

Funding Opportunity Notice: Mitigating effects of COVID-19 on LAC Education sector through Blended Finance

WHAT?

The purpose of this Funding Opportunity Notice (FON) is to solicit proposals from interested parties wishing to receive funding from the USAID CATALYZE program (CATALYZE). We are seeking your **bold and innovative actionable plans to blend our funding with finance from commercial or other sources** to mitigate the effect of the COVID-19 pandemic on the education sector in select LAC countries, especially for low-income households.

Tell us how your plan will benefit the *non-state education sector* with the potential to be financially sustainable beyond our funding. *Blended finance* mobilized should achieve measurable improved educational outcomes and improve equitable access in *basic education*. All proposals should primarily focus on serving low- and lower-middle income communities with average income of \$3.20 per day or less (See select *definitions* at the end.)

WHY?

Despite significant enrollment increases, **accessible and affordable quality education remains a huge challenge**, especially for low-income communities. School closures and the economic recession due to the **COVID-19 pandemic** threaten to worsen the 'learning poverty' globally, including the LAC region. CATALYZE believes that private sector engagement and blended finance investment in education can mitigate the pandemic's impact, expand access and improve learning outcomes.

HOW?

We will award up to US\$3.5 million in total funding to the winning proposal(s), with a minimum eligible bid of US\$500,000. Tell us how you will deploy blended finance to deliver scalable and sustainable solutions for quality education. Tell us the multiple by which you will leverage USAID funds to mobilize additional financing and investment. Pitch us your best idea!

WHO?

You should demonstrate a proven track record and ability to deliver the solution you propose. Institutions that are not yet partners with USAID are encouraged to apply. **You may come from any and all types of organizations including, but not limited to**, local, national, regional, or international financial institutions; non-bank financial institutions or companies (NBFI^s and NBFC^s); microfinance institutions (MFIs); cooperatives, equity, venture capital, or other investment funds; special purpose vehicles (SPVs); investment structures, impact investors, insurance companies; local or national school chains; edtech companies; other types of companies; or a donor-advised fund.

WHERE?

Your proposal should focus on catalyzing investment in one or more of the following countries in the LAC region, **with a regional or single country focus**: Dominican Republic, El Salvador, Guatemala, Haiti and Paraguay.

WHEN?

Your submission is due **May 3, 2021**.

QUESTIONS:

CATALYZE/Palladium Team will host a **live Q&A session** to answer your questions and provide any clarifications on this FON. To ensure your questions are included, you are encouraged to email them in advance, and live questions will be answered during the Q&A.

Please submit your questions to catalyze.procurements@thepalladiumgroup.com.

The live ‘google meet’ session will be held on **Tuesday, April 13, 2021 from 9-10:30a.m. ET**.

To receive the session link please send an email to the above address with “Q&A Session Link: FON-CATALYZE-Edu-2021-0138” in the subject line. Live questions will be answered on a first come first serve basis. All questions and their answers will be made publicly available on **Friday, April 16, 2021**.

A **final** round of questions is due via email by **Friday, April 23, 2021**. Final questions and their answers will be made publicly available on **Tuesday, April 27, 2021**.

DEFINITIONS:

- **Basic education** includes early childhood, pre-primary, primary, and secondary education; learning for out-of-school youth; youth workforce development, and technical and vocational training; digital literacy delivered in formal or non-formal education settings, including virtual delivery; and training and capacity building for teachers, administrators, counselors, and youth workers. It also includes ancillary enterprises, including but not limited to, providing tutoring and after-school programs; teacher training, book printing and publishing businesses; and edtech companies. It does not include higher education but does include educational programs for youth through age 29 who have not completed high school.
- **Blended finance** is the strategic use of public or philanthropic resources to mobilize new private capital for development outcomes.
- **Low- and lower-middle income** is defined by the World Bank as US\$3.20 per day or less as the poverty line in lower-middle income countries. This includes but exceeds the US\$1.90 per day or less international poverty line.
- **Non-state education sector** includes private for-profit and not for-profit, community-based, and faith-based education and youth training institutions.

