

Catalyzing Integration Outcomes for Migrants and Refugees:

The Potential of Results-Based Financing

Why this guide book matters?

This guidebook offers a practical path for harnessing migration as a driver of inclusive development through funding approaches that reward outcomes, not just intentions. It is intended for policymakers, donors, and practitioners seeking to design and implement Results-Based Financing programs to support migrant and refugee integration.



Authored by Instiglio.

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Acronyms and abbreviations

ADN

Aprendiendo Desde Niños

CBOs

Community-Based Organizations

DPS

Departamento de Prosperidad Social

DCLG

Department for Communities and Local Government

DIBs

Development Impact Bonds

EU

European Union

FUDELA

Fundación de las Américas para el Desarrollo

GLA

Greater London Authority

IDB

Inter-American Development Bank

LAC

Latin America and the Caribbean

LHSS

Local Health System Sustainability

LMICs

Low- and middle-income countries

RUMV

National Registry of Venezuelan Migrants

NEF

Near East Foundation

PBA

Performance-Based Aid

PBCs

Performance-Based Contracts

PBTs

Performance-Based Transfers

PBL

Performance-Based Loans

RLOs

Refugee-Led Organizations

RBF

Results-Based Financing

SDF

Santo Domingo Foundation

SIBs

Social Impact Bonds

TPS

Temporary Protection Status

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Executive Summary



Executive Summary



Migration is one of the defining global challenges of our time.

It has become increasingly protracted, complex, and multidimensional. While often addressed primarily as a humanitarian emergency, migration also holds significant potential to drive economic growth, strengthen public systems, and promote social development in both origin and destination countries. Realizing this potential requires moving beyond short-term crisis responses toward long-term, systemic approaches that foster the sustainable social and economic integration of migrants in host countries.

This report, developed by Instiglio with the support of the Conrad N. Hilton Foundation

presents **Results-Based Financing (RBF)** as a strategic tool to support that shift. By linking funding to measurable outcomes, rather than to inputs or activities, RBF offers a flexible, efficient, and accountable way to enhance the effectiveness of migrant integration policies. RBF helps governments, donors, and implementing partners align their efforts, strengthen performance, and ensure that limited resources lead to concrete improvements in the wellbeing of both migrants and host communities. In doing so, RBF supports integration programs that not only reduce vulnerability, but also enable countries to fully harness the benefits of migration.

The report specifically explores how RBF can be applied to strengthen public policies across three core areas of migrant integration: legal regularization, economic inclusion, and access to essential services such as housing, health-care, and education. It highlights practical examples, particularly from low- and middle-income countries (LMICs), showing how RBF has been used to tackle integration challenges and deliver meaningful, measurable improvements in the wellbeing of migrants and the communities that host them.

Rethinking Migration: From Crisis to Opportunity

Migration is often perceived and treated as a short-term emergency. In reality, it has become an increasingly frequent, protracted, and multi-dimensional phenomenon—driven by a combination of economic hardship, political instability, and climate-related crises. This evolving context challenges policymakers to shift from reactive crisis management to proactive strategies that recognize migration as a structural and potentially beneficial component of development. When well-managed, migration can be a powerful engine for shared prosperity. Migrants contribute to host countries by filling labor shortages, expanding tax bases, creating businesses, and revitalizing local economies. Countries of origin benefit as well, through remittances, skills transfer, and relief of labor market pressures.

In many LMICs, where most migrants reside, however, migration continues to be addressed primarily through fragmented short-term humanitarian aid. While essential to respond to migration emergencies, this approach often falls short of establishing the systems needed to support long-term integration. The absence of a unified development strategy for migration leads to disjointed services, poor inter-agency coordination, and missed opportunities to leverage migration for national and local development.



Shifting the policy logic from short-term crisis response to long-term migrant integration requires addressing the core challenge of socioeconomic inclusion. This means ensuring that migrants can obtain legal status, access decent employment, and benefit from essential services such as housing, healthcare, and education. These elements are not only fundamental to migrants' wellbeing, but also contribute to social cohesion, institutional resilience, and economic stability in host communities.

Progress, though, is often obstructed by a combination of limited and unreliable data, insufficient institutional capacity, political resistance to inclusive policies, and rigid, input-based funding mechanisms. Critically, there remains a lack of investment in programs that have demonstrated measurable success in improving integration outcomes for migrants and delivering broader benefits to host populations.

The Value of Results-Based Financing (RBF)

To move from a reactive to a proactive response approach, development actors in the Global South must embed migration into broader development agendas. Doing so requires not only sound policy frameworks, but also the right financing mechanisms that direct resources toward proven, impactful solutions.

RBF offers a powerful tool to support this transition. By linking funding to the achievement of measurable outcomes, rather than to predefined inputs or activities, RBF helps overcome common implementation challenges in migrant integration. For example, it promotes the generation and use of high-quality data by requiring precise targeting and outcome verification; it strengthens institutional capacity by embedding performance management and learning into program delivery; it reduces fragmentation by aligning stakeholders around common goals and metrics; and it enhances accountability by ensuring that funds are disbursed only when concrete, independently verified results are achieved.

RBF shifts the logic of financing from process to progress. Rather than paying for activities such as training sessions or outreach campaigns, RBF disburses funds only when verifiable results are achieved, such as formal job placements, legal status regularization, or improved access to healthcare and education. Specifically, RBF adds value in four key areas:

- 01. Improved data use:** RBF mechanisms require precise targeting and strong monitoring and verification systems, which lead to better data collection, real-time learning, and continuous adaptation during implementation.
- 02. Incentive alignment:** By tying funding to outcomes, RBF aligns the interests of governments, donors, implementers, and other stakeholders around shared, clearly defined goals.
- 03. Greater flexibility and innovation:** RBF gives service providers the freedom to test and adapt their strategies if they deliver results, encouraging innovation and tailoring to local contexts.
- 04. Efficient use of resources:** RBF ensures that limited public and donor funds are only spent when meaningful, measurable outcomes are delivered, driving accountability and maximizing value for money.

Importantly, RBF is not a one-size-fits-all approach. It encompasses a diverse set of instruments, including performance-based contracts, social and development impact bonds, and results-linked fiscal transfers, that can be tailored to different institutional capacities, program maturity levels, and policy objectives. This adaptability makes RBF particularly well-suited for migration contexts, where systems are often under strain and where traditional funding models may fail to adapt to changing circumstances and produce sustained or scalable impact.



Three Pillars of Migrant Integration: How RBF Can Help

This report focuses on three key dimensions of migrant integration—legal regularization, economic inclusion, and access to essential services—and illustrates how RBF can enhance both the implementation and impact of policies in each area.

01.

Legal Regularization

This report focuses on three key dimensions of migrant integration—legal regularization, economic inclusion, and access to essential services—and illustrates how RBF can enhance both the implementation and impact of policies in each area.

RBF can help address these challenges by:

- Incentivizing community-based and refugee-led organizations to identify and support undocumented migrants.
- Linking payments to verified regularization outcomes, rather than preliminary outreach activities.
- Promoting coordination between government agencies and civil society to streamline and simplify the regularization process.

In Colombia, for example, an RBF initiative could support organizations assisting Venezuelan migrants in completing the national registration process. Payments would be made only when migrants achieve legal status, ensuring funding rewards actual impact rather than just effort.

02.

Economic Inclusion

Access to decent work, whether through formal employment or entrepreneurship, is essential for migrants' long-term self-reliance and integration. Many, however, face significant challenges, including unfamiliarity with local labor markets, lack of professional networks, non-recognition of qualifications, limited access to credit, and labor market discrimination.

In this area, RBF can add value by:

- Tying funding to specific livelihood outcomes, such as job placement, income generation, business creation, or sustained employment.
- Supporting credential recognition and tailored job matching based on migrants' skills and experience.
- Encouraging financial institutions to serve migrant entrepreneurs through performance-based incentives.

A relevant example is Colombia's Empléate Sin Fronteras program, which used an RBF model to reward service providers not only for delivering training to vulnerable migrants and host community members, but also for achieving formal job placements and ensuring job retention. In Jordan, the Jordan Refugee Impact Bond takes a similar approach by mobilizing private capital to fund entrepreneurship programs for Syrian refugees. Investors are repaid only if refugee-owned businesses achieve predefined income and sustainability targets assuring that funding is directly tied to improved livelihoods and durable economic outcomes.

03.

Access to Essential Services

Access to services such as housing, healthcare, and education is vital for migrants' dignity, wellbeing, and long-term inclusion. Without these supports, migrants face increased vulnerability and are often unable to pursue stable livelihoods or life goals in host countries. However, many service systems lack the capacity or mechanisms to adequately include migrant populations, who frequently experience gaps in educational attainment, health outcomes, and housing access. In some cases, migrant communities are difficult to reach or hesitant to engage due to legal or cultural barriers.

RBF can improve access and quality of services by:

- Funding providers based on verified service utilization and outcome indicators (e.g., maternal health visits, school attendance, housing stability).
- Encouraging adaptive, context-sensitive service delivery models that reach underserved populations like migrants.
- Promoting cross-sector coordination to improve equity, access, and continuity of care across public systems.

In London, an innovative RBF program funded improvements in housing security for immigrant rough sleepers, facilitating access to housing services as well as support to stabilize livelihoods, improve health, and prevent drug use. In Barranquilla, Colombia, another initiative supported maternal healthcare services for irregular Venezuelan migrants, with payments linked to outcomes such as increased prenatal visits and reduced birth complications. Meanwhile, in Ecuador, an RBF program promoted early childhood development services for both migrant and host communities. Implementers receive payments based on metrics like consistent attendance and progress in developmental milestones, encouraging sustained engagement and measurable improvements in child wellbeing.

Making It Work: From Design to Delivery

While RBF presents a compelling approach to strengthening migrant integration, it is not universally applicable. Its success depends on several enabling conditions, most importantly, the presence of clear and measurable objectives, reliable data systems to track outcomes, and institutional capacity to manage performance-based agreements. Careful planning, inclusive design, and context-specific adaptation are essential to ensure RBF mechanisms are both technically feasible and politically viable to deliver on potential results.

This report presents a practical, phased framework for designing and implementing RBF in migration-related programs:

01. Assess the value-add:

Identify the specific implementation challenges or bottlenecks that RBF can help address. This may include fragmented service delivery, weak accountability, limited use of data for decision-making, or lack of incentives for innovation.

02. Ensure readiness:

Evaluate the broader environment to determine if the necessary technical, legal, financial, and political conditions are in place. This involves assessing institutional capacity, availability of baseline data, stakeholder engagement, and the feasibility of measuring and verifying intended outcomes.

03. Design for success:

Define meaningful and context-relevant outcome indicators. Build a robust verification system, and establish payment terms that reflect a realistic balance between ambition and achievability. The design should also include clear provisions for risk-sharing among funders, implementers, and partners, as well as mechanisms for continuous learning and adaptation throughout the program lifecycle.

Once the design is finalized, attention must turn to laying the groundwork for effective implementation. This includes developing operational tools and documentation, training teams, conducting outreach to ensure stakeholder buy-in, and identifying qualified implementers. A key advantage of RBF in this regard is its ability to localize development financing, enabling smaller, community-based, and migrant-led organizations to access funding based on performance rather than scale or reputation. These actors often have deep connections with the communities they serve, as well as the contextual knowledge and trust needed to address complex integration challenges effectively.

Beyond directing funding to those best positioned to deliver results, RBF also incentivizes improved coordination, accountability, and adaptive management across the system. By embedding data use, performance monitoring, and shared goals into the core of program delivery, RBF strengthens institutional capacity over time, not only for frontline implementers, but also for governments, donors, and other ecosystem actors.

When implemented thoughtfully across each stage, from value-add assessment to system strengthening, RBF can unlock its full potential: improving migrant wellbeing outcomes, enhancing service delivery, and contributing to more resilient and inclusive host communities. To sustain these gains, RBF should be embedded within broader policy frameworks and complemented by long-term investments in institutional development and multi-stakeholder collaboration.

A Call to Action

Migration is not a temporary disruption. It is a structural, long-term global reality. As mobility continues to shape the social and economic landscapes of countries, particularly in the Global South, policymakers face a critical choice: continue investing in fragmented, short-lived responses, or shift toward evidence-based, results-oriented approaches that promote lasting integration and shared prosperity.

RBF offers a practical and scalable way forward. It enables governments and donors to deploy limited resources more efficiently, reinforces accountability for outcomes, and builds the institutional foundation for improved public service delivery.

This report calls on policymakers, funders, and implementing partners to act on four key recommendations:



- Reframe migration as a driver of development:** Integrate migration into national and local development plans by recognizing its potential to contribute to labor markets, economic dynamism, and demographic resilience. This requires shifting the policy narrative from emergency aid to opportunity creation and long-term investment.
- Transition from input-based to outcomes-driven funding:** Move away from financing that rewards activity (e.g., number of workshops or outreach events) and adopt mechanisms that tie funding to tangible, measurable results—such as regularization rates, employment outcomes, or improvements in service access for migrants.
- Pilot and scale RBF models in migrant integration programs:** Begin by testing RBF in focused areas—such as job placement, legal documentation, or access to health services—where data can be collected and outcomes are clearly defined. Use these pilots to build political will, institutional capacity, and evidence for broader adoption. Scale-up should be gradual, informed by lessons learned and adapted to local conditions.
- Strengthen the implementation ecosystem:** Invest in building the capacity of local governments, civil society, and migrant- or refugee-led organizations to engage in RBF programs. Create shared measurement frameworks, robust verification systems, and platforms for collaboration among government agencies, donors, and service providers. This ecosystem-wide strengthening is essential to ensure programs can deliver at scale and adapt over time.

By adopting these practices, countries can turn migration from a perceived burden into a well-governed strategy for inclusive development. RBF provides the tools to ensure that migration policies deliver not only services, but also concrete improvements in opportunity, dignity, and wellbeing for migrants, while enhancing social cohesion, economic resilience, and public service quality for host communities.



Introduction

Migration, the large-scale movement of people across borders, is a multifaceted phenomenon that has been increasing exponentially over the last decades.¹ Driven by factors such as economic distress, political instability, violence, and environmental changes, migration presents a complex web of opportunities and challenges for all stakeholders involved.



Migrants² seek economic opportunities, safety, and personal growth, yet encounter significant vulnerabilities and barriers to safely navigating migration routes and accessing opportunities for economic advancement, social integration, and well-being in destination countries.



Destination (or host) countries often have a substantial need for high- and low-skilled workers and may benefit from a population dividend and more taxpayers but may also grapple with social tensions and the resource strains of hosting migrants. The challenge is to recognize and harness the potential of migration to meet long-term labor needs while addressing short-term social impacts that may raise concerns among citizens.



Origin countries may benefit from alleviating labor market pressures and receiving remittances, knowledge transfers, and trade opportunities, but run the risk of labor shortages in critical sectors and brain drain.

1. International Organization for Migration (IOM). 2024. *World Migration Report 2024*. Geneva: IOM.

2. Given the distinct legal status and international protection granted to refugees, this report primarily focuses on migrants, recognizing their comparatively less protected legal status and higher vulnerability to socioeconomic challenges. However, although refugees will be mentioned in conjunction with migrants, for practical purposes, the document will exclusively use the term “migrants” to refer to both demographic groups.

A significant funding shortfall exists between the resources required to address global migration and the available funds, a gap further exacerbated by the competition for resources to attend to different migration waves worldwide.³ Even more so, migration has historically been perceived as a short-term humanitarian issue, leading to a predominance of emergency aid funding over long-term development solutions.⁴ However, if appropriate policies are implemented, migration can be a long-term driver of economic growth for both origin and destination countries.⁵ Collaboration between origin and destination countries on legal and safe migration pathways can facilitate matching skilled and unskilled workers with job opportunities. Destination countries can also enact policies to facilitate the integration of migrants into their host communities. Through these efforts, countries can maximize migration's benefits while mitigating costs, ultimately transforming migration into a development tool that enhances the well-being of both countries and individuals. Implementing integration policies is challenging due to various factors, including the following:

Collecting data and targeting migrants:

Migrants, especially those lacking national-level identification documents, are often excluded from official databases, making them an invisible population. Thus, gathering accurate data on their numbers, demographics, location, needs, and skills is challenging, hindering efforts to target integration initiatives effectively.

Identifying optimal integration policies:

The diverse needs and backgrounds of migrant populations often differ significantly from the national population. Governments often struggle to identify the most impactful interventions to improve regularization, access to income opportunities, and essential social services. Generally, governments are not well set up to pilot interventions, tailor new approaches, and evaluate their cost-effectiveness. They may find it even more challenging to do this for an unfamiliar population and often under time pressure as the migrant population grows.

Scaling up successful interventions:

Even after identifying effective programs, scaling them up to serve a larger migrant population presents a challenge. Maintaining program effectiveness while expanding its reach can be a hurdle, potentially diluting the positive impact or cost-effectiveness observed in smaller-scale initiatives.

This report examines the benefits of integration policies for destination countries and the challenges countries face in implementing them. It proposes Results-Based Financing (RBF) as a promising policy tool to address these challenges. RBF links funding to measurable positive outcomes, incentivizing effective targeting, policy implementation, and scaling of proven interventions. RBF can drive progress in key integration areas, such as regularization, income generation, and access to basic social services by focusing on results. Therefore, RBF offers the opportunity to attract more funding and enhance the cost-effectiveness of existing policy responses for this population by generating more value from the available funds. Moreover, this tool could enable better integration policies in destination countries, particularly in low and middle-income countries (LMICs), while promoting localization to incentivize appropriation by local governments and organizations. By improving integration outcomes in destination countries, migration can potentially benefit both migrants and host communities.

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4. Internal Displacement Monitoring Center (IDMC). 2024. *Global Report on Internal Displacement*. Geneva: IDMC.

5. Betts, Alexander. 2021. *The Wealth of Refugees*. Oxford University Press.

The report is organized in the following chapters:



Chapter 1

Introduces an approach to migration that views it not solely as a short-term humanitarian concern, but as a potential long-term driver of economic prosperity and development. It challenges the traditional paradigm by highlighting the benefits migrants bring to destination countries. However, it also acknowledges the significant barriers policymakers face when developing policies for migrants' socioeconomic integration and proposes RBF as a tool to overcome these barriers.



Chapter 2

Delves into RBF, its added value, and its application within migration contexts, elucidating when and why it is beneficial. Additionally, it offers insights into various RBF instruments, showcasing different arrangements for policy implementation.



Chapter 3

Examines how RBF serves as a strategic tool to address the multifaceted barriers hindering the socio-economic integration of migrants. It provides a detailed analysis of three primary areas where migrants encounter challenges: status regularization, livelihoods and labor inclusion, and access to essential services such as housing, healthcare and education. The chapter emphasizes the potential of RBF instruments to surmount policy implementation barriers to achieve desired outcomes and foster effective integration interventions.



Chapter 4

Provides decision-makers with a guide on structuring an RBF program. Before embarking on program design, policymakers should conduct a context analysis to assess suitability and minimum enabling conditions. Additionally, policymakers should identify barriers that hinder program goals and clearly explain how RBF can overcome these challenges. By understanding how RBF can deliver better results, policymakers can build stakeholder buy-in, ensuring a program is well-suited for the context and has the necessary support for success.



Chapter 5

Reaffirms the potential for migration to contribute to long-term development benefits when effectively managed and highlights the use of RBF as a viable tool to achieve these outcomes. Propose actionable strategies for policymakers to design and implement RBF instruments that support and enhance migrants' socioeconomic integration and well-being.

Chapter I.

Migration as an opportunity for
economic prosperity and development



Chapter I.

Migration as an opportunity for economic prosperity and development

This chapter explores:

01.

How migration can be harnessed as a tool for development when destination and origin countries deliberately manage migration to maximize its potential benefits while minimizing its costs.

02.

