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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED ADDITIONAL LOAN

IN THE AMOUNT OF US\$160 MILLION

TO THE

INSTITUTO COLOMBIANO DE CRÉDITO EDUCATIVO Y ESTUDIOS TÉCNICOS EN EL EXTERIOR
(ICETEX)

WITH THE GUARANTEE OF THE REPUBLIC OF COLOMBIA

FOR AN

ADDITIONAL FINANCING FOR ACCESS AND QUALITY IN HIGHER EDUCATION PROJECT

March 1, 2018

Education Global Practice
Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 5, 2018)

Currency Unit = Colombian Pesos (COP)

US\$1 = COP 2,844

FISCAL YEAR

January 1 - December 31

Regional Vice President: Jorge Familiar

Country Director (Acting): Jutta Ursula Kern

Senior Global Practice Director: Jaime Saavedra Chanduvi

Practice Manager: Reema Nayar

Task Team Leaders: Pedro Cerdan-Infantes, Javier Botero Alvarez

ABBREVIATIONS AND ACRONYMS

ACCES	Access with Quality to Higher Education (<i>Acceso con Calidad a la Educación Superior</i>)
ACCES II	Access with Quality to Higher Education Phase 2 (<i>Acceso con Calidad a la Educación Superior – Fase 2</i>)
AF	Additional Financing
Colciencias	Colombian Administrative Department of Science, Technology and Innovation (<i>Departamento Administrativo de Ciencia, Tecnología e Innovación</i>)
CONPES	National Council for Economic and Social Policy (<i>Consejo Nacional de Política Económica y Social</i>)
CPF	Country Partnership Framework
DNP	National Planning Department (<i>Departamento Nacional de Planeación</i>)
FVN	Financial Vice-presidency (<i>Vicepresidencia Financiera</i>)
GoC	Government of Colombia
IBRD	International Bank for Reconstruction and Development (IBRD)
ICETEX	Colombian Institute for Educational Credit and Technical Studies Abroad (<i>Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior</i>)
ICL	Income Contingent Loans
IFC	International Finance Corporation
IFR	Interim Financial Report
IPP	Indigenous Peoples Plan
IPs	Institutional Partnerships (<i>Alianzas Institucionales</i>)
MEN	National Education Ministry (<i>Ministerio de Educación Nacional</i>)
PACES	Access and Quality in Higher Education Project (<i>Proyecto de Acceso y Calidad en la Educación Superior</i>)
PCT	Project Coordination Team (<i>Equipo Coordinador de Proyecto</i>)
PDO	Project Development Objective
SCC	System of Credit and Collection (<i>Sistema de Crédito y Cobranza</i>)
SISBEN	Identification System for Social Program Beneficiaries (<i>Sistema de Identificación de Beneficiarios de Programas Sociales</i>)
SORT	Systematic Operations Risk-Rating Tool
TEI	Tertiary Education Institution
VFN	Financial Vice-presidency (<i>Vicepresidencia Financiera</i>)



BASIC INFORMATION – PARENT (Access and Quality in Higher Education Project - PACES - P160446)

Country Colombia	Product Line IBRD/IDA	Team Leader(s) Pedro Cerdan-Infantes		
Project ID P160446	Financing Instrument Investment Project Financing	Resp CC GED04 (9253)	Req CC LCC1C (447)	Practice Area (Lead) Education

Implementing Agency: ICETEX, ICETEX

Is this a regionally tagged project? No			
<input type="checkbox"/> Situations of Urgent Need or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects	Bank/IFC Collaboration Yes	Joint Level Historical Project/Activity implemented in sequence with an IFC activity(Loan/Credit/Guarantee/AA A)	
Approval Date 30-Jan-2017	Closing Date 01-Dec-2022	Original Environmental Assessment Category Not Required (C)	Current EA Category Not Required (C)

Development Objective(s)

The objective of the project is to improve the quality of tertiary education in participating institutions and to increase the enrollment of students from disadvantaged socioeconomic backgrounds in quality programs.

Ratings (from Parent ISR)

	Implementation	Latest ISR
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	27-Jun-2017	31-Dec-2017
Progress towards achievement of PDO	S	MS
Overall Implementation Progress (IP)	S	MS
Overall Safeguards Rating	S	S
Overall Risk	M	M

BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing for Access and Quality in Higher Education Project - PACES - P166177)

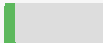
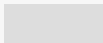
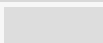
Project ID P166177	Project Name Additional Financing for Access and Quality in Higher Education Project - PACES	Additional Financing Type Cost Overrun, Restructuring, Scale Up	Urgent Need or Capacity Constraints No
Financing instrument Investment Project Financing	Product line IBRD/IDA	Approval Date 15-Mar-2018	
Projected Date of Full Disbursement 30-Jun-2022	Bank/IFC Collaboration No		
Is this a regionally tagged project? No			

- Situations of Urgent Need or Capacity Constraints
- Financial Intermediaries
- Series of Projects

PROJECT FINANCING DATA – PARENT (Access and Quality in Higher Education Project - PACES - P160446)

Disbursement Summary (from Parent ISR)



Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD	160.00	17.85	142.15	 11 %
IDA				 %
Grants				 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Additional Financing for Access and Quality in Higher Education Project - PACES - P166177)

FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	160.00
Total Financing	160.00
Financing Gap	0.00

DETAILS

International Bank for Reconstruction and Development (IBRD)	160.00
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COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No

INSTITUTIONAL DATA

Practice Area (Lead)

Education



Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Explanation

The 'Climate Change and Disaster Screening' is being prepared at the moment and will be completed before the Board Date of the Additional Financing.

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Pedro Cerdan-Infantes	Team Leader (ADM Responsible)	Team Lead	GED04
Javier Botero Alvarez	Team Leader	Team Lead	GED04
Sandra Ximena Enciso Gaitan	Procurement Specialist (ADM Responsible)	Procurement Management	GGOPL
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Uriel Kejsefman	Team Member	Operations & Research	GED04
Extended Team			
Name	Title	Organization	Location



COLOMBIA

ADDITIONAL FINANCING FOR ACCESS AND QUALITY IN HIGHER EDUCATION PROJECT – PACES

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I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

