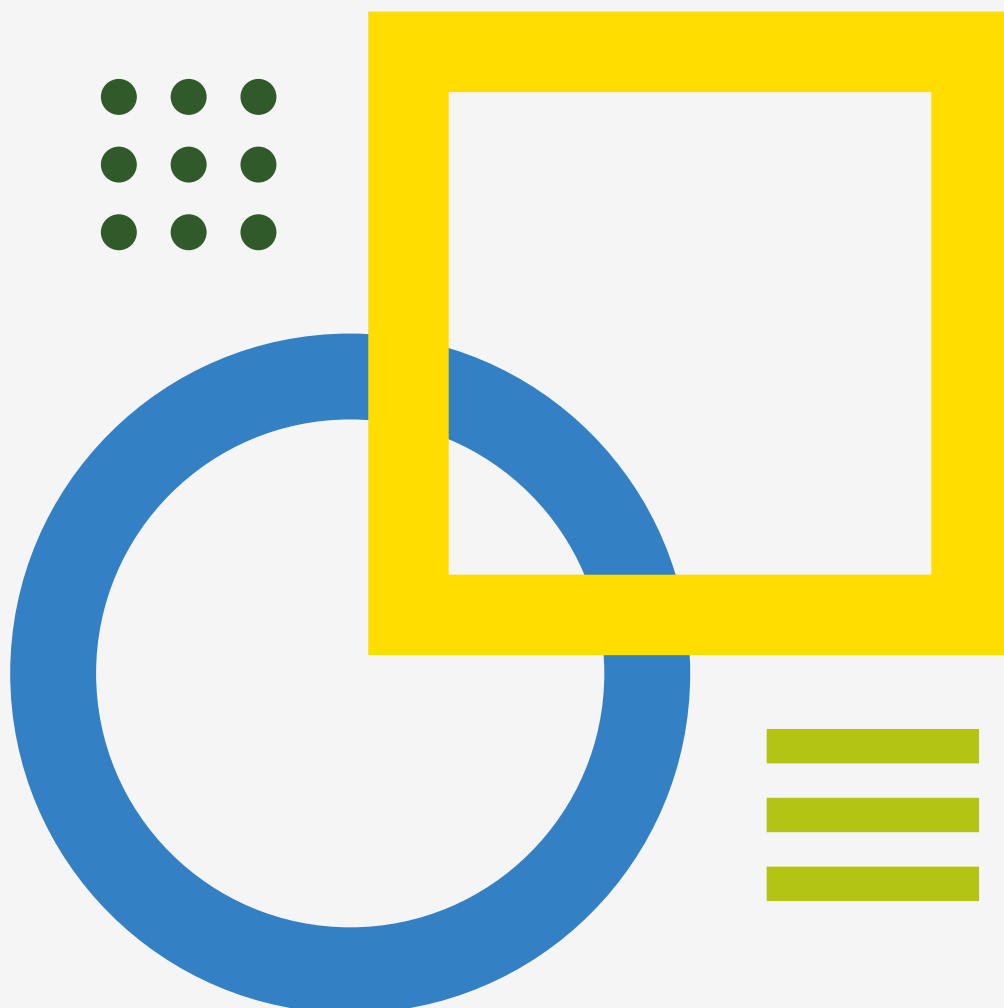




Results Based Financing (RBF) Mechanism:

**An opportunity to improve results in Early
Childhood Development (ECD) in Colombia**

The challenge: many social programs often do not achieve the desired impact

There is evidence that traditional development approaches, focused on paying for activities, fail when trying to solve social problems. Extended literature¹ has highlighted key limitations, including:

- **Limited knowledge and technical capacities** to achieve the desired results, leading to ineffective interventions.
- **Low usage of information systems** that gather relevant data regarding data and intervention effectiveness to inform decision making.
- **Program rigidity** via the prescription of intervention models that limits the flexibility of service providers to search for and test innovative solutions.
- **Poor attention to results**, which can result from unclear articulation of concrete results, from challenges defining 'what matters,' and/or from conflicts of interests between multiple actors.