The barriers encountered when implementing policies to improve socioeconomic integration outcomes.

Migration as an opportunity for economic prosperity and development

The movement of people across borders presents a complex phenomenon with significant consequences. Its impact stretches from the individual level, shaping the lives of migrants, to the broader national level, influencing a country's economic prosperity, development trajectory, and social service provision. Three key actors are involved in this dynamic: migrants, their countries of origin, and the destination countries where they settle. Each experiences a series of benefits and costs that result from human mobility (see Table I, which focuses on the benefits and costs for countries).

Understanding the interplay of benefits and costs for each stakeholder is necessary to craft tailored policies and strategies to address the challenges associated with migration while also harnessing the potential opportunities it presents. In this way, origin and destination countries can deliberately take action to maximize the benefits of migration while minimizing costs. This approach is part of a new paradigm that understands migration as a global good⁶ rather than a problem. When appropriately managed, migration is an enabler for development and prosperity.⁷ Thus, moving from short-term emergency responses to long-term development solutions is key for destination countries.



6. Refers to migration being seen as beneficial for countries collectively, fostering economic growth, cultural diversity, and the exchange of ideas.

7. Refers to migration being viewed as a resource or asset that can benefit both the countries of origin and destination when managed effectively. It suggests that if appropriately handled, migration can contribute to societies' development and well-being on both ends.



Table 1.
Effects of migration on different stakeholders

	Countries of origin	Destination countries
Benefits	• Remittances from migrants in destination countries: This stable income source supports families and stimulates local economies. • Labor market pressure alleviation: Emigration facilitates the movement of both high-skilled and low-skilled workers to countries where they can find employment opportunities, thereby relieving pressure on the local labor market in the country of origin.⁸ • Knowledge transfers: Countries of origin can harness the expertise and skills gained by migrants in destination countries to enhance the capabilities and competitiveness of local industries.⁹ • Trade and business opportunities: New business and trade opportunities arise when migrants establish networks abroad.¹⁰	• Addressing labor shortages: Low-skilled migrants fill jobs locals are unwilling to take at a given salary,¹¹ often lowering prices of goods and services, while high-skilled migrants improve productivity in critical sectors.¹² • Long-term Economic Opportunities and Growth: Migrants can boost entrepreneurship, innovation, international trade, and investment. By contributing to economic growth through consumption and entrepreneurship, their impact is even more significant when they can work formally at their qualification and experience levels.¹³
Costs	• Brain drains: Emigration of high-skilled individuals may result in brain drain and exacerbate labor shortages in critical sectors and social services¹⁴ (this cost may be reduced by incentivizing professional networks and knowledge transfer).¹⁵ • Social structure weakening: Emigration can lead to the vulnerability of family members left behind. Addressing this issue may necessitate state responses to support and stabilize these families.	• Strain on fiscal resources: Providing social services, education, and language training can strain financial resources (even if migrants tend to increase fiscal revenue by expanding the tax-paying workforce).¹⁶ • Social tensions: Concerns about job competition, housing, and resources can lead to social tensions and potential conflict between host communities and migrants.¹⁷ • Social service pressure: Sudden influx of migrants pressuring existing infrastructure and public services, requiring more resources to maintain quality provision.¹⁸

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	Countries of origin	Destination countries
Recommended Policies	• Support secure migration pathways: Work with destination countries to establish legal pathways to emigrate, including clear agreements, improved information sharing, fair recruitment, and consular support for citizens abroad.¹⁹ Focus on reducing poverty and job market pressures through emigration. • Reduce remittance barriers: Make it easier and cheaper for emigrants to send money back home to help reduce poverty.²⁰ • Promote knowledge transfers and business opportunities: Collaborate with emigrants and those who return home (returnees) to share knowledge and create business opportunities.²¹ • Expand education and training: Provide training in skills needed in both domestic and international job markets to avoid skill shortages at home and meet destination countries' needs.²² • Economic and social reforms: Origin countries must establish economic and social reforms to promote prosperity as an alternative to migration.	• Support secure migration pathways: Design immigration policies to bring in workers whose skills address labor shortages in critical sectors.²³ • Socioeconomic integration: Implementation of long-term integration policies focused on legal status, employment, skills recognition, bilingualism, education, healthcare, and combating exploitation and discrimination.²⁴

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24. Organization for Economic Co-operation and Development (OECD). 2021. Financing for Refugee Situations 2018–19. Paris: OECD, Forced Displacement Series.





Box 1. The Humanitarian-Development-Peace Nexus

The Humanitarian–Development–Peace Nexus offers a promising approach to tackling the challenges of displacement by fostering a collaborative response among governments (from origin and host countries), international organizations, and local stakeholders, ensuring a more comprehensive and coherent solution to migration by coordinating different stakeholders' actions to respond to these crises. By addressing root causes alongside immediate needs, this approach promotes long-term solutions and self-reliance, thus diminishing the reliance on external aid over time. This necessitates investment in language training, skills development, and programs fostering migrants' social inclusion.

While traditional short-term humanitarian assistance plays a vital role in responding to the most pressing needs of migrants and refugees during emergencies, it cannot sustainably address the long-term needs of uprooted populations. To address displacement, interventions must tackle root causes, alleviate socioeconomic impacts on host communities, and find durable solutions. A paradigm shifts towards prioritizing long-term development, economic self-sufficiency, and migrant integration into host communities is needed (Humanitarian-Development-Peace Nexus further described in Box 1).²⁷ By adopting this shift, migration can be transformed into a positive force that benefits migrants and destination countries in the long run. Translating the previous idea into concrete policy responses depends on the countries involved. Origin countries may be able to incorporate emigration into their development strategies, as it may help alleviate poverty and job market pressures and bring benefits such as remittances and knowledge transfers. Destination countries may be able to develop policies for migrants to integrate socially and economically and thus contribute to their host countries.

This report focuses on destination countries. In these countries, the challenge is not just about how well migrants match the labor market's needs, but also how to successfully integrate those migrants who stay for extended periods or permanently.²⁸ This is where short-term emergency responses often prove costly and ineffective.²⁹ Therefore, this document focuses on long-term socioeconomic integration policies and how to make them more successful, both for the destination countries and the migrant population they seek to serve. The rationale behind this emphasis lies in the fact that destination countries bear the brunt of managing long-term migration and its effects. By prioritizing integration efforts, destination countries can effectively address the needs of migrants, reduce hosting costs, and foster economic prosperity. To achieve this, destination countries often seek to create explicit paths to socioeconomic integration, including regularization processes (i.e., having a legal identification), facilitating access to labor markets (through formal jobs, entrepreneurship, and by recognizing migrants' qualifications and relevant experience), securing access to national education and healthcare systems, and preventing exploitation, discrimination, and segregation. Through these measures, countries can improve migrants' quality of life and respond to their labor market needs while also diminishing the costs of hosting migrant populations.

The Latin America and the Caribbean (LAC) region has emerged as a leader in implementing socioeconomic integration policies. Colombia³⁰ (see Box 2), Chile³¹, Costa Rica³², and Peru, among others, have pioneered successful socioeconomic integration programs for migrants. These programs often focus on streamlining registration processes to expedite legal status, recognizing skills and qualifications brought by migrants, and offering job training programs to improve employability. Additionally, some countries have made efforts to support entrepreneurship to help migrants start businesses and offer culturally sensitive public services to ensure accessibility and inclusivity. Community outreach programs further foster positive relationships between migrants and host communities. These are just some examples as specific initiatives vary depending on the country's needs and migrant population.

25. Oxfam. 2019. *The Humanitarian-Development-Peace Nexus. What does it mean for multi-mandated organizations?* Oxfam.

26. Rey, Francisco; Abellán, Beatriz & Gómez, Andrés. 2022. *Applying the "Triple Nexus"; between Humanitarian, Development, and Peace in the Context of Migration Flows from Venezuela*. Instituto de Estudios sobre Conflictos y Acción Humanitaria (IECAH).

27. Kibuka-Musoke, Doreen & Sarzin, Zara. 2021. *Financing for Forced Displacement Situations*. Geneva: UNHCR.

28. Devictor, Xavier & Do, Quy-Toan. 2016. "How Many Years Have Refugees Been in Exile?" *Population and Development Review* 43 (2): 355–69.

29. Organization for Economic Co-operation and Development (OECD). 2021. *Financing for Refugee Situations 2018–19*. Paris: OECD, *Forced Displacement Series*.

30. Rossiasco, Paula; de Narvaez, Patricia. 2023. "Adapting Public Policies in Response to an Unprecedented Influx of Refugees and Migrants: Colombia Case Study of Migration from Venezuela." Washington DC: World Bank.

31. World Bank. 2024. *Venezuelans in Chile, Colombia, Ecuador, and Peru: A Development Opportunity*. Washington DC: World Bank.

32. Huerta, María del Carmen & Perdomo, Juan Camilo. 2024. *Spotlight Note: Socio-economic integration of forcibly displaced populations in Latin America and the Caribbean*. IDB (Inter-American Development Bank); OECD (Organization for Economic Co-operation and Development) & UNHCR (United Nations High Commissioner for Refugees).



Box 2.

Colombia's massive regularization program for the socioeconomic integration of Venezuelan migrants

Latin America faces a historic exodus of Venezuelan migrants and refugees, creating a complex humanitarian and development situation. Colombia stands out as the primary destination for displaced Venezuelans, hosting an estimated 2.8 million as of July 2024, who now make up approximately 5.4 percent of Colombia's population. This makes Colombia the third destination of people in need of international protection (refugees, asylum seekers, and others), after Iran and Türkiye.

Colombia's response to the Venezuelan migration crisis has been multi-phased, evolving from initial humanitarian aid to long-term integration efforts. The Colombian government adopted a 'rights-based approach' from the beginning, recognizing Venezuelan migrants as individuals with specific constitutional protections and emphasizing their human rights and dignity.

01. The first phase (2015-2017) focused on assisting returning Colombians and Venezuelan migrants with emergency aid to respond to necessities like food, shelter, and basic healthcare.

02. The second phase (2018-2021) transitioned to a more coordinated, medium-term response to allow migrants more streamlined regularization processes and access to basic social services. Specifically, this phase involved the development and implementation of sectoral strategies to expand access to health care, education, early childhood care, childhood and adolescence services, labor, housing, and security services, as well as benefits for migrants from Venezuela and host communities through the coordination of government agencies.

03. The third phase (2021-present) revolves around long-term response based on mass regularization, paired with the social and economic integration of migrants. A major component was the creation of Temporary Protection Status (TPS) to provide a more permanent solution. This massive regularization program granted Venezuelans legal status in Colombia for ten years, expanding eligibility for national subsidies and services in the same conditions as Colombians, and improving opportunities for medium- and long-term integration. With the TPS, over 2 million Venezuelan migrants acquired a legal identification document and gained access to formal employment opportunities and public healthcare, educational, and social security systems.

However, there are still hundreds of thousands of Venezuelan migrants without legal documentation. The TPS regulatory framework established that only those irregular migrants who entered the country before January 31, 2021, and those who entered the country legally between January 31, 2021, and May 28, 2023, could apply for regularization. Additionally, a prerequisite for regularization was registration in the National Registry of Venezuelan Migrants (RUMV), which closed for adults on November 24, 2023. Venezuelan children currently enrolled in Colombian schools or childcare centers are the only ones who can still apply for regularization, regardless of their parent's immigration status, providing an avenue for continued regularization for minors despite the broader restrictions. Many migrants could not meet the requisites or navigate the process before the deadline, underscoring the ongoing challenges in addressing the regularization barriers migrants face.

33. Migración Colombia. 2024. Informe de migrantes venezolanos(os) en Colombia – Enero 2024. Bogotá: Migración Colombia – Observatorio de Migración Migrantes y Movilidad Humana. Available in: <https://www.migracioncolombia.gov.co/infografias-migracion-colombia/informe-de-migrantes-venezolanos-en-colombia-en-enero>

34. United Nations High Commissioner for Refugees (UNHCR). 2024. Refugee Data Finder. Available in: <https://www.unhcr.org/refugee-statistics/>

35. Rossiasco, Paula; de Narvaez, Patricia. 2023. "Adapting Public Policies in Response to an Unprecedented Influx of Refugees and Migrants: Colombia Case Study of Migration from Venezuela." Washington DC: World Bank.

36. United Nations High Commissioner for Refugees (UNHCR). 2021. Estatuto Temporal de Protección para Migrantes Venezolanos. Available in: <https://help.unhcr.org/colombia/otros-derechos/estatuto-temporal-de-proteccion-para-migrantes-venezolanos/>

37. Migración Colombia. 2023. Estatuto Temporal de Protección para Migrantes Venezolanos – ETPV. Bogotá: Ministerio de Relaciones Exteriores de Colombia. Available in: <https://www.migracioncolombia.gov.co/etpv/etpv>

The positive effects of integration are palpable among migrant and host communities' well-being and development. Regularized migrants spend between 31 and –60 percent more than irregular migrants. Additionally, regularization increases the likelihood of formal employment for migrants by 10 percent,³⁸ with minimal impact on host communities' formal job opportunities.³⁹ This positive impact extends to Colombia's economy. Venezuelan migrants, through their contributions to Value Added Tax (VAT) and income tax, are estimated to have generated US\$189 million (approximately 0.04 percent of GDP) in 2019.⁴⁰ Successful socioeconomic integration can further enhance these benefits over time. The IMF estimates that Venezuelan regularization could translate into an additional GDP growth rate of 0.2 to 0.3 percentage points yearly in the mid to long run.⁴¹

The Colombian experience underscores the value of long-term planning for large-scale migration. This entails coordinated efforts that address immediate needs, provide social services, and integrate migrants over time. However, there is room for improvement. Regional collaboration among Latin American and Caribbean nations is essential for effective human mobility management. Strengthening data collection and analysis is crucial for better decision-making, resource allocation, and policy consistency. These combined efforts can maximize benefits for both migrants and the host communities.

The socioeconomic integration of migrants offers significant benefits for destination countries, but implementing these policies and programs can be challenging. Doing so involves numerous stakeholders and policymakers, and government leaders often face several barriers that hinder the successful integration of migrants. This report explores these implementation barriers and proposes innovative mechanisms to overcome them.

38. Ibáñez, Ana María; Moya, Andres; Shieber, William; Rozo, Sandra & Urbina, Maria. "Life Out of the Shadows: Impacts of Amnesties in the Lives of Migrants". IZA Discussion Paper No. 15049.

39. Bahar, Dany; Ibáñez, Ana María & Rozo, Sandra Viviana. 2021. "Give Me Your Tired and Your Poor: Impact of a Large-Scale Amnesty Program for Undocumented Refugees." *Journal of Development Economics* 151 (June): 102652.

40. Melo-Becerra, Ligia Alba; Otero-Cortés, Andrea; Ramos-Forero, Enrique & Tribín, Ana María. 2020. "Impacto fiscal de la migración venezolana". Documentos de trabajo sobre Economía Regional y Urbana 289. Cartagena: Banco de la República de Colombia.

41. La República. 2021. *Migrantes venezolanos generarían crecimiento de 0,1 puntos en PIB en esta década*. Bogotá D.C.



Barriers to the implementation of policies for the socio-economic integration of migrants

Several policies have been identified as particularly effective in promoting long-term socio-economic integration, namely regularization (offering legal status), labor market access (employment, skills recognition, bilingualism), and ensuring access to social services (like healthcare and education). There are various barriers, though, that hinder the potential positive impact of these policies. These barriers can be broadly categorized into political and implementation challenges. In this report, we will briefly describe the first set of barriers but focus mainly on the latter set by examining the practical obstacles that impede the successful execution of integration policies.



Political barriers

Politicians may hesitate to back policies perceived as prioritizing migrants over citizens, especially during economic downturns, high unemployment, or periods of heightened xenophobia. If the arrival of migrants coincides with a negative economic climate or security situation, national leaders may scapegoat migrants rather than focus attention on the root causes of the issues, stoking xenophobia. Public anxiety over cultural shifts and job competition may further complicate policy adoption. Resource scarcity also plays a role. With limited budgets, programs designed for migrants also need to demonstrate clear benefits for the local population. Targeting initiatives toward host communities alongside migrants can improve political buy-in and reduce tension when seeking to address migrant needs. These combined pressures can make it difficult to enact and maintain policies that foster successful socioeconomic integration for migrant populations.

Implementation barriers

Even if there is political buy-in to enact policies to integrate migrants, policymakers face a second set of barriers concerning policy design and implementation. This report identifies and focuses on three primary challenges associated with designing and implementing policies for migrants in destination countries, and will suggest solutions to these barriers:

01. Scarce data on migrants' socio-demographic characteristics:

Government databases often omit a significant portion of the migrant population. This is especially true for irregular migrants, but also applies to others, as migratory movements or new locations may not be tracked in government databases, and the information may not be widely shared among government entities or other actors such as the private sector or civil society. Consequently, data on demographics, location, and behavior remains

42. Huerta, María del Carmen & Perdomo, Juan Camilo. 2024. Spotlight Note: Socio-economic integration of forcibly displaced populations in Latin America and the Caribbean. IDB (Inter-American Development Bank); OECD (Organization for Economic Co-operation and Development) & UNHCR (United Nations High Commissioner for Refugees).

43. World Bank. 2023. Migrants, Refugees, and Societies – World Development Report 2023. Washington DC: World Bank

limited, hindering the ability to characterize the population and tailor integration initiatives to migrants' needs.⁴⁴ Without consistent and reliable data, policymakers struggle to effectively target and provide services to migrants, preventing them from closing the gap between migrants and host community members.

02. Identifying optimal integration policies: Integrating migrant populations effectively presents a policy challenge, primarily due to the wide array of backgrounds and needs among migrants, which often diverge significantly from those of the national population. As governments aim to develop interventions for populations, they are unfamiliar with, they may struggle to identify the most impactful interventions and may therefore need to identify novel approaches to challenges such as regularization, enhancing access to income opportunities, and bolstering social service provision. The absence of robust data and comprehensive program evaluations measuring both the cost-effectiveness and long-term impact of programs on migrant populations poses an additional barrier to identifying the most successful policies.

To address this issue, there is a pressing need to pilot promising interventions, drawing insights from past experiences with large-scale migration. By leveraging these insights and developing evidence of what works through rigorous evaluation, policymakers can better tailor integration strategies to the unique needs of specific migrant populations. Furthermore, the development of robust information systems emerges as a crucial necessity, supporting the entire policy lifecycle from design and formulation to implementation, monitoring, and evaluation. These systems would enable policymakers to track the impact of policies on individual vulnerabilities and overall socioeconomic integration, thereby facilitating the identification of optimal integration strategies for diverse migrant populations.



03. Scaling up successful interventions: When scaling up successful interventions to accommodate a larger migrant population, challenges often arise. One of these challenges is the potential loss of program effectiveness due to difficulties in implementing the program on a scale with the same targeting and quality the program had on a small scale. The larger population may also have characteristics that are different than the smaller population through which programs were targeted, which may translate into reduced impact. When scaling up, it makes sense to implement the program with fidelity to how it was designed at a smaller scale, especially if the program has already been subject to a successful impact evaluation before scaling up. This approach minimizes the risk of diluting the intervention's effectiveness. In this scenario, flexibility in making implementation decisions is limited, but

some flexibility may be desirable to ensure the program is appropriate for the population and the scale of the implementation. Stakeholders can navigate the challenges of scaling up interventions effectively by prioritizing scalability and fidelity to proven models while allowing for necessary adaptations. This ensures that the program remains cost-effective and ultimately facilitates successful socioeconomic integration for migrants.

Addressing these implementation challenges requires innovative approaches. [This report proposes Results-Based Financing as a promising tool for policymakers to overcome existing implementation barriers to socioeconomic integration outcomes.](#) Chapter 2 will delve deeper into the specifics of RBF, elucidating its core principles and demonstrating its utility in overcoming these specific policy barriers.

