

A transformation commitment

Pioneering Payment-by-Results

In 2016, SECO 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.

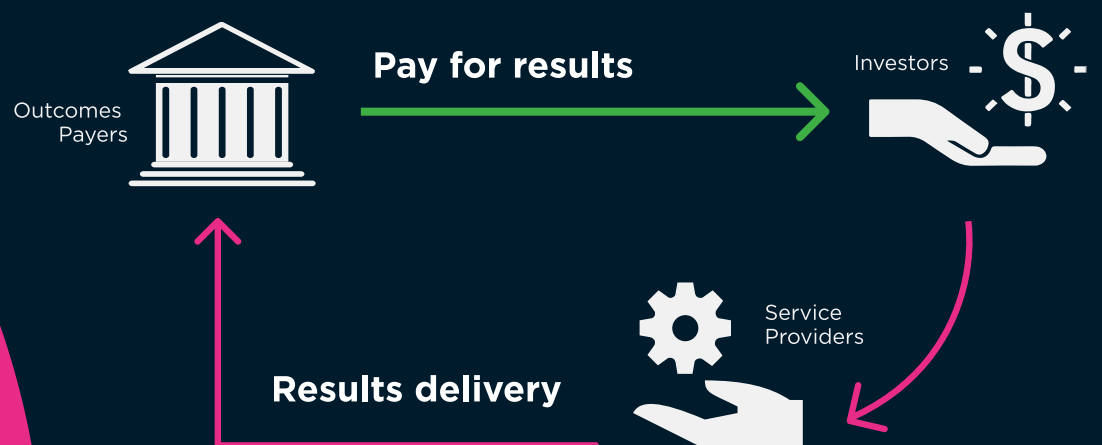
SIBs.CO: Building the market

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



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.



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

SIBs.Co: A journey towards a systemic change

Changing the mindset

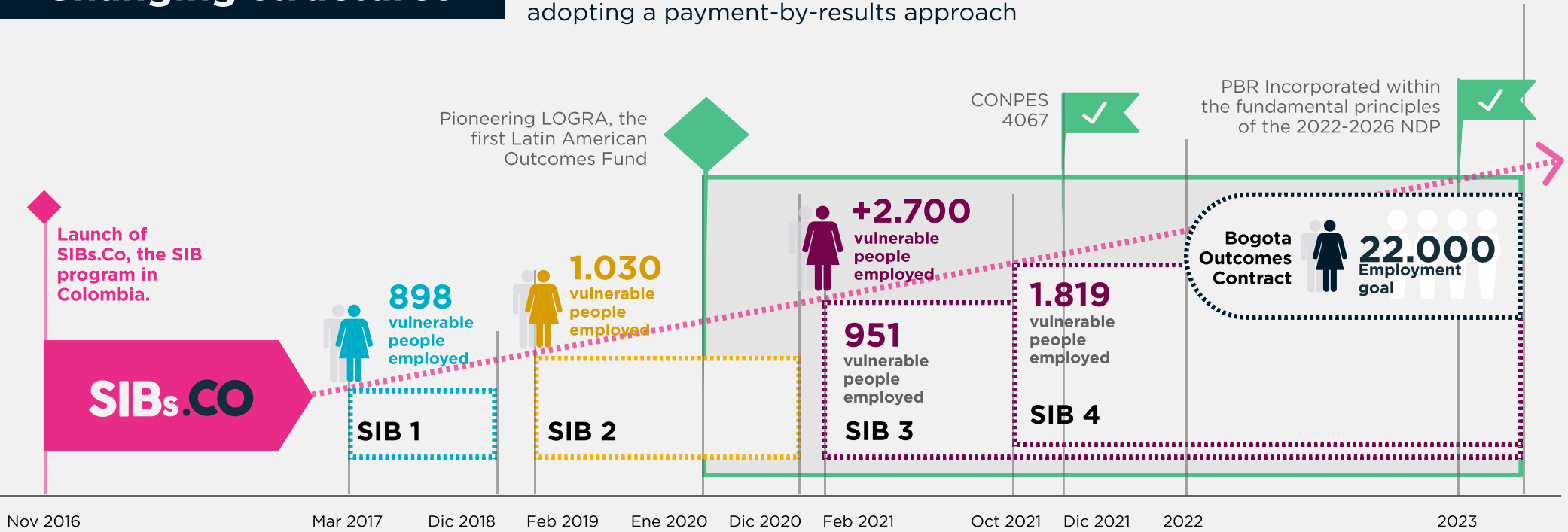
in public spending to execute public resources with a rigorous framework of measurement and achievement of results.

Changing public-private relations

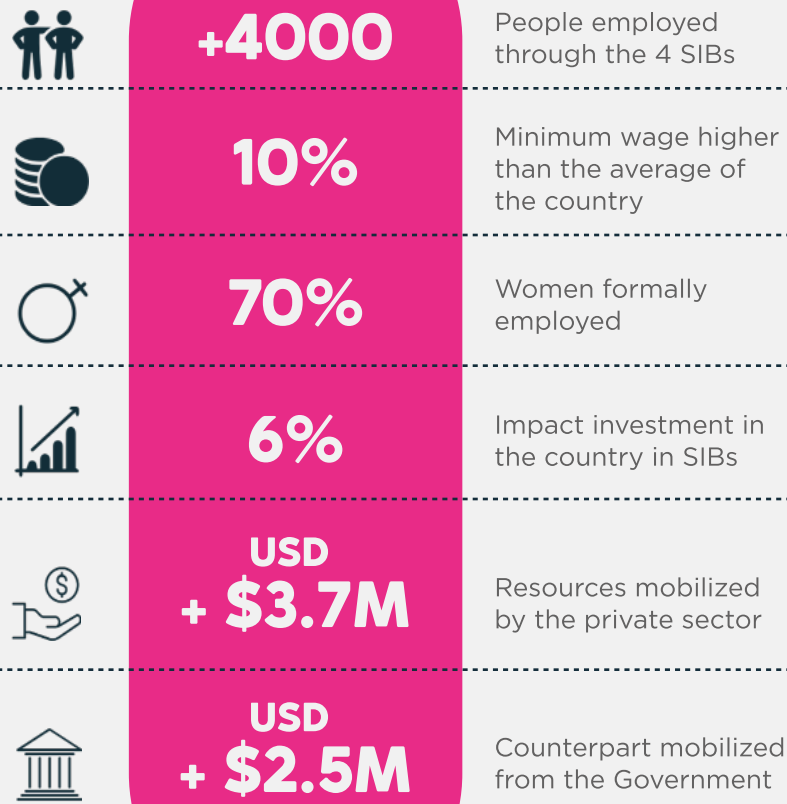
by creating an integrated ecosystem for social outcomes contracting that aligns impact investment with public policy achievements.

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



SIBs.Co in numbers



- 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.

Consolidation of the ecosystem

