Social Impact Bond for Early Childhood Development (ECD) in Namibia

Request for Submission (RFS) from potential delivery partners

I. Summary

Instiglio in collaboration with the Government of Namibia and Fondation Botnar, is launching the present Request for Submission (RFS) to identify potentially suitable delivery partners for a Social Impact Bond (SIB) in Early Childhood Development (ECD) in Namibia. This process is focused on understanding the track-record and evidence of interested organizations implementing ECD interventions as a basis for considering their relevance to the SIB. The relevant information of this RFS is summarized in the below table. Once relevant organizations are identified, we expect this RFS would be followed by a formal Request for Proposal (RFP) to select the most suitable delivery partner for the SIB.

<table>
<thead>
<tr>
<th>Information</th>
<th>Description</th>
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<tbody>
<tr>
<td>Opportunity</td>
<td>Participating in a Social Impact Bond (SIB) as a delivery partner.</td>
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<td>Sector</td>
<td>Early Childhood Development which compromises children aged 0-6 years old.</td>
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<td>Size of the program</td>
<td>The SIB is intended to fund an ECD program worth approx. €5 million over 5 years, ideally starting with implementation in the first of half of 2022 (ending in early 2027).</td>
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<td>Eligibility</td>
<td>Non-governmental organizations or social organizations with experience in ECD that can demonstrate the results they have achieved with their interventions in Southern Africa or other regions of Africa.</td>
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| Relevant results | Interested organizations are asked to provide evidence on results which are relevant to those which the SIB seeks to achieve. These are:  
  • Increased access to ECD services (e.g., enrollment, attendance to ECD centers).  
  • Improved quality of learning environments in ECD centers. This includes improvements to the physical environment, teacher’s interactions with children, teaching methods and teacher qualifications.  
  • Improved child development outcomes in key domains such as cognitive, language, motor development, socio-emotional and executive function skills. |
| Important dates |  
  • Deadline for submitting first round of questions before Q&A session: September 27 of 2021 at 23:59 Central Africa Time.  
  • Q&A session: September 30 of 2021 via Zoom at 15:00 Central Africa Time. In case the organization is interested in attending this Q&A session and would like to submit questions beforehand, please register using this form.  
  • Deadline for submitting second round of questions: October 4 of 2021 at 23:59 Central Africa Time. After this date a written log of Q&A will be provided to all organizations.  
  • Deadline for submission of applicants: October 15 of 2021 at 17:00 Central Africa Time. |
| Points of contact | Instiglio  
  • Juanita Peñuela Ávila – juanita.penuela@instiglio.org  
  • Camila Muñoz – camila.munoz@instiglio.org |

2. Background of the Namibian Social Impact Bond (SIB)

The early years of a child’s life are critical to build a strong foundation for healthy development, lifelong learning, and wellbeing. It is therefore concerning that ECD access and quality in Namibia remains a serious challenge. Only 13% of
children aged 0-4 are enrolled in ECD centers and just 31.4% of children are enrolled in pre-primary. Moreover, even if children do attend ECD centers, most centers offer inadequate quality, undermining child development outcomes and school readiness. This lack of access to quality services in Namibia contributes to high rates of Grade 1 and Grade 2 repetition, currently at 20% and 15% respectively.

Given these challenges, the Government of Namibia (GRN) is focused on improving ECD access and quality through strategies including the proposed SIB. In 2018 Fondation Botnar, assessed the potential of innovative funding strategies to advance ECD outcomes. The study identified the potential for Results-based Financing to drive a systems shift towards a more effective and sustainable ECD system. Building on this study and extensive local government engagement done by Interteam, Instiglio is now designing a SIB aimed at driving ECD outcomes and creating a stronger ECD system.