44. Rossiasco, Paula; de Narvaez, Patricia. 2023. "Adapting Public Policies in Response to an Unprecedented Influx of Refugees and Migrants: Colombia Case Study of Migration from Venezuela." Washington DC: World Bank.

Chapter 2.

**Results-Based Financing:
Definition and value-add**



Chapter 2.

Results-Based Financing (RBF): Definition and value-add

In Chapter 2,
we dive deep into:

01.

What is RBF, and how it may add value compared to activity-based financing models?

02.

Which are the most common RBF instruments that can be used to promote the socio-economic integration of migrants in destination countries?

What is RBF and how it adds value compared to traditional activity-based funding?

Traditional development programs often struggle to achieve lasting social change. These programs typically have rigid contractual structures prioritizing completing activities over measuring and achieving their impact. In the case of investments meant to improve outcomes for migrants, billions have been spent on providing emergency aid, which is unsustainable in the long term and leaves this population dependent on international aid. Emergency support is generally not meant to achieve concrete results concerning the development of the population it serves or the host communities. Thus, these expenditures often do not long-term impact migrants' quality of life and the destination countries.⁴⁵ This funding practice allocates resources based on inputs or activities, not outcomes. The absence of emphasis on outcomes leads to low-impact programs, ineffective allocation of limited funds, and missed opportunities for social impact.

RBF offers a novel approach to traditional activity-approach funding. RBF creates an incentive scheme in the contractual structure between funders and implementers by tying funding to achieving specific, predefined, measurable outcomes. Thus, RBF rewards implementers for achieving a predefined set of verified results and offers funders higher value-for-money. For instance, consider the expected outcomes for a socioeconomic integration program for migrants. The examples in Table 2 illustrate the central challenge that RBF seeks to solve. The more uncertain and complex the pathway from activities to outcomes—as happens with socioeconomic integration policies for migrants—the more valuable RBF can be in closing the gap between good intentions and real impact.

45. Organization for Economic Co-operation and Development (OECD). 2021. *Financing for Refugee Situations 2018–19*. Paris: OECD, Forced Displacement Series.





Table 2.
How funding tied to activities differs from funding tied to results.

Funding tied to activities	Funding tied to results
An activity-based funding approach could involve allocating resources specifically for the implementation of language training programs for migrant populations. The implementer would be paid upon completing a determined number of language training sessions, regardless of the learning result. Funding is directly linked to the implementation of predetermined activities, rather than being contingent on the achievement of specific outcomes.	Implementing an RBF approach could involve directing resources toward enhancing language proficiency among migrant populations. In this case, the implementer would be paid at least in part contingent on proven language proficiency through an external standardized test. By adopting this method, funding becomes intricately tied to the achievement of the desired outcome, ensuring a more targeted and effective utilization of resources.

When deciding whether to engage with RBF for migrants’ integration, one of the first questions for policymakers is whether RBF will add value to the program implementation, the stakeholders involved, and the ecosystem. When designed well, RBF can add value in the following ways:

01. **RBF encourages robust information-gathering processes and data management for the target population and the interventions to be implemented.** As RBF requires paying upon verified results, as well as constant performance management to improve the quality of interventions, those involved in implementing the intervention must gather and analyze data. In this way, RBF facilitates a deeper understanding of migrant needs, challenges, and the effectiveness of interventions tailored to serve them. This enables policymakers and implementers to make informed decisions, allocate resources effectively, and adapt programs to address the evolving needs of migrant communities. Moreover, RBF requires the measurement of results to report and generate payment. Thus, through timely and organized measurement of results, facilitated by a structured system, stakeholders can visualize performance progress during implementation and take corrective action where necessary. In essence, RBF enhances the capacity to support migrant integration efforts and drive positive outcomes effectively.
02. **RBF is a powerful tool for aligning stakeholders to achieve the best welfare outcomes for the target population while effectively using limited resources.** By tethering financial support to predefined outcomes, RBF ensures that funders and implementers share a common goal: the well-being of participants. This alignment incentivizes implementers to prioritize the needs of the target population, fostering problem-solving to maximize desired outcomes while minimizing the use of resources in completing a specific set of activities and effort in ineffective solutions. The beneficiary-centered approach of RBF encourages collaboration among stakeholders to tailor interventions to the specific needs of participants, promoting equity and ensuring resources are directed where they are most needed.

03. RBF programs offer a powerful combination of flexibility and accountability, optimizing social program effectiveness. The focus on results incentivizes all actors involved in the migration context—governments, funders, and implementers—to prioritize both impact and cost-effectiveness. This encourages a data-driven exploration of how to best implement policies and programs. Implementers can continuously learn and adapt their methods based on what works best for the target population, leading to improved program performance. Furthermore, this results-oriented approach fosters a competitive environment among implementers, as RBF rewards providers who achieve desired social outcomes at a lower cost. This competition ultimately drives innovation and identifies the most efficient implementers and effective interventions, maximizing the return on investment for social programs.

Despite all these benefits, RBF is not a ‘silver bullet’ that will lead to enhanced impact in all cases. Its effectiveness depends on several factors, including the specific context, potential barriers to achieving results, and stakeholders’ priorities. Before designing and implementing an RBF program, policymakers should understand when and how RBF may be useful to achieve the expected policy goal. The RBF design would then effectively leverage the potential benefits mentioned below (see Box 3).



Box 3.

Designing a successful RBF program: Key considerations and strategies

The key to a successful RBF program lies in good design. This starts by identifying the specific roadblocks preventing a social program from achieving its goals. RBF works best when it targets a clear gap, weakness, or challenge. Once a specific barrier is pinpointed, a concrete strategy can be developed for the RBF program to directly address it.

Equally important is aligning stakeholders’ objectives with the RBF approach. After identifying the barriers, all parties involved must agree on the purpose of implementing RBF. The goal may be to scale up a program, increase flexibility, or attract more funding. Without a clear objective, the design risks being too broad and ineffective. A well-defined goal is even more crucial for ensuring the long-term success and sustainability of both the RBF program and the broader intervention.

In addition, in the design process, it is essential to consider the following:

- Choose outcomes that matter: While RBF can be a powerful tool, it is crucial to focus on outcomes that truly improve the long-term well-being of beneficiaries. A well-designed program avoids getting sidetracked by outcomes that do not have a lasting impact.
- Align incentives for positive change: Incentives in an RBF program can significantly influence how implementers behave. Poorly designed incentives can unintentionally discourage intrinsic motivation or even create unintended consequences. Careful design ensures incentives promote positive changes in behavior.
- Balance flexibility with accountability: RBF programs should allow implementers to adapt their approach. However, this flexibility needs clear boundaries. Without appropriate constraints, implementers might explore inefficient strategies that only deliver short-term results, undermining the program’s long-term goals.

Chapter 4 will delve into the essential considerations for structuring an RBF program.

When to use RBF?

This section presents a framework (see Figure 1) for policymakers to decide when to use RBF—considering the maturity level of the program being implemented—to overcome policy barriers to migrants’ socioeconomic integration. A program’s maturity level could be categorized as low, intermediate, or high. These categories are determined by factors such as the existence of evidence for program effectiveness, the implementing organization’s capacity, and the program’s potential for innovation. Understanding the developmental stages of a program, from low to high, is essential for

assessing the specific implementation barriers and defining how the results-based approach can help to overcome them.

Figure 1 visually represents the distinctive features across three tiers of program maturity—low, intermediate, and high—by examining three dimensions: the availability of information or evidence, the organizational capacity for effective implementation, and the degree of innovation needed to achieve the expected impact. For each level of maturity, the added value of using RBF varies as explained below:

Low maturity level



In initial migration contexts, especially at the onset of a migratory wave, programs providing service delivery to this population are characterized by a scarcity of data concerning their socio-demographic information. Typically, local organizations with low to medium capacity implement the service delivery program—which are funded by philanthropy or international aid. Given the uncertainty surrounding effective interventions for this population, there is ample room for innovation aimed at testing what works to best support the population.

In this stage, it is reasonable for funders to implement outcomes-oriented innovations to collect data on socio-demographic indicators and initial evidence on which strategies are effective in targeting this population. It is also important at this stage to test different approaches and gather evidence on effective interventions to tackle barriers to migrants’ socioeconomic integration. As illustrated in Figure 1, having an RBF agreement supports the achievement of this objective.

Intermediate maturity level



Programs reach an intermediate maturity level when they show promising initial signs of effectiveness. However, further testing is crucial to solidify this impact and establish a clear link between program interventions and desired outcomes. Local organizations with limited to moderate capacity typically deliver services at this stage. These organizations often implement pilot programs and value innovation to refine their interventions and ensure they are cost-effective.

A key aspect of this intermediate stage is optimizing resource allocation. This involves rigorous testing to ensure the chosen intervention achieves program goals efficiently. RBF plays a vital role here. RBF goes beyond just funding activities; it incentivizes critical inputs needed to overcome barriers and achieve results. This ensures resources are targeted effectively. Also, RBF promotes program flexibility by allowing experimentation with different approaches, ultimately enhancing program effectiveness for migrant communities’ benefit.

High maturity level



At the highest maturity level, programs have proven effectiveness through rigorous evaluations. While innovation takes a backseat at this stage, it remains crucial for ensuring successful program scaling without sacrificing cost-effectiveness or impact. Due to the robust implementation capacity needed for large-scale roll-outs, governments or large agencies typically manage these programs.

The goal is to scale up successfully while maintaining both program impact and cost-effectiveness. This translates to a scalable and cost-efficient program delivering positive outcomes to a broader population or geographic area. Reaching this level signifies a proven, efficient, and scalable solution for the targeted social issue.

RBF plays a critical role in this final stage. By aligning stakeholders and rewarding the use of proven processes, RBF makes the program more easily transferable to new settings. This allows for successful replication of the program’s impact, reaching a wider range of migrant populations.



Figure 1.
Program maturity framework and value-add of RBF.

Maturity Level	High	PROGRAM MATURITY	Low
Key Characteristics of the intervention's level of maturity in the migration context	High	EVIDENCE AVAILABLE	Low
	Evidence: There is strong evidence of program efficacy through an evaluation (e.g., and RCT).	Evidence: There are indications to support the program's efficacy, but it needs to be refined and tested, especially concerning causality.	Evidence: There is a dispersed and unknown population for which little data is available. There is little information on the effectiveness of the initiative or on how it can deliver the expected results.
	High	IMPLEMENTER'S CAPACITY	Low
	Capacity: Organizations with a high capacity to implement programs at scale. Usually, governments or state entities.	Capacity: Organizations with a small or medium capacity to implement early-stage programs.	Capacity: Organizations with small or medium capacity to implement pilots or early-stage programs.
	Low	SPACE FOR INNOVATION	High
	Innovation: There is little room for innovation. The focus is in exploring methods to increase the program's scale while maintaining its impact and cost-effectiveness.	Innovation: There is room for innovation to refine the intervention and improve and measure cost-effectiveness.	Innovation: There is a need to innovate and test what can work to target the population and/or achieve the expected results.
What we want to achieve	 A scalable and cost-effective program that delivers impactful results.	 A refined program with clear strategies that generate impact while demonstrating cost-effectiveness, ensuring optimal resource utilization and maximum value for investments.	 Generate data to characterize the population and improve targeting by refining the strategies to reach specific populations more effectively. Gather initial evidence to substantiate the effectiveness of the program strategies and validate their impact to inform decision-making processes regarding the policy design.



↓ ↓ ↓			
How does it work?	By incentivizing proven processes to achieve outcomes, RBF:	By providing the incentives for results and not activities, RBF:	By specifying desired outcomes and incentivizing their achievement, RBF:
	Enables alignment between stakeholders and implementers across diverse contexts to achieve the desired result.	Prioritizes what is important by incentivizing outcomes or inputs needed to unblock barriers to results.	Incentivizes data collection and management to generate evidence on policies that work for targeting and generating results.
	Emphasize the incentives on the proven process to facilitate transferability and achieve the expected impact.	Provides flexibility through trial and error of different strategies and components within a program.	Provides flexibility to test different strategies to achieve results.



Types of RBF instruments

RBF offers a flexible toolbox for program design. This section briefly explains some of the most common RBF instruments that have been used in migration contexts. RBF is not a one-size-fits-all solution. While common terminology exists, RBF is more about strategically using financial incentives to improve program effectiveness. The ideal RBF structure can be tailored to the specific context. For instance, a young organization in its learning phase may benefit from a different instrument than a well-established organization scaling up its program. Table 3 summarizes some of the most common RBF instruments, including definitions, the incentive scheme, and the party responsible for bearing risk in each case.



Table 3.

Summary of most common RBF instruments (non-exhaustive list)

Instrument	Incentivized Agent	Definition
Performance-Based Contracts (PBCs)	Implementers (public or private)	An implementer is paid if predetermined results are achieved.
Prize-Based competition		An open competition that rewards, with predefined parameters, the innovation that best solves a specific challenge.
Social Impact Bonds (SIBs) and Development Impact Bonds (DIBs)	Investors and implementers	An investor provides working capital to an implementer and only receives payment from the government (SIB) or donor (DIB) if predetermined outcomes are met.
Performance-Based Transfers (PBTs)	Subnational governments	A transfer within the fiscal system that is conditioned on achieving predetermined results.
Performance-Based Remission	Central Government	A third party forgives/purchases all or part of the debt between a government and a lending organization according to predetermined outcomes.
Performance-Based Loans (PBLs)		A development bank lends to a government but conditions the parameters of the reimbursement or even remission on achieving predetermined results.
Performance-Based Aid (PBA)		A multilateral agency or foreign government rewards the central government if predetermined outcomes are met.

Table 4 dives deeper into some of these instruments that have been used in migration contexts, explaining the general incentive scheme, and providing concrete examples.



Table 4.
In-depth explanation of some RBF instruments

Instrument	Figure	Description
Performance-Based Contracts (PBCs)		In a PBC, an implementer is paid if predetermined results are achieved, with outcome payers disbursing funds based on independent verification, thereby minimizing risk through a bonus structure for exceeding expectations alongside upfront funding. Examples: See Boxes 5 7 9 10
Social Impact Bonds (SIBs) and Development Impact Bonds (DIBs)		In Impact Bonds, investors provide initial capital to implementers, receiving payment from the government (SIB) or donor (DIB) only upon meeting predetermined outcomes verified by an independent evaluator. Unlike PBCs, Impact Bonds distribute financial risk between implementers and investors, enabling a larger portion of funding to be contingent on program results, albeit often requiring intermediaries due to their complexity and risk structure. Examples: See Boxes 6 8
Performance Based Transfers (PBTs)		PBTs are conditional payments from a central government to Subnational governments, contingent on meeting predetermined results verified by an independent evaluator, constituting a transfer within the fiscal system aimed at incentivizing performance.
Performance-Based Loans (PBLs)		Development banks offer PBLs, aligning incentives with borrowing governments by linking repayment terms to achieving mutually agreed-upon outcomes, such as poverty reduction or improved education. This fosters a results-oriented partnership, sharing risks and rewards, where successful outcomes unlock benefits like lower interest rates or partial loan forgiveness, ensuring efficient resource allocation and concrete development results.

Chapter 2 delves into the value-add of RBF programs over traditional activity-based approaches and outlines the various RBF instruments that can be implemented. Building upon this foundation, Chapter 3 explores how RBF can effectively tackle policy barriers hindering migrants' socioeconomic integration on dimensions related to regularization, economic inclusion, and access to essential services such as housing, healthcare, and education. By showcasing real-world examples of RBF programs that have improved migrant well-being, this chapter highlights the potential of RBF to strengthen policy outcomes and foster successful integration in destination countries.



Chapter 3.

Leveraging results-based approaches to improve migrants' socioeconomic integration



Chapter 3.

Leveraging results-based approaches to improve migrants' socioeconomic integration

In Chapter 3, we explore:

01.

The main barriers to socioeconomic integration: lack of data and targeting, ineffectiveservice provision, and poor coordination among actors.

02.

How results-based approaches can help address key barriers to the socioeconomic integration of migrants.
When RBF adds value—and when it does not—in advancing integration policies.

Turning Policy Barriers into Pathways for Migrant Integration

The socioeconomic integration of migrants is a complex process shaped by interconnected political, economic, and institutional factors (see Box 4). In many destination countries, even well-designed policies face significant implementation challenges. Barriers such as insufficient data for accurate targeting, gaps in service provision, and poor coordination between the actors involved can leave migrants unable to fully access opportunities or essential services.

These obstacles affect three key dimensions of integration: regularization, economic inclusion, and access to basic services. Results-based financing offers a promising pathway to address these challenges by embedding incentives and accountability mechanisms into policy implementation. Using a results-based approach can help overcome these barriers by:

- 01. Adapting to the population's needs:** Tailor programs and services to address the specific needs and characteristics of the migrant population, ensuring that support is relevant and effective.
- 02. Aligning stakeholders:** Foster collaboration among governments, funders, service providers, and other key stakeholders to create a unified, coherent approach to address the challenges faced by this population.
- 03. Solving coordination problems:** Implement strategies to motivate stakeholders to overcome bottlenecks and barriers, ensuring the effective reach of the population and providing pathways for existing services to achieve the desired impact.
- 04. Evaluating strategies to achieve expected success:** Continuously assess and refine programs to ensure flexible and effective support for migrants in achieving successful integration.

When applied strategically, RBF can transform integration policies from static frameworks into adaptive, results-oriented systems—capable of delivering sustained, measurable benefits for both migrants and the host communities in which they settle.

This chapter identifies policy obstacles impeding the socioeconomic integration of migrants. It suggests potential policy solutions and examines how an RBF program could enhance these policies to overcome the identified barriers. Policy barriers where RBF is not considered beneficial are also noted. **Green highlights** indicate cases where RBF could be effective in overcoming obstacles, while **red highlights** mark barriers to policy implementation that do not necessarily benefit from an RBF approach.

Green highlights indicate cases where RBF could be effective in overcoming obstacles,

The chapter also illustrates case studies of programs for migrants that have implemented results-based approaches. These case studies demonstrate how RBF can add value depending on the program's maturity, as discussed in Chapter 2. However, RBF will most likely not help overcome challenges related to the lack of political will to integrate migrants, required changes in legislation, the fulfillment of a country's legal and constitutional duties, or in expanding the required infrastructure to provide social services.

Red highlights mark barriers to policy implementation that do not necessarily benefit from an RBF approach.



Box 4.

What is socioeconomic integration?

Before deep diving into the barriers to achieving socio-economic integration, it is crucial to define this concept.

Migrants' integration into host communities involves many factors, from acquiring legal documents to adopting local customs. While there are different perspectives on what "socioeconomic integration" entails, it can broadly be defined as the ability of migrants to achieve the same economic and social outcomes as the national-born population, while considering their characteristics.⁴⁶

This report focuses on three dimensions that are key to the socioeconomic integration of migrants in destination countries:

- **Regularization:** A state's policy response to allow non-nationals in an irregular migratory status to remain legally in the destination country. Regularization ensures that migrants have proof of legal identity and adequate documentation. This may entail benefits which may vary by context and include i) providing access to formal labor and essential services such as healthcare and education, ii) reducing the likelihood of exploitation, and iii) improving the availability of accurate data on the labor market and irregular migration.⁴⁷ The process typically involves creating a policy that enables migrants to obtain an official identification document, such as a residence permit or work visa, and then implementing programs to effectively provide these identification documents to migrants.
- **Economic inclusion:** Through decent work, migrants engage in income-generating activities to support their families, become more resilient, and achieve economic self-sufficiency to shape their future.⁴⁸ This can occur through formal employment or self-employment, where migrants use their skills and aspirations to contribute to their host communities.
- **Access to Basic Services:** This report focuses on three basic services: housing, education, and healthcare. Access to these essential services allows migrants and their families to enjoy a dignified quality of life and adapt more easily to the destination country. Moreover, this is an important step towards social inclusion.⁴⁹

Social cohesion is another relevant dimension of socioeconomic integration, which relates to a sense of belonging to a community and therefore is more subjective. While this report acknowledges the importance of social cohesion, it will not delve into how a results-based approach could be used to overcome the barriers associated with this dimension. Instead, the chapter focuses on highly actionable dimensions for policymakers—regularization, economic inclusion, and access to basic services—because they provide tangible and measurable steps that policymakers can implement to facilitate the effective integration of migrants within their host communities.

