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INNOVAEDU: PAYING FOR RESULTS OF EDUCATIONAL INITIATIVES

(ES-T1353 AND HO-T1405)

DONORS MEMORANDUM

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PROJECT SUMMARY
INNOVAEDU: PAYING FOR RESULTS OF EDUCATIONAL INITIATIVES
(ES-T1353 AND HO-T1405)

Over the last decade, the secondary school drop-out rate has been one of the main educational challenges in Latin America. El Salvador and Honduras are no exception to the situation in the region, and the challenge requires attention in both countries. The relevance of the challenge lies in its direct correlation with multiple negative socioeconomic outcomes for both individuals and countries. These include social and labor-market exclusion, intergenerational poverty, and high rates of inequality. In Honduras, 57% of students fail to complete secondary school, while in El Salvador the proportion is 44%. Meanwhile, although in El Salvador the transition rate between primary and secondary school in 2015 was 93%, in Honduras it was only 71%.

Accordingly, this initiative aims to test a results-based payments mechanism in Honduras and El Salvador to generate evidence on the performance of educational development programs in improving the educational pathways of vulnerable young people, with a gender perspective, supporting the completion of secondary schooling with skills for the 21st century (with emphasis on fostering science, technology, engineering, art, and math (STEAM) competencies). A strategy will therefore be promoted that envisages: (i) a diagnostic assessment and design of a results-based payment mechanism starting initially with the pay-for-performance contract modality; (ii) implementation of the results-based payment mechanism to promote educational innovations that generate evidence and invite other actors (private, aid agencies, and public sector) to create the market in the two countries; and (iii) promoting major efforts to disseminate knowledge and learning and foster their scale-up.

This is a pioneering initiative in Honduras and El Salvador since: (i) it is the first time that implementation of a results-based payment mechanism has been promoted on an experimental level in the two countries; (ii) the mechanism is based on the private sector (executing agencies, potential service providers, etc.) assuming the risk, together with potential impact investors and other donors; and, (iii) it incorporates educational innovations using new education technologies (EdTech) as well as flexible modalities that support beneficiaries' rejoining and remaining in the education system. In turn, the project will support a crosscutting gender approach. The diagnostic assessment stage will seek to further explore the reasons why young women face a wider gap in access to the education system and higher drop-out rate, and it will look at STEAM skills to implement specific key actions to address the challenges in the implementation phase.

The project is aligned with the IDB Group's Vision2025, in particular, with the digital economy and women's economic empowerment pillars, given the comprehensive gender approach that will be incorporated in the initiative's design, implementation, and evaluation strategy. It is projected to impact 2,170 beneficiaries: in El Salvador, 1,500 seventh to ninth grade students, with an emphasis on young women, with women making up an estimated 55% of the total number of beneficiaries, and 670 beneficiaries in Honduras, with a focus on young people who work and did not complete secondary school.

The initiative is supported by nonreimbursable technical cooperation funding from IDB Lab of \$1.4 million (\$700,000 each for Honduras and El Salvador), which will be accompanied by equal counterpart funding from the executing agencies. These are the Fundación Hondureña de Responsabilidad Social Empresarial [Honduran Foundation for Corporate Social Responsibility] (FUNDAHRSE) in Honduras, and the Fundación Salvador del Mundo [Salvador del Mundo Foundation] (FUSALMO) in El Salvador.

ANNEXES

Annex I	Results Matrix
Annex II	Summarized Budget
Annex III	iDELTA

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Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB PROJECT INFORMATION SYSTEM

Annex IV	Itemized budget for El Salvador and itemized budget for Honduras
Annex V	Diagnostic needs assessment of the executing agency (DNA) [includes due diligence and integrity analysis of FUSALMO and FUNDAHRSE]
Annex VI	Project status reports (PSRs) and fulfillment of milestones and fiduciary arrangements.
Annex VII	Procurement plan (under construction)

ABBREVIATIONS

COVID-19	Coronavirus disease caused by the SARS CoV 2 virus, first detected in 2019
FUNDAHRSE	Fundación Hondureña de Responsabilidad Social Empresarial [Honduran Foundation for Corporate Social Responsibility]
FUSALMO	Fundación Salvador del Mundo [Salvador del Mundo Foundation]
IMFE	Instituto de Modalidades Flexibles de Educación [Institute for Flexible Modalities of Education]
MINEDUCYT	Ministerio de Educación, Ciencia y Tecnología de El Salvador [Ministry of Education, Science, and Technology of El Salvador]
SEDUC	Secretaria de Educación de Honduras [Education Department of Honduras]
SIB	Social Impact Bond
STEAM	Science, Technology, Engineering, Art, and Math
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

INNOVAEDU: PAYING FOR RESULTS OF EDUCATIONAL INITIATIVES (ES-T1353 and HO-T1405)

Country and geographical location:	Honduras: Francisco Morazán and Cortés El Salvador: Soyapango and Ciudad Delgado, San Salvador Department.		
Executing agency:	Honduras: Honduran Foundation for Corporate Social Responsibility (FUNDAHRSE) El Salvador: Salvador del Mundo Foundation (FUSALMO)		
Focus area:	Education, Talent, and Employment		
Coordination with other donors/Bank operations:	This project is being implemented jointly with the Education Division (SCL/EDU) and seeks to generate synergies (and possible scale-up) with the following operations: (i) in El Salvador, “Improving Education Coverage and Quality: Birth, Growth, Learning” (operation ES-L1139); and (ii) in Honduras, “Improving Educational Quality to Develop Skills for Employment: Project Youth” (operation HO-L1188). In addition, it will be coordinated with the IFD/CMF “Social Digital Connectivity Program” (operation ES-L1145).		
Project participants:	<p>Direct participants in Honduras: Participants will consist of 670 young people over 18 who dropped out of school and are formally employed in one of the associated companies, or who are under 18 and neither study nor work, or are employed in the informal sector, who want to re-enter the education system to complete their secondary schooling through one of the flexible modalities recognized by the Ministry of Education.</p> <p>Direct participants in El Salvador: Participants will consist of 1,500 young people in the most vulnerable quintile attending secondary school (7th-9th grades), with an emphasis on young women, with 55% of the total projected to be women.</p>		
Financing:	Technical cooperation funding, Honduras:	US\$700,000	25%
	Technical cooperation funding, El Salvador:	US\$700,000	25%
	Total IDB Lab contribution:	US\$1,400,000	50%
	Counterpart FUNDAHRSE Honduras:	US\$700,000	25%
	Counterpart FUSALMO El Salvador	US\$700,000	25%
	Total from counterparts:	US\$1,400,000	50%
	Total project budget:	US\$2,800,000	100%
Execution and disbursement period:	36 months for execution and 42 months for disbursement.		
Special contractual conditions:	None		
Environmental and social impact review:	This operation was screened and classified in accordance with the requirements of the IDB Environmental and Social Policy Framework (document GN-2965-21) on 10 January 2022 in El Salvador and 26 May 2022 in Honduras. Given that the impacts and risks are limited, the project is proposed as a category C operation.		
Unit responsible for disbursements:	IDB Country Offices in El Salvador and Honduras (COF/CES and COF/CHO).		

