

The background of the slide is a photograph of two young girls standing in a grassy field. The girl on the left is leaning over the girl on the right, and they are both looking at an open book held by the girl on the right. The girl on the left is wearing a dark blue long-sleeved shirt with a colorful butterfly design. The girl on the right is wearing a maroon long-sleeved shirt with a white unicorn design. In the top right corner, there are several abstract circular shapes: a large white circle with a blue center, a smaller white circle, a dark grey circle, and a blue circle. There is also a large circle with a white dotted pattern. The text is overlaid on the left side of the image.

Results-Based Financing (RBF) mechanisms

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

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

There is evidence that traditional development approaches, focused on paying for activities or inputs, often 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. RBF approaches have the following characteristics:

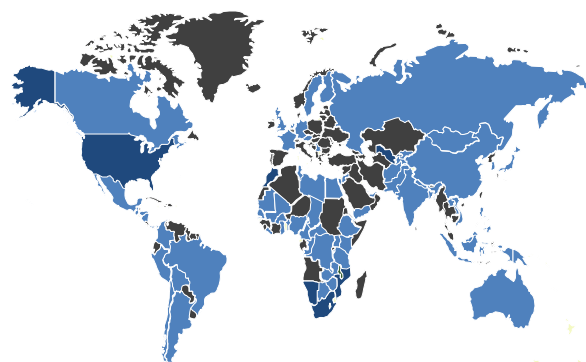
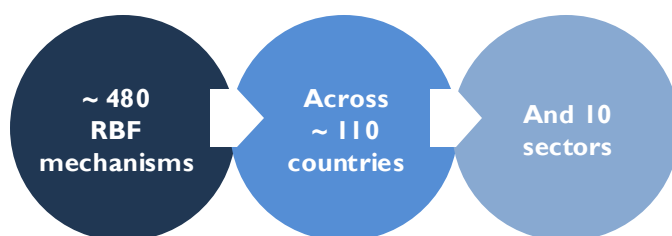
01 RBF differs from traditional models as it **ties the funding of public and social programs to the accomplishment of pre-defined results**. This ensures a **better use of and transparency of resources** by conditioning the totality (or a part) of funding disbursements to the verified achievement of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

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

03 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. Up until 2025, **approximately 480 RBF mechanisms have been implemented across at least ~ 110 countries and 10 different sectors**² such as: early childhood development, education, workforce development, health, government, WASH, environment and agriculture, entrepreneurship, poverty graduation, social welfare and criminal justice. This growing adoption has extended worldwide.



- Countries where RBF has been implemented between 2005 y 2025²
- Countries where RBF in early childhood has been implemented or explored²

Of the 110 countries where RBF mechanisms have been implemented, 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**.

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

² Data obtained from Global Economy and Development at Brookings (2025) and the internal database of Instiglio about RBF programs

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 **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 the achievement (or not) of those results visible. This **promotes transparency and cost-effectiveness** on how public resources are used.

Colombia: a leader in RBF mechanisms in Latin America

Colombia has the most vibrant RBF ecosystem in the Latin America and Caribbean region. Its evolution can be understood through four key milestones:

RBF ecosystem milestones in Colombia

1 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 program (Sibs.CO) was created to implement RBF, generate knowledge, and diffuse evidence.

2 Piloting, understanding the market, and what works

Colombia was the first developing country to implement Social Impact Bonds (SIBs). The first two SIBs implemented were aimed at achieving WfD results across different cities. The lessons learned gathered through these pilots served as proof of concept that strengthened the RBF ecosystem and led to larger scale programs.

3 Incidence in public policy: creating the conditions to institutionalize RBF

Policy frameworks supporting the use of RBF mechanisms have been established in Colombia. RBF was incorporated into the 2018–2022 and 2022–2026 National Development Plans as a strategic tool to improve social outcomes. Additionally, the government developed a policy framework (CONPES 4067) that enabled the creation of a public outcomes fund. At the local level, RBF has been referenced in the Development Plans of major cities such as Bogotá, Cali, and Bucaramanga.



Bogotá's experience:

An RBF Committee has been created in Bogotá—Colombia's capital and largest city with over 10 million inhabitants—to promote and guide the use of RBF mechanisms. This multisectoral committee, which includes participation from five District Secretariats, aims to drive the achievement of measurable outcomes and foster more efficient, transparent public investment.

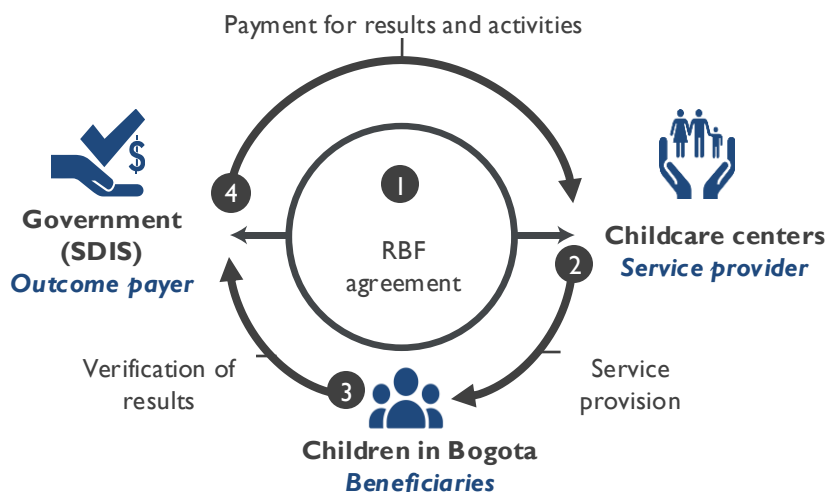
Currently, two of the participating Secretariats are designing four RBF mechanisms, which are scheduled to launch in the city later this year.

4 Scaling up RBF in WfD, new actors and new sectors

RBF adoption has grown beyond the workforce development sector due to the evidence of its effectiveness and adaptability. RBF is now being used in sectors such as competitiveness, early childhood development, migrant support, rural development, climate, education, and recidivism. Furthermore, a growing community of advocates now recognizes the benefits of RBF and promotes its use.

Results-Based Contract to Improve the Effectiveness of Early Childhood Care Services in Bogotá

The RBF mechanism designed is a Performance-Based Contract (PBC). 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. Once an evaluator verifies the results achieved, the outcome payer disburses the corresponding payments to the service provider(s) of ECD centers. The figure illustrates the general structure of the designed PBC, in which the SDIS will pay for achieved results, incentivizing service providers of ECD centers.



Technical parameters of the PBC

Scale	• ≈ 2.400 children • 6 service providers divided into 12 childcare centers
Duration	• 7 months
Preliminary budget	• ≈ USD 8 million

Short term

- Improve the quality of information by guaranteeing its coherence. This will allow for a better understanding of the barriers that hinder results.
- Evaluate the quality of the service provided by childcare centers, identify differences and increase competitiveness in the market.
- Strengthen the internal capacity of the SDIS to implement and use measurement tools. This will help shift the supervisory focus toward more robust assessments of service quality.

Long term

- Generate evidence to transform the process of contracting ECD services in Bogotá.
- Increase the effectiveness of public spending on childhood policies in Bogotá.
- Improve accountability of public resources allocated to early childhood development, potentially using results-based recovery framework approaches.

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