46. Organization for Economic Co-operation and Development (OECD). 2023. *Indicators of Immigrant Integration: Settling In*. OECD Publishing, Paris

47. International Organization for Migration (IOM). (n.d.) *Regularization In*: <https://www.iom.int/sites/g/files/tmzbd1486/files/documents/regularization.pdf>

48. United Nations High Commissioner for Refugees (UNHCR). (n.d.) *Livelihoods and economic inclusion*. Available in: <https://www.unhcr.org/what-we-do/build-better-futures/livelihoods-and-economic-inclusion>

49. According to the IOM, social inclusion refers to "the process of improving people's capacity, opportunity, and dignity in unfavorable conditions based on their identity, so that they can participate in society". International Organization for Migration (IOM). 2021. *Seeking social cohesion between host communities and migrants*. OIM. Available in: <https://rosanjose.iom.int/en/blogs/seeking-social-cohesion-between-host-communities-and-migrants>

Regularization

Having an identity document and regular migration status is essential for migrants to gain greater access to employment opportunities, health services, and quality education while supporting poverty and inequality reduction and promoting social mobility.⁵⁰ Regularization is a key step towards building inclusive societies, providing migrants with the opportunity to be recognized by the State and access opportunities that would otherwise be restricted without legal documentation.

However, there are barriers to implementing regularization policies that affect their effectiveness, as shown in Table 5. These barriers include i) lack of data and proper targeting and ii) poor coordination to navigate regularization pathways. For each of these barriers, policymakers have implemented policy solutions as explained in Table 5 below.

As mentioned in Chapter 2, RBF is not a silver bullet to overcoming all the barriers listed below. However, a results-based program can help solve coordination problems navigating the legal and procedural pathways of regularization.



Table 5.
Barriers to policy Implementation in regularization programs

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Data and targeting		
Lack of data: Insufficient data and information about the migrant population hinders the design and implementation of effective regularization policies. Without detailed socio-demographic information, it is challenging to target interventions accurately, making it difficult to tailor programs to the specific needs of the population.	Implementing a comprehensive registration process, which could be achieved through mass registration, censuses, or other information-gathering mechanisms to effectively characterize the migrant population being served (e.g., like the Single Migrants' Registry implemented in Colombia for Venezuelan migrants).	Aligning stakeholders: An RBF program could incentivize implementers to effectively reach out to the target population to gather information for censuses, appeasing migrants that are reluctant to participate based on apprehension or fear. This could be achieved by providing grants to Refugee-Led Organizations (RLOs) or Community-Based Organizations (CBOs) to reach out to the population more effectively. ⁵¹

50. International Organization for Migration (IOM). 2021. Regional study: Migratory regularization programs and processes. San José, Costa Rica: IOM.

51. In the US, CBOs usually contribute to the census efforts of migrant communities. This work could be further enhanced using incentives through an RBF program. See: The Center for Popular Democracy. 2019. We Count! A Guide for Community Organizations on Census Engagement. New York.

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Coordination to navigate pathways		
02. Lack of support to navigate regularization pathways: Migrants often lack awareness of available pathways to regularization and face barriers in accessing legal support to navigate them. This highlights the critical need for comprehensive outreach and accessible legal assistance programs to ensure migrants can fully understand and utilize available regularization pathways. Additionally, other actors involved, including public officials, may also be uninformed about these processes, a challenge that may be further compounded by the processes' complexity.	Establish institutions or integration centers to centralize and facilitate access to administrative and social services offered by the state to migrants, particularly streamlining and simplifying the regularization process. ⁵²	Solving coordination problems: An RBF program could promote coordination between national and local entities through RBF incentives to centralize regularization programs for migrants while expanding state-led services for this population. This could result in improved and expedited services for migrant regularization.
	Implement awareness campaigns to increase knowledge about available regularization pathways for migrants.	Aligning stakeholders: An RBF program could incentivize implementers to align with the institutional regularization service offering to make migrants aware of these pathways and provide guidance on how to navigate them successfully. This could be achieved by giving incentives to RLOs or CBOs to reach out to the population more effectively.
	Work with RLOs and CBOs to target and reach migrants in the territories, leveraging their extensive access to and understanding of the migrant community to assist in navigating the regularization process.	



52. In Colombia, the government has established centralized attention centers for migrants ('Centros Intégrate') in key cities with high Venezuelan migrant populations. One of the main purposes of these centers is to centralize the state's offer for migrants and to provide support to help them navigate the regularization pathways (as described in Box 2). See: Trujillo, Johnnatan, Bueno, Laura Alejandra. 2024. Centros Intégrate. Global Compact on Refugees – UNHCR. Available in: <https://globalcompactrefugees.org/good-practices/centros-integrate>

Box 5 presents a hypothetical case study to explore the potential application of an RBF program to address the challenges of migrant regularization within an existing policy framework. The scenario demonstrates how RBF can be employed to optimize incentives, foster interagency collaboration, and improve access to essential services for migrant populations.



Box 5.

Hypothetical case: Bridging gaps to reach irregular migrant populations in Colombia

Program Context and Identified Barriers

Colombia continues to grapple with the significant challenge of managing a large Venezuelan migrant population. As of 2024, an estimated 2.9 million Venezuelans reside in the country. While the Temporary Protection Status (TPS) program provided legal status and access to essential services to approximately 2.2 million migrants (see Box 2), its conclusion in November 2023 has left an estimated 462,000 individuals in an irregular immigration situation. This group comprises two main categories: those who failed to complete the required registration process under the Single Registry of Venezuelan Migrants (RUMV) (approximately 205,000) and those who entered or remained in the country without proper documentation (approximately 257,000).⁵³ The high number of individuals unable to regularize their status through the TPS program underscores the urgent need for comprehensive strategies to address the situation of irregular migrants.

This hypothetical program proposes engaging CBOs and RLOs to assist Venezuelan migrants in completing the RUMV registration process, a crucial step towards regularization. By establishing a network of these organizations within migrant communities nationwide, the program aims to reduce the number of irregular migrants. CBOs and RLOs would be responsible for identifying individuals who have not initiated or completed the regularization process and providing them with tailored support to overcome obstacles such as misinformation, fear, or bureaucratic complexities.

Several key obstacles may have hindered migrants from successfully navigating the regularization process under the TPS. These challenges could include:

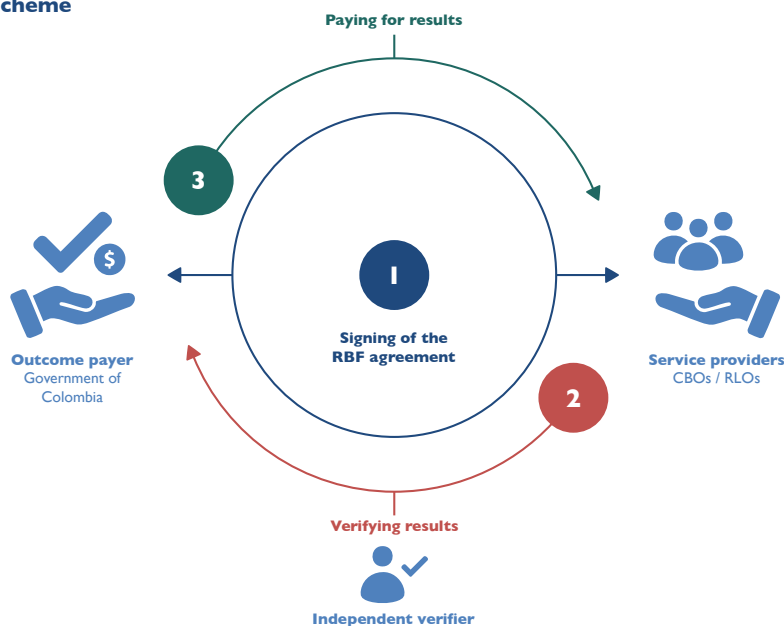
- 01. Lack of essential documentation:** Many migrants lacked necessary identification papers or passports, preventing them from registering for the RUMV.
- 02. Misunderstandings about the process:** Migrants may have been unaware of the registration process or held incorrect information about its requirements and benefits.
- 03. Access limitations:** Geographical and logistical hurdles, particularly for those residing in remote or underserved areas, impeded access to registration centers.
- 04. Financial constraints:** The costs associated with obtaining documentation, traveling to registration sites, and time away from work posed significant financial burdens for many migrants.

A potential program could address these challenges by capitalizing on local expertise and established trust in CBOs and RLOs within migrant communities. By providing tailored support, these organizations can help the most vulnerable populations successfully navigate the regularization process.

53. Migración Colombia. 2024. Informe de migrantes venezolanos(os) en Colombia – Mayo 2024. Bogotá: Migración Colombia – Observatorio de Migración Migrantes y Movilidad Humana. Available in: <https://www.migracioncolombia.gov.co/infografias-migracion-colombia/informe-de-migrantes-venezolanos-en-colombia-en-mayo>

Relevant Design Characteristics

Potential RBF incentive scheme



The program could be a PBC, structured in the following way:

- 01. Signing of the RBF Agreement:**
Parties Involved: The outcome payer (Government of Colombia) and service providers (CBOs/RLOs who have worked with the target population) sign an RBF agreement.
- 02. Intervention:**
 CBOs/RLOs implement the intervention, reaching out to irregular migrants to register them in the RUMV and provide support in navigating the regularization pathway.
- 03. Verifying Results:**
Independent Verifier: Assesses and verifies the outcomes achieved against the predetermined targets.
- 04. Paying for Achieved Results:**
 Upon successful verification, the outcome payer disburses funds to the service providers based on the actual results achieved. This ensures that financial incentives are directly linked to the effectiveness of the interventions in improving local health system sustainability.

Potential payment Metrics:

- 01. Number of Migrants Completing the RUMV:** This indicator measures the number of migrants who complete the registration process, a fundamental step toward regularization.
- 02. Number of Migrants Receiving Legal Identification:** This final indicator reflects the program's success in ensuring that migrants regularize their status and obtain the document that allows them access to rights and services in Colombia.

Potential impact:

- 01. Reduction with Irregular Migrants:** The program would be expected to substantially decrease the number of migrants with irregular status by facilitating the completion of the regularization process.
- 02. Improved Socioeconomic Integration:** By ensuring more migrants obtain the PPT, the program would enhance their access to employment, education, and healthcare services, leading to better integration into Colombian society.

How RBF adds value depending on the maturity level of the program**Program Maturity**

Colombia has a substantial track record in implementing RBF programs, though not specifically in the realm of migrant regularization. Yet there is no documented evidence of a program successfully utilizing RBF to enhance regularization outcomes by granting funding to CBOs or RLOs to assist migrants in navigating the regularization process. Consequently, this proposed program would be considered in an intermediate stage of development.

Why using RBF would be relevant?

RBF is particularly well-suited for this initiative as it directly aligns financial incentives with the program's core objectives: reducing the irregular migrant population and increasing the number of migrants successfully completing the regularization process. In a resource-constrained environment characterized by complex challenges, RBF optimizes resource allocation by rewarding organizations demonstrating effectiveness in assisting migrants through the regularization process. By linking payments to concrete outcomes, such as RUMV registration and obtaining legal identification, the program incentivizes stakeholder alignment, streamlined processes, and tailored support for individual migrants. This approach is expected to enhance outreach to underserved populations and improve the overall effectiveness of the regularization program.

How RBF could help overcome identified policy barriers

RBF in this context plays a crucial role in incentivizing CBOs and RLOs to focus on the effectiveness of their interventions. Being a relatively new approach in this area, RBF is expected to:

- 01. Aligning stakeholders:** Aligns implementers' incentives with the program's objectives, ensuring they focus on identifying and overcoming barriers that hinder regularization, such as lack of documentation, misinformation, and difficulties accessing service points.
- 02. Evaluating strategies to achieve expected success:** An RBF program provides a structured approach to test different interventions aimed at reaching the target population effectively. By enabling continuous monitoring and adaptation, it allows for real-time adjustments based on emerging challenges and needs. Furthermore, it helps identify specific obstacles hindering migrants' progress through the regularization process.
- 03. Scalability and Sustainability:** If proven successful, this model can be expanded to serve a larger number of migrants and replicated in other geographic areas or similar contexts.

Economic Inclusion

In addition to having a regular migration status, securing a means of livelihood is crucial for migrants. When migrants engage in income-generating activities, they can improve their living standards and reduce their dependency on aid or government-sponsored services.⁵⁴ Migrants must be included in the labor market if they are to integrate socioeconomically. Ideally, this inclusion should match migrants' qualifications.⁵⁵

In most countries, unemployment rates for migrants are higher compared to nationals. Moreover, informal employment is common among migrants, and many are overqualified for the jobs they attain in destination countries.⁵⁶ Policies often focus on reducing unemployment and income gaps, to ensure the well-being of migrants and their contributions to the host countries' economies.⁵⁷

This report identifies barriers and solutions to economic inclusion through participation in income-generating activities through self-employment⁵⁸ (which includes micro or small enterprises or independent labor) and job-employment (which entails formal contracting and employment).

Self-employment

Table 6 outlines the barriers to implementing self-employment economic inclusion policies. These barriers include i) ineffective service provision for accessing financial services and tailored business training programs and ii) lack of coordination to navigate regulatory and licensing pathways in the labor market.

For these barriers, policymakers could implement policy solutions as explained below. Additionally, incorporating a results-based approach into programs aimed at addressing these barriers, as illustrated in Table 6, could help overcome issues related to:

- 01.** Coordination to ensure effective access to financial services for migrants and navigation of regulatory pathways for business creation.
- 02.** Stakeholders' alignment (including governments, business training implementers, and financial institutions) to achieve results in business creation and income generation while adapting interventions to meet the needs of the migrant population.



54. International Labour Organization (ILO). 2021. *Extending social protection to migrant workers, refugees and their families: A guide for policymakers and practitioners*. ILO: Geneva.

55. Inter-American Development Bank (IDB); Organization for Economic Cooperation and Development (OECD); United Nations Development Program (UNDP). 2023. *How do migrants fare in Latin America and the Caribbean? Mapping socio-economic integration*. Washington D.C.: IDB.

56. Organization for Economic Co-operation and Development (OECD). 2023. *Indicators of Immigrant Integration 2023: Settling In*. Paris: OECD.

57. Chavez-González, Diego; Maral, Jordi & Mora, María Jesús. 2021. *Socioeconomic Integration of Venezuelan Migrants and Refugees the Cases of Brazil, Chile, Colombia, Ecuador, and Peru*. International Organization for Migration (IOM).

58. This concept includes migrants who create their work opportunities such as operating small and unregistered/registered businesses.

**Table 6.****Barriers to policy implementation in self-employment programs**

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
Access to Financial Services: Many migrants encounter challenges in accessing various financial services, including savings accounts, digital wallet platforms, and credit facilities, due to factors such as lack of credit history, collateral, or familiarity with the financial systems in their destination country. Additionally, even regular migrants may face hurdles from banks that have not sufficiently adapted their processes to accommodate the needs of migrant populations. These barriers impede them from having the ability to conduct transactions effectively and access necessary working capital.	Design clear guidelines to allow migrants to access the formal financial system. Foster collaboration between governments, financial institutions, and migrant support organizations to incentivize financial formalization, develop targeted loan programs, and offer financial literacy initiatives, empowering migrants to overcome barriers to accessing capital.⁵⁹ Advocacy efforts should come from both governments and RLOs or CBOs to raise awareness and sensitize financial entities, encouraging them to adjust their systems and provide financial services tailored to migrants.	Solving Coordination Problems: Once clear guidelines are developed to allow migrants access to formal financial services, governments or international organizations could contract with financial institutions to increase financial formalization (using bank accounts or digital wallets). It could also help to coordinate with financial institutions to allow access to targeted loans with special interest rates to service the needs of the migrant populations and other underserved communities. In this way, migrants could start saving in formal financial institutions and start a local credit history to access loans to obtain capital for entrepreneurial endeavors.
Lack of seed capital: Migrants often do not have access to formal financial services and often may lack the capital required to start an enterprise.	Provide direct capital support to migrants, enabling them to overcome barriers related to lack of credit history, collateral, and financial system knowledge, thus facilitating their pursuit of self-employment through entrepreneurship.	Align Stakeholders: Governments could use RBF programs to incentivize service providers to offer seed capital and tailored business training and technical support for migrants. This could enable migrants to receive seed capital, conduct market assessments, and develop businesses that increase their income. By focusing on measurable outcomes like business creation and income generation, these programs align with funders' interests and meet the specific needs of migrants, ensuring effective and sustainable economic integration.⁶⁰
Lack of Tailored Business Training and Support: Service providers often offer business management skills trainings that do not adequately account for the needs of migrants. The resulting skill gap can lead to migrants having less access to the required tools and knowledge to effectively manage their businesses.	Establish programs that engage service providers to offer specialized business training through employment and mentorship initiatives. These programs will equip migrants with the necessary knowledge and resources to succeed in their entrepreneurial endeavors. Additionally, these initiatives should include seed capital to support the establishment and growth of migrant-owned businesses.	Adapt to population needs: Tailoring assistance to the specific needs and experiences of beneficiaries ensures entrepreneurship programs are highly personalized, with incentives tied to venture success, increased income, and savings. An RBF program, by focusing on an increase in income, could incentivize tailoring the business support according to migrants' previous experience and needs to develop a successful enterprise.

59. USAID is currently implementing a financial inclusion program with vulnerable populations in Colombia called Equitable Finance Activity (EF). EF improves the supply and demand of financial services to mobilize funds needed for licit and productive investments in rural communities. On the supply side, EF partners with the full range of Colombian financial services providers to design and deploy conventional and digital financial services that cater to the specific requirements of underserved communities. On the demand side, EF improves the financial and digital capabilities of individuals and micro, small, and medium-sized enterprises (MSMEs) to drive financial product uptake and customer performance, and to increase household income and assets. EF is implemented in 193 municipalities and runs from October 2022 to October 2027. See: USAID. 2022. Equitable Finance Activity (Colombia). Bogotá: USAID. Available in: <https://www.usaid.gov/colombia/fact-sheet/seed-equitable-finance>

04.

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Coordination to navigate pathways		
Regulatory and Licensing Challenges for Migrants: Migrants often face complex and costly regulatory requirements to register and operate a business, including obtaining necessary licenses and permits, which are especially challenging for the migrant population.	Drive coordination among government agencies and migrant advocacy groups (i.e., RLOs or CBOs) to simplify and expedite regulatory procedures for business creation, providing support and education for migrants to ensure they understand how to operate within the law.	Solving coordination problems: Governments could incentivize RLOs or CBOs to help migrants navigate the pathway to business creation as part of a broader entrepreneurial program. RLOs and CBOs, with on-the-ground knowledge and community trust, can provide essential support and guidance, enhancing the overall effectiveness of entrepreneurship programs with migrants.

The Jordan Refugee Impact Bond (RIB) is a relevant example of how RBF can be used to promote the economic inclusion of refugees through entrepreneurship. Box 6 explains this program in more detail.



