



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 23-Nov-2016 | Report No: PIDISDSA19680



BASIC INFORMATION

A. Basic Project Data

Country Colombia	Project ID P160446	Project Name Access with Quality in Higher Education Project - PACES	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 17-Nov-2016	Estimated Board Date 17-Jan-2017	Practice Area (Lead) Education
Lending Instrument Investment Project Financing	Borrower(s) ICETEX with the guarantee of the Republic of Colombia	Implementing Agency Instituto Colombiano de Credito Educativo y Estudios Tecnicos en El Exterior (ICETEX)	

Financing (in USD Million)

Financing Source	Amount
Borrower	315.00
FRANCE: French Agency for Development	150.00
International Bank for Reconstruction and Development	160.00
Total Project Cost	625.00

Environmental Assessment Category

C - Not Required

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

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B. Introduction and Context

Country Context

1. **Colombia is among the top performers in the region in terms of economic growth and poverty reduction over the past decade.** Colombia has maintained a solid track record of effective fiscal and macroeconomic policy management, even during the economic slowdown of 2015 (3.1 percent GDP growth versus 4.6 percent in 2014). The fall in commodity prices led to a decrease in both exports and fiscal revenue,



and contributed to a severe currency depreciation, which has driven inflation to 6.8 percent in 2015, its highest level since 2008. Nevertheless, unemployment remained stable (8.9 percent in 2015), poverty declined significantly (from 49.7 percent in 2002 to 28.5 percent in 2014) and the middle class now represents a higher share of the population than the poor (30.2 percent of the population are middle class). This progress is also reflected in increased shared prosperity, with the incomes of the bottom 40 percent of the income distribution growing faster than the general population (4.5 percent vs 3.6 percent).

2. **Despite these improvements, Colombia continues to have one of the highest Gini coefficients in the region and the differences in social indicators between urban and rural areas persist.** The 2014-2018 National Development Plan (NDP) *“Everyone for a new country”* rests on three core pillars: peace, equity and education. This plan is anchored on the post-conflict agenda and emphasizes the importance of education in improving equity. The potential benefits of a peace agreement for growth and fiscal revenue have been widely documented in the literature. Realizing these gains will depend in part on Colombia’s capacity to expand the access and quality of education at all levels, including tertiary education, and especially for the socioeconomically disadvantaged.

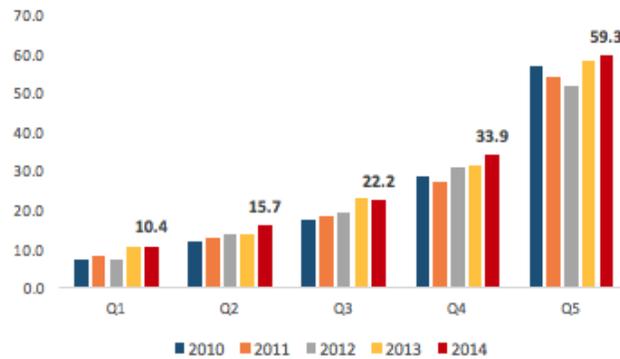
Sectoral and Institutional Context

3. **The tertiary education system in Colombia has expanded significantly in recent decades.** Recent policies focused on increasing enrollment had impressive results – the enrollment rate almost doubled between 2004 and 2015 (from 27 percent to 50 percent). Still, the country lags behind regional peers in gross enrollment rates (49 percent in Colombia vs 83 percent in Chile or 70 percent in Argentina). Over the past decade, enrollment increased faster in public institutions, where 51 percent of students were enrolled by 2015. Institutions are categorized based on the types of degrees that they can offer as: Technical Institutes (offering technical degrees only), Technological Institutions (technical and technological degrees), University Institutions (undergraduate degrees, one-year post-graduate specialization, and in some cases, master’s degrees) and Universities (all degrees). The system has become increasingly diverse over the past 10 years, with enrollment in non-university institutions growing by 272 percent since 2005, as compared to 152 percent in universities. Yet, in 2015, 66 percent of enrollment was in university programs, 27 percent in technological programs and only 4 percent in technical programs.

4. **Despite improvements in access to tertiary education, inequalities in access and graduation persist.** The participation of young people from socioeconomically disadvantaged backgrounds in tertiary education is very low. In 2014, only 10 percent of young people in the poorest quintile enrolled in a higher education program, compared to 59 percent of the richest quintile¹. That same year only 13 percent of the rural population enrolled in a tertiary education program, as compared to 60 percent in the main cities. The transition rate of secondary education graduates to tertiary education is low, at only 35 percent. Furthermore, half of the students who enter tertiary education drop out before finishing their studies.