1. **Context.** Through the Access and Quality in Higher Education Project (PACES, P160446), the World Bank provides financial support to the *Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior Mariano Ospina Pérez* (ICETEX), following a successful long-term collaboration between ICETEX and the World Bank that started in 2002. The financing is provided to ICETEX with the guarantee of the Republic of Colombia. The Project is a follow-up operation to the Access with Quality to Higher Education (ACCES; P105164, US\$300 million, closed in 2013), and ACCES II - SOP Phase 2 (P145782, Approved on April 1, 2014, US\$200 million) projects. These projects support the financing of new long-term credit lines under the *Tu Eliges* (“you chose”) program for disadvantaged students and the renewal of existing student loans. The ACCES II Project was implemented satisfactorily at a significantly faster rate than planned; and even though it has a closing date of July 2019, it has already been fully disbursed. This fast disbursement of the ACCES II project led to the request for PACES in 2016.
2. **Project Background and Status.** The Project, originally financed by a loan in the amount of US\$160 million, was approved by the World Bank Board of Executive Directors on January 30, 2017, and became effective on October 24, 2017. The Project Development Objective (PDO) is to improve the quality of tertiary education in participating institutions and to increase the enrollment of students from disadvantaged socioeconomic backgrounds in quality programs. The Project has three components: (1) Undergraduate Student Loans and *Créditos Condonables* for Graduate Education; (2) Quality Enhancement of Tertiary Education Institutions and Programs; and (3) Institutional Strengthening.
3. PACES continues the ACCES II - SOP’s focus on the provision of undergraduate student loans to disadvantaged populations to increase their access to higher education; and expands this scope by financing tertiary education institutions (TEI) and programs, in an attempt to directly support quality improvements across the education system through a competitive grant mechanism (*Colombia Científica* Program). PACES is also the first World Bank-financed project to support *créditos condonables* (forgivable loans) for postgraduate education at top programs worldwide (*Pasaporte a la Ciencia*).
4. The latest ratings for both the PDO and Implementation Progress (IP) are Moderately Satisfactory, but the Project is implementing an ambitious plan to address all issues and return to a Satisfactory rating. Achievement of development objectives is on track and implementation is progressing adequately in all components:
 - a. Under Component 1 (*Undergraduate Student Loans and Créditos Condonables for Graduate Education*), the associated PDO indicators are above target. The ‘number of students from disadvantaged backgrounds enrolled in tertiary education is currently 1,296,595 widely surpassing the yearly target of 1,048,793. Similarly, the ‘percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions’ is currently at 31.1% for an annual target of 26.9%. Moreover, support to crucial vulnerable populations (indigenous, afro-Colombians, Roma people and victims of violence) has substantially improved, overperforming even the most optimistic scenarios and highlighting ICETEX’s progress in supporting vulnerable minorities and the peace process in Colombia. The remarkable progress in supporting victims of the conflict is particularly encouraging, as the



cross-cutting goal of building peace and supporting the post conflict in Colombia is of strategic importance to the Government of Colombia (GoC), the World Bank, and ICETEX. One area where implementation progress performed below expectations, is the lower allocation of overall loans, stemming from overly optimistic expectation for Institutional Partnerships (*Alianzas Institucionales*)¹ and the inability to lend to unaccredited programs and institutions.² Despite these challenges, ICETEX is working to compensate for the below-target number of *Institutional Partnerships*, which would help return the Project's performance to Satisfactory. Subcomponent 1.2. (*Créditos Condonables* for Postgraduate Education) also had a very successful launch, with the first call for applicants selecting 44 beneficiaries for study at top programs across the globe. ICETEX also managed to develop valuable partnerships with international financiers of postgraduate education, which would allow ICETEX to reduce the cost of sending students to postgraduate education and thus increase the number of beneficiaries to be reached with the same resources.

- b. Under Component 2 (*Quality Enhancement of Tertiary Education Institutions and Programs*), four promising partnerships between accredited and non-accredited institutions, private sector entities and high-caliber international universities (Research Ecosystems) were selected to support the national priority areas of sustainable energy, health, bio-economics, and social studies, and the selected proposals included a remarkable collection of partner entities (18 on average) from accredited, non-accredited and international universities as well as private sector entities. Start of implementation of these Research Ecosystems is expected during 2018, in parallel with the successful launch of a second call for proposals (*convocatoria*). The *Departamento Administrativo de Ciencia, Tecnología e Innovación* (Colciencias) has also begun its technical support for the leaders of each research ecosystem and will conduct an on-site week-long capacity building training with them.
 - c. Under Component 3 (*Institutional Strengthening*), ICETEX continues to be adequately staffed and has shown meaningful progress in 2017 to improve its financial situation. Most of the financial sustainability indicators are showing promising results: the rate of non-performing loans continues to go down, the debt-recovery ratio continues to improve, and ICETEX's ability to harness financing from alternative sources of funding has dramatically improved. Together, these improvements show a robust consolidation of ICETEX's fiscal and financial position, already paving the path towards becoming a more sustainable and financially independent institution.
5. The closing date of the proposed additional loan and the Project would be December 1, 2023. The closing date of the original loan remains the same (December 1, 2022).

¹ *Alianzas Institucionales* are a novel co-financing mechanism for vulnerable population in which local governments and the private sector partners would cover part of the direct cost of attending tertiary education for eligible populations. Despite their promise, their numbers grew more slowly than expected in 2017, but they continue to be part of the ICETEX strategy for 2018

² From 2018 onwards, a new requirement put in place by the National Development Plan only allows ICETEX to lend to students attending accredited programs or institutions, which lowers eligible loan allocations. While incentivizing quality is a positive development, accredited offerings at the moment remain very limited, especially outside the big metropolitan areas. ICETEX is hoping that a new law presented to congress last October (2017 draft bill No.095) and currently awaiting a legislative plenary session, will extend the timeframe for implementation, so that institutions and the accreditation system can adjust.



Rationale for Additional Financing

6. **Financing gap.** The financing for the Project was initially prepared with the anticipation of financing from other development institutions, intended to finance undergraduate student loans alongside Subcomponent 1.1 (Undergraduate Student Loans) of the Project. This expected financing was included in the overall project funding and factored in the setting up of the results framework's targets. However, the negotiations with these partners were not fruitful and ICETEX did not secure the co-financing. This has created a financing gap of US\$150 million to achieve the Project targets.

7. This financing gap has brought urgency to the need for additional financing (AF). ICETEX remains fully committed to supporting underprivileged students, vulnerable minorities and the peace process in Colombia as close as possible to its original targets. This financing gap has led ICETEX to request an AF from the World Bank to maintain its commitment towards the project objectives and towards the nation, as reflected in its mid-term plan in the *Consejo Nacional de Política Económica y Social (CONPES)*³. ICETEX has so far disbursed US\$17.8 million and has requested an additional US\$37 million in February. Under current projections, ICETEX expects to have disbursed Component 1 in its entirety by the end of 2018 (US\$104 million). In that case, ICETEX would be forced to significantly decrease its future undergraduate student loan allocations in response to the financing gap, which would mean substantively missing project targets from 2019 onwards.

8. Three solutions to the funding shortfall were considered: (1) reduce the Project scope; (2) increase counterpart funding; and (3) seek additional IBRD financing. Project activities remain priorities for ICETEX and the GoC and are included in the Ministry of Education's mid-term targets; therefore, reducing the scope of the Project was not considered a desirable option. In addition, in the context of fiscal consolidation the GoC is unable to increase counterpart funding. Therefore, option 3, i.e. to seek additional IBRD financing, was identified as the most appropriate solution to enable completion of the Project's activities. This AF will contribute to making ICETEX financially sustainable by the end of the Project. ICETEX has ambitious plans to diversify its funding sources, including accessing private capital through issuing of bonds and opening savings accounts. Financial projections show that ICETEX could have a positive net cash flow by the end of the Project if these plans are implemented. With the AF, the Project objectives remain the same and will be achievable.