I. THE PROBLEM

A. Description of the problem

- 1.1 Over the past decade, the **secondary school drop-out rate has been one of the main educational challenges in Latin America**. Exacerbated by the COVID-19 pandemic and its impact on safe access to education, the significance of the challenge lies in its direct correlation with multiple negative socioeconomic outcomes for individuals and countries, such as labor-market exclusion, intergenerational poverty, and high rates of inequality. Today, many Latin American countries have managed to bring down their secondary school dropout rates, but their progress has been limited, inequitable and unable to guarantee that students learn skills relevant to life and work.¹ This is also the case in Honduras and El Salvador.
- 1.2 **El Salvador and Honduras are no exception to the situation in the region and the challenge requires immediate attention in both countries**. In Honduras, 57% of students do not complete secondary school, while in El Salvador, this percentage is 44%.² Meanwhile, in El Salvador, the transition rate between primary and secondary school in 2015 was 93%, and in Honduras it was 71%.³
- 1.3 **In El Salvador, one of the main reasons both sexes drop out of the education system is a lack of interest in continuing to study**. This may be a reflection of the fact that education is not viewed as a mechanism for social betterment or access to opportunities.⁴ The negative impact of early pregnancies on the school drop-out rate should also not be overlooked. According to the records of the Ministry of Health of El Salvador, in 2015, 25,132 girls and adolescents aged between 10 and 19 were pregnant, representing 30% of the 83,476 pregnant women registered in that year.⁵ For young people between 15 and 18 years of age, the second main cause of dropping out is the lack of financial resources. Lastly, the proliferation of criminal activities can also be mentioned as one of the reasons for leaving the education system.
- 1.4 **The school attendance rate reflects significant gaps in El Salvador. These are deepened by geographical areas and age groups (over 18 years)**.⁶ In 2018, the Ministry of Education, Science, and Technology of El Salvador (MINEDUCYT) identified 111,256 overage students in the education system, of which 106,308 were in the public sector and 4,948 in the private sector. The department of San Salvador reported the largest number of individuals in this situation. Another cause for concern is El Salvador's net secondary school enrollment rate (40%), which in 2017 was well below the Latin American average

¹ [Los retos y oportunidades de la educación secundaria en América Latina y el Caribe durante y después de la pandemia](#), Economic Commission for Latin America and the Caribbean (ECLAC). December 2021.

² Ramírez, M. J., and A. Viteri (2019). El embudo de la exclusión educativa en Mesoamérica. Inter-American Development Bank.

³ World Bank Open Data (various years) UNESCO Institute for Statistics (extracted from <https://databank.bancomundial.org/reports.aspx?source=2&series=SE.SEC.CMPT.LO.ZS&country=#>).

⁴ Programa Modalidades Flexibles de Educación, Dirección Nacional de Educación de Jóvenes y Adultos del Ministerio de Educación, 2017.

⁵ Idem.

⁶ Idem.

(75.6%), and also presents clear inequities in areas of the country outside the capital.⁷ Between quintiles one and five, for example, there is a gap of 18.6 percentage points, and the net coverage of urban and rural areas is 31% and 46%, respectively. Lastly, coverage among women is 41.4%, which is slightly higher than among men (38.2%).

- 1.5 In **Honduras**, the net coverage of the third cycle of basic education is just 45.3%, one of the lowest in Latin America, and there are marked urban-rural differences (coverage of 64% and 32%, respectively) and by income decile (coverage of 73% and 24% for the richest and poorest quintiles, respectively). The country also has one of the highest secondary school dropout rates (50%), higher than that observed in Latin America and the Caribbean as a whole (42%). Difficulties completing ninth grade become a bottleneck for the educational progress of the country's most vulnerable youth. Interrupted progress through school and low performance are mainly explained by unmet demand, especially in rural areas where only 11% of students have access to tertiary education in their community; economic difficulties; poor availability of educational materials; lack of interest; and academic failure.
- 1.6 In Honduras, **low productivity growth and limited investment attraction to support productive diversification and boost job creation, are due to caused including low levels of human capital**, Prat and Lopez (2018) show Honduras to have an average level of schooling of less than seven years. The results of the 2013 Programme for International Student Assessment (PISA) evaluation placed the country among the four worst performers in Latin America and the Caribbean. Companies' capacity for innovation and technological adaptation is insufficient. A low-skilled workforce is one of the main constraints on business performance (Enterprise Surveys, World Bank. 2016).
- 1.7 Moreover, these countries' students **do not acquire the necessary skills to enable them to perform effectively in the labor market**. Specifically, 86% of young people in El Salvador do not complete secondary education with skills relevant to life and work. In Honduras, the magnitude of the problem is even greater: 93% of young people do not complete secondary education with relevant skills.⁸ The low acquisition of minimum skills in secondary education influences the acquisition of skills for the 21st century⁹ and this problem continues into higher

⁷ The net enrollment rate in secondary education is calculated as the ratio of the number of students of secondary school age enrolled in secondary education to the total population of secondary school age.