Proposals will be evaluated based on the stated objectives per the following criteria:

EVALUATION CRITERIA:

Criteria	Score
Plan to mitigate effect of COVID-19 on education	20
Amount of blended finance mobilized	15
Soundness and reasonableness of proposed plan	15
Offeror's track record and demonstrated capability to carry out proposed plan	15
Improved educational outcomes	15
Increase in access to education for low-income households	10
Sustainability of proposed approach beyond our funding	10
Total	100

Procurement Integrity and Ethics

It is Palladium's policy that no gifts of any kind or of any value be exchanged between vendors/subcontractors and Palladium personnel. Discovery of the same will be grounds for disqualification of the vendor/subcontractor from participation in any of Palladium's procurements and may result in disciplinary actions against Palladium personnel involved in such discovered transactions.

Resulting Award

This FON in no way obligates Palladium to award a grant/subcontract. Palladium may opt to select multiple offers in response to this FON. Any grant/subcontract resulting from this solicitation must be signed by both parties in order to be considered valid and in force. All costs associated with, but not limited to, production, preparation and/or delivery of goods or services, including deliveries, accepted by Palladium staff, without a fully executed (signed by both parties) grant/subcontract, are at the bidder's risk only. Palladium shall not pay for any costs, without limitation, associated with production, preparation or delivery of goods and/or services under this or any other grant/subcontract, which has not been signed by both parties.

If your proposal is successful, you will be required to enter into the Company's standard subcontract or grant for the types of goods or services being provided. In the provision of the Goods and Services, you will be required to comply with the Company's policies, including (without limitation) its Business Partner Code of Conduct and any relevant client terms and conditions. Potential bidders must also comply with the Company's Business Partner Code of Conduct in the submission of any proposals pursuant to this FON.

If you are bidding as part of a joint venture, partnership or similar, please make this clear in your submission. Likewise, if you propose to subcontract any part of the goods or services provision, then disclose this fact within your submission. The Company may require additional information from you and approval for granting/subcontracting will not be automatic as grantees/subcontractors will be subject to Palladium's Due Diligence process.

FUNDING OPPORTUNITY NOTICE - DETAILS

Funding Opportunity:	CATALYZE Innovative Blended Finance LAC Implementation Activity
Funding Opportunity Number:	FON-CATALYZE-Edu-2021-0138
Issuance Date:	March 30, 2021
Deadline for Submission of Concept Papers:	May 3, 2021
Deadline for Questions:	Friday, April 23, 2021
Submit Concept Papers To:	catalyze.procurements@thepalladiumgroup.com

1. Background

The CATALYZE Blended Finance Mechanism uses a facilitated partnership model to craft solutions to crowd in blended finance (i.e., blended concessional and commercial finance) to USAID partner countries and initiatives. CATALYZE allows USAID Bureaus and Missions to efficiently deploy investment facilitation solutions that respond to the needs of specific sectors, issues, and geographies.

CATALYZE EduFinance LAC (CATALYZE) will support a select group of USAID partner countries in the Latin America and Caribbean (LAC) region **to expand access** of non-state education sector by mobilizing blended finance, and **to improve education quality**, resulting in greater, more equitable access to education opportunities and improved learning outcomes, especially for disadvantaged communities.

By engaging private sector innovations, resources and expertise CATALYZE will support partner countries to mitigate the **COVID-19 pandemic's effects on the education sector**. The global funding gap in education investment was already very large, approximately \$40 billion per year, before the pandemic. A recent [UNESCO report](#) estimates that the pandemic has substantially increased this funding gap to \$200 billion annually. Blended finance leveraged with funding from this activity will address the funding gap for education in developing countries.

CATALYZE supported activities are aimed at the **non-state education sector** including non-state schools (low-cost private schools, community or faith-based schools, pre-primary care centers, and tertiary institutions), and ancillary enterprises (after-school programs, EdTech, book publishing, etc.) Solutions that can also be extended to benefit the public education system are included. All activities funded through CATALYZE must comply with the Congressional guardrails and USAID Basic education policy guidelines (see *section 5* for detailed requirements).