Box 6.
The Jordan Refugee Impact Bond - Transforming lives and communities through entrepreneurship

Country: Jordan



Status of the Project (Stage): Active

Dates of implementation: January 2022 – October 2025

Type of RBF instrument: Development Impact Bond (DIB)

Stakeholders involved:

- **Outcome Payers/funders:** IKEA Foundation, Norwegian Agency for Development Cooperation (Norad), Novo Nordisk Foundation.
- **Investors:** United States International Development Finance Corporation (USDFC) and Ferd.
- **Implementer:** The Near East Foundation (NEF)
- **Verifier:** Mathematica

60. This model follows ‘The Ultra Poor Graduation Approach’, a livelihood program that seeks to improve vulnerable households’ income through asset transfer, cash support, training on enterprise management, and coaching. This kind of proven intervention could be scaled and refined to different contexts using RBF programs, especially for migrants, refugees, and host communities. See: Banerjee, Abhijit; Duflo, Esther; Goldberg, Nathanael; Karlan, Dean; Osei, Robert. The Ultra Poor Graduation Approach. Innovation for Poverty Action. Available in: <https://poverty-action.org/impact/ultra-poor-graduation-approach>

Program Context and Identified Barriers:

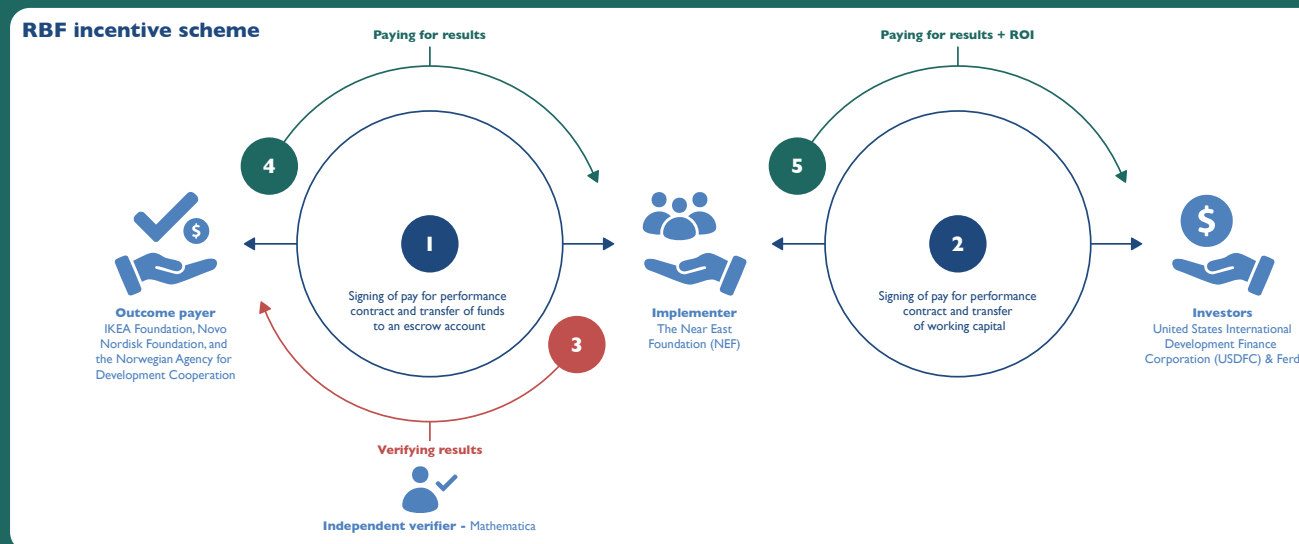
Over the past decade, Jordan has hosted over 700,000 refugees, primarily from Syria,⁶¹ relying heavily on short-term humanitarian aid to meet basic needs such as food and shelter. However, as the Syrian crisis has become protracted, achieving self-sufficiency and economic well-being has become increasingly challenging for these refugees, particularly women who face cultural norms and childcare responsibilities that hinder their participation in income-generating activities. The IKEA Foundation, Norad, and the Novo Nordisk Foundation collaborated to develop a program aimed at economically empowering refugees in Jordan, leveraging their experience in managing small informal businesses.⁶²

The program implementer, the Near East Foundation (NEF), identified several barriers hindering refugee entrepreneurship: a lack of vocational and management training, limited access to capital for micro-enterprises, and insufficient psychosocial support.⁶³ These barriers are associated with some of the barriers identified in the previous table. To address these challenges, NEF designed a program for refugees in Jordan that includes:

- Vocational and entrepreneurship training to equip participants with necessary business skills.
- Resilience-building workshops to address psychological challenges and enhance coping mechanisms.
- Microenterprise grants to provide crucial seed for launching small businesses.

The program aims to increase income generation for refugee households, improve self-sufficiency and well-being among participants, and strengthen the micro-enterprise ecosystem, fostering job creation and economic growth within host communities in Jordan.

Design Characteristics



The Jordan Refugee Impact Bond works in the following way:

01. Signing of the RBF agreement between outcome payers and implementer:

The outcome payers (IKEA Foundation, Novo Nordisk Foundation, and Norad), sign an RBF agreement with the implementer (NEF). The agreement establishes that the outcome payers will transfer funds into an escrow account which is locked and can only be accessed once the outcomes are verified in 2025.

61. United Nations High Commissioner for Refugees (UNHCR). 2024. Jordan – Operational Data Portal. Geneva: UNHCR. Available in: <https://data.unhcr.org/en/country/jor>

62. United Nations High Commissioner for Refugees (UNHCR). 2024. Jordan - Vulnerability Assessment Framework: Socio-Economic Survey on Refugees in Host Communities. Geneva: UNHCR.

63. Borkum, Evan; Abarcar, Paolo; Meyer, Laura & Spitzer, Matt. 2022. Jordan Refugee Livelihoods Development Impact Bond Evaluation Framework. Washington D.C.: Mathematica.

02. Signing of the RBF agreement between investors and implementer:

The investors (USDFC and Ferd) sign an RBF agreement with the implementer (NEF). The agreement establishes that the investors provide upfront capital to NEF to conduct the implementation throughout the 4 years, while the implementer agrees to return the funding of the investors plus a return according to the results achieved.

03. Verifying results:

Mathematica assesses the program's effectiveness by measuring two key metrics:

- The Business Metric measures the percentage of participant households engaged in income-generating activities 10 months post-grant.
- The Household Consumption Metric measures the impact on household consumption 24 months post-grant.

04. Paying for achieved results:

Based on the results achieved (as measured by Mathematica), the outcome payers will pay the implementer, so that NEF can secure funding according to the program's success and return investment payments to the investors with interest. The total payment amount will depend on the program's success, as measured by the payment metrics.

05. Paying for achieved results + return on investment (ROI):

The implementer will return the initial investment to investors, possibly with interest, based on the program's verified performance. The total repayment will depend on the program's success, as measured by predefined metrics.

Payment Metrics:

The RIB has the following payment metrics with their respective indicator.

01. Business Metric: Percentage of grantees across all three cohorts actively engaged in IGAs about 10 months after grants are disbursed.

02. Household Consumption Metric: Impacts on household consumption for the first cohort about 24 months after grants are disbursed, measured through a consumption basket including food items, non-food items (clothing, transportation, recreation, health, and education expenses), durable goods (house appliances and cars), housing (rent or implicit rent), and debt repayments.

Amount tied to results:

The Jordan Refugee Impact Bond utilizes an RBF instrument in which all of the funding is tied to results, with investors (USDFC and Ferd) fronting the costs and assuming the risk, while outcome payers (IKEA Foundation, Norad, and Novo Nordisk Foundation) disburse funds based on verified outcomes to promote economic self-sufficiency for Syrian refugees.



Programmatic results/impact:

The Refugee Impact Bond program in Jordan is showing promising results in its first year:

- 01. Business Survival Rate:** Ten months after receiving grants, nearly all participants (98.5 percent) from the first cohort were actively engaged in income-generating activities. This indicates success for long-term business sustainability.
- 02. Impact on household income:** These new businesses yielded a monthly income for participants. On average, grantees reported earning 89 Jordanian dinars (JOD), which is equivalent to 126 USD. The median income was 50 JOD (71 USD). This income increase helped participants cover personal and household expenses, contributing significantly to their economic stability and self-sufficiency.⁶⁴

How RBF adds value depending on the maturity level of the program

Program Maturity

Funded through a social impact bond, this program has an intermediate maturity stage. It adapts and tests established livelihood interventions, proven effective with impoverished populations, to assess their applicability in fostering entrepreneurial success among refugees living in vulnerable contexts. While research indicates that combining skills development (training, mentorship) and financial resources (grants, loans, or assets) can foster business growth and household income, evidence specifically targeting refugees is scarce.⁶⁵ This program aims to adapt existing entrepreneurship programs, such as vocational training and micro-enterprise grants, to address the unique challenges faced by Syrian refugees in Jordan. By collecting data on program outcomes, the interventions can be refined to adapt to the target population, while aiming to improve economic self-reliance and reduce aid dependency.

Why is using RBF relevant?

The impact bond structure suits this program's intermediate maturity stage. Transferring the financial risk to investors enables the program to secure upfront funding for the intervention, despite the challenging context of Jordan and the limited experience with RBF implementation in the country. This allows for a multi-year implementation period, essential for adapting and refining proven livelihood interventions to the specific needs of Syrian refugees.

Furthermore, the impact bond model incentivizes continuous program improvement. Investors have a vested interest in the program's success and are therefore motivated to support adaptations and refinements. This flexibility, coupled with stable funding, allows the implementing organization, NEF, to optimize interventions to achieve the desired outcome of sustainably increasing household income. Ultimately, by tying financial returns to verified results, the impact bond ensures that resources are effectively allocated to improve refugee livelihoods while enhancing the cost-efficiency of aid.

64. Meyer, L., Borkum, E., & Collins, G. 2023. *Income-generating activities for cohort 1 of the Refugee Livelihoods Development Impact Bond*. Mathematica.

65. Borkum, Evan; Abarcar, Paolo; Meyer, Laura & Spitzer, Matt. 2022. *Jordan Refugee Livelihoods Development Impact Bond Evaluation Framework*. Washington D.C.: Mathematica.

How RBF helps overcome identified policy barriers

While long-term data is not available yet, the Refugee Impact Bond seeks to resolve identified barriers such as lack of vocational and management training, limited access to seed capital for micro-enterprises, and restrictions accessing psychosocial support. The programs' early signs of success regarding business survival and household income increase can likely be attributed to the program's use of RBF in implementation:

01. Adapts to population needs:

- The DIB provides crucial start-up funding through microenterprise grants, empowering participants to launch their businesses with seed capital.
- The DIB recognizes the unique needs of each participant and adapts its interventions accordingly. This personalized approach can significantly increase the program's effectiveness to achieve success based on each household's context, capacity, and previous experience.

02. Stakeholder Alignment: The program incentivizes tailored training and support based on program results. This ensures stakeholders are working towards the same goals and that refugees receive the most relevant assistance to achieve business success and a measurable increase in their income.

03. Solving Coordination Problems: NEF has been implementing the program in collaboration with CBOs to strengthen outreach efforts and thus ensure the program effectively reaches the target refugee population.

These early results indicate that the DIB has the potential to be a transformative model, showcasing the added value of implementing through an RBF program.

Job-employment

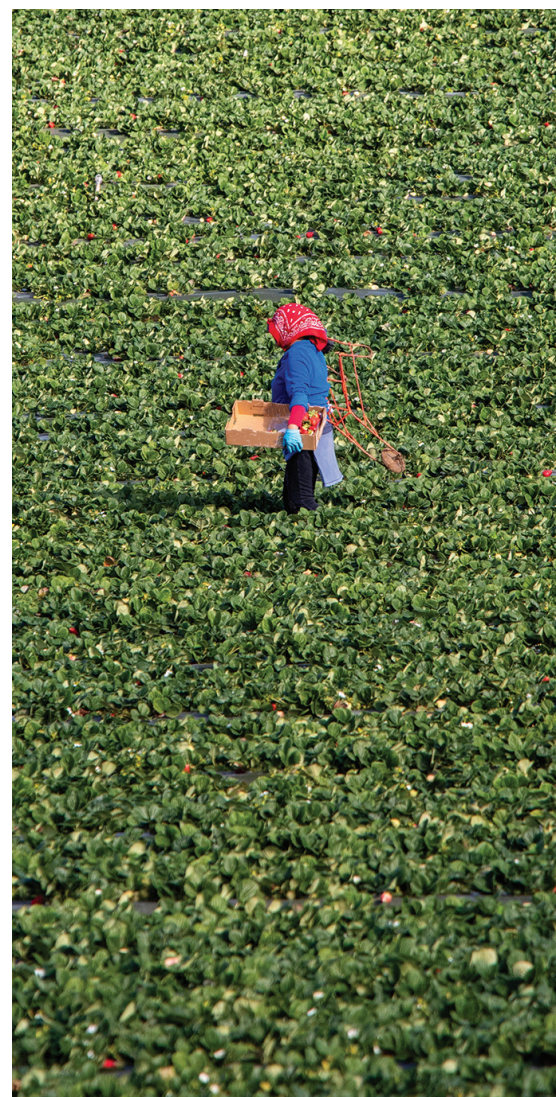
Table 7 outlines the barriers to implementing job-employment economic inclusion policies that affect their effectiveness. These barriers include

01. Ineffective service provision: Issues such as lack of awareness about employability programs, language barriers, discrimination, and mismatches between migrants' skills and employers' demands.

02. Lack of coordination: Challenges in navigating the pathways for recognizing migrants' qualifications and skills.

For each of these barriers, policymakers have implemented various policy solutions, as detailed in the table below.

While these policy solutions address the barriers, incorporating a results-based program could significantly enhance their impact. For example, governments that create employability programs for vulnerable populations, including migrants, typically pay implementers based on the number of training sessions or participants. However, this approach does not directly incentivize job placement or retention, which are the intended policy outcomes.



An RBF program can prioritize results over activities. By offering incentives to providers to achieve higher job placement and retention rates among migrant trainees, governments and funders can encourage the delivery of more effective employment programs. This approach fosters collaboration by aligning stakeholders' goals around concrete outcomes. Focusing on results rather than simply participation rates allow policymakers to improve job placement and retention for migrants. Table 7 also provides examples of how results-based approaches can be used with CBOs or RLOs to navigate the pathways for qualification recognition.



Table 7.
Barriers to policy implementation in job employment programs

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
01. Lack of Awareness About Relevant Training Programs: Migrants might not know about available training programs that could enhance their skills for better job opportunities.	Implement comprehensive employability programs tailored to migrants' needs, combining targeted training with integrated job placement support to bridge the skills gap and ensure successful employment. These programs must also include awareness-raising strategies to reduce discrimination and facilitate migrant hiring by employers.	Solving Coordination Problems: An RBF program could effectively address migrant employment challenges by incentivizing service providers to offer targeted training and job placement services. By aligning training programs with labor market demands and ensuring successful job placements and retention, this approach can significantly reduce unemployment rates among migrants and improve their long-term employment prospects. Complementing these efforts with initiatives to combat employer discrimination and create inclusive workplaces would further enhance the program's impact. ⁶⁶
02. Difficulties in Navigating Application Processes: The complexity of application procedures for training programs or job positions can be a significant obstacle for migrants.		
03. Language Barriers: Limited proficiency in the local language can hinder migrants from accessing training materials or communicating with potential employers.		
04. Discrimination: Migrants may face discrimination based on their migrant status, ethnicity, or other factors, leading to exclusion from job opportunities.		
05. Mismatches Between Skills and Employers' Demands: Migrants may have skills that do not align with the demands of the local job market, resulting in difficulty finding suitable employment		

66. Since 2016, Colombia has been using RBF programs to improve state employment services for vulnerable populations. These RBF programs have had positive results in participants securing employment and maintaining job placements for at least 3 months, thus increasing household income for vulnerable families. Initiatives could be refined and adjusted to different contexts and to serve the needs of migrant populations. See: Sibs.Co. 2023. Sibs.Co – Pioneering Social Outcomes Contracting in Colombia. Bogotá: Sibs.Co. Available in: <https://www.sibs.co/wp-content/uploads/2023/11/Poster-GoLab-.pdf>

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Coordination to navigate pathways		
Recognition of Qualifications and Skills: Migrants often struggle with the non-recognition of their qualifications and skills obtained abroad, making it difficult for them to find employment that matches their expertise and experience.	Develop and implement an appropriate, standardized legal framework for the recognition of foreign qualifications, skills, and degrees.	No RBF value-add: An RBF program does not help develop a regulatory framework to streamline migrants' qualifications or degrees. This needs to be developed among government institutions to be implemented.
	Create pathways for the recognition of migrants' degrees, such as offering expedited assessment processes, bridging courses, and partnerships with educational institutions to simplify and accelerate the recognition of their qualifications.	Aligning Stakeholders: RBF programs could incentivize implementers to offer legal and educational support to migrants by tying funding to measurable outcomes, such as the number of migrants receiving assistance or completing educational programs. It also encourages expedited homologation processes by linking funding to their speed and effectiveness, with bonuses for successful completions within a set timeframe. Furthermore, an RBF program could motivate implementers to connect migrants with educational institutions by funding based on enrollment and completion rates for qualification homologation. Adapting to population needs: RBF programs can motivate stakeholders to customize homologation procedures to better meet the specific needs of migrants. By linking funding to the success of programs that address migrants' education and work history, these initiatives can encourage the development of tailored solutions. Offering additional incentives for programs that cater to a wide range of migrant backgrounds and experiences can promote innovation and improve integration outcomes for diverse migrant populations.

06.



Box 7 presents the Empléate sin Fronteras case study, an RBF program that was implemented to achieve job placement outcomes for Venezuelan migrants, Colombian returnees, and host community members in several cities of Colombia.



Box 7.

Empléate Sin Fronteras – RBF program to incentivize employment for Venezuelan migrants in Colombia

Country: Colombia



Status of the Project (Stage): Completed

Dates of implementation: 2022 – 2024

Type of RBF instrument: Performance – Based Contract (PBC)

Stakeholders involved:

- **Outcome Payers/Funders:** Departamento de Prosperidad Social (DPS), and the European Union (EU) through the LOGRA Outcomes Fund.
- **Implementer:** Colombia Incluyente
- **Verifier:** DPS with support from Inter-American Development Bank (IDB)

Program Context and Identified Barriers

Colombia faces significant challenges integrating Venezuelan migrants into the formal labor market, evidenced by the high unemployment rates among this population. According to Colombian government data, 85 percent of Venezuelans in Colombia struggled to find paid employment between January and February 2022. This difficulty is even more pronounced for Venezuelan women, with 89 percent facing employment difficulties during this period.⁶⁷

Several barriers contribute to this issue, including a lack of awareness about relevant training programs that could enhance migrants' skills for better job opportunities, difficulties in navigating application processes, discrimination, mismatches between skills and employers' demands, and the non-recognition of their qualifications and skills obtained abroad. These high unemployment rates have made Venezuelan migrants a target population for Colombian government employment programs aimed at facilitating their labor market inclusion.⁶⁸

As part of a financing agreement with the European Union, the DPS collaborated with the LOGRA Outcome Fund,⁶⁹ a financial mechanism that pools resources from DPS and international aid agencies, to design and implement the Empléate Sin Fronteras program. The program aimed to address the challenges of labor market integration faced by Venezuelan migrants, Colombian returnees, and residents of host communities. The Empléate Sin Fronteras program provided comprehensive support to its beneficiaries, including skills training, assistance with formal job placement, post-placement support to ensure successful integration into new roles, and the management of complementary social services to address any additional needs.