An alternative: Results Based Financing (RBF) mechanisms

Public spending has begun to transition from traditional financing, based on inputs and activities, to an approach based on results. Facilitating the latter approach, RBF approaches have the following characteristics:

1 RBF differs from traditional models as it **ties the funding of public and social programs to the accomplishment of pre-defined results**. This ensures a **better use of and transparency of resources** by conditioning the totality (or a part) of funding disbursements to the verified achievement of results.

2 RBF promotes **better data and evidence collection** systems, which can strengthen monitoring and evaluation capacities and understanding. This contributes to better understanding of program performance, as well as to more-informed and corrective decision-making during implementation. This **body of evidence** of effective programs and public policies in ECD is growing thanks in part to RBF programs and their data and evidence collection.

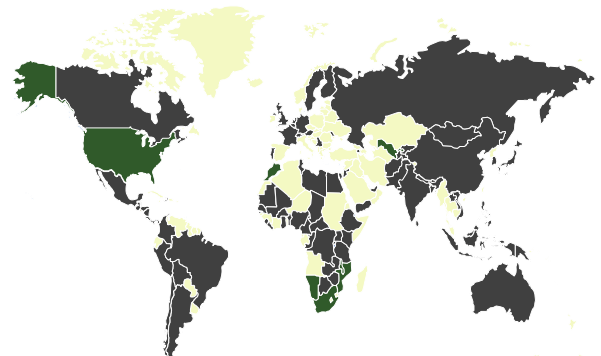
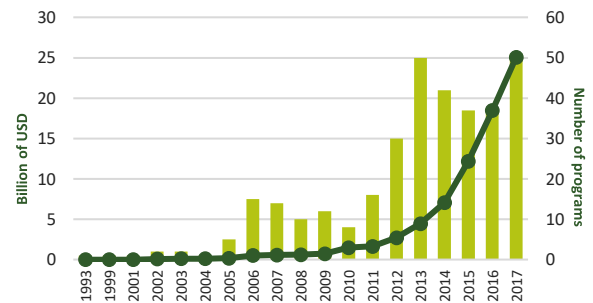
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RBF **builds the right incentives** towards the desired program results. This ultimately contributes to **greater impact** and **more cost-effective** social spending.

Global trends in the RBF ecosystem

The use of RBF mechanisms in social programming is growing. In the last decade, at **least USD 26 billion of development resources have been tied to results**. This increasing adoption of RBF has spread across multiple social sectors, including education and health².

Capital growth and the number of programs dedicated to RBF (1993-2017)²



■ Countries where RBF has been implemented between 2005 y 2022²
■ Countries where RBF in early childhood has been implemented or explored²

RBF mechanisms have been implemented in 109 countries. Of these, 91 are developing countries². Among the developing countries, Latin America and the Caribbean have utilized RBF considerably, thanks to the growing interest in RBF among national governments.

Regarding RBF mechanisms focused on ECD, 45 impact bonds have launched, though mostly in high-income countries, and three performance-based contracts have launched (Malawi, Mozambique, Morocco). Generally, these RBF mechanisms have focused on improving **access to and quality in ECD services**.

Why are donors and governments incorporating RBF mechanisms in ECD programs?



Focus attention on measurable results

RBF helps to align the efforts and focus of participating actors on the **desired ECD results**, rather than focusing on activities and inputs. This focus encourages stakeholders to **invest in monitoring and information systems** that inform and promote their constant improvement.



Align actors on child development

RBF ensures the **interests and objectives** of the outcome payers and service providers **are aligned** with enhancing child development. This puts girls and boys squarely at the center of program decision-making, design, and implementation to accomplish this result.



Promotes innovation and flexibility

Focused on results, instead of activities and processes, RBF provides service providers the **flexibility** to strengthen, or even propose new, **innovative strategies** in pursuit of achieving results to boost child development.



Improves accountability in social investment

RBF encourages **capacity building** of service providers and generates a more effective use of resources by making disbursements only upon the achievement of results and by making visible the achievement (or not) of those results. This **promotes transparency and cost-effectiveness** of how public resources are used.