2. Problem Statement

School enrollment levels in the LAC region have increased significantly due to increased government spending and growth of the **non-state sector**. In 2018 20% of primary students in

LAC attended a non-state school, up from approximately 12% in 1990.¹ The enrollment numbers vary significantly across the region. CATALYZE recently completed a market assessment of the non-state education sector in six countries - most students in Haiti are enrolled in non-state schools, compared to 13% in El Salvador.² Haiti also has the highest number of non-state schools among the focus countries for this FON (15,753), followed by Guatemala (4,700) and Dominican Republic (2,931).

Table 1. Non-state school enrollment in six LAC countries					
	Guatemala	Dominican Republic	Haiti	Paraguay	El Salvador
Number of non-state schools in the country	4,700	2,931	15,753	667	880
% students enrolled in non-state schools	28%	23.8%	80%	13%	14.6%
<i>Source: CATALYZE Education Finance Market Assessments, 2020</i>					

The assessments highlight the different approaches taken by **regulators** towards non-state schools. In some countries (e.g. Haiti, Guatemala, El Salvador, Paraguay) non-state schools are recognized by the national constitution and allowed to operate freely. In Dominican Republic over half of all non-state schools operate without formal recognition, though recently the Ministry of Education has allowed unregistered schools to also report enrollment data.

Despite the increase in access, **education quality** across the six countries continues to be low. Results from the [UNESCO TERCE assessment](#) show that students from Guatemala and Dominican Republic improved their performance over the previous round (SERCE) but their performance still ranks below average compared to other LAC countries. [PISA-D exam results](#) show that more than half the students from Guatemala and Paraguay fall below minimum proficiency level in reading and mathematics.

According to a recent [World Bank report](#) the school closures and the economic recession due to the **COVID-19 pandemic** threaten to worsen the 'learning poverty' globally, including households in the region. Low and middle income households are expected to be especially affected by this. In response to the school closures many public and private educational institutions across the LAC region pivoted to **distance learning methods**. A [UNICEF-UNESCO- World Bank survey](#) of household access to remote learning methods reported that the LAC region has the highest 'potential' reach compared to other parts of the world, yet only half the students between pre-primary to upper secondary were able to access internet-based learning. Share of students reached by radio is nearly the same (51%), although the reach of television was much higher (86%).

¹ World Bank Edstats 2020

² CATALYZE Education Finance Market assessments for **Dominican Republic, El Salvador, Guatemala, Haiti, and Paraguay** (2020). Copies of the market assessments are available at catalyze-procurement.com.

The UNESCO analysis showed clear correlation between household income level and access to technology. CATALYZE market assessments also reported that **access to technology and infrastructure** for low income households is especially limited. In Haiti only 40% of households were reported to have access to a power source, and only 7% of households in DR own a computer.

The pandemic has also **drastically impacted private and public finances**. Non-state schools, especially the low fee non-state schools are expected to be hardest hit by the lockdown. CATALYZE surveyed over 200 non-state schools in DR. Nearly all school owners reported loss of income due to the crisis, and expectations of unusual delay in fee collection once the schools reopen. School owners are bracing for a double whammy of increased operating costs to meet personal protective equipment requirements for safely reopening schools, while projecting lower fee collections due to reduced enrollment as households incomes fall due to the economic fallout of the pandemic. Full impact of the pandemic in terms of learning loss and closure of non-state educational institutions is still being felt across all the countries surveyed.

The market assessments also confirmed that banks and financial institutions do not offer targeted products and services to the education sector. School owners in all six countries report **challenges in accessing credit** due to i) high cost of borrowing from existing sources (usually microfinance institutions or other private lenders), ii) stringent loan conditions, e.g. collateral requirements, iii) limited product options, e.g. loan amounts not matching school cash flows and short repayment terms, iv) long and inefficient loan application processes, and v) limited financial management capabilities of school owners.

3. Goal

The goal of the CATALYZE EduFinance LAC activity is to engage private sector innovations, resources, and expertise with the following objectives:

1. Mitigate the impact of COVID-19 on the non-state education sector
2. Mobilize blended finance for non-state education sector
3. Increase in equitable access to education for learners attending schools, or youth attending workforce training, especially for the disadvantaged
4. Improvement in learning outcomes for learners and employability skills for youth

4. Objectives and Expected Results

The private sector partnerships envisaged here must be shown to have positive outcomes in multiple areas contributing to the goal of CATALYZE EduFinance LAC.