⁸ Ramírez, M. J., and A. Viteri (2019). El embudo de la exclusión educativa en Mesoamérica. Inter-American Development Bank

⁹ The term "21st Century Skills" refers to skills that help people build a productive and healthy life (which is why they are also called crosscutting or fundamental skills). These skills help people of all ages live in, and adapt to, an ever-changing world. They include digital skills (such as computational thinking); advanced cognitive skills (such as critical thinking or problem solving); executive function skills (such as self-regulation and metacognition, which have a dynamic relationship with cognitive skills), and socioemotional skills (such as self-esteem, perseverance, or empathy). These skills never become obsolete and are suited to many jobs and life situations (Mateo Díaz and Rucci, 2019). Source: Spotlight 21st Century Skills in Latin America and the Caribbean, IDB (2021).

education. In El Salvador, only around 20%¹⁰ of the total student population is enrolled on science, technology, engineering, art, and mathematics (STEAM) degree programs. Within this group, only 28% of students are women, which reveals the wide gender gap in these subjects that exists in the country.¹¹

- 1.8 **Apart from these sectoral challenges, in El Salvador and Honduras, there are systemic barriers to innovation** by government and aid agencies (e.g., administrative, legal, and cultural barriers) that limit their ability to experiment with innovative and cost-effective solutions that achieve greater impact. These include: (i) accountability is not based on results, but on activities and inputs; (ii) risk aversion, such that social interventions where there is a potential risk of “failure” are avoided, with a preference for traditional interventions; (iii) difficulty of taking preventive measures. Traditional support approaches are not conducive to investment in preventing the challenges that arise, but tend to address them reactively; (iv) there is little knowledge of the effectiveness of the portfolio of services. Impact assessments are rarely conducted, and in the few cases where they do occur, they are performed retrospectively, hampering the possibility of collecting solid evidence.¹² With access to quality education¹³ worsened by the impact of the COVID-19 pandemic, both El Salvador and Honduras need to find innovative and cost-effective mechanisms to address the challenges posed.
- 1.9 In recent years, **Latin America has seen an increase in the use of results-based payment mechanisms¹⁴ to fund social programs**, including development impact bonds¹⁵ and social impact bonds (SIBs). The Government Outcomes Laboratory (GO Lab)¹⁶ defines impact bonds, including SIBs, as “*outcomes-based contracts [that] use private funding from investors to cover the upfront capital required for a provider to set up and deliver a service.*” The service is designed to achieve measurable results established by the commissioner (or outcome payer) and the investor is repaid only if these results are achieved.

¹⁰ Escobar, V. G. D., Sigüenza, J. O. T., Perdido, M. U. G., and Martínez, C. S. T. (2021). Factores que inciden en la elección de carreras STEM en la educación universitaria de El Salvador. Anuario de Investigación: Universidad Católica de El Salvador, 10, 23-38.

¹¹ Rodríguez Argueta, C. M. (2020). Tendencias de la oferta en educación superior en El Salvador—relevancia de las carreras en ciencia, tecnología, ingenierías y matemáticas (por sus siglas en inglés STEM) ante la nueva economía digital.

¹² Estudio de identificación de oportunidades para la estructuración e implementación de un mecanismo de pago por resultados sobre educación en Honduras y El Salvador, [November 2021. UP Social and IDB Lab.

¹³ Acevedo, I., Castro, E., Fernandez, R., Flores, I., Alfaro, M. P., Szekely, M., and Zoido, P. (2020). Los Costos Educativos de la Crisis Sanitaria en América Latina y el Caribe.

¹⁴ There are three types of results-based payment mechanisms: (i) outcome payment contracts, where a payer, government or donor, pays the service provider for the results of the service; (ii) impact bonds, where investors are invited to provide the upfront funding the provider needs while the results are being achieved and payment is received. The difference between a social impact bond (SIB) and a development impact bond is the payer. In the first it is the government, and in the second it is an international aid agency or philanthropic organization.

¹⁵ Development impact bonds.

¹⁶ The Government Outcomes Laboratory (GO Lab) is an academic institution within Oxford University’s Blavatnik School of Government that brings academic institutions together with governments and related organizations to improve policies and practice towards better outcomes for people. More information available at: <https://golab.bsg.ox.ac.uk/>.

- 1.10 In this context, IDB Lab established the BIS Facility in 2014 in Colombia (operation CO-T1434), a project aiming to place more focus on results in social programs and increase contracting by results. As a result of this initiative, IDB Lab has provided support for the development of impactful financial instruments including SIBs in Colombia,¹⁷ Argentina, Chile, Mexico, Brazil, and Haiti.¹⁸

B. Project participants

- 1.11 **Honduras.** The Project will work with 620 young people over 18 who have left school and have formal employment with one of the partner companies or are under 18 but neither study nor work (or are employed in the informal sector, which represents a situation of vulnerability¹⁹ and exclusion), and want to re-enter the education system and complete their secondary schooling through one of the flexible mechanisms available. The intervention will focus on the departments of Francisco Morazán and Cortés, where most potential partner companies that may be interested in contributing resources and implementing the programs among their collaborators are concentrated. Although there are no data at the municipal level on the poverty rate in these two departments, at the national level in 2020 the rate stands at 70%.
- 1.12 **El Salvador.** The project will focus on working with 1,500 vulnerable and/or poor young people²⁰ between 15 and 25, who are either in secondary school (between 7th and 9th grade) or who have left the education system and are looking for another chance to rejoin. Since the ‘funnel effect’, whereby the number of children in school declines with age, begins in 7th grade, it makes sense from a preventive standpoint to start interventions at that point. The transition from the 9th to 10th grade is also of interest, as it also represents an important ‘funnel’ in the path towards exclusion from education. Lastly, a care group will be supported aiming to facilitate second opportunities by promoting reintegration into the system through flexible mechanisms. The intervention will take a gender focus with a view to 55% of beneficiaries being young women. For the prioritized groups, the actions will focus on this initiative in the municipios of Soyapango and Ciudad Delgado in the San Salvador Department, given that these two municipios are among the capital’s six most populous and have a high proportion of young people.²¹ In future stages, the project may be scaled up to include the cities of Santa Ana and San Miguel, two of the largest cities in the country after the capital (San Salvador).

¹⁷ In Colombia, four SIBs have been implemented to date. More details can be found at <http://www.sibs.co/>.

¹⁸ In Haiti, for example, this is an impact facility that will not be limited only to the use of SIBs, but will also include other impact financing tools/mechanisms.

¹⁹ Poverty in Honduras rose to 70% in 2020, up 10.7 percentage points from 59.3% in 2019, driven by the COVID-19 pandemic and tropical storms Eta and Iota. Universidad Nacional Autónoma (UNAH), April 2021.

²⁰ According to estimates based on official information from the Multipurpose Household Survey 2000-2019, in El Salvador, between 2000 and 2019 poverty decreased from 46.6% to 27.1%, putting it on a level with the Latin American average.

²¹ Department of Statistics and Census (DIGESTYC), Population and housing census 2007.