Gross Enrollment Rates by Quintile and Year

¹ SEDLAC (CEDLAS and The World Bank), updated in May 2016.



Source: CEDLAS

5. **There are large disparities in the quality of existing programs and institutions.** High quality accreditation - of institutions and programs - is the main indicator in the current quality assurance system (QAS) in Colombia. Still, only 15 percent of institutions and only 8.5 percent of programs are accredited². This is partly due to the accreditation system’s voluntary process, its very high-standards and rigidity. Accreditation is still a one-model-fits-all recognition that includes a focus on the institution’s research capacity and prevents many types of institutions from seeking and achieving high quality accreditation.³ As a result, accredited institutions are most commonly universities (38 percent of universities were accredited in 2015), which are also where the majority of students in accredited programs and institutions enroll (88 percent of students). Only 4 percent of University Institutions, 5 percent of Technological Institutions, and no Technical Institutions are accredited. The situation is even worse for accredited programs: 24 percent of University programs and just 4 percent of Technical and Technological programs are accredited. The heterogeneity in accreditation aggravate inequalities in access, since vulnerable populations are more likely to attend lower quality programs and institutions. Low-income students are more likely to enter technical and technological (TyT) institutions (34 percent of those in the poorest *estrato* attend technical and technological institutions vs 15 percent in the richest *estrato*).

6. **The low quantity and quality of research and innovation is a constraint to accreditation for many institutions.** Colombia lags behind regional partners on many indicators of Science, Technology and Innovation (STI) and Research and Development (R&D). Investment levels are substantially lower than in most Latin American countries (Colombia spends 0.2 percent of GDP in R&D, vs. a Latin American average of 0.8, and an OECD average of 2.4 percent). This in part stems from the very low levels of investment in tertiary education (\$1,800 per student, vs \$3,225 in Brazil, and \$11,700 in the OECD). The lack of investment contrasts with the fact that Colombia has one of the highest rates of return for tertiary education in the region (19.6 percent ROE, only surpassed by Mexico). All of these have resulted in low measures of R&D and innovation indicators⁴. Indeed, only 0.1 percent of Colombian companies are classified as strictly innovative⁵. Colombia also has no national

² These figures includes all types of institutions and programs. Disaggregated by level of education, 21% of university programs, 5% of master’s programs, and 8% of doctorate programs are accredited (figures for technical and specialization programs are even lower).

³ González-Velosa et al., 2015, Returns to Higher Education in Chile and Colombia, IADB Working Paper.

⁴ Reviews of National Policies for Education: Tertiary Education in Colombia (OECD and World Bank, 2012).

⁵ 19.3 percent are identified as “innovative in an extended sense”, 3.8 percent as “potentially innovative” and 76.8 percent as “not innovative.”



university in the top universities of the world (according to the Shanghai ranking), whereas comparable regional peers do.

7. **Limited and fragmented funding for research and innovation projects and low availability of advanced human capital are major bottlenecks to improving Colombia's research and innovation system.** Only 9.7 percent of tertiary education faculty holds a PhD). Existing research funding is fragmented among too many institutions and programs with small and relatively short-term funding.⁶ In addition, the collaboration between academia and the private sector is very limited. While research funding programs abound across the region (e.g., Brazil's \$2000 million for Ciencia, Chile's \$700 million for Mecesup), Colombia does not yet show any comparable levels of investment. The main deficiency is the lack of doctors: Colombia has a fifth the ratio of doctors to the Latin American average (7 PhDs per million people vs the Latin American average of 37; Brazil has 69 per million people).

8. **Improving the access and quality of tertiary education are chief priorities in the National Development Plan 2014-2018 (NDP).** The NDP also seeks to close access and quality gaps between regions of the country. The plan includes the development of: (i) a tertiary education system that includes and recognizes the diversity of institutions into one system; and (ii) a quality assurance system that recognizes this diversity, enforces minimum quality standards and incentivizes continuous quality improvements for all institutions and (iii) reducing capacity gaps among regions, especially in R&D and innovation. There is also a clear commitment to accelerating the accreditation of programs and institutions: by 2018, students attending accredited institutions or programs would be the only ones eligible for student loans or scholarships.