67. Asociación Nacional de Empresarios de Colombia (ANDI). (2023). *Inclusión Laboral de Migrantes una apuesta del sector privado* – ANDI. Bogotá

68. Departamento de Prosperidad Social (DPS). 2024. *Programa Empléate Sin Fronteras – Prosperidad Social*. Bogotá. Available in: <https://prosperidadsocial.gov.co/sgsp/empleatesinfronteras/>

69. The LOGRA outcomes fund was built to manage resources from public-private partnerships to develop a results-based financing ecosystem. Departamento de Prosperidad Social (DPS). 2023. *LOGRA Fondo Nacional de Pago por Resultados*. Available in: <https://prosperidadsocial.gov.co/fondo-de-pago-por-resultados-2/>

Relevant Design Characteristics

RBF incentive scheme



The Performance - Based Contract works in the following way:

- 01. Signing of the RBF Agreement:** The outcome payers (Departamento de Prosperidad Social (DPS) and the European Union (EU)) sign an RBF agreement through the LOGRA outcomes fund with the implementer (Fundación Colombia Incluyente). The outcome payers agree to pay the service provider based on the achievement of predetermined performance metrics.
- 02. Verifying Results:** DPS, with oversight from the IDB, verifies and validates the outcomes achieved by the implementer.
- 03. Paying for Achieved Results:** Outcome payers make payments to the implementer based on the achievement of the predetermined performance metrics, including training, placement, and retention for up to 3 months for the beneficiaries.

Payment Metrics:

- 01. Complementary Training or Labor Competency Metric:** Number of participants achieving certified training totaling at least 40 hours or labor competency certification.
- 02. Job Placement Metric:** Number of formal job placements secured for 1,180 participants, including at least 400 migrants.
- 03. Three-Month Job Retention Metric:** Number of participants retaining their jobs for three months.
- 04. Employment of Interest Groups Metric:** Number of participants from marginalized groups (LGBTIQ+, people with disabilities, women over 40) securing formal job placements with a minimum three-month contract.

Amount tied to results:

The total program funding was around \$1,213,705. Approximately 31 percent (\$378,747) of the funding was tied to activities related to training provision and closing gaps in soft and hard skills, while 69 percent (\$834,958) of the project's total budget was tied to results, distributed in the following way:

- **Job placements:** \$585,885 (70 percent)
- **Job retention for 3 months:** \$232,063 (28 percent)
- Bonuses for placement of interest groups (LGBTIQ+, people with disabilities, women over 40): \$17,010 (2 percent)

Programmatic results/impact:

- 01.** The program aimed to train or certify 2,000 participants, targeting at least 50 percent immigrants and 60 percent women. Despite 3,000 registrations, completion rates were low due to several barriers, such as lack of eligibility and the high mobility of participants, which made continuous participation and compliance with program requirements difficult.
- 02.** 1,061 individuals were successfully placed in formal employment out of a target of 1,180 per implementer, achieving 89.93 percent of the goal. However, only 150 of these placements were migrants, representing just 37.5 percent of the target of 400 immigrant placements.
- 03.** The program validated retention for 340 participants out of an expected 897, indicating that less than half sustained employment for three months.

How RBF adds value depending on the maturity level of the program

Program Maturity

Since 2016, Colombia has been using results-based programs to improve job opportunities for vulnerable populations. These RBF programs have strengthened government employment initiatives with positive results in participants securing employment and maintaining job placements for at least 3 months. However, there was no conclusive evidence yet on the effectiveness of RBF in integrating migrants into the workforce. Colombia's Empléate Sin Fronteras program aimed to increase employment opportunities for migrants, returning citizens, and vulnerable Colombians in host communities. The country's experience implementing RBF approaches to improve job opportunities for vulnerable populations demonstrated a mature level of development, that needed a new test to adapt to migrants' needs.

Why is using RBF relevant?

This program aimed to improve employment outcomes for migrants and vulnerable populations by using PBCs. Service providers were financially rewarded based on achieving specific results, such as job placement, job retention rates, and training completion. This funding approach ensured providers focused on delivering tailored training and job placement services that met the actual needs of the target population. The value added by RBF lies on helping overcome coordination issues, which incentivizes the refinement of strategies and fosters innovative solutions tailored to the diverse backgrounds and experiences of the target population effectively and to improve employment outcomes for migrants and other vulnerable populations in the country.

70. The project was funded in Colombian pesos (COP) but was converted to dollars at an exchange rate of 1 USD = 4,000 COP.

71. Sibs.Co. 2023. Sibs.Co – Pioneering Social Outcomes Contracting in Colombia. Bogotá: Sibs.Co. Available in: <https://www.sibs.co/wp-content/uploads/2023/11/Poster-GoLab-.pdf>

How RBF helps overcome identified policy barriers

The program achieved an 89 percent success rate in fulfilling its overall placement target, securing employment for 1,061 individuals (out of a 1,180 target). Targeted interventions across eight cities resulted in placements for vulnerable local populations. These results demonstrate the program's effectiveness in connecting job seekers with opportunities. However, the program did not achieve its placement target for migrants. A key challenge was a specific eligibility requirement – possession of a Sisbén⁷² social welfare identification document, as approximately 70 percent of migrants that were contacted through the program lacked this identification document, thus making them ineligible and hindering the program's ability to support this target population. As a result, of the 1,061 placements, only 150 were migrants, significantly lower than the goal of 400.

This situation underscores the difficulty of translating successful interventions to serve migrant populations. While RBF helped overcome coordination issues and achieve job placements for vulnerable Colombians, inadequate targeting hindered its effectiveness for migrants. This emphasizes that strategies working well for locals might need adjustments to integrate migrants effectively. Refining who qualifies for the program and exploring different ways to identify eligible migrants could significantly improve the program's success with this critical group. Moving forward, the advantage of RBF programs focusing on results can be leveraged to refine strategies and better support migrant employment and economic inclusion to achieve the same level of success as it has for other vulnerable groups in Colombia.

Access to basic social services

Access to basic social services is essential for migrants as it serves as a cornerstone for their successful integration into their new communities. These services encompass a range of fundamental necessities, such as housing, healthcare, and education which are vital for addressing migrants' immediate needs and ensuring their long-term well-being and stability.⁷³ By ensuring migrants have access to these essential services, destination countries can support their smooth transition, foster social cohesion, and promote a more inclusive and resilient community.

This report focuses on the three main basic services destination countries can offer to migrants:

01. Housing: Availability and accessibility of safe, stable, and affordable living conditions that provide adequate shelter, privacy, and protection from environmental hazards.

02. Healthcare: Access to healthcare services in terms of:

- **Sexual and Reproductive Health:** Maternal, newborn, and child health.
- **Chronic Illnesses:** Management and treatment of conditions such as diabetes, hypertension, and epilepsy.
- **Untreated Communicable Diseases:** Prevention and treatment of HIV/sexually transmitted illnesses (STIs), tuberculosis (TB), and vaccination programs.
- **Mental Health:** Access to mental health services and support.

03. Education and Comprehensive Early Childhood Services: Access to the holistic development of cognitive, social, and emotional skills with an emphasis on early childhood development, and primary and secondary education.

72. The Sisbén is the System for Identifying Potential Beneficiaries of Social Programs, which classifies the population on a vulnerability scale based on their living conditions and income. This classification is used to target social investments and ensure they are allocated to those who need them the most. Migrants need to be regularized to receive a score in the Sisbén and thus access these social programs.

73. International Labour Organization (ILO). 2021. Extending social protection to migrant workers, refugees and their families: A guide for policymakers and practitioners. Geneva: ILO.

Even though some destination countries have created legal frameworks to guarantee rights such as emergency healthcare and children’s access to education, migrants often face significant barriers in accessing these services, such as legal status issues, language and cultural differences, economic constraints, and limited availability of appropriate programs, resulting in disparities in comparison to the national population.

Housing

Migrants encounter numerous hurdles in securing adequate housing. As detailed in Table 8, these barriers include i) ineffective service provision (e.g., discrimination by landlords or lack of access to financial services), and ii) coordination issues (e.g., navigating pathways to establish legal leasing or purchase contracts). Policymakers have implemented policy

solutions to address the barriers, as explained in the table below.

For some policy solutions, results-based approaches can help overcome barriers and enhance the programs’ impact. For example, an RBF program can incentivize financial institutions, housing providers, or other types of intermediaries to facilitate access to financial services and housing services that allow migrants to secure shelter. This RBF program could align the interests of government agencies in charge of providing housing for vulnerable populations, financial institutions, and housing providers, among others, to achieve the same expected results while tailoring the interventions to the characteristics and needs of migrants. In addition, through these results-based programs, policymakers can solve coordination problems to ensure migrants can navigate the legal leasing and housing contracting pathways.



Table 8.
Barriers to Policy Implementation in housing programs

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
Discrimination: Migrants often face discrimination when trying to access housing opportunities. Landlords or sellers may directly refuse to rent or sell to migrants based on their perceived nationality, ethnicity, or immigration status. Migrants may be placed in overcrowded, unsafe, or otherwise substandard housing due to a lack of alternatives or limited knowledge of tenant rights.	Strengthening the implementation of awareness-raising campaigns, particularly targeting host communities and landlords, is essential to emphasize the importance of refraining from discrimination against migrants seeking housing. Additionally, providing legal assistance and support services to migrants can effectively address and prevent discriminatory practices, thereby ensuring equitable housing opportunities.	No value-add: An RBF program is unlikely to effectively address cultural changes such as discrimination in the housing and leasing market aimed at migrants. Such cultural shifts are difficult to measure in a policy design and changes in cultural attitude often require significant time to manifest.

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
Lack of access to financial services: Migrants often face limited access to bank accounts and credit, trapping them in a cycle of cash transactions that hinders their ability to save or invest in housing. To support migrants in achieving financial stability and housing security, improving access to financial services tailored to their specific needs is important.	Implement financial inclusion initiatives specifically tailored to facilitate access to housing for migrants, such as establishing mobile banking services or community credit unions designed to meet their housing-related needs, thereby providing them with access to bank accounts and credit facilities.	Aligning Stakeholders: An RBF program could incentivize service providers to align with financial institutions and housing providers to create pathways for migrants to secure housing through accessible financial services. This coordinated effort could involve government entities alongside RLOs/CBOs, financial institutions, and housing providers, ensuring that migrants can overcome legal and financial barriers to access credit and housing. Adapting to Population Needs: RBF programs can be tailored to promote financial inclusion initiatives that specifically target migrants by partnering with financial institutions. These initiatives could include the provision of microloans, low handling fees, and financial literacy programs.⁷⁴ By doing so, financial institutions are incentivized to develop services that address the unique needs of migrants, such as limited access to physical bank branches and affordable financial products, ultimately bringing them closer to the housing supply.
Coordination to navigate pathways		
Impossibility of Establishing Legal Leasing or Purchase Contracts: Migrants' inability to establish legal leasing or purchase contracts, stemming from their migrant status, restricts access to housing, compelling them to settle for temporary or overcrowded living situations.	Introduce legal reforms to assist migrants in navigating the complexities of leasing or purchasing property, ensuring access to safe and secure housing options that comply with legal standards.	No RBF value-add: An RBF program does not help develop a regulatory framework to facilitate migrants' access to the housing or leasing market. It is up to government institutions to develop guidelines for the private sector to recognize migrants' identifications for leasing or purchasing.
	Create housing programs that assist migrants in navigating the complexities of leasing or purchasing property, ensuring access to safe and secure housing options that comply with legal standards.	Solving Coordination Problems: An RBF program could tackle coordination challenges by incentivizing housing providers, financial institutions, and rental intermediaries (which could include RLOs and CBOs) to develop tailored housing solutions for migrants. Specific incentives could be offered to these stakeholders to find and secure housing opportunities that align with migrants' legal status and economic capabilities. For example, rental intermediaries could be encouraged to design flexible contracts that accommodate migrants' temporary residence documents and financial situations.

02.

03.

Box 8 presents the London Homelessness Social Impact Bond (SIB) case study, demonstrating how an RBF program was implemented to reduce homelessness among vulnerable populations, including migrants, in the United Kingdom.



Box 8.

London Homelessness Social Impact Bond (SIB)

Country: United Kingdom



Status of the Project (Stage): Completed

Dates of implementation: 2012 – 2015

Type of RBF instrument: Social Impact Bond (SIB)

Stakeholders involved:

- **Outcome Payers/funders:** Department for Communities and Local Government (DCLG) and Greater London Authority (GLA)
- **Investors:** Not specified
- **Service provider:** St Mungo's and Thames Reach
- **Verifier:** ICF (then ICF GHK), commissioned by DCLG for qualitative evaluation Department for Communities and Local and the Government (DCLG) conducted an impact evaluation separately

Program Context and Identified Barriers

The persistent issue of homelessness⁷⁵ in London, characterized by a cohort of entrenched individuals with complex and interrelated needs, necessitated a new approach to this problem. Existing interventions were insufficient, often failing to meet the needs of these homeless people, many of whom struggled with substance abuse and mental health issues, which often included a significant number of migrants. These migrants faced additional barriers, such as language and limited access to employment and social services, exacerbating their vulnerability.⁷⁶ Traditional public service models lacked the flexibility and coordination required to provide long-term, personalized support. Furthermore, the inefficacy of current resources in achieving sustained positive outcomes underscored the urgent need for more effective and innovative solutions to address this entrenched social problem comprehensively.

In response, the GLA launched an RBF program as a solution. Social investors provided upfront investment to enable two providers to deliver interventions aimed at 830 homeless people. The intervention included:⁷⁷

- Supporting the beneficiaries to move into accommodations appropriate to their needs and preferences. Additional support was provided to sustain tenancy with money management training.
- Support with mental health, physical health, and substance misuse.
- Provide support to return to the labor market and secure employment (UK and non-UK citizens with work permits).



74. USAID's Equitable Finance (EF) Activity in Colombia aims to expand financial services to vulnerable rural communities (see footnote 53). A key goal is to formalize and increase access to these services. During its first year, EF partnered with banks and financial institutions to promote financial inclusion through digital wallets. This approach helps people build a credit history and qualify for lower-interest loans. A similar strategy could be applied to migrants through an RBF program. See: USAID. 2023. Equitable Finance Activity Annual Performance Report. Bogota: USAID. Available in: https://www.bancadelasoportunidades.gov.co/sites/default/files/2023-12/10302023_APR%20Y1_EF_redacted%20%281%29.pdf

75. Refers to individuals sleeping or living on the streets or in places not meant for habitation, such as parks, abandoned buildings, or public transport.

76. Department for Communities and Local Government (DCLG). 2017. Qualitative Evaluation of the London Homelessness Social Impact Bond. London.

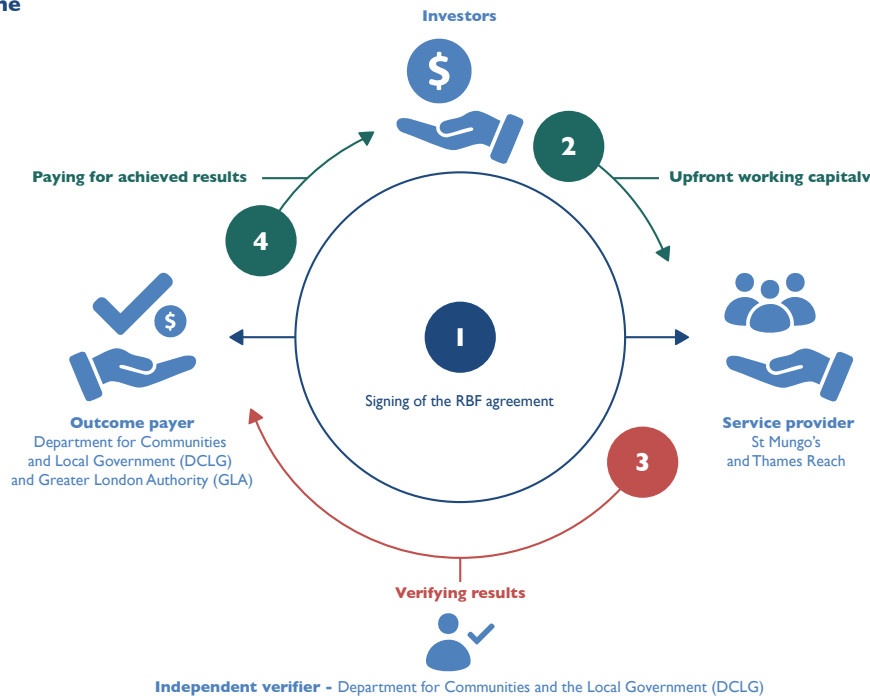
77. Department for Communities and Local Government (DCLG). 2017. A Navigator Model for Addressing Rough Sleeping – Learning from the Qualitative Evaluation of the London Homelessness Social Impact Bond. London: DCLG.

- Support non-UK citizens with no legal right to remain to reconnect with networks abroad and help them return.

The purpose of the program was to provide a results-based approach to reduce homelessness, improve economic self-sufficiency through formal employment, and help migrants without the right to stay to return to their home countries.

Relevant Design Characteristics

RBF incentive scheme



The London Homelessness Social Impact Bond works in the following way:

01. Signing of the RBF Agreement:

Agreement: The outcome payers (Department for Communities and Local Government (DCLG) and the Greater London Authority (GLA)) commit to repay investors for successful outcomes achieved by the service providers (St Mungo's and Thames Reach), with investors providing upfront working capital.

02. Upfront Working Capital:

Investors provide the necessary upfront capital for the service providers to deliver frontline services aimed at reducing homelessness and addressing the complex needs of the target population. Investor information for this program is not readily available.

03. Verifying Results:

Independent Verifier: ICF (formerly ICF GHK) verifies the results achieved by the service providers.

Additional Evaluation: DCLG conducts a separate impact evaluation to assess the overall effectiveness of the program.

04. Paying for Achieved Results:

The outcome funder (DCLG and GLA) pays the investors based on the successful outcomes achieved, as verified by the independent verifier.

Payment Metrics:

- 01. Homelessness (Rough Sleeping) Metric:** Number of individuals that reduce homelessness each quarter. Payments according to progress beyond a baseline of expected reduction.
- 02. Accommodation Metric:** Entries into non-hostel tenancy sustained for 12 and 18 months, with allowances for occasional homeless sleeping.
- 03. Reconnection Metric:** Reconnections between the non-UK citizens with support systems or communities abroad, aimed at reducing homelessness through these dedicated efforts among the homeless non-UK citizens without a work permit.
- 04. Employment Metric:** Sustained full-time or part-time employment at 13 and 26 weeks, with additional rewards for achieving a Level 2 qualification (high school exam homologation).
- 05. Health Metric:** Reduction in Accident and Emergency⁷⁸ episodes against the baseline.

Amount tied to results:

In a Social Impact Bond, all of the funding is tied to results, and these payments were distributed according to the specified metrics: 25 percent for reducing homelessness, 40 percent for securing accommodation, 25 percent for reconnection efforts, 5 percent for employment outcomes, and 5 percent for health improvements.

Programmatic results/impact:

- The program achieved 79 percent of its payment target, reflecting the outcomes compared to what was aimed for if all targets were met.
- The program did not meet annual targets to reduce homelessness but had a significant positive impact over two years compared to a control group.⁷⁹
- 443 individuals (53 percent of the original cohort, the figure rises to 71 percent when accounting those who disappeared or passed away) achieved stable accommodation or reconnection; 304 people in stable accommodation, with 241 sustaining it for 12 months and 184 for 18 months, exceeding targets.
- In total, the program was able to successfully reconnect 114 non-UK citizens (out of a target of 178). Out of these, 83 were confirmed to sustain reconnection after 6 months (below the 150 target). However, the program showed strong effectiveness in reconnecting compared to a control group.⁸⁰
- The program exceeded employment targets by 77 percent for 13-week employment and 52 percent for 26-week employment.

78. Accident and Emergency (A&E) refers to hospital emergency departments that provide immediate treatment for acute illnesses and injuries. The Health Metric aims to measure the reduction in the number of episodes where individuals from the target population, such as rough sleepers, require emergency medical care compared to the baseline data.

79. Department for Communities and Local Government (DCLG). 2017. The impact evaluation of the London Homelessness Social Impact Bond. London.

80. Department for Communities and Local Government (DCLG). 2017. The impact evaluation of the London Homelessness Social Impact Bond. London.