SIBs are results-based contracts in which an outcome payer (in this case GRN and Fondation Botnar), conditions its payment (up to EUR 5 million) based on desired outcomes, with investor(s) providing upfront working capital to the delivery partners to implement the intervention. The outcome payer repays the investor(s), often with a return, only if results are achieved and have been verified by an independent evaluator. SIBs enable governments to condition their payments on the accomplishment of pre-defined results delivered by non-state providers and prefinanced by investors.

The proposed intervention for the SIB would support approximately 400 ECD centers reaching approximately 45,000 children during the five years. The intervention includes two main components:

1) **Increase access to ECD centers** with a focus on both, the demand and supply side. For the demand side, the intervention will potentially increase parent demand for ECD services by working with them to enhance their understanding of ECD and its benefits. For the supply side, the intervention will potentially include financial support to ECD centers (e.g., unconditional grants) so they can expand their current capacity.

2) **Improve quality of ECD centers** focusing on providing i) teaching and learning materials to ECD teachers, ii) trainings to ECD teachers on pedagogical approaches and management capacities, and iii) grants to ECD centers to improve their physical facilities (e.g., indoor and outdoor areas, and WASH facilities).

To achieve these objectives, the SIB would entail payments based on the results summarized in table 2.

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<th>Payment metric</th>
<th>Description</th>
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<td>1. Number of supported ECD centers</td>
<td>The SIB will pay for the number of ECD centers supported by the delivery partner during the intervention.</td>
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<td>2. Children’s access to ECD centers within capacity</td>
<td>The SIB will pay for increasing the number of children attending the targeted ECD centers without exceeding the center’s capacity.³</td>
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<td>3. Learning environment</td>
<td>The SIB will pay for improvements in the learning environment related to the score of an existing national ECD center assessment tool. This assessment tool assesses different dimensions including physical environment, teacher’s interactions with children, teaching methods, and parents’ involvement.</td>
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<td>4. Child development outcomes</td>
<td>This metric is still under revision as existing tools developed in the country would be preferred for reasons of cost and scalability. Regardless of the tool, this metric intends to measure key domains of children’s development necessary for entering primary school. Examples of these domains and tools include the following international tools:</td>
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1 ECD-MIS, 2018.
2 EMIS, 2019.
3 Payments would be made for each additional child attending within the ECD centers’ capacity in terms of indoor and outdoor space and child to educator ratio requirements.
3. The Request for Submission

3.1. Objective

SIBs require delivery partners with demonstrated capabilities and track record of achieving the desired results. For this reason, this RFS aims to identify delivery partners with evidence of successfully delivering related ECD interventions and achieving results related to the SIB metrics. So far, the SIB design has been informed by input from a local delivery partner that will be involved in the implementation of the SIB.

Applicants can assume different roles as a delivery partner depending on their expertise and desired level of involvement in the day-to-day implementation. For instance, higher-intensity roles could include directly working with local ECD centers to deliver some or all the results targeted, and lower-intensity roles could include acting as a technical advisor or franchisor with the local delivery partner. The suitable roles would be determined in collaboration with relevant organizations in subsequent engagement phases of this RFS.

3.2. Requested information

Applications should respond to all the questions outlined in table 3 for which the applicant has relevant information. The answers to all questions should be limited to 10 pages, excluding any relevant annexes applicants submit. Please download the template saved here and use the template to fill and submit all the answers. Send completed template to Juanita Peñuela at juanita.penuela@instiglio.org and Camila Muñoz at camila.munoz@instiglio.org by October 15, 2021 at 17:00 PM Central Africa Time.