9. **The MEN is in the process of implementing the reforms included in the NDP.** The development of the *Sistema Nacional de Educacion Terciaria* (SNET, National Tertiary Education System) seeks to integrate all types of programs and institutions into one coherent system based on a National Qualifications Framework. Similarly, the MEN is increasingly focusing on quality. Since 2014, it has implemented an assessment system for tertiary education (*MIDE*) that encompasses various dimensions of quality. The quality assurance system is in the midst of a major reform that seeks to give it greater flexibility and relevance through the establishment of various accreditation levels and the recognition of the diversity of institutions in the tertiary education system.

10. **The Bank has supported the reform to the structure, processes, institutional agreements and capacity of Colombia's QAS through a Reimbursable Advisory Services (RAS).** As a final output, the Bank delivered five main proposals: i) the creation of a national agency for quality assessment, with greater autonomy for resources-management and decision-making; ii) greater coherence and continuity in the accreditation processes (targeted changes were proposed); iii) acknowledgment of the differences across types of institutions (university vs technical) and methodologies (including virtual and blended) in the quality guidelines; iv) the development of a new accreditation model that incorporates the institutions' missional profiles and allows for two levels of accreditation; and v) the articulation of the plurality of information systems into a centralized system that promotes efficiency and transparency in the use of the information and includes processes' traceability.

⁶ Public Expenditure Review of R&D in Colombia, World Bank, Forthcoming.



11. **To address shortcomings with the availability of advanced human capital and to improve research capacity in the regions, the MEN launched the *Colombia Científica* Program.** The program seeks to increase the system's research capacity with a focus on non-accredited institutions, and to align the relevance and quality of the research to the growth and prosperity of the regions. Under the MEN's leadership, the program is financed mostly from regional budgets earmarked for science and innovation and supports research projects carried out by partnerships between local governments, universities and the productive sector, targeting regional economic needs. The program is currently being expanded with central government funding and the participation of the MEN, ICETEX, COLCIENCIAS and the Ministry of Commerce.⁷ The program will include two major initiatives: (i) Passport to Science (*Pasaporte a la Ciencia*), a scholarships program for graduate studies in world-class universities; and (ii) Research Ecosystem (*Ecosistema Científico*), a national competitive research grants program that will finance similar research projects that do not require the participation of local governments. Financing will be contingent on results achieved by the projects. To incentivize collaboration among institutions and with the productive sector, partnerships will necessarily include (a) one accredited institution, (b) one non-accredited institution, (c) one representative of the productive sector (a firm or business association), and (d) one international partner⁸ and will bound research ecosystems to improve institutional quality in non-accredited institutions, resulting in more accredited programs and institutions in the short to medium term.

12. **The MEN is also focused on continuing to improve access to tertiary education for populations from disadvantaged backgrounds.** In 2014, the MEN launched the program *Ser Pilo Paga*, which provides full scholarships to students from disadvantaged backgrounds who have high academic credentials to attend programs in accredited institutions. However, the provision of student loans by ICETEX continues to be the main demand side financing tool to increase access to tertiary education for disadvantaged populations. ICETEX - an autonomous state-owned financial institution linked to the MEN –is the main provider of student loans for low-income individuals. Most of its loans are allocated giving priority to need, merit, and the quality of institution/program sought, while also emphasizing geographic equity. These loans have been supported by the World Bank through three investment projects⁹, Access with Quality to Higher Education –ACCES. ICETEX loans covers 10 percent of the student population and yet 68 percent its loans have gone to students from socioeconomic strata 1 and 2 - the poorest segments of population. Two rigorous impact evaluations of the ACCES loans (Melguizo, et al., 2016, and Sanchez and Velasco, 2014) also found positive and significant impacts on enrollment and completion of tertiary education for beneficiaries.

13. **ICETEX launched new credit lines under the program *Tu Eliges* (“you choose”), which offers more flexibility for beneficiaries, targets subsidies based on need and merit, and can finance up to 100 percent of the cost of tuition.** *Tu Eliges* eliminated maximum loan amounts that were established in previous student loan programs (ACCES) so that students can afford higher quality institutions. It also offers seven options for credit lines, which differ on the interest rates and the percentage of the loan that needs to be repaid during the period

⁷ Since 2009, with the approval of the Law 1286, Colciencias is the Colombian Administrative Department of STI, with the functions of designing, updating, coordinating and implementing the National STI Policy