How RBF adds value depending on the maturity level of the program

Program Maturity

The London Homelessness Social Impact Bond (SIB), launched in 2012 and ending its core intervention in 2015, aimed to improve outcomes for homeless people, particularly hard-to-reach individuals like migrants and those with substance abuse issues, through new financing and innovative approaches. It was the second SIB ever developed and the first to address homelessness, thus it was an early-stage program, with the possibility to innovate in the interventions and an opportunity to prove interventions for this population.⁸¹

Why is using RBF relevant?

The London Homelessness SIB specifically employed an RBF program to address the persistent issue of homelessness, targeting entrenched homeless people whose needs were unmet by existing services. Despite initial challenges, the SIB added value by fostering collaboration and promoting best practices, particularly through engagement with immigration authorities and habitation services to support migrants effectively. The program sought to incentivize a reduction in homelessness, leaving space for the implementers to innovate by adjusting their intervention to serve the needs of a hard-to-attend target population effectively.

How RBF helps overcome identified policy barriers

The London Homelessness SIB was successful in overcoming some of the policy barriers identified by:

01. Adapting to population needs:

The SIB adjusted its interventions to the needs of the target population, providing personalized support according to each beneficiary's needs (psychosocial, healthcare, employment, accommodation).

The SIB recognized the difficulties the homeless population faces when securing stable accommodation, thus the organizations helped as intermediaries to secure housing while also providing financial training and helping participants secure a stable job to sustain a tenancy.

02. Stakeholder Alignment:

The program encourages tailored interventions for the target population to reduce homelessness. The program aligns all the stakeholders in the intervention (including psychological, healthcare, accommodation, and migration services) to achieve the goal of reducing homelessness and improving long term accommodation tenancy.

03. Solving Coordination Problems:

The program allows implementers to resolve coordination problems by providing a range of comprehensive services that together help constitute a whole intervention that effectively reduces homelessness for the target population.

The impact evaluation of the SIB demonstrates that this intervention has been more effective than traditional services previously implemented in the UK, showing promise for providing services to this population more efficiently.

81. Department for Communities and Local Government (DCLG). 2017. *Qualitative Evaluation of the London Homelessness Social Impact Bond*. London.

Healthcare

Promoting access to healthcare services is fundamental for migrants' wellbeing and for destination countries to control potential public health risks as migrants experience poorer health outcomes in several areas⁸² as explained below:

- **Sexual and Reproductive Health - Maternal, Newborn, and Child Health:** Migrant women frequently lack access to vital reproductive health services, leading to higher risks during pregnancy and childbirth and poorer health outcomes for newborns and children.
- **Chronic Illnesses (Diabetes, Hypertension, Epilepsy):** Migrants often face difficulties in accessing ongoing care and management for chronic conditions, resulting in uncontrolled diseases and increased risk of complications and mortality.
- **Untreated Communicable Diseases (HIV/STIs and TB):** Migrants are at a higher risk of contracting and spreading communicable diseases due to insufficient access to preventive measures, early detection, and timely treatment.
- **Mental Health:** Migrants frequently experience heightened levels of stress, anxiety, and depression due to migration, including trauma, discrimination, and social isolation, with limited access to mental health services.

Destination countries' healthcare systems vary in terms of whether migrants have access to healthcare. Some of them, such as Chile⁸³ or Brazil,⁸⁴ have universal healthcare systems that are accessible to all residents regardless of nationality or status. Other host countries place restrictions. For example, the Colombian health system is available to anyone in case of emergencies, but preventative healthcare is only available to residents with regular status and who have enrolled in the national healthcare system.⁸⁵ Regardless of the healthcare system, in many cases, governments in destination countries need to cover the expenses of healthcare services for migrants—which can lead to high public spending—especially if migrants are coming in for emergency health care. Thus, many countries have developed policies that promote the integration of migrants into healthcare systems to ensure the provision of preventative services and reduce the poorer health outcomes for this population.

Table 9 lists cross-cutting barriers that migrants face in accessing high-quality healthcare. The barriers are associated with i) ineffective service provision due to irregular legal status, lack of insurance, and/or low-quality healthcare services for migrants, and ii) coordination to navigate the complex and fragmented healthcare systems in destination countries. For each of these barriers, policymakers can implement policy solutions to address them as explained in the table below.

Using results-based approaches could help overcome issues related to:

- Aligning stakeholders – particularly governments at the national and subnational level, as well as healthcare service providers and CBOs or RLOs- to increase enrollment rate for migrants and improve the quality-of-service provision within destination countries' health systems.
- Adapting the healthcare provision interventions to the characteristics and needs of the migrant population to effectively deliver services and improve health outcomes.
- Evaluating strategies to determine the most effective methods for targeting and providing services to migrants.

Table 9 further explains how RBF adds value in each scenario.

82. World Health Organization (WHO). 2022. *World report on the health of refugees and migrants*. Geneva: WHO.

83. Ministerio de Salud de Chile. 2017. *Guía práctica para la atención de salud a personas migrantes independiente de su situación migratoria*. Valparaíso.

84. United Nations High Commissioner for Refugees (UNHCR) & Prefeitura de Belém. 2022. *Guia para refugiados e migrantes sobre Serviços de saúde em Belém, Pará*. Available in: <https://reliefweb.int/report/brazil/gu-para-refugiados-y-migrantes-sobre-los-servicios-de-salud-en-bel-n-pa-esptwba>

85. Ministerio de Salud y Protección Social de Colombia. 2023. *Guía de orientación para la inclusión de la población venezolana en el Sistema General de Seguridad Social en Salud*. Bogotá.



Table 9.
Barriers to policy implementation in healthcare programs

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
Legal Status Issues and Access to Emergency Healthcare: Migrants with irregular legal status often face barriers in accessing emergency healthcare services due to fear of deportation, denial of services based on residency status, or because they are transiting to other countries.	Secure emergency healthcare for migrants independent of their status. This could be done by subsidizing emergency healthcare in clinics and hospitals. It could also be achieved by deploying outreach emergency healthcare brigades for irregular migrants. This can be done by contracting NGOs or healthcare providers to actively reach out to migrant communities in crossings or hotspots, providing information, support, and access to emergency healthcare services.	Aligning Stakeholders and Adapting to the Needs of the Population: Governments or aid agencies could contract RLOs/CBOs or health service providers to provide emergency healthcare services in migrant routes or hotspots. This would provide critical emergency healthcare for populations in need of humanitarian assistance that has either just arrived at the destination country or is in transit to another. This service provision could be adapted to treat the most critical ailments of the displaced population.
Lack of Health Insurance: Migrants, especially irregular ones, often lack health insurance due to limited eligibility or high costs. This discourages them from seeking preventive care or treatment, leading to poorer health outcomes. Instead of promoting costly emergency care, the focus should be on ensuring these migrants that have the intention to remain in the country have access to quality preventive health services to reduce overall healthcare costs and improve health outcomes.	Enhance and expand subsidized health insurance initiatives to encompass migrants, irrespective of legal status, and offer financial aid for premiums and out-of-pocket costs. These programs can be financed by actors external to the government, such as private entities or international aid. Governments can form public-private alliances, allowing the private sector or international partners to subsidize or finance health services for this population, minimizing government expenditure while promoting regularization.	Aligning Stakeholders: Migrants often lack health insurance. Local governments can address this by expanding coverage for migrants through three key solutions: Incentivize Subnational Governments: Encourage subnational governments or entities in centralized systems to increase health system enrollment rates for migrants. This approach aligns all stakeholders, from national policymakers to local service providers. Incentivize Health Service Providers: Create systems or strategies that allow health service providers to enroll migrants directly. Offer incentives to providers who actively enroll migrants when they arrive at hospitals or through outreach efforts in local communities. Funding and Rewards: Provide funding boosts or rewards for high enrollment rates, motivating governments to streamline enrollment processes, invest more in healthcare infrastructure, and partner with providers. This enhances healthcare access for migrants and improves health outcomes for both migrants and the host community.

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Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
	Facilitate access to self-employment or formal job employment for migrants, enabling them to obtain health insurance and access preventive care and treatment to improve health outcomes. This approach ensures that migrants, whether in formal or informal jobs, can afford their insurance and integrate into the health system when they intend to remain in the country.	Solving coordination problems: Promote economic inclusion through initiatives that incentivize income-generating activities for migrants. This could involve programs that support migrants in finding formal employment opportunities or that equip migrants with the skills and resources necessary to become self-employed. By increasing economic participation, migrants will be better positioned to contribute to the national healthcare system. See the Economic Inclusion section for concrete results-based strategies to incentivize job formality.
Inconsistent Quality of Healthcare Services and Limited Access to Treatments for Migrants: Migrants frequently encounter healthcare services that vary in quality, often receiving lower standards of care due to factors such as insufficient resources, lack of culturally competent care, systemic biases, discrimination, and consequent lack of access to necessary treatments, which compromise their overall health outcomes. This disparity may imply a lack of access to necessary treatments essential for addressing their health needs effectively.	Implement differential healthcare routes with minimum quality criteria for providers to ensure both migrants and non-migrants have equitable access to necessary treatments and consistent, high-quality care.	Aligning Stakeholders: Encourage the target population to receive complete, regular, and consistent treatment by aligning stakeholders, including healthcare providers, community organizations, and policymakers. Incentivize governments and service providers to improve health outcome indicators and deliver better quality care to migrants. Adapting to the Needs of the Population: Recognize that different groups have varying care and treatment needs. Incentivize healthcare providers to adapt their services to the specific needs and characteristics of the migrant population, ensuring interventions are effective and relevant. Evaluating Effective Strategies: Develop assessment frameworks to identify and evaluate effective approaches for providing migrants with comprehensive, condition-specific treatment. Incentivize policymakers and healthcare organizations to innovate and conduct trial-and-error strategies, allowing for the implementation of the most effective approaches. Incentivize NGOs or other implementers to deploy health services for irregular migrants, to improve health outcomes, especially in population hotspots in host communities.

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Coordination to navigate pathways		
04. Fragmented Healthcare Systems and Complex Eligibility Rules: Complex healthcare systems with multiple entry points and unclear eligibility rules can be difficult for migrants to navigate. Fear of deportation further exacerbates these challenges, leading to delays in accessing care and missed opportunities for diagnoses or treatment.	Governments can simplify and standardize healthcare access. For this, they can develop streamlined and standardized processes, including clear eligibility guidelines and centralized entry points, to help migrants understand and utilize the healthcare system more easily and reduce delays in receiving care.	No RBF value-add: A results-based approach does not help develop a regulatory framework to standardize healthcare procedures and simplify access to healthcare in destination countries.
	Launch advertising and awareness campaigns to simplify healthcare navigation for migrants, clarifying eligibility rules and entry points to ensure timely access to diagnoses and treatment.	Aligning stakeholders: An RBF program could use financial incentives for agents, such as CBOs, RLOs, or other healthcare service providers, to support migrants in accessing treatment. This approach optimizes healthcare access and promotes better health outcomes. By setting incentives, this kind of program could motivate these agents to streamline processes, increase engagement, and ensure effective guidance through healthcare systems. This solution addresses the need for articulated work with RLOs, facilitating migrants' navigation through the healthcare pathway to receive the care they need, and can also serve as a cross-cutting solution to both the articulated work with RLOs and communication campaigns.
	Partner with RLOs and CBOs to help migrants navigate the healthcare pathway. These organizations can provide guidance and support, reducing fears of deportation and ensuring timely access to diagnoses and treatment.	



In the city of Barranquilla in Colombia, a PBC was implemented to improve maternal health outcomes for Venezuelan migrants. Box 9 explains in more detail Barranquilla's PBC for maternal health.



Box 9.

Performance-Based Contract for the maternal care of Venezuelan migrant women in Barranquilla

Country: Colombia



Status of the Project (Stage): Active

Dates of implementation: 2023 – 2025

Type of RBF instrument: Performance-Based Contract

Stakeholders involved:

- **Outcome Payers/Funders:** Fundación Santo Domingo (FSD)
- **Service provider:** MiRed Barranquilla
- **Verifier and implementer:** Universidad Simón Bolívar
- **Donor and technical assistant:** USAID
- **Management support and coordination:** Barranquilla's District Health Secretariat

Program Context and Identified Barriers

Colombia has received 2.8 million Venezuelan refugees and migrants, including pregnant women with no healthcare access, contributing to high rates of maternal morbidity and mortality. A significant barrier to accessing health services is the legal status of migrants, as those with irregular status are not eligible for subsidized preventative healthcare, and therefore tend to arrive at hospitals once they have a medical emergency. In 2021, while 83 percent of Colombian pregnant women had access to four or more prenatal checkups, only 43 percent of pregnant women from Venezuela in Colombia accessed the same number of checkups. Likewise, in 2022, the maternal mortality rate among Colombian nationals was 42 per 100,000 live births, while it was 70 per 100,000 live births for the Venezuelan population in the country. Thus, there is an urgent need to reduce inequality in access and improve the quality of maternal healthcare for Venezuelan migrants.

As of 2020, the metropolitan area of the city of Barranquilla was hosting approximately 145,000 Venezuelan migrants. In 2021, the city provided over 5,500 maternal healthcare services and assisted with over 5,100 births for Venezuelan women. About 85 percent of these women were uninsured. Emergency births in 2019 cost the city more than US\$6.5 million. Only 57 percent of migrant women received prenatal care. These emergency deliveries not only burdened the city financially, but also resulted in poorer health outcomes for mothers and babies compared to those with regular check-ups.

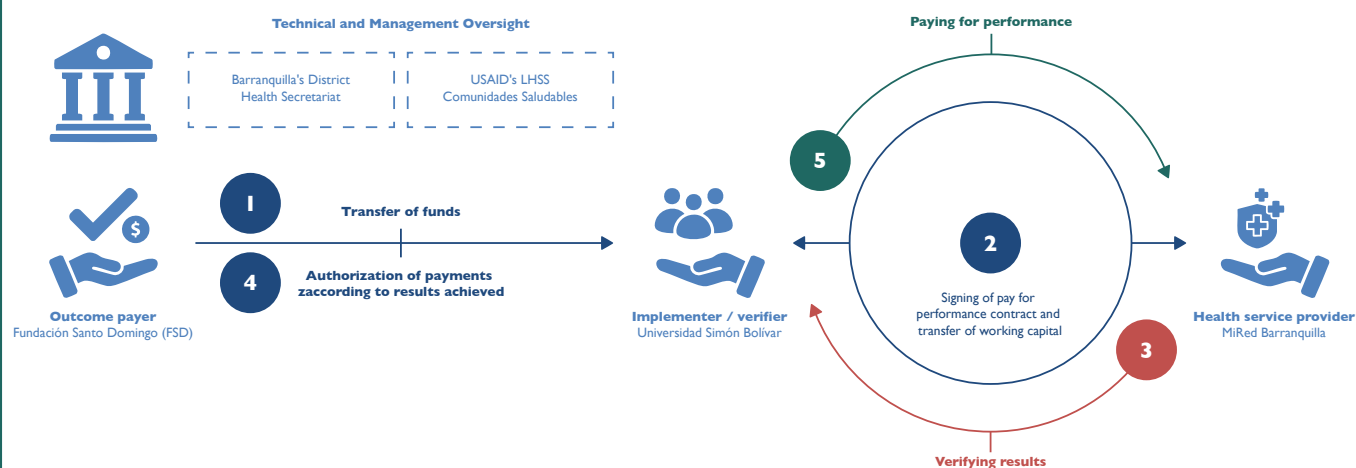
In response to the need to provide preventive care to migrants with irregular status, USAID's Local Health System Sustainability Project (LHSS) in Colombia, also known as USAID's Comunidades Saludables activity (hereinafter referred to as Comunidades Saludables) and the Fundación Santo Domingo, in partnership with the Barranquilla Mayor's Office, established a maternal health project to deliver services to irregular pregnant Venezuelan migrants. This



project offers comprehensive health packages that include prenatal care, childbirth, postpartum care, and newborn check-ups. The model reflects an innovative private-public collaboration, as the private foundation pays for prenatal care, while the government pays for the remaining services. Furthermore, the project is one of the first to use results-based financing for health services in Colombia and is designed to demonstrate how this tool can enhance the performance of health service providers.

Relevant Design Characteristics

RBF incentive scheme



The PBC to improve maternal healthcare of Venezuelan migrant women in Barranquilla is structured in the following way:

- 01. Transfer of Total Funding:**
Parties Involved: Outcome payer, FSD, the financial intermediary, Universidad Simón Bolívar, and the implementer and service provider, MiRed Barranquilla
Funding Transfer: FSD transfers the total funding to Universidad Simón Bolívar, which acts as a financial intermediary.
- 02. Signing of the RBF agreement:**
Agreement: The Universidad Simón Bolívar signs a contract with MiRed Barranquilla, agreeing to pay for implementing activities related to comprehensive maternal health packages for pregnant migrants and the pre-agreed results.
- 03. Verifying Results:**
Verification Process: The implementer verifies the achievement of results and reports to the FSD.
- 04. Authorization of payments:**
 The outcome payer, FSD, authorizes the payment to the Universidad Simón Bolívar according to the results achieved.
- 05. Paying for Achieved Results:**
 Upon verification, the Universidad Simón Bolívar pays MiRed Barranquilla based on performance.

Payment Metrics:

- 01.** Percentage of pregnant migrant women receiving 4 or more prenatal check-ups, with a one-month interval.
- 02.** Percentage of pregnant migrant women undergoing timely screening for syphilis and HIV by the 16th week of pregnancy.
- 03.** Percentage of pregnant migrant women diagnosed with high obstetric risk receiving at least two specialist prenatal check-ups per month.
- 04.** Percentage of pregnant migrant women receiving adequate treatment for syphilis, including treatment for their partners.
- 05.** Percentage of pregnant migrant women provided with micronutrients for the duration of their pregnancy, starting from the first prenatal check-up.

Amount tied to results:

The total budget for the program was approximately 197,119 USD,⁸⁶ provided by the FSD. These funds were allocated as follows:

- Universidad Simón Bolívar, the implementer, received 60,725 USD, including 10,000 USD for audit services.
- MiRed Barranquilla, the service provider, received 113,454 USD.
- Additionally, MiRed Barranquilla could receive up to 22,691 USD as an incentive (20% of the service providers' total cost), according to the results achieved.

Programmatic results/impact:

The results are not yet available as the program is being implemented. However, the expected targets are:

- 68 percent of pregnant migrant women receive 4 or more prenatal check-ups, with a one-month interval.
- 95 percent of pregnant migrant women undergo timely screening for syphilis and HIV by the 16th week.
- 75 percent of pregnant migrant women diagnosed with high obstetrical risk (HOR) receive at least 2 specialist prenatal check-ups per month.
- 95 percent of pregnant migrant women receive adequate treatment for syphilis, including treatment for their partners.
- 70 percent of pregnant migrant women are provided with micronutrients for the duration of their pregnancy, starting from the first prenatal check-up.

How RBF adds value depending on the maturity level of the program**Program Maturity**

Colombia has significant experience with RBF models, predominantly in workforce development. However, the application of RBF to healthcare in the country, especially maternal health, is relatively new. While effective maternal healthcare interventions are available, understanding the specific challenges faced by migrant women in accessing these services remains limited. Despite Barranquilla's established migrant population, comprehensive data on these women's demographics and effective engagement strategies for maternal care are scarce. These factors position the program at an intermediate maturity stage, dependent on international aid for funding and implementation through service providers with moderate capacities.

86. The project was funded in Colombian pesos (COP) but was converted to dollars at an exchange rate of 1 USD = 4,000 COP

Why is using RBF relevant?

RBF serves as a crucial coordination platform that unites diverse stakeholders, international agencies, private sector actors, mixed-model health-care providers, and academic institutions, around a common goal: improving the health and well-being of migrant populations. This collaborative approach strengthens local governments by providing practical tools and evidence-based methods to meet policy objectives.

