The Social Impact Bond Program in Colombia - SIBs.Co seeks to innovate in order to change the way of thinking of the government and society when it comes to contracting and implementing employment programs: fostering public-private partnerships to leverage resources and assume risks; improve the efficiency and the use of public resources through payment by results and generate confidence in the use of Social Impact Bonds (SIBs) to strengthen the impact investments market in Colombia.

**A transformation commitment**

**Pioneering Payment-by-Results**

In 2016, SECOp and BIDLab joined to make Colombia a pioneer in the use of payment-by-results mechanisms.

**Stakeholder Involvement and Public Value**

Through results-based finance mechanisms we seek to deliver international cooperation while increasing stakeholders’ involvement to ensure public value creating and long-term sustainability.

**Innovation, Collaboration and Cross-Sector Partnerships**

We developed a program that fosters innovation, encourages collaboration between public and private actors, and enables effective interventions to tackle Colombia’s complex social challenges.

**How do Social Impact Bonds (SIBs) work?**

- **In Social Impact Bonds, the objective is to promote greater cost-effectiveness of public spending,** while creating incentives for the private sector to assume the financial risk of ensuring the achievement of improved social outcomes.

- **Through the program, we aim to bridge the employment gap for the vulnerable population,** assisting them in securing a stable formal employment and ensuring its retention overtime.

1. The government is committed to paying for the outcomes of a social program in the future.
2. Social impact investors provide the necessary working capital to experienced and capable service providers to achieve targeted outcomes of the program.
3. The service providers implement the program during a previously agreed period.
4. An independent evaluator assesses the outcomes of the program.
5. The government pays according to the verified and achieved outcomes.

**SIBs.Co: Building the market**

SIBs.CO is dedicated to supporting the design, implementation, knowledge dissemination, and outcome based payments in alignment with the government’s priorities.

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**SIBs.Co: A journey towards a systemic change**

**Changing the mindset**

- Changing public spending in order to execute public resources with a rigorous framework of measurement and achievement of results.

**Changing public-private relations**

- By creating an integrated ecosystem for social outcomes contracting that aligns impact investment with public policy achievements.

**Changing structures**

- By implementing best performance management practices in private providers, and in public policy, by institutionalizing innovation and adopting a payment-by-results approach.

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**SIBs.Co in numbers**

- **People employed through the 4 SIBs**: +4,000
- **Minimum wage higher than the average of the country**: 10%
- **Women formally employed**: 70%
- **Impact investment in the country in SIBs**: 6%
- **Resources mobilized by the private sector**: USD + $3.7M
- **Counterpart mobilized from the Government**: USD + $2.5M

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**Consolidation of the ecosystem**

**Outcomes Payers**

- **BID Lab**
- **Prosperidad Social**
- **Logra**

**Investors**

- **Fundación Corona**
- **Fundación AMÉNA**
- **Fundación 米**

**Service providers**

- **Juárez**
- **Inversiones Santander**
- **Plan Colombia**

**Intermediaries**

- **Fundación Corona**
- **Comfama**
- **LaCiva**

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- The demonstration effect of 4 SIBs in employment has expanded interest in results-based finance, convened additional actors to the practice and strengthens the national ecosystem.

- SIBs.Co has effectively demonstrated the potential of incorporating results-based financing into governmental procurement processes. Currently, more than USD $8.5 million from national and local government are allocated towards paying for results; 1) Bogotá invested USD $6.2 million in a pay-for-success contract; 2) through LOGRA the Outcomes Fund, Prosperidad Social in executing USD $2 million to employ migrant population.

- Other outcome payment initiatives are experiencing growth across different sectors in the country, including education, health, the digital sector, among others.

- The Colombian SIB experience has significantly influenced projects and demonstrated interest from other countries in Latin America, thereby showing its potential for broader regional application.