⁸ Reviews of National Policies for Education: Tertiary Education in Colombia (OECD and World Bank, 2012); Education in Colombia, (OECD, 2016)

⁹ The support to ICETEX started in 2002, through the Improving Access to Higher Education Loan (P074138), continued in 2008 with the Second Student Loan Support Project APL Phase I (P105164, Loan 7515-CO), and in 2014 through the Access with Quality to Higher Education Project– ACCES II- SOP Phase 2 (P145782).



of study. The credit lines with the lowest interest rate (0 percent real interest rate) and the longest repayment term (with 0 or 10 percent of loan amount paid during period of studies) are targeted to students from the disadvantaged socioeconomic backgrounds (the lowest SISBEN¹⁰ scores) and the highest academic merit (the highest SABER 11¹¹ scores). All credit lines offer a one-year grace period upon graduation and a repayment period of twice the duration of the studies. In addition, *Tu Eliges* also offers medium- and short-term repayment options where a higher share of the loan amount is repaid during the study period (30%, 40%, 60% and 100%). These lines also have shorter repayment periods and are aimed at increasing the financial sustainability of the institution and expanding access for loans to the middle class.

14. **ICETEX is also removing barriers to access to loans and putting increased emphasis on the quality of the programs attended by loan beneficiaries.** ICETEX removed the requirement of a co-signer by creating a *Fondo de Garantías* (Guarantee Fund), which serves as collateral for students who cannot provide a loan guarantor. In addition, with the objective of reducing default rates associated with high dropout, ICETEX established the *Fondo de Sostenibilidad* (Sustainability Fund). This fund receives contributions from institutions in proportion to their students' dropout rate (the higher dropout rate, the higher the contribution), thereby incentivizing institutions to reduce dropout rates. ICETEX also enhanced its targeting of loans for accredited programs and institutions by severely increasing the weight of this variable in the credit-allocation formula. It aims to provide 60 percent of its loans to students attending accredited programs or institutions by 2017, and 100 percent in 2018 (up from 40 percent in 2015). These targets represent a strong incentive for institutions to gain accreditation status.

15. **ICETEX is also diversifying its sources of funding and improving the management of its portfolio.** ICETEX is reducing its dependence on central government subsidies by establishing Alliances (*Alianzas*) and Administrative Funds (*Fondos en Administración*) with local governments and the private sector. These partnerships can take different cost-sharing arrangements between the local government and ICETEX. Alliances cover part of the cost of a disadvantaged student's degree (usually two or three semesters), with the rest provided by ICETEX through student loans at low rates. Administrative Funds are special scholarship funds, which ICETEX manages for a fee. ICETEX manages an increasing amount of these special funds and special credit lines for disadvantaged populations, including Indigenous populations, Afro-Colombians and victims of the armed conflict. In 2015, 1,125 Indigenous and 2,166 Afro-Colombians benefited from new credits from these funds. ICETEX has also accomplished substantial progress in the quality of its portfolio. The percentage of nonperforming loans (overdue payments divided by the total of student loans in amortization) decreased from 36 percent in 2013 to 26 percent in 2015. Despite this significant improvement, this remains one of the key factors for the sustainability of ICETEX.

16. **As part of the diversification of its funding sources, ICETEX is expanding its support to improve the quality of institutions and programs.** ICETEX has been assigned a major role as financier of quality improvements in tertiary education in the NDP: ICETEX will fund *Colombia Científica*. In addition, ICETEX has launched a credit line for institutions to finance quality improvements linked to accreditation. This credit line, with a competitive interest rate, is available to all institutions that seek institutional accreditation or

¹⁰ SISBEN is a the proxy-means test system that Colombia has to identify poor and vulnerable.

¹¹ SABER 11 is a standardized test taken at the end of the 11th grade, to access tertiary education.



accreditation of specific programs. It is also available for private institutions for investments linked to expanding enrollment. The line was launched in August 2016 and it be the first time ICETEX has lent to institutions directly.

17. **ICETEX has an ambitious plan that seeks to balance increased coverage, equity and financial sustainability.** The government has set ambitious goals for increased access, which demand increases in the number of student loans. The *Tu Eliges* program aims to finance 63,000 new loans in 2017 (up from 59,121 in 2015) and increasing the yearly target progressively to 64,000 loans yearly after 2018. However, this expansion comes at a time of limitations in government budget, which result in lower availability for interest rate subsidies. This is in part compensated by increases in *alianzas* and other sources of funding, and with the flexibility of shorter-term loan for some students under *Tu Eliges*. This is done with sustainability in mind. With those targets, financial projections for ICETEX show a positive net cash flow starting in 2022. This net cash flow increases in time, providing assurance of the financial sustainability of ICETEX.