9. **Income Contingent Loans (ICL).** As part of component 1.1, ICETEX seeks to implement a new modality of student loans with repayments contingent on the income of the graduate. In this modality, loan payments are adjusted depending on the income of the student after graduation, not his financial situation previously to beginning his studies; therefore, graduates in high-paying jobs repay faster, while those in low-paying jobs or unemployed are supported to mitigate their monthly repayments. This modality also greatly reduces the financial burden of student loans for low-income graduates, who are sometimes forced to default on their loans, which can have immense negative consequences for their future. Moreover, an ICL pilot is likely to leverage private sector funding, since contributions to a fund to finance education are tax deductible under current law, therefore

³ The GoC, through the National Planning Department (*Departamento Nacional de Planeación, DNP*), commits ICETEX to a set of medium-term targets when it approves the national guarantee underlying borrowing operations with the Bank. Were ICETEX to scale down these targets due to the financing gap, it would be failing its commitment to the nation (and would need authorization from DNP to proceed).



expanding and diversifying the financial resources destined to education. The World Bank has provided technical assistance for this innovative financial instrument from its inception (it can be a more equitable and progressive form of financing if properly implemented) and has remained actively involved in advising its design. ICETEX has given first steps towards the implementation of a pilot, including the development of the appropriate regulatory framework. Student loans financed with this method would be eligible for World Bank financing under this Project. The eligibility criteria, and the procedures, terms and conditions, and detailed arrangements for the provision of ICL under component 1.1 of the Project will be specified in the Project’s Operational Manual and Student Loan Agreements. It will not require amendments to the Loan Agreement.

10. **Scale up.** As part of the AF, ICETEX also anticipates a scale-up of Subcomponent 1.2 for US\$12 million to finance additional *Creditos Condonables* for Postgraduate Education. This is due to the highly successful implementation of the first cohorts of beneficiaries and the fact that co-financiers such as Fulbright make these activities more cost-effective.

II. DESCRIPTION OF ADDITIONAL FINANCING

Revision of Components and Costs

11. ICETEX has requested additional financing of US\$160 million to cover the financing gap in Subcomponent 1.1. (US\$148 million) and to scale-up the activities with restructuring under Subcomponent 1.2. (US\$12 million). Details of the revised financing can be found below.

Revision of Costs			
Component	Original IBRD (US\$ M)	Additional Financing IBRD (US\$ M)	Total IBRD (US\$ M)
Component 1: Undergraduate Student Loans and <i>Creditos Condonables</i> for Graduate Education	104.00	160.00	264.00
Subcomponent 1.1. Undergraduate Student Loans	92.00	148.00	240.00
Subcomponent 1.2. <i>Creditos Condonables</i> for Postgraduate Education	12.00	12.00	24.00
Component 2: Quality Enhancement of Tertiary Education Institutions	56.00	0.00	56.00
Component 3: Institutional Strengthening	0.00	0.00	0.00
Total	160.00	160.00	320.00



12. **Restructuring.** The AF will also include a modification of component 1.2 (provision of *Créditos Condonables*). While the preference criteria for beneficiaries (Selected Graduate Students) of these *Créditos Condonables* (e.g., teachers, specific ethnic groups, and students from public institutions, students pursuing careers in areas of national priority) remains unchanged, the eligibility criteria for Selected Universities will be adjusted: First, in addition to students attending graduate programs in foreign universities, the Project will include the mobility of PhD students from accredited national TEI or programs, with a mandatory international component and in association with an international university partner ranked in the Shanghai Ranking⁴. This change seeks to increase the number of Project beneficiaries, since the cost of national PhD programs is substantially lower than foreign universities. Second, national PhD students will only be financed when a component of the PhD program seeks to incentivize international collaborations and promotes the internationalization of Colombian graduate programs.

13. In addition, the definition of *Crédito Condonable* will be adjusted to allow financing the costs related to the preparation for admission to graduate programs, as well as visa and insurance costs. This change is necessary to incorporate Partner Agencies to support the admissions process and facilitate the payment of tuition costs of Project beneficiaries to Selected Universities. It also allows to cover costs associated with room and board, transportation expenses, visa and insurance costs. In particular, ICETEX was approached by several country partners specializing in facilitating and promoting access to foreign universities, such as the Fulbright Foundation (from the US) and Chevening Scholarships (from the UK). These partners are non-profit entities that have agreements with universities that lower the cost of tuition and facilitate entry into the best programs. They offer support to the candidates throughout the whole application, admissions and study process, and by facilitating the process of registration to standardized tests needed, as part of the admission requirements (GRE, GMAT, TOEFL iBT). As a result, these partnerships significantly reduce the cost of study and increase the probability that Project beneficiaries attend higher-ranked universities. Since the cost of this support for admissions is included in the *Crédito Condonable* (i.e. it becomes part of the loan if the student does not successfully complete his/her studies or fails to return to Colombia upon graduation), the definition of *crédito condonable* will be modified to include these expenses. The eligible expenses for the support provided by the Partner Agencies, the financial management procedures to be used to calculate the costs, and the verification protocols for these expenses will be done in accordance with a Partner Agency Agreement to be signed between ICETEX and the respective Partner Agency, that needs to be acceptable to the World Bank and included as part of the Operations Manual.

14. It is expected that these adjustments to component 1.2 will result in financing *Creditos Condonables* for additional 95 students under this program. The Project's updated Result Framework reflects this increase in the expected number of graduate education beneficiaries from the scale up of subcomponent 1.2.

15. All proposed changes are consistent with the current Country Partnership Framework (CPF) for the Republic of Colombia for FY16-21 Report No. 101552-CO discussed by the Board of Executive Directors on April

⁴ The Academic Ranking of World Universities, also known as the Shanghai Ranking, is one of the most respected world ranking of top universities, published annually by the Shanghai Ranking Consultancy. It uses six main indicators, including the number of alumni and staff winning Nobel Prizes and Fields Medals, the number of highly cited researchers, the number of articles published in the Journal of Nature and Science, the number of indexed articles, and the per capita performance.



7, 2016. In particular, the Project supports the CPF's second pillar of 'enhancing social inclusion and mobility through improved service delivery' under its fourth objective of 'improved access to and quality of education'. Moreover, the Project's special emphasis on victims of the armed conflict and other disadvantaged population contributes to the CPF's cross-cutting goal of building peace and supporting the post conflict process in Colombia.

III. KEY RISKS

16. **Risks.** The overall risk rating for implementation of the Project continues to be moderate. Most risk categories have a moderate or low rating, reflecting ICETEX's strong institutional capacity and proven record as a reliable partner and implementing agency, and the Project's broad political support, anchored in the priorities of the education agenda of the National Development Plan (*Plan Nacional de Desarrollo*). However, the fiduciary risk remains substantial due to the complexity of the institutional arrangements for Component 2, including Colciencias/*Fondo Caldas* implementing Competitive Research Grants carried out by eight university Alliances. The plurality of institutions involved requires efficient coordination among institutions and guidance and support for institutions with less capacity and/or experience carrying out this type of grants. These risks are mitigated by well-defined Competitive Research Grant Agreements and a detailed Operation Manual, which outlines coordination mechanisms to guide project implementation and limits the role of management and technical committees in the day-to-day operation of the Project. Colciencias, being the implementation agency, is another mitigating factor, as it is the institution with the most experience and capacity funding competitive research projects in Colombia, including under the Bank-supported Strengthening the National System for Science, Technology and Innovation project (P117590). Moreover, upcoming presidential elections, occasional protests at ICETEX from students unsatisfied with the terms of their loans and a sudden change in leadership at ICETEX have increased the Political and Governance risk of the Project to moderate. The ICL pilot itself should help mitigate some of these risks, as this loan design addresses many of the concerns from unsatisfied students. Moreover, ICETEX's new leadership is well acquainted with the design the Project and has expressed explicit endorsement for its objectives and implementation during the AF preparation. Finally, setting up the regulatory framework for ICL includes the approval of a law for Income Contingent Loans in Congress; if this law won't pass, this new modality of loan is unlikely to get implemented in the short term. Still, this risk is low because the pertinent law is in the last stages of the congressional approval process and has generated consensus across political parties. If the law were not passed, however, it would not threaten the Project's objectives, since it is included in the Project only as a pilot and could be replaced by current loan lines if the ICL scheme could not be implemented.