II. INNOVATION PROPOSAL

A. Project description

- 2.1 **The objective of the project** is to test²² a results-based payment mechanism²³ in Honduras and El Salvador to demonstrate the results of educational development programs in order to improve the educational pathways of vulnerable and/or poor young people. In the case of El Salvador, there will be a focus on gender and on the promotion of competencies in the areas of science, technology, engineering, art, and mathematics (STEAM). In the case of Honduras, the emphasis will be on young people who have dropped out of school and are working but want to return to the education system.
- 2.2 **In both countries, EdTech solutions will be promoted²⁴ to trial innovative educational interventions improving the educational pathways of vulnerable young people, provided the technological and equipment conditions allow.** Support will be given to prevent students from dropping out of school and help those who have already left to return to school. In turn, in both countries, the incorporation of innovations in the flexible modalities program in coordination with MINEDUCYT and the Education Department of Honduras (SEDUC) will be envisaged, with the emphasis on the category of “virtual education,” in close coordination with local providers and potential innovators so as to make it easier for beneficiaries seeking a second chance to rejoin and remain in the education system.
- 2.3 **Performance-based contracts** are a results-based payment mechanism in which a contractor/supplier remuneration plays a fundamental role, as it creates incentives for the contractor to achieve the proposed development goals (see figure below). The benefits offered by this model in the region are very high. These include:²⁵ (i) fostering innovation, since results-based payment mechanisms such as the one proposed transfer the ‘risk of innovation’ to private investors, so the party paying for the results can change the status quo by experimenting with innovative programs for which the empirical evidence is limited or which have been successful internationally; (ii) by aligning all the actors’ goals, results-based

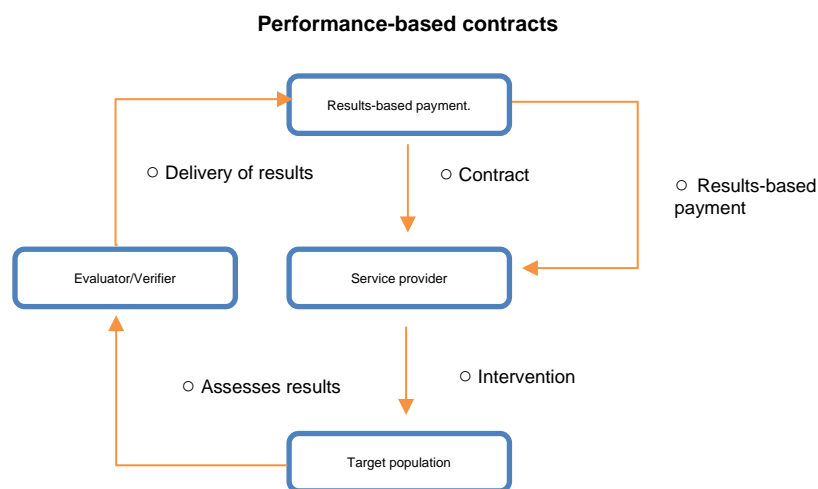
²² This is a mechanism to finance social projects in which private investors provide the initial capital for implementation and payment is conditional on the achievement of the results, as verified by an independent evaluator. The difference between each model lies in the type of organization that plays the role of payer for the results: government in the case of social impact bonds (SIBs) and international aid agencies or donors in the case of development impact bonds. Source: Estudio de Identificación de Oportunidades para la Estructuración e Implementación de un Mecanismos de Pago por Resultados sobre Educación en El Salvador y Honduras, November 2021. UP Social and IDB Lab.

²³ There are three types of results-based payment mechanisms: (i) Outcome payment contracts, where a payer, government or donor, pays the service provider for the results of the service; (ii) impact bonds, where investors are invited to provide the upfront funding the provider needs while the results are being achieved and payment is received. The difference between a social impact bond (SIB) and a development impact bond is the payer. In the first it is the government, and in the second it is an international aid agency or philanthropic organization.

²⁴ More information about educational technology and innovations in Latin America can be found at: <https://www.holoniq.com/notes/latam-edtech-100/>.

²⁵ Ecorys (2021). Social impact bonds in Latin America: IDB Lab’s pioneering work in the region: lessons learned, Alma Agusti Strid, James Ronicle; editorial supervisor, Christine Ternent.

payment obliges service providers and investors to focus on obtaining the defined results, thus changing the traditional logic focused on financing activities; and (iii) promoting the effective provision of services, the very structure of incentives of results-based payment mechanisms entails a more rigorous design of the intervention with a focus on results and therefore a better management of the intervention.



2.4 **EdTech solutions** are educational solutions based on technologies that enhance educational practices to improve knowledge acquisition and keep students on their educational pathway. Existing EdTech solutions in Latin America²⁶ present an opportunity for El Salvador and Honduras to identify and test international and local innovations with promising theories of change/track-records (such as, [ARUKAY](#), [Lab4U](#), [Movva](#), [Maestrik](#), among others with which IDB Lab has had relevant operations and/or partnerships in the region).

²⁶ [Education Technology in Latin America and the Caribbean](#), Lustosa et al., IDB, 2021. Study carried out jointly by the Education Division and IDB Lab.

2.5 The **Flexible Modalities program** promotes innovation and strengthening to make education available to young people over 15 who have left the education system. This is a second chance for them to take advantage of the various mechanisms available to complete their studies in the third cycle of primary education and obtain a general high school diploma. The Flexible Modalities of Education program is administered operationally from the Institute for Flexible Modalities of Education (IMFE), established in 2006 as a public, decentralized third- and half-cycle service delivery center with 428 locations throughout the country. The services are provided with the purchase of quotas from implementing educational institutions, which are strategic partners of the private sector and civil society through the Ministry of Education, Science, and Technology (MINEDUCYT). These partners are mainly universities and foundations specializing in the field of education.

Flexible Modalities (Prototype)

① Components

- Institutional
- Pedagogical
- Technology
- Quality

② Service modalities

- Classroom-based
- Blended learning
- Distance
- Hybrid

③ Forms of delivery

- Accelerated education
- Tutorial education
- Virtual education
- Open education

④ Implementation

- Institutional analysis
- Demand and targeting
- Modalities and methods of delivery
- Strategic alliances
- Enrollment promotion
- Training and certification
- Technological conditions
- Implementation of services
- Supervision and monitoring
- Internal evaluation

2.6 With the aim of providing the population with a range of opportunities to facilitate access to educational services for young people and adults, making use of different forms of delivery, the Education Department of Honduras (SEDUC),²⁷ through the Dirección General de Modalidades Educativas [Educational Modalities Bureau], has a Subdirección General de Educación de Jóvenes y Adultos [Department for Youth and Adult Education]. This department is responsible for regulating, directing, and proposing open and flexible literacy, and basic and secondary education programs, aimed at people 15 and older, who for some reason have not been able to access the traditional education system or have had to withdraw from it for personal or other reasons.