18. **ICETEX requested the World Bank's support for the *Tu Eliges* and *Colombia Cientifica* programs.** World Bank financing will support the overall ambitious goals of ICETE, but funding will also come from ICETEX resources and the French Development Agency. Despite different funding sources, available financing will cover only part of ICETEX ambitious goals in terms of loans. Should additional financing become available, the program could be scaled up. This project will continue the successful long-term collaboration between ICETEX and the World Bank, including an on-going project ACCES II that supports student loans. From 2015 the ACCES project has supported the new long term credit lines under *Tu Eliges*, and the renovations of the previous loans. The ACCES II project is implementing satisfactorily and disbursing at a significantly faster rate than planned. The PACES Project will continue the support to ICETEX in the provision of student loans and adds the support for quality improvements in institutions.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

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.

Key Results

Progress towards meeting the Project Development Objectives would be measured by four outcome indicators:

- i. Number of students enrolled in higher education from disadvantaged socioeconomic backgrounds
- ii. Number of students from disadvantaged socioeconomic backgrounds attending accredited higher education programs and/or institutions
- iii. Score of the Quality Index for research, teaching, and internationalization for participating institutions
- iv. Number of participating tertiary education institutions which formally initiate the institutional accreditation process



D. Project Description

The Project would achieve its development objective through implementation of three components.

Component 1. *Student Loans for undergraduate and scholarships for graduate education.* (Total: US\$454 million; Bank: US\$104 million; AFD: US\$150 million; ICETEX: US\$0 million). The objective of this component is to increase student enrollment and graduation and improve equity and quality in tertiary education. This will be achieved by providing: (i) student loans (both new loans and loan renewals) to disadvantaged¹² populations to attend tertiary education programs in Colombia, prioritizing accredited programs and institutions, and (ii) partial scholarships to attend high quality international graduate programs. These scholarships will be managed as student loans, partially forgivable upon the return of the student to Colombia to be employed in academia, institutions in the STI system or the public sector.

Subcomponent 1.1. *Student Loans for undergraduate education.* (Total: US\$242 million; Bank: US\$92 million; AFD: US\$150 million; ICETEX: US\$300 million). The student loans financed by this subcomponent seek to increase equity in access to tertiary education and the quality and relevance of the programs attended by beneficiaries.

This subcomponent will finance (i) the provision of student loans to disadvantaged students to cover their tuition costs in eligible TEIs, requiring the repayment of a maximum of 25 percent of the loan amount while the student is enrolled in tertiary education; (ii) loan renewals for disadvantaged students who are continuing their studies; (iii) loans provided under partnership schemes (*Alianzas*) in which partners (local governments, other ministries or the private sector) cover part of the direct cost of attending tertiary education for eligible populations. Lastly, the project will also finance loans provided to populations under “special constitutional protection”, including disabled students and victims of the conflict, who receive loans at zero real interest rates.

Subcomponent 1.2. *Scholarships for post-graduate education.* (Total: US\$12 million; Bank: US\$12 million; AFD: US\$0 million; ICETEX: US\$0 million). Scholarships under this subcomponent will support postgraduate education abroad in the knowledge areas prioritized in the National Development Plan, regional economic development plans and *Ecosistemas Científicos*. The scholarship will start as a loan and a predetermined percentage of the total amount would be forgiven upon graduation and return to Colombia, as long as the graduate is employed in academia, the public sector or any institution in the STI system.

The scholarships will be prioritized to beneficiaries from specific municipalities¹³, teachers from non-accredited institutions (in which the deficit of professors without PhD is the greatest), ethnic groups, students who graduated from public universities and/or public secondary school, as well as beneficiaries of public financing programs (ACCESS and Ser Pilo Paga program). The students will also be selected based on the alignment of their research interests with the prioritized knowledge areas, and their academic merit. The subcomponent will support scholarships for Masters and PhD degrees (with a target of 45 and 50 scholarships, respectively) in world-class international universities within the top-500 in the Shanghai ranking.

These scholarships will cover tuition costs, living expenses, airfare, health insurance and related expenses, with a

¹² Disadvantaged populations are defined by DNP based on a combination of SISBEN scores and their belonging to groups with “special constitutional protection” (ethnic groups and victims of the conflict).