Table 3: Requested information

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<tr>
<th>Component</th>
<th>Information needed</th>
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| 1. Overview of the organization | I. Brief description of the organization including:  
   a) The nature of the organization’s ECD support (e.g., technical assistance, direct delivery etc.).  
   b) Number of years working in ECD and countries operated in. |
| 2. Expertise and track record in ECD | I. Description of the intervention model and target population detailing:  
   a) The intervention model’s main objectives, components, activities delivered and by whom it is delivered and what type of expertise is required to deliver the intervention  
   b) Characteristics of target population including:  
      ▪ Type of ECD facilities (e.g., ECD centers or pre-primary classes)  
      ▪ Nature of the ECD facilities (e.g., size and ownership structure - private, or public, community owned or home-based)  
      ▪ Age range of the children benefited  
      ▪ Geographic areas (e.g., rural, urban, disadvantaged communities, etc.)  
   c) Timeframe of the intervention (e.g., duration in months/years of past interventions) |

For instance, the Village Enterprise Development Impact Bond for poverty alleviation in sub-Saharan Africa, Village Enterprise was selected as the SP from over 80 organizations based on the positive results of a randomized controlled trial (RCT) that evaluated diverse components of their program. These results provided confidence to investors (Delta Fund, Bridges Fund Management, Laidir Foundation, Impact Assets, and Private Impact Investors) that Village Enterprise could reduce extreme poverty, with comparable cost-effectiveness to those found across evaluations of a range of ultra-poor Graduation programs. Another example is the results-based finance program in Uganda which aimed to demonstrate a scalable model for contracting high-impact and cost-effective community health worker services. Living Goods was selected as the SP due to the evidence of positive results on its program. A rigorous impact evaluation conducted from 2011 to 2013 in Uganda showed that their intervention reduced 27% child mortality in the treatment areas.

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2. **Description of the scale of past interventions / projects in ECD.** Examples include:
   a) Number of individuals reached by the intervention (in total, per year and per region if applicable)
   b) Number of ECD facilities supported (in total, per year and per region if applicable)
   c) Number of teachers trained (in total, per year and per region if applicable)

3. **Information on results of the intervention.** Results reported must be similar to the ones of the SIB detailed above.

   Please specify if the results presented were rigorously assessed by an external evaluator through an impact evaluation (e.g., a Randomized Controlled Trial) or if results were assessed by the organization itself. Whether the intervention has been assessed by an external evaluator or by the organization itself, please attach any supporting materials (e.g., program’s reports, annual organization reports, impact evaluations) to understand the results presented.

4. **Experience working in past Results-Based Financing mechanisms, including SIBs.**

   This information is only required for organizations that have had this previous experience.

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<th>3. Information on costs of previous ECD interventions</th>
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| 1. **Description of the associated costs that the organization usually incurs when delivering or supporting the delivery of the ECD outcomes.** Costs reported should ideally include:
| a) Total cost of previous ECD interventions
| b) Cost per beneficiary (either per ECD facility or per child)
| c) Costs for each individual component of the intervention (e.g., teacher training, facilities)
| a) Costs per results (if possible) and,
| Where such costs are not available, please provide as much relevant information as possible. |

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<th>4. Proposed role for their involvement in the SIB</th>
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| 1. **The role of any selected delivery partners will be determined through consultations following this RFS. To help inform this process, please indicate which if any of the following functions your organization may be interested to undertake in Namibia within the SIB.** If none of these roles are relevant, a short explanation of the proposed role could be provided.
| **Option 1 – Technical advisor:** providing continuous accompaniment (i.e., technical assistance) to the local delivery partner to strengthen their delivery capacity and intervention model.
| **Option 2 – Supporting partner:** coordinating and agreeing with the local delivery partner on directly delivering some components of the intervention model. Meaning that the overall intervention would be delivered jointly by both organizations but each one delivering a specific component of the intervention.
| **Option 3 – Franchisor:** Franchising the intervention model to the local delivery partner. Under this option, the delivery partner would support the local delivery partner to implement a part or all of the delivery partner’s model.
| **Option 4 – Additional direct delivery partner:** Implementing the intervention directly |

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3.3. **Next steps**

Following submission in response to this RFS, Instiglio will engage with any relevant organizations identified and assess whether it is feasible to include them in the proposed SIB. Contingent on the outcome of this process, a Request for Proposal (RFP) would be released later this year.