Colombia: a leader in RBF mechanisms in Latin America

Colombia has one of the most vibrant RBF ecosystems among developing countries. To date, seven RBF mechanisms have been designed with the Government of Colombia in the workforce development sector. Initiatives related to the sectors of competitiveness and value chains have also advanced thanks to the help of international cooperation. Projects focused on various issues, such as land titling, health, and education, have been designed and are moving to implementation. The development of varied projects has enhanced the RBF knowledge of various actors across the Colombian social sector, as well as the institutionalization of RBF instruments within the National Government, notably by including some instruments in the country's public policy.

RBF ecosystem milestones in Colombia

1

2011-2016

Potential of RBF identified and alliances across key actors in Colombia established

Various actors in the social and public sectors, as well as those in international cooperation, allied to explore the potential of RBF mechanisms in Colombia. The Social Impact Bond (SIB) program Sibs.CO⁵ was created to implement RBF, generate knowledge, and diffuse evidence.

2

2016-2020

First RBF mechanism at a national and local level designed and implemented

Colombia was the first developing country to implement a Social Impact Bond (SIB) (named *Empleando Futuro*), which aimed to improve job placement and job retention of vulnerable populations. Learning gathered during the program was a key input for the development of a second SIB – (*Cali Progresa con Empleo*).

3

2019- Ongoing

RBF mechanisms institutionalized in the national public policy

Armed with evidence and results generated in the first two SIBs, the National Government created the Outcomes Fund LOGRA to give continuity to the RBF mechanisms launched to date and to promote the implementation of other instruments ([programa Empléate](#) y 2 BIS).

4

Knowledge and learning shared with new actors and sectors

Knowledge generated and the institutionalization of RBF mechanisms has increased the interest of stakeholders in other sectors, such as education/ECD, migrant support, land titling, and competitiveness.

The proposal for Colombia: A Performance Based Contract (PBC) to improve results in ECD

The *Instituto Colombiano de Bienestar Familiar* (ICBF) is a government institution in charge of ECD in Colombia. The ICBF, UNICEF, and Instiglio have structured an RBF mechanism to contract the service of ECD centers from the institutional modality of the ICBF.



The challenge



The opportunity

The ICBF aims to optimize and maximize the impact of the ECD services contracted. To do so, it is essential for ICBF to understand the performance and results attained by over 700 different service providers of the ECD centers. This is challenging since:

- There is no clear evidence of results achieved by service providers of ECD centers.
- The contracting requirements for service providers of ECD centers do not necessarily guarantee the accomplishment of ECD results, such as *child development* and the *quality of the services provided at ECD centers*.
- The contracting system does not earmark differentiated payments commensurate to the *quality* of services delivered at ECD centers.

Investments in ECD have been demonstrated to be fundamental to the development of basic physical, socio-emotional and cognitive skills, which is why they represent a powerful tool to create socio-economic gaps.³

In this context, an RBF mechanism (a Performance Based Contract, PBC) has been designed to improve the effectiveness of ECD public spending in Colombia and enhance child development by conditioning resources to the accomplishment of results that are measurable, verifiable, and desired.

This program is based on the body of evidence that has been consolidated in Colombia about the potential of RBF financing to raise the effectiveness of social programs.

A possible solution: an RBF mechanism

Implement an RBF mechanism to contract service providers of ECD centers, incentivizing better *child development* and better *quality of services in ECD centers* in Colombia. This proposal aims to have short- and long-term impacts, as described below.

Short term

- Advance the development of monitoring and evaluation frameworks utilizing child development metrics and the structural and process conditions of the quality of the services provided in ECD centers.
- Understand if children in ECD centers meet target results in terms of child development.
- Incentivize service providers of ECD center to achieve results for child development and quality of services provided in ECD centers.

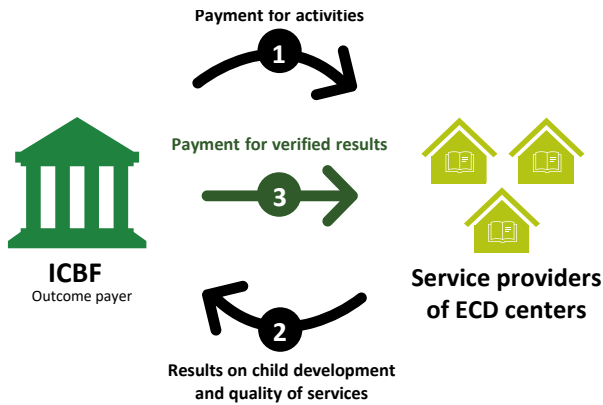
Long term

- Generate evidence to transform the contracting process of ECD services in Colombia.
- Increase the effectiveness of public spending on childhood policies in Colombia.
- Improve the accountability of public resources allocated to ECD, potentially utilizing RBF approaches.