¹³ Municipalities that are not a state capital and comply with certain characteristic specified by DNP.



pre-determined maximum amount varying by type of program. In addition, students will have a continuous student support service, from the enrollment process at the foreign university until their return to the country. Students who complete and graduate in their respective program, and return to the country, will have three months support from this scholarship. This support, called the Return Plan (*Plan Retorno*), consists of a monthly stipend for three months, and support with job searching.

Component 2: Quality Enhancement of Tertiary Education Institutions and Programs (Total: US\$91 million; Bank: US\$56 million; AFD: US\$0 million; ICETEX: US\$35 million). The objectives of this component are to improve the quality of tertiary education institutions and to strengthen their research and innovation capabilities and collaboration with the productive sectors in the regions. This will be done through financing (i) *competitive research grants* and (ii) ICETEX loans for institutions aimed to improve quality indicators, and looking to finance High Quality Accreditation processes.

Sub-component 2.1. Competitive research grants for Institutional Partnerships. (Total: US\$56 million; Bank: US\$56 million; AFD: US\$0 million; ICETEX: US\$35 million). This subcomponent will finance research grants for the implementation of research and innovation projects responding to regional productive sector needs presented by institutional Partnerships. These Partnerships will be conformed by at least 2 TEIs (one leading institution with proven research capabilities and one non-accredited institution), at least one international institution, and at least one firm. The IP may also involve other partners, such as regional research centers. The funds will be allocated on a competitive basis. This sub-component will be implemented by Colciencias and Fondo Caldas via an Administrative Partnership Agreement (*Convenio Interadministrativo*).

The research and innovation projects supported by this subcomponent will impact 3 main areas of institutional quality: (i) strengthening human capital by attracting both short-term collaborators (and providing long-term formation and training of human capital (Masters and PhD scholarships for Colombian teachers in Colombian universities, and professional training for support staff), (ii) improvements in research and innovation processes, especially strengthening post-graduate degrees and institutional strengthening of processes linked to accreditation and (iii) strengthening of research and innovation inputs, providing adequate equipment and inputs needed to conduct research.

The subcomponent will finance: (i) expenses associated with visiting professors, postdoctoral fellowships, research assistants and attending short courses; (ii) long-term formation and training of human capital masters and PhD scholarships for Colombian teachers in Colombian universities, and professional training for support staff; (iii) software and hardware, and equipment; (ii) inputs including research materials, tests and assays; (iii) consulting services for improving associated processes, including reinforcement of postgraduate degrees (curriculum renewals or creation of new curriculums), institutional strengthening of the IP's TEIs (Initiating and supporting the high quality accreditation process), (iv) knowledge transfer and dissemination; (v) and cost of protection of knowledge (patents). Details and requirements will be drawn from the Project's Operational Manual.

Subcomponent 2.2. Institutional Accreditation Support Loans. (Total: US\$35 million; Bank: US\$0 million; AFD: US\$0 million; ICETEX: US\$35 million) The subcomponent will finance a new ICETEX credit line directed to TEIs and specifically to those seeking accreditation. It will finance loans to institutions that seeks institutional accreditation or the accreditation of specific programs. The loans will finance expenses related with these accreditation processes (consulting services, inputs, process improvements). The financial terms for this credit line establish short term repayment periods and is open to both public and private institutions. This



subcomponent will be financed entirely by ICETEX.

Component 3: Institutional Strengthening. (Total: US\$15 million; Bank: US\$0 million; ICETEX: US\$15 million). The objective of this component is to improve ICETEX's management practices and capacity, strengthen its long-term sustainability and promote evidence-based decision-making. It would have 2 subcomponents.

Subcomponent 3.1: Project management and monitoring. (Total: US\$3 million; Bank: US\$0 million; ICETEX: US\$3 million). This subcomponent will finance administration costs for the Project. It will finance direct costs associated with carrying out the Project management, coordination, implementation, and monitoring including, inter alia, the carrying out of audits.

Subcomponent 3.2: Capacity and Sustainability Strengthening. (Total: US\$12 million; Bank: US\$0 million; ICETEX: US\$12 million). This subcomponent will finance (i) improvements in technological capabilities of ICETEX, (ii) efforts to improve the financial sustainability, efficiency and quality of service of ICETEX and (iii) impact evaluation of the project.