2.7 **Innovation.** This is a pioneering initiative in Honduras and El Salvador since: (i) it is the first time that implementation of a results-based payment mechanism has been promoted on an experimental level in the two countries; (ii) the mechanism is private sector based (with foundations acting as executing agencies, potential service providers, etc.) assuming the risk, together with potential impact investors and other donors; and, (iii) it incorporates educational innovations using new technologies (EdTech), as well as flexible modalities that support beneficiaries' rejoining and remaining in the education system.

²⁷ <https://www.se.gob.hn/me-informacion/>.

- 2.8 **Gender:** From the outset, given the problems raised in the initial section of this document, the project has envisaged a crosscutting gender approach in the initiative, particularly in the case of El Salvador, where the diagnostic assessment stage will explore the reasons why young women face wider gaps in terms of access, dropout rates, and STEAM skills. In the implementation strategies the project considers specialized providers for each target group (school-aged or older young people who have left school and individuals seeking a second chance through flexible modalities), with a view to helping bridge the gender gap in education. To this end, suppliers will be identified that bring to the initiative proven methodologies for achieving the beneficiaries target and the outcomes defined in the project framework.
- 2.9 **Lessons learned:** IDB Lab has accumulated knowledge from the Pilot Mechanism for Social Impact Bonds (SIBS)²⁸ and SIBs.Co²⁹ (from which the first fund for results-based payment was created in Latin America) and from other SIBs and impact facilities designed and implemented in Latin America.³⁰ Specifically, 30 SIBs have been promoted globally that can be taken as a reference (seven of which were Development Impact Bonds, several Education Outcomes Funds have been created,³¹ and technical support from SCL/EDU is available in this area to promote the project and continue generating evidence. Experience in the construction of the BIS ecosystem in Colombia indicates that: (i) there are multiple phases to establishing a results-based payment mechanism and growing an ecosystem; (ii) five key enablers ('DREAM')³² that drive the growth of this type of mechanism are recommended: (a) demand from the public sector; (b) a regulatory framework; (c) the economic and political context; (d) availability of data; and (e) market capacity; (iii) the importance of enablers depends on the willingness and leadership of key actors (payers, investors, suppliers, evaluators, and of course the coordinator/facilitator) in the process.³³ These lessons learned and knowledge are being considered in the design and implementation of the INNOVAEDU initiative in the two countries concerned.

Components

- 2.10 **Component I: Diagnostic assessment and design of results-based payment mechanism (Honduras: IDB Lab: US\$72,400; local counterpart: US\$21,000; El Salvador: IDB Lab: US\$70,000; local counterpart: US\$15,000)**
- 2.11 **Objective.** This component seeks to structure and design the results-based payment mechanism under the leadership of the executing agencies, as key actors in the process, in coordination with other private and public sector entities interested in the pilot exercise.

²⁸ Operation [RG-M1244: Social Impact Bond Pilot Facility](#).

²⁹ Programa de Bonos de Impacto Social en Colombia [Social impact bonds program in Colombia] (<http://www.sibs.co/>).

³⁰ For example, Argentina, Brazil, Chile, and Mexico.

³¹ For example, EoF (catalyzed by UNICEF), India Education Outcomes Fund (IEOF).

³² DREAM: demand from government, regulatory framework, economic and political context, availability of data, and market capacity.

³³ Social impact bonds in Latin America: IDB Lab's pioneering work in the region, lessons learned. January 2021.

- 2.12 This component will include: the executing agencies conducting a diagnostic assessment of the skills gaps in the market ecosystem; supporting the design of operational and intervention models; strengthening service providers to “prepare them for investment”; supporting the institutional strengthening of educational centers; strengthening the data infrastructure for impact bonds; developing policy recommendations to facilitate the growth of results-based payment instruments and impact investment in Honduras and El Salvador; and supporting the initial phase of the creation of a first results-based payment mechanism for new thematic areas of interest to the governments of the two countries and to private sector stakeholders.
- 2.13 **Key activities and outcomes in El Salvador:** (a) Mapping of connectivity and availability of technological devices in schools; (b) a study to evaluate the feasibility and definition of the type of results-based payment mechanism; and (c) construction of the baseline for the implementation of the results-based payment mechanism.
- 2.14 **Activities and main outcomes in Honduras:** (a) Diagnostic assessment of the target beneficiary population in the (actual and potential) partner companies in the departments of Francisco Morazán and Cortés; (b) mapping the connectivity and availability of technological devices for potential participants; (c) a study to evaluate the feasibility and definition of the type of results-based payment mechanism; (d) training workshops to transfer skills to FUNDAHRSE and its partners for the implementation of a results-based payment mechanism; (e) national and international mapping of potential providers of educational innovations to promote the results-based payment mechanism; and (f) design of the results-based payment mechanism, including the confirmation of one or two key results indicators for subsequent implementation.
- 2.15 **Component II: Implementation of the results-based payment mechanism to promote educational innovations. (Honduras: IDB Lab: US\$308,200; local counterpart: US\$655,000; El Salvador: IDB Lab: US\$440,800; local counterpart: US\$342,000)**
- 2.16 **Objective.** The objective of this component is to: (i) test the designed model and ensure proof of concept in each country’s market; (ii) attract and transfer the financial risk of the operation to cofinanciers in each country, and (iii) generate preliminary evidence to arouse the interest of other actors in the private sector, government, and international aid community.
- 2.17 Each executing agency will create an open innovation structure for the identification, training, and adoption of educational innovations (national and international) for implementation in El Salvador and Honduras. This structure will include experiments with EdTech solutions, piloting two to three short iterations of the performance-based contract in two to three cohorts located in different areas of the country (Soyapango and Ciudad Delgado in San Salvador, El Salvador; the Tegucigalpa and San Pedro Sula areas in Honduras). In order to test the effectiveness of educational innovations, a feedback mechanism will be created and the systematization and implementation of the learning generated between iterations maximized. In each iteration, the core elements of the design will be kept

constant (definition of the challenge, definition of the target population, evaluation model, and financial model), while the interventions themselves will be modified.