Performance Based Contract (PBC) structure

A PBC is an RBF mechanism in which the outcome payer contracts service provider(s) to generate pre-defined results. All or part of the payments disbursed are conditioned on the achievement of pre-defined results.

PBC structure



Potential technical parameters for the PBC

Scale	• Approx. 3.000 boys and girls • Between three and five service providers
Duration	• 16 months
Preliminary budget	• Approximately COP 20,000 million (~20% will be tied to results).
Verification	• Observational and census (for all children in ECD center). • For the metric of <i>child development</i>: baseline and end line • For the metric of <i>structural conditions and quality processes</i>: the measurement will be done only at end line

Payment Metrics

Payment metrics are used to calculate the disbursement to the service providers for achieving the pre-defined results.

Child Development

Indicator:

Number of dimensions in which the girl or boy advanced or stayed the same.

Instrument:

A national instrument called the “Escala Abreviada de Desarrollo (EAD-3)”: which measures four dimensions (gross motor development, adaptive-fine motor skills, hearing and language, and personal-social).

Structural conditions and quality processes

Indicator:

Quality level of the ECD center in two dimensions measured.

Instrument:

A national instrument called “Instrumento de Medición de la Calidad de la Educación Inicial en Colombia (IMCEIC)”.

Assessing payment metrics, this will measure:

- Physical surrounding: Sub dimension of the ECD center and classroom properties.
- Dimension of interactions and pedagogical intention.

Payments tied to achievement of results are divided equally among both metrics (each one representing 50%).

Learning metrics

Learning metrics are used to generate evidence that facilitates decision-making in future iterations and designs.

Childhood development

Instrument

“Escala de Valoración Cualitativa de Desarrollo Infantil Revisada” ([EVCDI-R](#)) to:

1. Gather information and evaluate the difference between reported results in EVCDI-R and EAD-3 instruments.
2. Compare the effectiveness of both measurement instruments.

Structural conditions and quality processes

Instrument: IMCEIC

- Physical surrounding: Sub-dimension of properties surrounding the ECD center. Service providers of ECD centers have a low manageable control over influencing factors *surrounding* the ECD center, but learning on such factors can be informative.
- Dimension of interaction with the environment.

How to get involved and amplify the impact of this initiative?

Support from additional allies will strengthen and expand the impact of the design RBF mechanism, helping to transform the effectiveness of how ECD services are contracted in Colombia. Other organizations can support this initiative by:

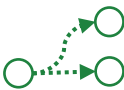


Developing and structuring a learning agenda. A learning agenda gathers main findings and recommendations for future projects by assessing the program experience. This will inform future interventions focused on optimizing public spending on ECD.

A learning agenda could focus on evaluating the effectiveness of the model to attain better results in ECD and understand how the different elements of the Performance Based Contract triggered beneficial changes in the service providers' interventions and services.



Evaluating the results and/or program cost-effectiveness. Evaluating the results achieved and the impact of the mechanism would be valuable to understand the effectiveness of the design and provide evidence about RBF in ECD in Colombia and the region.



Scaling and replicating the pilot. Based on the results achieved and learnings collected, scaling or replicating the pilot could be of interest. For instance, expanding to additional geographies, including more service providers, and/or reaching more children. All to incorporate successes of RBF more broadly into the contracting of the services of ICBF.



Disseminating and socializing the information. To promote the continuity and development of programs focused on results that increase the efficiency of public spending, it is necessary to share lessons learned and insights so other actors and sectors may design and implement their policies and programs to best serve children and their development in Colombia.

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References

¹ Andrews, Pritchett, & Woolcock (2017); Bain (2016); Ramalingam (2013); Rondinelli (1993); Webster (2016).

² Data obtained from the internal database of Instiglio about RBF programs

³ Heckman & Raut (2013).