Objective 1: Mitigate the impact of COVID-19 on the non-state education sector

*Expected Results:*³

- Solutions that mitigate the financial impact of the pandemic on non-state schools and low to middle income households

³ These are intended as illustrative results to provide an understanding of the focus of this activity and the type of outputs expected. **Expected results** will be finalized in consultation with the Implementer and embodied in the key deliverables under the sub award. Results will be revised on an annual basis thereafter.

- Solutions that mitigate ‘learning loss’ due to school closures, e.g. increasing access and adoption of ICT and distance learning solutions, adoption of blended or remote learning methods, particularly for the underserved communities.

Objective 2: Mobilize blended finance for the non-state education sector in *one or more* of the selected countries

Expected Result:

- Over the life of the project, significant amount of blended finance mobilized in one or more of the selected countries, so long as it adheres to the ‘requirements’ (see section 5)

Objective 3: Increase in equitable access to education for learners attending schools, or youth receiving workforce training, especially for the disadvantaged and girls

Expected Result:

- Over the life of the project, significant number of learners benefit from institutions that obtain blended finance

Objective 4: Improvement in learning outcomes for learners and employability for youth

Expected Result:

- Measurable improvement in learning outcomes or improved employability skills for youth

5. Requirements

USAID Basic Education Funds

CATALYZE EduFinance LAC is supported by USAID Basic Education funds. Thus, all activities funded through this initiative must comply with the guidelines for use of Basic Education funds, as per the USAID Global Education Policy (2018). For further guidance on this refer to [USAID Education Policy and the accompanying implementation guidance note](#).

Congressional Guardrails

All CATALYZE-EduFinance LAC activities must adhere to the following criteria outlined by USAID by Congress, which are:

- All investments must achieve measurable educational outcomes, such as increased equitable access and improved learning outcomes;
- All projects will focus on low- and low-middle-income populations and communities (e.g., with average income of +/- \$3.10/day);
- When funding is provided for schools, funding will predominantly go to locally owned schools
- Relevant entities of the host-country government(s) will be in demonstrable agreement with the approach proposed and the funded activities; and,
- Investment activities with school operators will be in cooperation with and vetted by USAID and its local Mission staff

6. Other Important Information

Monitoring, Evaluation, and Learning (MEL): The activity will have a robust monitoring, evaluation and learning plan. CATALYZE/Palladium team will develop an initial MEL plan for this activity to monitor performance towards desired results, and will include 4-5 key performance indicators (KPIs) and 2-3 learning questions. The KPIs are based on standard USAID indicators, with some customized indicators relevant to the activity. The learning questions will inform learning and adaptation of the activity, and explore how and whether blended finance can increase access to private finance for non-state schools and other education enterprises, and subsequently, whether improved access to finance leads to better learning outcomes. Final KPIs and targets for performance monitoring of the sub-award will be determined in consultation with the implementer and embodied in the key deliverables under the sub-award.

Management Practices and cross-cutting principles: This activity will have a strong learning focus. Accordingly, the successful bidder will adopt adaptive management practices, promote collaborative learning and exchanges with relevant institutions and partners; coordinate efforts with relevant stakeholders to improve synergies, build on positive changes, and use resources effectively; and support the sharing of lessons learned.

AWARD INFORMATION AND PROPOSAL SUBMISSION INSTRUCTIONS

AWARD INFORMATION

Palladium may award a subcontract or grant as a result of any proposals received and evaluated. Final award selection will be made in coordination with USAID.

For the purposes of this FON a funded Subcontract is defined as a firm fixed price contract to procure goods or services at firm fixed prices, where payments are made for acceptable received and inspected services or goods in accordance with the stated criteria. Subcontracts may include profit or fee when priced.