- 2.18 Contracts will be designed in partnership with the private sector (interested companies, foundations, and/or aid agencies), which will provide counterpart funds of 50% of the value of each performance-based contract. The payments will be linked to an independent evaluation, which may include a rigorous impact evaluation with the verification of the administrative education data. Payment metrics will be triggered based on improvements in education and a decrease in the dropout rate or increase in the graduation rate and may include: STEAM skill learning levels (El Salvador), young high school graduates (Honduras), as well as other metrics that could be defined during the design stage.
- 2.19 Private investors, philanthropic organizations, and/or aid agencies, together with IDB Lab, will put up the initial funding for service providers to offer services through results-based contracts. All parties will be subject to the integrity checks and due diligence review required by the Bank. IDB Lab, in coordination with the counterparts and private investors, will execute the procurement and contracting of two to three results-based contracts under this component, for an amount of between US\$600,000 and US\$700,000. The results-based contracts will be designed and issued in phases so that the model can be learned from and improved.
- 2.20 **Key activities and outcomes in El Salvador and Honduras:** (i) outreach events with potential investors and service providers; (ii) design and launch of calls to identify suitable suppliers; (iii) design and implementation of the results-based payment mechanism; (iv) capital raising with investors and/or donors to ensure the operation of the mechanism, promoting the creation of a network of local investors; and (v) evaluation of the results of the implementation of the results-based payment mechanism.
- 2.21 **Component III: Knowledge management and learning. (Honduras: IDB Lab: US\$100,000; local counterpart: US\$24,000; El Salvador: IDB Lab: US\$88,500; local counterpart: US\$49,000)**
- 2.22 **Objective.** This component will generate experience-based knowledge for the iteration of local educational innovations that can be brought to scale in El Salvador and Honduras and will be part of the existing set of results-based experiences in Latin America, the Caribbean, and globally.
- 2.23 **Key activities and outcomes for El Salvador and Honduras:** Each executing agency will be responsible for implementing the following: (i) mapping of information and communication technology (ICT) conditions among the target-beneficiary population at the local (Soyapango and Ciudad Delgado) and regional (west) levels in the case of El Salvador and in the Francisco Morazán and Cortés departments (municipios to be determined) in the case of Honduras; (ii) knowledge products on the results-based payment mechanism (systematization and case studies) for the two countries; (iii) experience and evidence sharing exchange events and meetings between Honduras and El Salvador to be applicable in Central America and other countries in the region and globally; (iv) preparation of manuals and procedures of the results-based

payment mechanism promoted to leverage scale-up; (v) dissemination and outreach events.

B. Project results, measurement, monitoring, and evaluation

- 2.24 **Impact in El Salvador.** The Results Matrix (Annex I) contains the following project indicators. The following impacts are projected after three years of execution with ex post measurement after the intervention: US\$300,000 mobilized from investors and co-payers to develop the ecosystem and results-based payment mechanisms market in El Salvador; at least three innovations promoting the improvement of educational development projects, thereby supporting the achievement of educational indicators such as vulnerable secondary school students remaining in school and graduating; lastly, 35% of the beneficiaries pass specialized tests measuring STEAM skills, demonstrating the acquisition of skills supporting their preparation for the future of work, and that at least 55% of these students are young women.
- 2.25 **Impact in Honduras.** The project's indicators are aligned with the Bank's Corporate Results Framework and the Education, Talent, and Employment priority area indicators. The project is expected to enroll/graduate 670 young people, 50% of whom will be women. The project will have an impact on the development of human talent by ensuring that more young people have access to flexible education models that enable them to graduate from secondary school. It is expected that US\$777,000 will be mobilized from investors and payers for the operation of the mechanism.
- 2.26 **Monitoring in El Salvador and Honduras.** FUSALMO will be responsible for monitoring project outcomes for El Salvador and FUNDAHRSE in Honduras, as presented in the respective results matrices, using the analytical tools developed on the online platform or project dashboard and the semiannual monitoring tool (PSR), making it possible to measure the degree of compliance with the results matrix indicators as well as the effectiveness of the intervention model proposed by the project. Gender-disaggregated data will be included. Additionally, the project's results may be revised semiannually with technological tools (e.g., Power BI) that enable statistics to be kept on the platforms independently.
- 2.27 **Monitoring and evaluation system for El Salvador and Honduras.** The project has an evaluation plan, which includes resources for developing the monitoring and interim evaluation system. This project will include a midterm evaluation to be contracted by FUSALMO in El Salvador and by FUNDAHRSE in Honduras with the agreement of IDB Lab. The midterm evaluation will be contracted by the Bank and will be carried out once 50% of the IDB Lab resources have been disbursed or when half of the execution period has elapsed. The monitoring activities are expected to provide the information necessary for the evaluation. The executing agency will have a technology platform with which to monitor progress and achievement of project outcomes. This platform will allow ongoing monitoring. A student monitoring tool will be developed including monitoring students' graduation, whether they continue to study, and other relevant indicators.
- 2.28 The evaluations will examine compliance with the impact targets and project indicators described in the Results Matrix. Some of the questions that will guide this process are: (i) Was the project effective and to what extent were the

outcomes achieved? (ii) How can the scale of the innovation be expanded in an inclusive way in the education sector? (iii) What mechanisms can speed up the adoption of SIBs in education? (iv) What are the barriers at the regulatory, financial, and cultural level to stimulating mechanisms for results-based payment? (v) How can experiences of educational innovations be promoted in the country? (vi) How could initiatives that seek to address the gender gap at the educational level be promoted? (vii) What lessons have been learned from this pilot results-based payment trial?

III. PROJECT ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS

A. Alignment with the IDB Group

- 3.1 **IDB Lab EdTech.** The project is aligned with the IDB Lab business plan, particularly in the area of education, talent and employment, promoting innovation and supporting and financing startups in the education sector, or EdTechs, with a focus on the inclusion of the most vulnerable children and young people. The project aims to help address the main challenges of the education sector, such as reducing the dropout rate and increasing the completion of studies, improving student learning, and increasing the acquisition of key 21st century skills that are the gateway to better employment opportunities. Among the nonfinancial economic values, IDB Lab will provide inputs for this initiative through its knowledge and connections on results-based payment mechanisms developed and tested in an innovative way (e.g., Impact Facility in Haiti, SIBs in Colombia, and social impact incentives-SIINC in Guatemala), promotion of educational innovations and EdTech solutions, and development of 21st century skills,³⁴ through a series of initiatives implemented in the Latin America and Caribbean region.
- 3.2 **IDB Social Sector, Education Division (SCL/EDU).** This project has been designed and coordinated closely with SCL/EDU and is aligned with the educational pathway protection and learning acceleration agenda, with SCL/EDU cofinancing and results-based payment mechanisms. It is also promoting synergies (and potential scale-up) with operations in both countries: (i) in El Salvador, “Improving Education Coverage and Quality: Birth, Growth, Learning” (operation ES-L1139), particularly Component 2 “Flexible modalities for secondary education”; and (ii) in Honduras, with the flexible modalities of Component 1 of the program “Improving Educational Quality to Develop Skills for Employment: Project Youth” (operation HO-L1188).
- 3.3 **Alignment with country strategies.** In the case of **El Salvador**, the project is strategically aligned with the “**reducing social vulnerability**” pillar, addressing one of the major **challenges** of the education system in ensuring that all students graduate from secondary education with the cognitive, technical, and socioemotional skills they need to access tertiary education and quality jobs,