IV. APPRAISAL SUMMARY

A. Economic and Financial Analysis

17. The results of the economic and financial analysis for the AF show that PACES remains economically justified. This revised Economic and Financial analysis uses the analytical framework used for the Original Loan, the same program period and costs to update the cost/benefit assessment for the entire operation (US\$320 million IBRD funding). It assesses separately the returns to the main actors involved: students, TEI, ICETEX and the GoC. The new analysis assumes that the only change involves the new IBRD loan replacing the loss of financing



from other development institutions and the associated update in the disbursement calendar. Given that the loan allocation targets remain unchanged, the NPV for students, the GoC and TEI remain the same, at US\$ 29.05 million (IERR = 17.28 percent), 4.47 million (IERR = 28.72 percent) and US\$ 0.43 million respectively. With the new disbursement calendar, ICETEX's NPV and IERR are now US\$ 0.19 million and 9.13 percent. This benefit should still be considered as a lower bound given that it did not consider its positive externalities on health, equality of opportunities, living conditions and other immeasurable. In short, with this AF, the Project remains highly beneficial for all parties involved. Estimates of the impact of introducing a pilot of ICLs reduces ICETEX's NPV, because the repayment periods are longer and that comes with a cost. However, the relatively small size of the proposed pilot under this project (replacing 10,000 students from the long-term credit lines with income contingent loans, out of a total of 50,000 new students per year) means the impact on the overall cost benefit of the project is small. For further details, the complete AF economic analysis is available in the Project documents.

18. Since ICETEX's cost estimates have not significantly changed (IBRD funding replaces the funds originally expected from other development partners) and the institution's financial and sustainability indicators continue to improve, the Financial Intermediaries' assessment prepared for the Original Loan is deemed as still relevant and is not modified in this AF.

B. Technical

19. The current conditions in ICETEX and Colombia justify the continued Project investments. The rationale of the selected technical approach is based on previous experiences with the World Bank support to ICETEX and international evidence and best practices. Component 1 builds on the experience gained and lessons learned from these previous engagements, especially from the ACCES II - Series of Projects Phase 2. The AF is expected to continue the Project's positive effect on: (a) access, by supporting new enrollment to tertiary education through student loans and *Créditos Condonables*; (b) equity, by creating opportunities for students from lower socioeconomic strata, who would otherwise not have access to tertiary education; (c) quality, by encouraging students to pursue their education in high-quality accredited programs; and (d) relevance, by better articulating those investigative and innovative capacities with local universities and productive sector needs.

20. The innovations in the AF further these goals. First, the partnerships with international financiers of postgraduate education maximizes the number of potential beneficiaries and harnesses decades of valuable technical experience from these partners, as well as their complementary contributions such as language support and cultural adjustment. Second, the incorporation of mobility for PhD students from accredited national TEIs or programs, with a mandatory international component in association with an international university partner of *Pasaporte a la Ciencia* doubles the positive contribution to Colombia's research capacity, by improving the human capital of the individual and of the university participating in the program. Finally, the Bank has been providing support for the technical design of an ICL pilot since its inception. ICL reinforce the equity dimension of higher education finance: they minimize the role of ex-ante socioeconomic differences (as everyone attends higher education without paying immediately), focus subsidies on those who most need it after graduation, and align the repayment process to the moment when students are better able to afford them. Altogether, this AF not only provides the financing needed to resolve an urgent financing gap without which the Project's objectives could be met, but also introduces technical innovations that strengthen the achievement of these objectives.



C. Financial Management

21. A Financial Management (FM) Assessment of ICETEX the proposed AF was conducted in accordance with the Bank's Policy OP/BP 10.00. ICETEX, as the implementing agency, has experience executing Bank-financed projects such as ACCES (P105164, US\$300 million, closed in 2013), ACCES II - SOP Phase 2 (P145782, US\$200 million, active), and the parent Project PACES (P160446, US\$160 million). ICETEX has general capacity to manage the FM aspects of the Project, including managing of flow of funds, budgeting, accounting and reporting; through ICETEX's financial management information system – *Apoteosys*, which integrates budget, accounting, treasury, and vendor modules. The entity: (i) has sound internal control and risk procedures, (ii) has financial policies and procedures in place, and (iii) is audited by the Office of the Comptroller General of Colombia and by external auditors.

22. No changes or Additional Financing is required for Component 2 of the project – *Quality Enhancement of Tertiary Education Institutions and Programs*, which involves Colciencias as implementing agency and requires complex institutional arrangements and specific financial management and disbursement requirements.

23. FM performance of the Project, based on the findings of the implementation support mission carried out on December 2017, is rated as Moderately Satisfactory. It reflects that most of the financial management arrangements for the Project are in place, consequently the information required to manage and monitor the Project's FM issues is expected to be timely and reliable. The first Interim Financial Report (the biannual FM monitoring report prepared by ICETEX and the basis for the financial statements to be audited) is due on March 2018.

24. **FM action plan and FM-related conditions.** The action plan agreed upon based on the FM assessment, refers to the updating and adoption by ICETEX of the Project Operational Manual as a result of the restructuring required; including roles, legal structure, responsibilities, and if required, financial management specifications of the new partners (partners specialized in facilitating and promoting access to foreign universities), in a manner satisfactory to the Bank.

25. **Institutional Arrangements.** ICETEX will be responsible for overall project coordination and implementation, through a Project Coordination Team (PCT) reporting to its Planning Office, with the support of the ICETEX's institutional structure. The restructuring includes changes for Subcomponent 1.2 of the Project, adding the financing of loans - *Créditos Condonables* to PhD students from accredited national TEI or programs for international mobility in association with an international university partner ranked in the Shanghai Ranking (initially the Project had considered only foreign universities), and updating the definition of *Crédito Condonable* to finance additional costs related to the beneficiaries' preparation for admission to graduate programs and other support provided by Partner Agencies. The latter would be worked through partnerships relation with entities specialized in facilitating and promoting access to foreign universities, such as Fulbright Foundation (from the US), Chevening Scholarships (from the UK), among others⁵. ICETEX through a Partner Agency Agreement

⁵ These partners offer support to the candidates with the application process to universities, as well as acting as a point of contact for the student throughout the whole admissions and study process, and facilitating the process of registration to standardized tests needed.



acceptable to the World Bank, will work in collaboration with these entities to join efforts in the consecution of the objectives for Subcomponent 1.2 of the project. Financial and reporting controls and procedures for the provision of “*Crédito condonable*” with the participation of the Partner Agencies, will be considered in the Partner Agency Agreement and included as part of the Project Operational Manual.

26. **Budgeting.** ICETEX will be responsible for preparing and monitoring the annual operating plan and the respective budget. The Financial Vice-presidency (*Vicepresidencia Financiera*, VFN) is responsible, in coordination with the General Secretariat and Planning Advisory Office, for the preparation of the annual budget and its implementation. The budget will follow its established procedures monitored through Apoteosys, its financial management information system.