For the purposes of this FON a funded Grant is defined as an agreement by Palladium to fund the grantee on cost reimbursable or fixed price basis to carry out innovative concept proving, R&D or other work, which may or may not produce a desired final objective or a result. Grants shall not include any profit or fee when priced.

ELIGIBILITY REQUIREMENTS

This FON is issued as a public notice to ensure that all interested and qualified organizations have a fair opportunity to submit proposals for funding. The following criteria will be applied to all applicants in to determine the applicant's eligibility:

You should be seeking to raise and deploy commercial financing and/or investment capital to significantly scale accessible high quality education in select LAC countries, especially for low-income households:

- You can partner with other people or organization(s), if you wish;
- You have a proven track record of implementing the solution you propose;
- You are legally registered as a for-profit or non-for profit organization in accordance with national laws and are in good standing, legally licensed and up to date on all taxes;
- You are not affiliated with any political party nor engaged in any partisan activities;
- You submit all mandatory documents prior to the deadline stipulated in this FON;
- Applicants must provide a Data Universal Numbering System (DUNS) number in order to obtain the award. Applicants must either currently have a DUNS number, or be willing to obtain it if selected, before the award can be issued. (Palladium will not enter into an agreement with any organization without a DUNS number. It is a quick and straightforward process to obtain a DUNS number.)

PROPOSAL SUBMISSION INFORMATION

All proposals must include the following:

1. Concept Paper

Applicants must submit a concept paper of no more than ten total pages (excluding annexes) directly to Palladium. The concept paper must be submitted in Microsoft Word using Times New Roman, font size 11, and must include page numbers. Each page must be marked with the FON title and number.

Concept papers must meet the identified needs of this solicitation. Concept papers will be accepted and reviewed up to the deadline identified above. **Applicants are encouraged to include letters of commitment from prospective funders or investors, if available.**

Concept papers should be prepared per below:

1. Cover Page (no more than one page). The cover page must include:
 - a. This FON name and number
 - b. Address of organization
 - c. Contact person (lead contact name; relevant telephone, e-mail information);
 - d. Signature of authorized representatives of the applicant.
2. Technical approach (no more than 9 pages, excluding annexes). This section should include:
 - a. Concise title of proposed activity.
 - b. Discussion of the concept and proposed approach.
 - c. The geographic focus of the proposed activity
 - d. How the work will mitigate the effect of COVID-19 on education
 - e. How the work will increase equitable educational access in select countries.
 - f. How the work will improve the quality of affordable education in select countries.
 - g. Qualifications and experience to carry out the proposed plan
 - h. Expected results, including:
 - i. Mitigating the effect of COVID-19 on education
 - ii. Amount of blended finance mobilized.
 - iii. Increased access to education and improved learning outcomes

- i. Fundraising plan
 - j. Amount of funding requested from USAID
3. Supporting information (can be contained in Annexes):
- a. Letters of commitment from prospective funders or investors (optional but recommended if available).
 - b. Summary work plan (Gantt chart) for duration of the activity.

2. Budget

Applicants must submit a budget (or cost proposal) directly to Palladium along with the concept paper. Budgets must be submitted in a single Microsoft Excel workbook, with the file name to include this FON name and number and applicant name. All sheets must be unlocked, and all tabs must link to a Summary tab.

Budgets must align with the information presented in the concept paper and must include the following:

1. Proposed total estimated cost, as presented in a Summary tab.
2. Cost breakdown (e.g., salaries, travel, etc.).
3. Proposed amount of the applicant's financial as well as in-kind participation, if applicable.
4. Proposed amount of prospective funders or investors financial as well as in-kind participation, if applicable.

All materials must be in English.

The concept paper and budget must be submitted by email to:
catalyze.procurements@thepalladiumgroup.com no later than the deadline on pg. 2 of this FON. All correspondence must include the relevant FON number in the subject line.

Palladium may contact applicants for clarifying questions.

PROPOSAL EVALUATION CRITERIA

Concept papers will be evaluated per the evaluation criteria specified on page 3.

Related budgets will be evaluated based on the following criteria:

- Realism and reasonableness of the work to be performed.
- Cost reflects a clear understanding of the proposal requirements.
- Cost is consistent with various elements of the proposal requirements.