The subcomponent will finance the implementation of: (i) a new Core Banking System, (ii) a payment-collection management system, and (iii) a customer relationship management (CRM) system. It will also finance the implementation of financial literacy to potential beneficiaries of ICETEX loans; (i) technical assistance for the development or improvement of new financial products or credit lines (ii) an in-depth study of how an Income-Contingent Loan (ICL) allocation mechanism could operate in the Colombian context, with a focus on the financial consequences for individuals, institutions, ICETEX and the government, and a pilot of this mechanism; (iii) technical assistance in corporate governance and (iv) an impact evaluation of the project.

Component Name:
Student Loans and Scholarships

Comments (optional)
Total: US\$554 million; Bank: US\$104 million; AFD: US\$150 million; ICETEX: US\$300 million.

Component Name:
Tertiary Education Institutions and Programs Quality Enhancement

Comments (optional)
Total: US\$64 million; Bank: US\$56 million; AFD: US\$0 million; ICETEX: US\$8 million

Component Name:
Institutional Strengthening for ICETEX

Comments (optional)
Total: US\$7 million; Bank: US\$0 million; AFD: US\$0 million; ICETEX: US\$7 million.

E. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)



Colombia is a multiethnic and multicultural country, the Department of National Statics (DANE) recognizes the existence of 87 indigenous peoples, it is estimated that indigenous people constitute about 3.5 percent of Colombia population.

Calls for ICETEX credits and passport of science will be open to applicants from all over the country. Despite the general access to tertiary education, there is a persistent inequality in access across income groups, both in the percentage of students who enroll and types of institutions they attend, including universities within the country. The scientific ecosystem component seeks the participation of universities within the country, to strengthen the supply of qualified production chains of each department, including those indigenous and AfroColombian territories with population professionals.

The project has national coverage, since it has as potential beneficiaries students from all over the country. With emphasis on the areas with greater presence of indigenous people in proportion to its population in the territory, such as Vaupés 67 percent, Guainía 64 percent, Guajira 45 percent, Vichada 44 percent, Amazonas 43 percent. Other departments with significant indigenous populations are Cauca 22 percent and Putumayo 21 percent. Where the departments of Guajira, Cauca, Nariño, Córdoba and Sucre concentrate 66 percent of total indigenous population in Colombia.

Also, the departments where the largest AfroColombian population recognized itself are Chocó 82 percent, San Andrés Archipelago, Providencia and Santa Catalina 57 percent, Bolivar 28 percent, Valle del Cauca 27 percent and Cauca with 22 percent. Where 57 percent of the country's AfroColombian population is concentrated in the departments of Valle del Cauca, Antioquia, Bolívar and Chocó.

94 percent of the Rom (Gypsies) population of the country is concentrated in the departments of Atlántico, Bolívar, Valle del Cauca, Bogotá, Norte de Santander, Santander and Nariño. The same to which belong the cities where the main kumpanias are Barranquilla, Cartagena, Cali, Cucuta, Girón and Ipiales.

The legislation in force in Colombia, based on Law 1381 of Jan 2010, protects the rights of students belonging to indigenous peoples, AfroColombian, raizales and palanqueras communities, like speaking their own language and make use of this right in all contexts. Laws, norms, and government policies, enshrined in the National Constitution insist on the recognition of diversity.

F. Environmental and Social Safeguards Specialists on the Team

Ricardo Jose Castellon Zamora

IMPLEMENTATION

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SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	



Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	Yes	The policies are activated by the possible presence of indigenous groups and Afro-descendants, among the beneficiaries of ' Passport to the Science ' and as residents or employees of alliances concerning a specific project of investigation or innovation that answers to the regional needs.
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Indigenous Peoples policy (BP/OP4.10) is activated due to the presence of indigenous people in the Project area. It's hoped the project will continue to have a positive impact in the entire population, including indigenous and female population, by contributing to the enhancement of the quality of education. It will face challenges identified as i) call to applicants; ii) dispersion and isolation of postulants that limit access; iii) general and language skills of applicants that limit their access to postgraduate programs; iv) the project will address not only the question of how to retain students, but also how to attract good teachers and retain them in the region to minimize their mobility and preserve the scientific ecosystem. The project will use the same execution strategy for the passport to science. ICETEX will have the responsibility to carry out the call with mass events at national level and focused dissemination, offer information about the offer (ARWU500), give advice for closing gap of second language, supervise the admission process, provide advice on requirements and documentation (apostille, translations) and award scholarships. Inclusion (ie, making the right to a good quality higher education effective) is one of the major challenges of the project. ICETEX encourages the delivery of scholarships to indigenous, AfroColombian and Roma students, with the acceptance of universities, the activities are oriented to address this challenge with the goal of promoting a more inclusive and participatory education of indigenous people and the poorest groups in the country. For the Colombia Scientific Passport to Science additional points were established in the selection criteria for population of ethnic groups and victims. The statistics of approved credits to ethnic groups and victims of the total number of approved were 13 percent in 2015 and 11 percent in May 2016. About 60 percent of the beneficiary population is in stratum 1 and 30 percent in stratum 2 in this period. The project aims to improve the quality of higher education through the strengthening of a scientific culture that allows the generation and transfer of new knowledge of high quality that contribute to the development of the country. To this end, it aims to consolidate the strengthening of research capacity of higher education institutions at the regional and national level; promote the creation of knowledge networks to support the solution of local and national problems.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:



Political events may interfere with the activities of the Project. The uncertainty of the peace process could lead to uncertainty for the application for scholarships or for the return to the country, once the studies have been completed. Likewise, they could provoke demonstrations and strikes that could temporarily halt alliances promoted by the project and have a negative impact on their implementation.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The project will continue to promote inclusive education, taking into account some key measures: (i) the inclusive education system, focusing on the poorest groups, including indigenous peoples and women; (ii) improve the quality of teachers through training (this training will include alternative ways of continuously increasing the quality of education, training relevant to the productive sector, (iii) increased competitiveness and productivity, (iv) a credit program / Scholarships for Masters and Doctorates as a way of promoting the inclusion of indigenous peoples in the education system).

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

ICETEX successfully implemented Expansion Project Student Loan to Promote Equitable Access in Colombia: Policy and Strategies for Care of the Indigenous People and Afro-descendants, from 2008 to 2013, under the Second Support Project Loans student: Adaptable Program Loan (first stage) (P105164). Therefore, it demonstrates adequate capacity in regard to safeguard policies.

ICETEX has developed in 2013, a Plan of Affirmative Action for Special Populations: Indigenous, ROM, Afro descendants and Victims (PPI) has the institutional capacity to undertake social assessment required for updating a framework of participation for indigenous peoples and AfroColombians.

In this intervention, ICETEX is coordinating with the Ministry of Education, the elaboration of a Plan of Participation of indigenous peoples and AfroColombians for the implementation of the 'Passport to Science'.

The Passport to Science provides scholarships for postgraduate studies abroad, which are linked to the specific needs of partnerships, students from across the country, including indigenous and Afro-descendants.

ICETEX has carried out the social evaluation of the project, with a free and prior consultation process, by visiting 5 HEIs, focus groups 90 students, 684 answered surveys and a sample of 40 affirmative action plans from universities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Accompanying ICETEX, the main interested groups are the Ministry of Education through Colombia Cientifica (COLCIENCIAS), the Institutions of Higher Education (IES), the authorities of the departmental governments, trade associations.

ICETEX has several mechanisms to ensure a smooth and efficient communication between the institution and its beneficiaries, these are virtual and face-to-face channels through which potential beneficiaries initially have access to the information needed to access the services offered and further entering the program, it allows them to remain aware of the way the process is developed.

On the other hand, the disclosure of the PPI will be made in all spaces in the territorial offices of ICETEX, which provide information on funding lines for higher education. In addition, it will be available in all virtual channels of ICETEX, the same will be done with the results of the process of monitoring its implementation.

Following the disclosure of the PPI, the system that ICETEX has in place for receiving petitions, complaints, requests and complaints will be available to beneficiaries belonging to indigenous, AfroColombian, Roman and Victims, so the institution will have a better understanding of the opinions that beneficiaries may have regarding the implementation.



The system of receiving requests and complaints is done through the virtual attention system in order to facilitate the process, this is designed in such a way that an official response is guaranteed in three business days. In addition allows the user to track the status of the request through a number assigned. If the beneficiary considers, this process is also possible face-to-face in the ICETEX offices.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank

11-Nov-2016

Date of submission to InfoShop

17-Nov-2016

"In country" Disclosure

Colombia

17-Nov-2016

Comments

A framework for indigenous peoples, Afro-Colombians, Rom and victims has been developed by ICETEX in October 2016

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and



accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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Borrower/Client/Recipient

ICETEX with the guarantee of the Republic of Colombia

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APPROVAL

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