27. **Accounting and financial reporting.** Apoteosys, integrates the budget, accounting, treasury, and vendor modules. The accounting information is reconciled on monthly basis with C&CTEX, the loans to students’ portfolio information system. The chart of accounts and the Apoteosys system will be modified to allow accounting and reporting of the project expenditures under the other project sub-components. The accounting information will be complemented, for withdrawal applications and financial reports for project purposes, with information captured within of-balance sheet accounts (*Cuentas de Orden*). Monitoring and conciliation of the transfers to the Higher Educational Institutions (HEIs) for loans to students is under the Operations and Technology Vice-presidency (*Vicepresidencia de Operaciones y Tecnología*).

28. **Financial Reports.** No changes in Financial Reports are required to the AF. The unaudited interim financial reports (IFRs) will be prepared by ICETEX, under formats agreed with the Bank and documented in the Project Operational Manual. ICETEX shall prepare and furnish to the Bank no later than sixty days after the end of each calendar semester, the IFRs for the project covering the semester. The IFRs will serve as a basis for the annual financial statements and audit purposes.

29. **ICETEX shall retain all records (contracts, orders, invoices, bills, receipts, and other documents),** evidencing expenditures under their respective parts of the Project, under this Additional Financing, until at least the later of: (i) one year after the Bank has received the audited financial statements covering the period during which the last withdrawal from the loan account was made; and (ii) two years after the closing date. ICETEX enable the Bank’s representatives to examine such records.

30. **Project Operating Costs.** No operating costs are required for this Additional Financing. ICETEX will finance the operating costs for project coordination, including the core project support team.

31. **Retroactive financing.** No retroactive financing will be available for this AF project.

32. **Audit arrangements.** No changes in audit arrangements are required to the AF. The Project’s annual financial statements will be audited by a private firm under terms acceptable to the Bank with interim reviews conducted of the activities implemented by the TEIs Alliances (part 2 of the Project). The Project annual audited financial statements will include an opinion on the eligibility of the expenditures incurred by the TEIs Alliances and reported in the IFRs (Part 2 of the project). Report to be submitted to the Bank not later than six months



after the end of each audited period (one fiscal year of the Borrower), along with ICETEX's audited financial statements. External audit cost will be financed by ICETEX.

33. **Access to information.** According to World Bank Policy on Access to Information for World Bank-financed operations, the Borrower will disclose the Project audited financial statements in the ICETEX web site. Following the Bank's formal receipt of these statements from the Borrower, the Bank will make them available to the public.

34. **Implementation support.** The Bank will monitor all the FM action plans to ensure successful implementation and that the deadlines are met. Additionally, during project implementation semiannual FM implementation support missions will be conducted, and periodic unaudited IFRs and external audit reports will be reviewed.

Disbursement

35. **General flow of funds.** Flow of funds under the components implemented by ICETEX, Part 1, will continue on a reimbursements method, where ICETEX will submit withdrawal applications and support documentation on IFRs basis. The continuity of the IFRs basis, will be subject to the satisfactory financial arrangements performance; otherwise, the Bank shall consider moving the withdrawal applications and support documentation on a SOE basis or agreeing mitigating measures.

36. **Disbursement arrangements.** The proposed disbursement arrangements⁶ are summarized in tables below. These will be incorporated in the Disbursement and Financial Information Letter (DFIL); including, as well, additional information related with others disbursement procedures.

⁶ For details, refers to the Disbursement and Financial Information Letter and see the *Loan Handbook for World Bank Borrowers* as well as the *World Bank Disbursement Guidelines for Investment Project*.



Table 2. Disbursement categories

Category	Original IBRD (US\$ M)	AF IBRD (US\$ M)	Total IBRD (US\$ M)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Student Loans under Part 1.1 of the project	92.0	148.0	240.00	100%
(2) <i>Créditos Condonables</i> under part 1.2 of the project	12.0	12.0	24.00	100%
(3)(a) Competitive Research Grants under Part 2(i) of the Project.	53.4	0.0	53.4	100%
(3)(b) Goods, non-consulting services, consulting services, Operating Costs and Training under Part 2(ii) of the Project	2.6	0.0	2.6	100%
Total	160.0	160.0	320.0	

Table 3. Disbursement arrangements

Disbursement method	Reimbursement (For Category 1 and 2)
Type of Designated Account	N/A for Category 1 and 2
Currency of Designated Account	N/A for Category 1 and 2
Frequency of documentation	Quarterly
Supporting documentation	Provisional Interim Financial Report (in COP)
Minimum Value of Applications	N/A

37. Other Disbursement Instructions. Disbursements under Categories 1 and 2 for the undergraduate Student Loans and *Créditos Condonables* for graduate students will be financed on a reimbursement basis to ICETEX for amount paid to the beneficiaries.

D. Procurement

38. The procurement arrangements would remain unchanged. ICETEX implements Components 1, 2 and 3, but Colciencias is supporting ICETEX for the implementation of Component 2. No procurement activities were identified in components 1 and 3 to be carried out by ICETEX. Component 1 consists of undergraduate student loans (Subcomponent 1.1.) and *Créditos Condonables* for postgraduate education (Subcomponent 1.2.); Component 3, ICETEX's institutional strengthening, is being financed with counterpart funds. Procurement



activities continue to be carried out only by Colciencias at the central level and grants' beneficiaries at the subproject level.

E. Social (including Safeguards)

39. The Project continues to include as beneficiaries Indigenous Peoples, Afro-descendants and Rom and victims of armed conflict. Thus, World Bank Indigenous Peoples Operational Policy 4.10 remains triggered by the potential presence of indigenous and Afro-Colombians groups among the beneficiaries of the credits and *Créditos Condonables* granted by ICETEX, or as residents or employees of the IPs. The Project's Indigenous Peoples Plan (IPP), published in the Borrower's website on November 17, 2016 and on the Bank's external website on November 17, 2016 continues to lead the search for the inclusion and support to these populations. The original IPP remains pertinent so it has not been revised. Based on lessons learned from ACCES Projects, the IPP has four basic objectives: (i) improve access to higher education for indigenous, Afros, Rom, and victims, through the ICETEX tools, (ii) design instruments to support their retention, so that these populations may have special and appropriate conditions to complete their studies, (iii), increase the number of graduates per cohort to attain the full benefits of higher education and help themselves, their families, and society, and (iv) set forward a support program for graduates, which leads to quality jobs. The fulfilment of the commitments in the IPP remains on track and will continue to be monitored and updated as needed.

40. **Gender:** From the total 281,000 baseline beneficiaries, approximately 157,360 or 56% are women. This difference is consistent with the gender gap observed in secondary education graduation and ICETEX student loan applications. It is expected that this proportion will remain unchanged of the expected 322,000 end beneficiaries. The AF will include a diagnostic of gender-specific factors that determine the student loan and enrollment choices. Recent evidence⁷ suggests that the choice of study also matters for the success in the labor market, and women are underrepresented in science majors. As a result, the Project will conduct a study to assess, identify and encourage activities that improve outcomes for both genders beyond the student loan choice.

41. **Citizen Engagement.** ICETEX has developed an effective grievance redress mechanism and responded to 100 percent of Project-related inquiries and complaints on time, within the same month. These range from inquiries about the terms of student loan to rules for competitive grants allocation. In 2017, ICETEX responded to over 2.5 million inquiries from beneficiaries or potential beneficiaries, through different methods (online, contact center and on site). The efficiency in the response of ICETEX to these inquires has improved dramatically over the past year. In March 2017, ICETEX responded to 65 percent of inquiries, where as in December, 100 percent of them were responded on time.

