none"> <li># of service providers trained to deliver inclusive education programmes</li> <li># of new programmes launched by the OFFER that adopt intersectional strategies to service delivery</li> <li>Level of knowledge among service providers and teachers engaged by the OFFER in implementing gender-responsive programmes</li> <li>Self-reported attitudes towards education and the school learning environment among vulnerable learners</li> </ul>	<ul style="list-style-type: none"> <li>% of education programmes in Colombia that incorporate intersectional approaches</li> <li># of national/local education policies that embed intersectional guidelines</li> <li>% of rural schools that have established guidelines to promote equitable learning environments</li> <li># of teachers trained to deliver inclusive education programmes</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation</li> <li>Ministry of Education interviews/surveys</li> </ul>
Generating Knowledge and Learning	Improved knowledge about effective education models and interventions	<ul style="list-style-type: none"> <li># of new programmes launched that reflect OFFER learnings</li> <li># of impact evaluations generated in education</li> </ul>	<ul style="list-style-type: none"> <li># of national/local education policies that reference OFFER learnings</li> <li># of government programmes in education that have conducted robust evaluations</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation</li> <li>Ministry of Education interviews/surveys</li> </ul>
Generating Knowledge and Learning	Improved knowledge of the costs necessary to achieving education results in Colombia	<ul style="list-style-type: none"> <li># of pay-for-results programmes launched in education</li> <li># of new investors engaged by the OFFER</li> </ul>	<ul style="list-style-type: none"> <li>Alignment among funders and service providers on the costs of achieving education results</li> <li>Level of confidence among funders in pricing education outcomes</li> <li># of new programmes launched that reflect OFFER learnings</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation and interviews/surveys</li> </ul>
<b>Intermediate Outcome</b>	<b>Education policy in Colombia is strengthened with the adoption of outcomes-based principles and practices to deliver effective programmes</b>			
Improving Public Policy and Practice	Improved leadership by the national government in embedding outcomes-based principles into education policy and programmes	<ul style="list-style-type: none"> <li># of new policies at the national level that incorporate pay-for-results principles and values</li> <li>%/total staff trained on results-based finance</li> <li>Improved data information systems to inform policy decisions</li> </ul>	<ul style="list-style-type: none"> <li>Perceptions among policymakers on the value of pay-for-results programmes</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation</li> <li>Ministry of Education interviews/surveys</li> </ul>
Improving Public Policy and Practice	Improved capacity of the national government and ETCs to actively engage in outcomes-based initiatives	<ul style="list-style-type: none"> <li>Increased or expanded tools and programmes to measure the efficacy and quality of service delivery</li> <li>Improved data information systems to inform policy decisions</li> </ul>	<ul style="list-style-type: none"> <li>Familiarity with results-based finance among decision-making staff</li> <li># of new programmes launched by national/local government that use pay-for-results principles and practices</li> </ul>	<ul style="list-style-type: none"> <li>OFFER evaluation</li> <li>Ministry of Education and ETCs interviews/surveys</li> </ul>



APPENDIX 4: OFFER OPERATING MODEL