³⁴ In 2021, IDB Lab approved the first project in Brazil to develop the EdTech ecosystem together with EDU, as well as three additional projects with EdTech solutions in Venezuela (operation VE-T1087), Guyana (operation GY-T1179), and Suriname (operation SU-T1148). In addition, in collaboration with HolonIQ, IDB Lab and EDU launched two studies relating to EdTech in early 2022, one on Educational Technology in Latin America and the Caribbean and the other on the Digital Transformation in Higher Education.

especially in the post-COVID-19 environment. The intervention includes crosscutting themes through actions to strengthen the relevance of **gender** issues in the education field. **In the case of Honduras**, the project is aligned with the 2019-2022 country strategy, particularly in the **Human Capital Accumulation pillar**, more specifically with the strategic objective of reducing poverty and improving education and health services for the vulnerable population. The IDB Group will support the country in strengthening human capital accumulation by prioritizing the strategic objectives of improving the quality and coverage of education services.

- 3.4 **Sustainable Development Goals.** This initiative is linked to Sustainable Development Goal (SDG) 4 “Quality education” and SDG 5 “Gender equality,” as the proposed strategy aims to contribute to meeting both objectives in Honduras and El Salvador.
- 3.5 **Integrity review:** The project team, with the assistance of the Office of Institutional Integrity (OII), conducted an integrity due diligence review on project ES-T1353 in accordance with the Guidelines on Integrity Due Diligence (document OP-474-1). The project team and the OII found that certain aspects of the project have not yet been defined, specifically, the impact investors and service providers. This may present an integrity and/or reputational risk for IDB Lab when these entities are identified and join the initiative. The project team and OII consider this risk to be adequately mitigated, as an integrity analysis will be carried out on these entities in order to ensure they are acceptable to IDB Lab, in accordance with the Guidelines on Integrity Due Diligence (document OP-474-1).

B. Scalability

- 3.6 **In Honduras:** The scope of this initiative can be expanded through FUNDHARSE member companies (which represent approximately 50% of Honduran gross domestic product), as these companies may join both as contributors of resources and as providers of flexible modalities among their younger employees. Similarly, the SEDUC may adopt the results-based payment mechanism in other educational contexts.
- 3.7 **In El Salvador:** The FUSALMO team will launch the intervention in two San Salvador municipios characterized by their levels of vulnerability (Soyapango and Ciudad Delgado) to promote the mechanism on a relatively small and controllable scale before scaling it up to two major cities in the country: Santa Ana and San Miguel. To achieve this scale, following on from this initial pilot supported by IDB Lab, a partnership will be sought with an aid agency that shares the vision of promoting a results-based payment mechanism. In El Salvador, potential partners as co-payers are the United States Agency for International Development (USAID) and the United Nations Children’s Fund (UNICEF). Also, from the outset, the project will report to the Ministry of Education to coordinate activities and to share evidence, particularly in the case of the cohort related to “flexible modalities.” If the Ministry’s interest is obtained, the possibility of making it a co-payer alongside the aid agencies may be envisaged, and it may be possible to consider scaling up the model from the public sector with expert support from the IDB Education Division. From the private sector, in the role of investors, companies such as Banco Davivienda (with which FUSALMO has already run innovative initiatives in the

recent past), the SIMAN Foundation, the Rafael Meza Ayau Foundation, have been considered for inclusion among the key actors and invited to take part in the results-based payment mechanism as key social impact investors. To bring the entities listed in the scale-up plan into the project, they will be made participants and beneficiaries of the mechanism evaluation and design in Component 1, and included in the training actions to understand results-based payment mechanisms, and the spaces for dialogue and learning in Component 3 of the project so they are able to learn from the evidence and scale-up in the El Salvador ecosystem.

C. Project and institutional risks

- 3.8 **The main risks of the project are:** (1) maintaining young people's interest and ensuring they have access to the necessary technology; (2) getting companies to implement the program among their employees; (3) finding experienced operators; (4) finding investors and contributors of resources for the bond, and (5) ensuring the technical capacity of the execution unit in relation to the results-based payment mechanism. Mitigation: (a) flexible schedules and modalities to keep students from dropping out of school; (b) symbolic co-payment to ensure commitment; (c) communication on the need to improve secondary school graduation rates and the improvements in the quality of human capital involved; (d) communication on the results-based payment mechanism; and (e) training on the results-based payment mechanism for the project execution unit, as required.
- 3.9 **The main risks for El Salvador are:** (1) "change management," as traditional actors in the ecosystem are expected to oppose changes to the system, or even be generally unaware of this type of mechanism; (2) high insecurity in the environment of the educational centers; (3) little or no connectivity and equipment in the selected educational centers; (4) limited start-ups or operators that demonstrate interest and impact in the STEAM skills to be strengthened/improved; and (5) lack of interest of other relevant actors for the results-based payment mechanism: aid agencies, investors, etc. Mitigation: (a) promoting awareness, education, and building key actors' commitment before creating and implementing results-based payment mechanisms; (b) facilitating implementation by focusing the intervention in two municipios in which FUSALMO has a presence and recognition in the field; (c) seeking complementarity with the IFD/CMF "Social Digital Connectivity Program" (operation ES-L1145) that will connect public sites to the Internet, including schools, and with "Improving Education Coverage and Quality: Birth, Growth, Learning,"(operation ES-L1139) as well as promoting partnerships with schools and/or universities that have the minimum conditions necessary to implement the project; (d) conducting a mapping exercise to identify supplier partners in the early stages of the project and promote their participation; and (e) holding project dissemination events in which key actors are invited to be part of the initiative from the early stages.

IV. INSTRUMENT AND PROPOSED BUDGET

- 4.1 The project has a total cost of US\$2.8 million. IDB Lab will contribute US\$1.4 million (50%) through nonreimbursable technical cooperation funding, and the counterparts (FUSALMO and FUNDHARSE) will contribute US\$1.4 million (50%).
- 4.2 The instrument to be used is **nonreimbursable technical cooperation funding** since the initiative is ecosystem-based in both Honduras and El Salvador, and the innovation being promoted at the level of the mechanism and new educational strategies are in both cases proofs of concept that seek to explore and develop new markets.