42. **Climate change co-benefits.** The project supports, through Component 2, alliances of universities working together on Research Ecosystems. One of the projects already selected in the first round of competitive research

⁷ Ferreyra, María Marta; Avitabile, Ciro; Botero Álvarez, Javier; Haimovich Paz, Francisco; Urzúa, Sergio. 2017. At a Crossroads : Higher Education in Latin America and the Caribbean. Directions in Development—Human Development;. World Bank, Washington, DC. World Bank.



grants is focused on climate change and the use of alternative sources of clean energy to power rural areas of Colombia. The project was awarded US\$6 million for 4 years. Overall, it is estimated that these activities supported by the Project will represent at least 2 percent of the total US\$320 million of World Bank financing for this Project.

F. Environment (including Safeguards)

43. The Project is classified as category C. It does not include construction or rehabilitation of infrastructure, therefore the OP/BP 4.01 on Environmental Assessment is not triggered.

G. Other Safeguard Policies

44. No other safeguard policies are triggered by the Project.

V. WORLD BANK GRIEVANCE REDRESS

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org



VI. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Change in Results Framework	✓	
Change in Components and Cost	✓	
Change in Loan Closing Date(s)	✓	
Change in Disbursements Arrangements	✓	
Change in Legal Covenants	✓	
Change in Implementing Agency		✓
Change in Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Other Change(s)		✓

VII. DETAILED CHANGE(S)

RESULTS FRAMEWORK

Project Development Objective Indicators

Intermediate Indicators

Number of Beneficiaries from Passport to Science



Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	44.00	190.00	Revised
Date	30-Dec-2016	31-Oct-2017	28-Feb-2022	
Number of Beneficiaries from Passport to Science who successfully complete their programs Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	150.00	Revised
Date	30-Dec-2016	06-Dec-2017	28-Feb-2022	

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Undergraduate Student Loans and Creditos Condonables for Graduate Education	404.00	Revised	Undergraduate Student Loans and Creditos Condonables for Graduate Education	564.00
Quality Enhancement of Tertiary Education Institutions and Programs	56.00	No Change	Quality Enhancement of Tertiary Education Institutions and Programs	56.00
Institutional Strengthening	7.00	No Change	Institutional Strengthening	7.00
TOTAL	467.00			627.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-87010	Effective	01-Dec-2022	01-Dec-2022	01-Dec-2023	01-Apr-2024

DISBURSEMENT ARRANGEMENTS



Change in Disbursement Arrangements

Yes

Expected Disbursements (in US\$, millions)

Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual	0.00	67.00	96.00	96.00	54.00	7.00	0.00	0.00	0.00
Cumulative	0.00	67.00	163.00	259.00	313.00	320.00	320.00	320.00	320.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Low	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Low	● Low
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Substantial	● Substantial
Environment and Social	● Low	● Low
Stakeholders	● Moderate	● Moderate
Other		
Overall	● Moderate	● Moderate

LEGAL COVENANTS – Access and Quality in Higher Education Project - PACES (P160446)

Loan/Credit/TF	Description	Status	Action
IBRD-87010	LOAN AGREEMENT - SCHEDULE 2, Section I.G.1. The Borrower shall carry out the Project in accordance with the IPP.	Complied with	No Change
IBRD-87010	LOAN AGREEMENT - SCHEDULE 2, Section I.E.1. For purposes of carrying out Component 2 of the Project, the Borrower shall enter	Complied with	No Change



	into an agreement (the Tripartite Special Cooperation Agreement) with Fondo Caldas (as duly represented by the Trustee) and COLCIENCIAS, under terms and conditions acceptable to the Bank.		
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IBRD-87010	LOAN AGREEMENT - SCHEDULE 2, Section I.C.3. The Borrower shall enter into an agreement (“Partner Agency Agreement”) with the corresponding Partner Agency, under terms and conditions acceptable to the Bank.	Expected soon	New
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LEGAL COVENANTS – Additional Financing for Access and Quality in Higher Education Project - PACES (P166177)

Sections and Description

LOAN AGREEMENT - SCHEDULE 2, Section I.B.1. The Borrower shall enter into an agreement (“Student Loan Agreement”) with the corresponding Selected Undergraduate Student, under terms and conditions acceptable to the Bank.

LOAN AGREEMENT - SCHEDULE 2, Section I.C.1. the Borrower shall enter into an agreement (“Crédito Condonable Agreement”) with the corresponding Selected Graduate Student, under terms and conditions acceptable to the Bank.
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LOAN AGREEMENT - SCHEDULE 2, Section I.C.3. The Borrower shall enter into an agreement (“Partner Agency Agreement”) with the corresponding Partner Agency, under terms and conditions acceptable to the Bank.

LOAN AGREEMENT - SCHEDULE 2, Section I.E.1. The Borrower shall carry out the Project in accordance with the IPP.
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VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Colombia

Additional Financing for Access and Quality in Higher Education Project - PACES (P166177)

Project Development Objectives

The objective of the project is to improve the quality of tertiary education in participating institutions and to increase the enrollment of students from disadvantaged socioeconomic backgrounds in quality programs.

Project Development Objective Indicators

Action	Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
No Change	Name: Number of students from disadvantaged backgrounds enrolled in tertiary education.		Number	961,348.0 0	1,222,876.0 0	Annual	Project Progress Reports/SNIES	ICETEX PCT/ MEN-SDS/DNP

Description: Enrollment is defined as the population enrolled in any given year in undergraduate university degree programs, as well as professional technical and technological degree programs. 'Disadvantaged socioeconomic backgrounds' must fulfill one of the following requirements: i) Score below the SISBEN cutoff points agreed on by ICETEX and DNP for the assignment of loans as outlined in the Operation Manual; ii) Be registered in a community with special constitutional protection (e.g., an indigenous person, Afro-Colombian, victim of conflict). Baseline is 2015.



No Change	Name: Percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions.	Percentage	23.00	33.80	Annual	Project Progress Reports/SNIES	ICETEX PCT/MEN-SDS
<p>Description: The indicator measures the number of disadvantaged students enrolled in accredited programs or institutions divided by the total number of disadvantaged students enrolled in tertiary education. Disadvantaged students are defined in the same way as in PDO indicator 1. Accredited higher education programs and institutions are defined as the HEIs or programs are those that have been recognized by the Consejo Nacional de Acreditación (CNA, National Accreditation Council) as accredited institutions or programs. Baseline is 2015.</p>							
No Change	Name: Percentage of tertiary education institutions participating in the Research Ecosystem projects that increase their score in a composite index of quality of research, teaching, and internationalization	Percentage	0.00	80.00	Annual	MEN	MEN



	n							
<p>Description: The indicator is calculated as the proportion of all institutions (accredited and non-accredited) participating in the Research Ecosystems that increase their score in the Quality Index with respect to the previous year (not the baseline), over the total number of institutions participating in the Research Ecosystems. The expectation is that the majority of institutions increase their scores every year with respect to the previous one; the target indicates the proportion of institutions that (at least) should achieve progress. The Quality Index for research, teaching and internationalization is defined as a new weighted index, based on the existing index compiled by MEN, across the dimensions of i) teaching, ii) research, and iii) internationalization; MEN will compile a new index for each competitive research grant to capture the dimensions of quality that will be affected by the competitive research grant. This baseline Quality Index will be compiled when the Competitive Research Grant is allocated based on the latest available results. The types of institutions are a) anchor institution, b) non-accredited institution, c) non-anchor accredited institution. The underlying number of institutions is cumulative, meaning that an institutions is considered part of the Research Ecosystem when the Competitive Research Grant is allocated, and it continues to be considered part of the Research Ecosystem after the grant funds are exhausted.</p>								
No Change	Name: Number of tertiary education institutions receiving competitive research grants that formally initiate the institutional accreditation process and that remain active in the Project	Number	0.00	8.00	Annual	Project Progress Reports/MEN/CN A	ICETEX PCT/MEN	
<p>Description: Competitive Research Grants, refer only to the research grants outlined in component 2 of this Project. Every Research Ecosystem must have at least one non-accredited institution. The initiation of the institutional accreditation process includes those institutions that are in a stage of accreditation (appraisal of initial conditions, self-evaluation or external evaluation) or have obtained the accreditation recognition by CNA, but did not have such status before obtaining the competitive research grant. Remaining "active" means that the institution continues to contribute to the achievement of the Research Ecosystem's objectives through observable research products. The baseline is calculated with the latest information before</p>								



each institution joins the Research Ecosystem.



Intermediate Results Indicators

Action	Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
No Change	Name: Number of students from low socioeconomic strata who obtain a loan with ICETEX		Number	40,786.00	46,080.00	Annual	Project Progress Reports/ ICETEX	ICETEX PCT and VCC
<p>Description: The number of loans will be calculated based on all of ICETEX's credit lines. 'Low Socioeconomic Strata' is defined as Colombian strata (estratos) 1 and 2.</p>								
No Change	Name: Number of new students from disadvantaged socioeconomic backgrounds obtaining an ICETEX student loan		Number	22,696.00	26,000.00	Annual	Project Progress Reports/ ICETEX	ICETEX PCT and VCC
No Change	Female Beneficiaries		Percentage	56.00	56.00			
<p>Description: Disadvantaged students are defined in the same way as in PDO indicator 1. New students are those who obtain a loan through any ICETEX credit line but did not previously have one; that is, it excludes students who already had an ICETEX loan and renewed it. Obtaining a loan requires both ICETEX approval and legalización (final legal review and approval of application material). Baseline is 2015.</p>								
No Change	Name: Number of new student loans		Number	44.00	100.00	Biannual	Project Progress Reports / C&CTEX/	ICETEX PCT and VCC/



	given to students enrolled in accredited higher education institutions or programs						SNIES/CNA	MEN-VES
Description: Baseline is 2016.								
No Change	Name: Number of new students from disadvantaged socioeconomic backgrounds obtaining an ICETEX student loan through a partnership or administrative fund		Number	0.00	15,000.00	Annual	Project Progress Reports/SNIES	ICETEX PCT/MEN-VES/DNP
Description: Disadvantaged students are defined in the same way as in PDO indicator 1. Partnerships are defined as co-financing arrangements between ICETEX and regional governments (state, departmental, municipal) whereby the regional authority shares the cost of financing a student during the first stage of the student's period of study, as outlined in component 1.1. Administrative funds are similar arrangements but funded entirely by the partner, with ICETEX being in charge of the administration of the funds. Baseline is 2015.								
No Change	Name: Percentage of students with an ICETEX loan who graduate		Percentage	0.00	0.00			
Description: This indicator measures the number of students who enter repayment period having graduated divided by the total number of students who enter repayment period. Graduation data will be provided by SINES in MEN, and will be taken a year previous to the year of entering the repayment period because of the grace period students receive. Only ACCES and PACES loans will be counted. Baseline and Targets will be revised once the indicator is compiled, no later than six months after the Project's effectiveness.								



No Change	Name: Number of new student loans given to students who obtain a central government subsidy		Number	22,000.00	20,000.00	Biannual	Project Progress Reports / C&CTEX	ICETEX PCT and VCC
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Description: This indicator encompasses students whose student loan is disbursed with an interest rate and/or maintenance subsidy. The number/amount of subsidies is annually determined by MEN.

No Change	Name: Percentage of ICETEX student loan renewals		Percentage	66.00	71.00	Annual	Project Progress Reports / ICETEX	ICETEX PCT and VCC
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Description: The indicator is defined as the number of renewed loans as a proportion of the loans susceptible to renewal. Loans can be renewed during both the first semester and second semester of the academic year. Baseline is 2015.

No Change	Name: Percentage of new student loans given to indigenous, afro-Colombians, and Roma people		Percentage	5.40	7.50	Binnual	Project Progress Reports/ C&CTEX	ICETEX PCT and VCC
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Description: Student loans given to students registered as belonging to populations with special constitutional protection with the exception of victims of violence.

No Change	Name: Percentage of new student loans given to victims of violence		Percentage	4.30	6.20	Biannual	Project Progress Reports / C&CTEX	ICETEX PCT and VCC
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Description: Victims are defined as i) people displaced due to violence and ii) any others defined by Law 1448 of 2011 and its derived regulations. Baseline is 2016.



No Change	Name: Geographic distribution of financed loans to new students in 'remote areas'	Percentage	4.90	7.00	Biannual	Project Progress Reports / C&CTEX	ICETEX PCT and VCC
<p>Description: Nine departments are considered 'remote areas' (zonas apartadas) due to their low-income levels and geographic inaccessibility. They are granted special status for loan allocation purposes. The following departments are 'remote': Amazonas, Arauca, Caquetá, Guainía, Guaviare, Putumayo, San Andrés y Providencia, Vaupés, Vichada, and Chocó. Baseline is 2016.</p>							
Revised	Name: Number of Beneficiaries from Passport to Science	Number	0.00	190.00	Annual	MEN	ICETEX PCT
<p>Description: Number of students who receive a grant to complete a master's or doctorate degree in universities in the top 500 of the Shanghai Ranking. The number is cumulative, meaning that a student is considered as a beneficiary of the Passport to Science program even after the grant has been used.</p>							
Revised	Name: Number of Beneficiaries from Passport to Science who successfully complete their programs	Number	0.00	150.00	Annual	MEN	ICETEX PCT
<p>Description: Successful completion is defined as graduation from the relevant program.</p>							
No Change	Name: Number of researchers participating in projects supported by Competitive Research Grants in	Number	0.00	160.00	Annual	Project Progress Reports/Institutions /Colciencias	ICETEX PCT and MEN



	Research Ecosystems							
<p>Description: The number of researchers will be calculated from those belonging to the institutions receiving the competitive research grants who are actively participating in the accomplishment of the grants' objectives or those researchers who are hired with the funds of the grants from other institutions in Colombia and internationally. Active participation is defined as providing substantive intellectual contributions to the accomplishment of the Ecosystem's objectives and the development of research products. To be counted as a researcher, the individual must also possess an updated CV in the CvLAC platform of Colciencias.</p>								
No Change	Name: Number of researchers from non-accredited universities participating in projects supported by Competitive Research Grants in Eco-sistema Cientifico		Number	0.00	40.00	Annual	CNA	ICETEX PCT and MEN
<p>Description: Non-accredited institutions or programs are defined as those who were not accredited according to CNA before obtaining the Competitive Research Grant.</p>								
No Change	Name: Progress in the accomplishment of accreditation stages for non-accredited institutions in Research Ecosystems		Percentage	0.00	100.00	Annual	Colciencias / CNA	ICETEX PCT and MEN
<p>Description: Progress will be calculated as the average percentage of advancement among the non-accredited institutions participating in the Research Ecosystems. Advancement will be measured in terms of four accreditation stages, with each being equivalent to a certain percentage in the following fashion: (a) 25%: Produce a diagnosis of the state of the different programs, (b) 50%: Attain the "initial conditions" established by CNA, (c) 75%: Produce</p>								



the first draft of a self-evaluation document, (d) 100%: submit the final self-evaluation document. Baseline is 2016.