El Salvador (ES-T1353)	IDB Lab	Counterpart cash FUSALMO	Counterpart in-kind FUSALMO	Total
Component 1: Diagnostic assessment and design of the results-based payment mechanism	70,000	10,000	5,000	85,000
Component 2: Implementation of the results-based payment mechanism to promote educational innovations	440,800	300,000	42,000	782,800
Component 3: Knowledge management and learning	88,500	17,500	31,500	137,500
Project administration (project execution unit costs)	65,700	31,700	262,300	294,000
Midterm and final evaluations	30,000			30,000
Contingencies	5,000			5,000
Grand total	700,000	359,200	340,800	1,400,000
% of financing	50%	26%	24%	100%
Honduras (HO-T1405)	IDB Lab	Counterpart cash FUNDAHRSE	Counterpart in kind FUNDAHRSE	Total
Component 1: Design and development of the development impact bonds and results-based payment mechanism	72,400		21,000	93,400
Component 2: Market creation and pilot testing of development impact bonds.	308,200	350,000	305,000	963,200
Component 3: Dissemination of and learning.	100,000		24,000	124,000
Project administration (project execution unit costs)	184,400			184,400
Midterm and final evaluations	10,000			10,000
Audits	17,000			17,000
Contingencies	8,000			8,000
Grand total	700,000	350,000	350,000	1,400,000
% of financing	50%	25%	25%	100%

V. EXECUTING AGENCIES AND IMPLEMENTATION STRUCTURE

A. Description of the executing agencies

- 5.1 **El Salvador.** The Salvador del Mundo Foundation (FUSALMO) will be the project's executing agency in El Salvador and will sign the relevant agreement with the Bank. FUSALMO has 20 years' experience in large-scale projects, possesses the necessary control mechanisms, and stands out for its transparent funds management and its project implementation effectiveness. FUSALMO has worked

- with projects funded by the USAID Children and Youth Project, technical assistance for the implementation of curriculum strengthening activities to improve the learning of “SI Aquí” students and in the implementation mechanism section of Sistemas Integrados de Escuelas Inclusivas de Tiempo Pleno [Integrated Systems of Inclusive Full-Time Schools] (EITP), the European Union, the United Nations Children’s Fund (UNICEF), the United Nations Population Fund (UNFPA), the United Nations Development Programme (UNDP), as well as government entities such as the Ministry of Education. This executing agency has had experience with IDB Lab funds through the NEO project in El Salvador (operation ES-M1054) where FUSALMO was certified with the NEO quality standards for youth employability initiatives.
- 5.2 **Honduras.** The Honduran Foundation for Corporate Social Responsibility (FUNDAHRSE) will be the project’s executing agency in Honduras and will sign the relevant agreement with the Bank. FUNDAHRSE is a business association aiming to be an agent of change in the business climate. It is committed to systematically promoting corporate social responsibility (CSR) as a tool to ensure the sustainable growth of companies and economic prosperity, social development, community well-being, labor equity, and respect for the environment. One of FUNDAHRSE’s initiatives, Empresarios por la Educación [Entrepreneurs for Education], is an entrepreneurial initiative based on Sustainable Development Goal (SDG) 4, “Quality Education,” of the United Nations 2030 Agenda, which aims to make a responsible and sustainable impact on national education. The program is supported by the Organization of Ibero-American States for Education, Science, and Culture (OEI). Entrepreneurs for Education seeks to forge partnerships between the private sector, international aid agencies, and civil society, so as to generate projects at the local level, in coordination with the Ministry of Education.
- 5.3 Intur Institute,³⁵ Grupo Terra Foundation (tutoring scholarships),³⁶ Universidad Tecnológica de Honduras (UTH),³⁷ and Instituto Hondureño de Educación por Radio (IHER) are expected to³⁸ participate in the project as key actors in the provision of flexible educational modalities.
- 5.4 A diagnostic needs assessment of the executing agency (DNA) was carried out for both FUSALMO and FUNDAHRSE, showing that both have the necessary financial and operational capacity to execute the project. The two organizations will establish agreements with potential stakeholders (suppliers, contributors, participants, etc.) depending on the nature of the collaboration.
- B. Structure and implementation mechanism**
- 5.5 **El Salvador and Honduras.** FUSALMO in El Salvador and FUNDAHRSE in Honduras will each establish a project execution unit and the structure necessary to execute the project activities and manage project resources effectively and efficiently. FUSALMO and FUNDAHRSE will also submit progress reports on project implementation. Details of the project execution unit’s structure and the

³⁵ <https://intur.hn/instituto-intur/>.

³⁶ https://terra-fundacion.org/#carousel_image_accordeon_2.

³⁷ <https://www.uth.hn>.

³⁸ <https://www.iher.hn>.

requirements for the progress reports are provided in Annex V in the technical files for this operation.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Disbursement by results and fiduciary arrangements.** The executing agencies in El Salvador (FUSALMO) and Honduras (FUNDAHRSE) undertake to follow the standard IDB Lab (MIF) arrangements concerning results-based disbursements, the Bank's procurement policies,³⁹ and the financial management guidelines⁴⁰ specified in Annexes V and VI. The project will comply with the provisions of Appendix 4 of documents GN-2349-9 and GN-2350-9, applying the procurement policies of the executing agency to procurement and contracts within the framework of the project, based on the analysis carried out on them and the verification of compliance with the conditions stipulated in said Appendix.

VII. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 7.1 **Access to Information.** Under the Access to Information Policy this document is subject to public disclosure.
- 7.2 **Intellectual property.** Intellectual property in all works and results obtained through the project will be held by the executing agency, which will grant the Bank an irrevocable, worldwide, perpetual, free, and non-exclusive license. Notwithstanding the foregoing, within the framework of the project, agreements will be entered into with consultants, companies, agencies, and institutions for the development of innovative solutions for platform-based EdTech services. Situations may arise in which it is justified for the solutions to be developed and piloted to be the intellectual property of the third parties with whom the development of these ideas is coordinated, particularly in the case of innovative solutions that will be financed by the project's executing agency. These cases will be discussed and agreed in writing with the Bank prior to any disbursement to the third parties in question. Likewise, it is also possible that the innovative solutions to be piloted include elements of intellectual property that had previously been developed by these third parties, in which case written agreements will also be entered into with the Bank prior to any disbursement to the third parties in question.

³⁹ Link to the [Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank](#)

⁴⁰ Link to the [Financial Management Guidelines for IDB-financed Projects](#)