No Change	Name: Percentage of Research Ecosystems that accomplish 80% of their progress and result indicators		Percentage	0.00	80.00	Biannual	MEN	ICETEX PCT and MEN
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Description: Each Competitive Research Grant is tied to the approval of an Objectives and Implementation Plan that summarizes the goals of the grant, the activities to be financed with the grant and the expected results. The expected results will be summarized in an Objectives Matrix with clear indicators measuring the accomplishment of such goals for each year of the lifetime of the grant. A result indicator will be considered accomplished when the Monitoring Unit certifies it.

No Change	Name: Increase in the number of Research Outputs of the Research Ecosystems		Amount(USD)	0.00	100.00	Annual	Research Ecosystem's supervisors / CTel	Colciencias
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Description: Outputs accounted for will be: TBC

No Change	Name: Impact evaluations (IEs) have been designed and completed		Text	ACCESS II Impact Evaluation Completed and Published	Final Report of PACES Impact Evaluation	Biannual	Project Progress Reports, SNIES, C&CTEX	ICETEX PCT
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Description: Design and implementation of relevant impact evaluations.

No Change	Name: Non-Performing Loans (NPL) Ratio		Percentage	15.15	12.50	Annual	Project Progress Reports, SCC	ICETEX VCC
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Description: This indicator is defined as the value of ICETEX’s total portfolio outstanding principal balance of all loans in amortization period due for more than 90 days, divided by the value of the principal balance of the total portfolio in amortization period at the time of reporting. Baseline is 2016.

No Change	Name: Debt Recovery Ratio		Percentage	2.20	3.50	Annual	ICETEX, CPT and SCC	ICETEX VCC
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Description: This indicator is defined as the monthly annual (12 months) average value of portfolio collection of debt more than 90 days past due on the value of the principal balance of the total portfolio past due more than 90 days for the period of analysis. Baseline is 2016.

No Change	Name: Percentage of ICETEX earnings from alternative sources of funding		Percentage	10.00	20.00	Annual	Project Progress Reports/ COBOL	ICETEX PCT, VFA, and VFN
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Description: Target based on ICETEX’s long-term financial projections. The alternative funding sources include administrative funds (including commissions received, portfolio interest, and fundraising), financial returns on investment (excluding those obtained from cuentas abandonadas), the sustainability fund, and possible new funding sources. Alternative sources do not include loan collection or national government subsidies. Baseline is 2016.

No Change	Name: Direct project beneficiaries		Number	281,000.0 0	322,000.0 0	Annual	Project Progress Reports	ICETEX PCT
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No Change	Female beneficiaries		Percentage	56.00	56.00	Annual	Project Progress Reports	ICETEX PCT
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Description: Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.





Target Values

Project Development Objective Indicators

Action	Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
No Change	Number of students from disadvantaged backgrounds enrolled in tertiary education.	961,348.00	1,048,737.00	1,090,198.00	1,131,897.00	1,174,555.00	1,222,876.00	1,222,876.00
No Change	Percentage of students from disadvantaged backgrounds enrolled in tertiary education who are enrolled in accredited programs or institutions.	23.00	26.90	28.10	30.10	31.00	33.80	33.80
No Change	Percentage of tertiary education institutions participating in the Research Ecosystem projects that increase their score in a composite index of quality of research, teaching, and internationalization	0.00	0.00	65.00	70.00	75.00	80.00	80.00
No Change	Number of tertiary education institutions receiving competitive research grants that formally initiate the	0.00	0.00	0.00	2.00	4.00	8.00	8.00



	institutional accreditation process and that remain active in the Project							
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Intermediate Results Indicators

Action	Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
No Change	Number of students from low socioeconomic strata who obtain a loan with ICETEX	40,786.00	43,470.00	44,160.00	44,800.00	45,440.00	46,080.00	46,080.00
No Change	Number of new students from disadvantaged socioeconomic backgrounds obtaining an ICETEX student loan	22,696.00	22,000.00	22,400.00	22,400.00	22,400.00	22,400.00	26,000.00
No Change	Female Beneficiaries	56.00	56.00	56.00	56.00	56.00	56.00	56.00
No Change	Number of new student loans given to students enrolled in accredited higher education institutions or programs	44.00	60.00	80.00	90.00	100.00	100.00	100.00
No Change	Number of new students from disadvantaged socioeconomic backgrounds obtaining an ICETEX student loan through a partnership or administrative fund	0.00	10,000.00	12,000.00	14,000.00	15,000.00	15,000.00	15,000.00



No Change	Percentage of students with an ICETEX loan who graduate	0.00						0.00
No Change	Number of new student loans given to students who obtain a central government subsidy	22,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
No Change	Percentage of ICETEX student loan renewals	66.00	67.00	68.00	69.00	70.00	71.00	71.00
No Change	Percentage of new student loans given to indigenous, afro-Colombians, and Roma people	5.40	5.50	6.00	6.50	7.00	7.50	7.50
No Change	Percentage of new student loans given to victims of violence	4.30	4.50	5.00	5.50	5.80	6.20	6.20
No Change	Geographic distribution of financed loans to new students in 'remote areas'	4.90	5.00	5.50	6.00	6.50	7.00	7.00
Revised	Number of Beneficiaries from Passport to Science	0.00	0.00	95.00	95.00	120.00	190.00	190.00
Revised	Number of Beneficiaries from Passport to Science who successfully complete their programs	0.00	0.00	0.00	45.00	90.00	150.00	150.00
No Change	Number of researchers participating in projects supported by Competitive	0.00	0.00	80.00	160.00	160.00	160.00	160.00



	Research Grants in Research Ecosystems								
No Change	Number of researchers from non-accredited universities participating in projects supported by Competitive Research Grants in Eco-sistema Cientifico	0.00	0.00	20.00	40.00	40.00	40.00	40.00	40.00
No Change	Progress in the accomplishment of accreditation stages for non-accredited institutions in Research Ecosystems	0.00	25.00	35.00	60.00	80.00	100.00	100.00	100.00
No Change	Percentage of Research Ecosystems that accomplish 80% of their progress and result indicators	0.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
No Change	Increase in the number of Research Outputs of the Research Ecosystems	0.00	0.00	20.00	40.00	60.00	100.00	100.00	100.00
No Change	Impact evaluations (IEs) have been designed and completed	ACCESS II Impact Evaluation Completed and Published	Design of 1st IE	Data Collection for 1st IE	Data Collection for 1st IE	Analysis of 1st IE Completed	1.00	Final Report of PACES Impact Evaluation	
No Change	Non-Performing Loans (NPL) Ratio	15.15	15.00	14.50	14.00	13.50	12.50	12.50	



No Change	Debt Recovery Ratio	2.20	2.20	2.60	3.00	3.40	3.50	3.50
No Change	Percentage of ICETEX earnings from alternative sources of funding	10.00	10.00	13.00	17.00	18.00	20.00	20.00
No Change	Direct project beneficiaries	281,000.00	305,000.00	311,000.00	315,000.00	319,000.00	322,000.00	322,000.00
No Change	Female beneficiaries	56.00	56.00	56.00	56.00	56.00	56.00	56.00