Colombian healthcare providers have generally succeeded in ensuring pregnant patients attend prenatal check-ups and receive necessary screenings and treatments (e.g., for HIV and syphilis). However, care delivery becomes far more complex when patients are migrants, especially those in irregular situations. These patients often arrive late in pregnancy, lack stable housing, or are in transit, facing additional barriers such as fear of xenophobia or deportation, which can deter them from seeking care.

In this uncertain and fluid context, RBF's flexibility is highly valuable. Since optimal strategies for this population remain underdeveloped, RBF shifts focus from fixed processes to verifiable outcomes, encouraging providers to experiment, adapt, and continuously improve interventions. Providers are incentivized to discover what works best rather than merely follow prescribed procedures.

Additionally, the lack of reliable demographic and longitudinal data on irregular migrants complicates tailored service design. RBF addresses this by requiring rigorous data collection and performance verification as conditions for funding, thereby strengthening health information systems and improving understanding of migrants' health needs and service usage.

How RBF helps overcome identified policy barriers

Even though the PBC in Barranquilla is in the early stages of implementation, its design could potentially help resolve some of the policy barriers identified by:

- 01. Adapting to population needs:** The intervention is adapted to the migrant population's needs to achieve effective service provision according to their characteristics and situation.
- 02. Stakeholder Alignment:** The program incentivizes the health provider to work together to effectively reach the population and streamline healthcare access according to their needs. This alignment will set an appropriate context to test different strategies and understand bottlenecks in effective maternal healthcare access for Venezuelan migrants.

The results of the RBF program will provide further information on how this program eased access to healthcare for migrants.

Comprehensive Early Childhood and Education Services

Children under 18 years of age represent more than 40 percent of the forcibly displaced population worldwide. Migration can have long-lasting effects on children, increasing their risk of facing learning and developmental lags, as well as experiencing exploitation, abuse, and neglect.⁸⁷ However, timely interventions can prevent and mitigate these risks, such as accessing comprehensive early childhood and education services.⁸⁸

Comprehensive early childhood services encompass holistic support for the development of young children, including medical care, early education, and parenting and community support. While education services are targeted to a broader population and refer to the provision of formal training through education institutions to achieve learning outcomes, migrant communities often face difficulties in enrolling their children in childcare centers and education institutions. As of August 2022, forcibly displaced children had a 41 percent risk of not attending school. In the same year, 26 percent of Venezuelan children in Medellín, Colombia were not enrolled in school, and they scored 11.4 percentile points below Colombians the same age in a cognitive development assessment.⁸⁹ These figures highlight the hurdles migrant children face in accessibility, legal recognition of prior qualifications, and receiving pertinent education.⁹⁰

87. United Nations High Commission for Refugees (UNHCR). 2022. *Protecting Forcibly Displaced and Stateless Children: What do we know? UNHCR's child protection data from 2015-2021*. UNHCR. <https://www.unhcr.org/media/unhcr-s-child-protection-data-2015-2021>

88. Child protection systems aim to prevent harm to children and restore their rights. These systems include family reunification programs, mental health and psychosocial support, birth registration initiatives, and education and childcare services. While these interventions could also be improved with RBF, fully assessing the potential of RBF for those interventions goes beyond the scope of this document.

89. Rozo, S., Moya, A., Hiller, T. 2024. *Longitudinal Survey of Forced Migrant Children from Venezuela*. World Bank Group.

90. Inter-American Development Bank (IDB); Organization for Economic Cooperation and Development (OECD); United Nations Development Program (UNDP). 2023. *How do migrants fare in Latin America and the Caribbean? Mapping socio-economic integration*. IDB, OECD, UNDP.

Table 10 outlines the challenges migrants face in accessing both education and early childhood development services. These barriers encompass: i) limited availability of educational and childcare options for migrants; ii) inadequate service provision that fails to meet the specific needs of migrant children; iii) high dropout rates among migrant children due to language and socioeconomic factors; iv) insufficient comprehensive support addressing the psychosocial well-being of migrant children and their families within educational and childcare settings; and v) difficulties in recognizing prior educational qualifications.

Policymakers can implement strategies to address these challenges and improve access to quality education and early childhood services for migrants, as explained below. Furthermore, Table 10 demonstrates how RBF can be integrated into programs to overcome these obstacles and achieve better early childhood development and learning outcomes. RBF programs could help overcome issues related to:

- Stakeholders' alignment (including national and subnational governments, childcare centers, schools, education providers, and CBOs/RLOs) to achieve results in enrollment, retention, development, learning outcomes, and education homologation.
- Evaluating strategies that serve best to promote early childhood development, provide child protection, close education gaps, and level learning outcomes with the local population. This could also be adapted to quality, relevance, and how to retain the migrant population effectively.
- Adapting to the specific needs of the migrant children according to their socio-emotional and developmental characteristics, educational attainment, and psychosocial needs.



Table 10.
Barriers to policy implementation in early childhood development and education programs

Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Effective service provision		
Limited Access to Education and Childcare for Migrants: Migrant children often face challenges accessing childcare and educational institutions. This is due to limited available spaces and the timing of their arrival, which may not coincide with the start of the school year when enrollment is already closed. As a result, many migrant children are unable to enroll in their preferred schools or childcare centers, hindering their educational progress and social integration. In some cases, they are placed in schools located far from their homes.	Allocate resources to expand both educational infrastructure and personnel, thereby increasing school capacity and ensuring migrants have equitable access to educational opportunities.	Aligning stakeholders: An RBF program could incentivize the efficient use of infrastructure and capacity expansion by linking funding to increased school capacity and migrant student enrollment. By aligning the interests of educational institutions, local governments, and community organizations, RBF ensures that stakeholders work collaboratively to provide adequate educational opportunities for all.
	Allocate the early childhood and education budget for local governments based on the number of children in each age range, including migrant children. In this way, the budget could be distributed according to population size.	No RBF value-add: If resources are allocated by population size, a results-based finance program cannot provide incentives to move that policy forward.

Barriers to Policy Implementation

Potential Policy Solutions

How an RBF program could help to overcome implementation barriers

Effective service provision

Quality of Early Childhood Development and Education Services:

Migrant children often encounter early childhood development and education services that fall short of addressing their needs and circumstances. These services frequently lack the necessary quality, cultural sensitivity, and support to effectively bridge developmental gaps and prepare migrant children for successful integration into the host community.

Introduce culturally responsive curriculum adaptations that reflect the diverse backgrounds and experiences of migrant students, ensuring that educational content is relevant and meaningful to their lives and conducive to successful integration into the host society.

Implement initiatives that seek to enhance education equity and prioritize improving education outcomes for all populations served by educational institutions, including host communities and migrants.

Evaluating strategies to achieve expected success:

An RBF could incentivize schools to integrate culturally responsive teaching methods by tying financial rewards to improved academic performance and engagement among migrant students. This is measured through standardized test scores in specific knowledge areas, thereby ensuring educational content meets their unique needs and supports successful integration.

Lack of Comprehensive Educational and Development Support:

Migrant children often experience significant psychosocial challenges stemming from displacement, separation from family, and cultural adjustment. Unfortunately, many existing programs and institutions fall short of providing the necessary holistic support. While educational and developmental services are crucial, they are often insufficient without complementary mental health, social, and family support services. This gap in support can hinder migrant children's overall well-being, academic achievement, and social integration.

Introduce multilevel interventions that jointly address child and adolescent needs, improve caregivers' and families' parenting tools and psychosocial well-being, and strengthen community systems that build a nurturing environment.

Adapting to the needs of the population:

RBF may be useful in ensuring that the educational and development support programs are aligned with the migrant populations' needs. One challenge would be to develop clearly defined and verifiable outcome metrics.

Language and Cultural Differences Lead to Higher Attrition:

Language and cultural disparities pose significant challenges to the educational attainment of migrant children. These students often encounter difficulties related to language acquisition and adapting to new cultural norms, which can lead to increased dropout rates. Such challenges hinder their academic progress and limit their future opportunities.

Governments can establish comprehensive, multifaceted support programs tailored to address the specific challenges faced by migrant children, including socioeconomic support initiatives, and culturally sensitive counseling services, aiming to mitigate obstacles to education and enhance retention rates among migrant students.

Adapting to the needs of the population:

RBF incentivizes the effective implementation of multifaceted support programs by linking financial rewards to improved retention and academic success of migrant children, addressing language barriers, socioeconomic disparities, and other challenges they face.

Frequent Relocation Hinders Early Childhood Development and Education:

Migrant children often move frequently, which interrupts their education. This instability makes it difficult for them to consistently attend school or childcare, negatively impacting their academic progress and overall development.

Support and develop flexible educational and developmental alternatives to promote early childhood development and education outside of formal institutions. These may include multimedia content downloadable on phones or training staff at migrants' shelters.

No RBF value-add: Measuring results for a population with great mobility is not feasible, thus an RBF instrument is not appropriate for this case.

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Barriers to Policy Implementation	Potential Policy Solutions	How an RBF program could help to overcome implementation barriers
Coordination to navigate pathways		
06. Lack of Recognition of Prior Education and Qualifications: Migrant children often face significant hurdles due to the lack of recognition for their prior education and qualifications in their host countries. This mismatch between their academic backgrounds and the host country's standards frequently results in placement in inappropriate educational levels or unnecessary coursework, hindering their school trajectory.	Develop streamlined processes and standardized procedures for the recognition and validation of migrants' prior education qualifications, including assessment mechanisms, credential evaluation services, and pathways to bridge any gaps between their existing knowledge and the requirements of the host country's educational system.	Adapting to the needs of the population: Incentivize RLOs and CBOs to assist migrants in navigating the pathway of educational recognition once the legal framework is established. This can be done, for example, by taking funding for the successful submission of migrants' paperwork for the recognition of prior education. By collaborating with these organizations, migrants can receive guidance and support to better navigate the recognition pathway.
07. Lack of Identity Document or Birth Certificate: Migrant children or children born of migrant parents often lose their birth certificate or identification. This limits the possibility of children registering in childcare centers or education institutions.	Conduct identification and civil registration campaigns in education centers. This could be complemented with campaigns to raise awareness of the importance of birth certificates, identifications, and the process to obtain them.	Adapting to the needs of the population: Incentivize RLOs and CBOs to support and inform migrants about the birth registration processes linking financial resources to the effective civil registration of children.



In Ecuador, the Fundación de las Américas para el Desarrollo (FUDELA) implemented a Performance-Based Contract to enhance early childhood development for migrant and displaced children and strengthen the childcare centers' financial sustainability. Box 10 explains FUDELA's RBF initiative for early childhood development in more detail.



Box 10.

Enhancing early childhood development services for vulnerable and migrant populations in Ecuador

Country: Ecuador



Status of the Project (Stage): Active

Dates of implementation: 2023 – 2024

Type of RBF instrument: Performance-Based Contract

Stakeholders involved:

- **Outcome Payer:** Fundación De Las Américas (FUDELA)
- **Service provider:** Four Aprendiendo desde niños (ADN) Childcare Centers

Program Context and Identified Barriers

Over the past decade, Ecuador has become a primary destination and transit point for migrants and displaced persons from South America. These individuals often faced significant challenges, including limited access to food and shelter and access barriers to formal employment and social services due to their irregular status. The situation has been particularly dire for young children (0-5 years old), whose cognitive, social, and emotional development has been compromised by these adverse circumstances, and who in general do not have access to early childhood development centers.

To address this challenging situation, FUDELA launched the Aprendiendo Desde Niños (ADN) program, funded by the Conrad N. Hilton Foundation. The program's primary objectives are twofold: first, to enhance child development outcomes for vulnerable populations, including migrant and displaced children; and second, to ensure the long-term financial sustainability of ADN centers beyond the program's duration. FUDELA is piloting an RBF model in four early childhood development centers to enhance program effectiveness and sustainability. This RBF model focuses on four key areas:

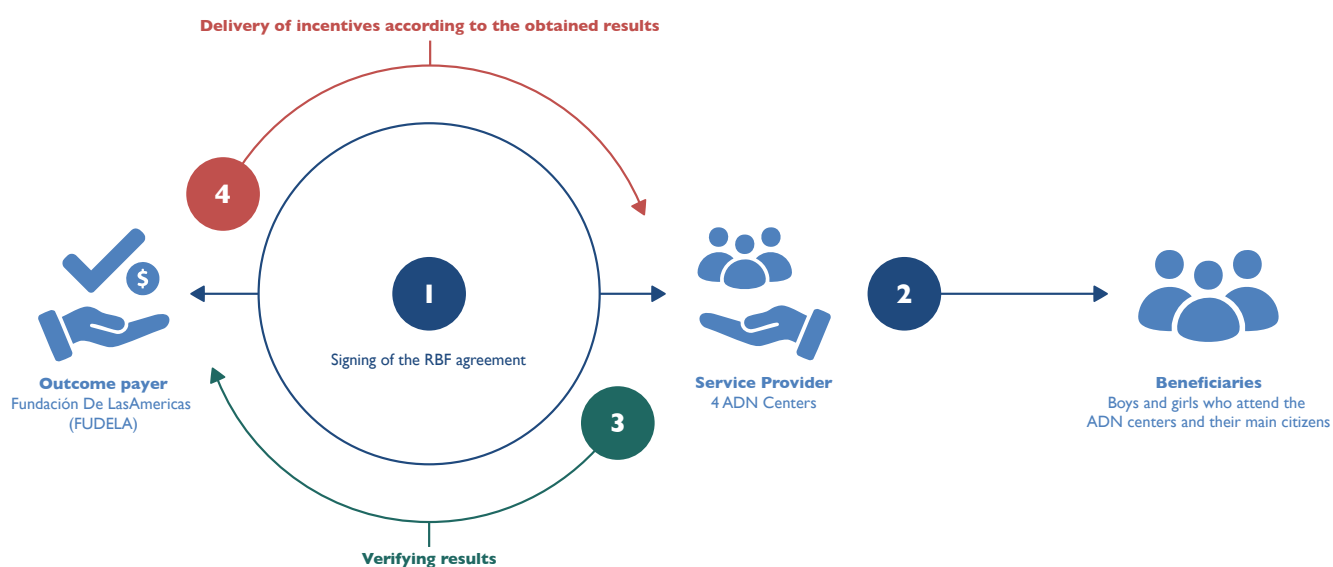


- 01. Strengthen center capacities:** The program seeks to enhance the overall capabilities of the childcare centers by improving facilities and capacity to enroll children.
- 02. Improve childcare practices:** The aim is to implement an innovative early childhood development program. This program will focus on holistic development for children aged 0 to 5, using two modalities:
 - Early Stimulation for Children (0-3 years old)
 - Montessori methodology for children (ages 3 to 5)
- 03. Foster economic resilience:** The program aims for participating ADN childcare centers to generate additional income streams to ensure their long-term financial stability.
- 04. Livelihood support for caregivers:** The program offers workshops on livelihood skills and community building to empower caregivers struggling financially. The goal is to help them provide for their families, especially their children.

By linking funding directly to specific outcomes—such as increased enrollment, successful early stimulation and Montessori implementation, improved financial stability, and livelihood support for families—FUDELA can assess the RBF model's impact on early childhood development and sustainability compared to traditional funding methods. This approach also allows the scaling and expansion of the early stimulation and Montessori model to benefit more migrant children in Ecuador.

Relevant Design Characteristics

RBF incentive scheme



Learning from Childhood Program works in the following way:

01. Signing of the RBF agreement:

Agreement: FUDELA engages with the four selected centers through a Performance-Based Contract (PBC), outlining the terms for outcome-based payments.

02. Funding Allocation:

Role of FUDELA: Disburses payments to ADN Centers based on the achievement of the pre-agreed outcomes.

03. Verifying Results:

Assessment: FUDELA monitors and verifies the performance of ADN Centers to ensure they meet the specified outcomes and performance metrics.

04. Paying for Achieved Results:

Payment process: FUDELA releases payments to ADN Centers after confirming that the predetermined outcomes have been achieved.

Payment Metrics:

- 01.** Sustainable Increase in Child Attendance: Measured by the percentage increase in average daily attendance at ADN Centers over a specified period. This metric assesses the growth in the number of children regularly attending the centers.
- 02.** Implementation of Montessori and Early Stimulation Model: Measured by the percentage of ADN Centers where teachers and assistants consistently implement Early Stimulation and Montessori model activities according to established guidelines. This involves regular observations and assessments to ensure adherence to the established methods.
- 03.** Increase in ADN Center Income from Secondary Sources: Measured by the net increase and percentage increase in income generated from secondary sources (e.g., fundraising, donations, additional programs) over three months. This metric evaluates the financial growth and diversification of income streams for the centers.

Amount tied to results:

The total budget allocated for the intervention is approximately USD 2 million. Within this budget, approximately USD 936,000 is specifically designated for the 18 ADN Centers involved in the program. FUDELA has allocated USD 48,000 (2.4 percent) of this amount for incentives, which are distributed evenly among the four ADN Centers participating in the RBF pilot. This means each center can access a maximum incentive of USD 12,000. The allocation of these incentives is based on predefined metrics: USD 3,600 (30 percent) for metric 1, USD 4,800 (40 percent) for metric 2, and USD 3,600 (30 percent) for metric 3. These metrics are designed to drive improvements in child enrollment, effectiveness of the Montessori model implementation, and financial sustainability across the centers.

Programmatic results/impact:

The program is still in early implementation stages, and the only results available are for the first metric. The results verified to the day and the expected results for the other two metrics are:

- Ensure that every child enrolled in the Centers attends at least 80 percent of the program's sessions. This result was fully achieved by the ADN centers.
- By a specific point in time, aim for 60 percent of teachers and assistants to successfully implement the early stimulation model. Three out of four centers should achieve this goal.
- Increase the second source of income, enough to cover the salary of a teacher at the ADN Center, compared to a baseline level.

How RBF adds value depending on the maturity level of the program**Program Maturity**

Ecuador's ADN program, supported by FUDELA, is piloting an RBF model to enhance the effectiveness and sustainability of four early childhood development centers. Building on the success of the Montessori method in previous initiatives,^{91,92} the program aims to expand its reach to include more migrant and displaced children. ADN is at an intermediate stage of development and committed to rigorous data collection and analysis to assess the long-term impact of this financing approach.

FUDELA has adopted a franchising model to transfer infrastructure and early stimulation models to the centers. Simultaneously, it has supported the development of additional income streams to ensure the centers' long-term financial viability. However, challenges persist, including limited capacity to serve migrant populations due to space constraints, resource limitations, and the high mobility of the target population. Data-driven insights will inform future strategies to optimize educational outcomes and improve integration for migrant and displaced children within the ADN program.

91. Courtier, P., Gardes, M., Henst, J., Noveck, I., Croset, M., Epinat-Duclos, J., Léone, J., & Prado, J., 2021. "Effects of Montessori Education on the Academic, Cognitive, and Social Development of Disadvantaged Preschoolers: A Randomized Controlled Study in the French Public-School System". *Child Development*, 92, pp. 2069 - 2088.

92. Randolph, J., Bryson, A., Menon, L., Henderson, D., Manuel, A., Michaels, S., Rosenstein, D., McPherson, W., O'Grady, R., & Lillard, A., 2023. "Montessori education's impact on academic and nonacademic outcomes: A systematic review". *Campbell Systematic Reviews*, 19.

Why is using RBF relevant?

The RBF model offers several advantages for the ADN program. First, it aligns stakeholders on key metrics that prioritize access to early childhood development services for migrant children. Second, it supports the implementation of the proven Montessori model, enhancing instructional quality and scaling up the intervention according to the context. Third, it provides flexibility to scale the program and secure financial sustainability while allowing for adaptive strategies to increase funding for child centers.

The program initially faced challenges, including limited capacity to serve migrant children, concerns about comprehensive early childhood development standards, and financial stability. To address these issues, the RBF model is designed to improve overall center capacity and quality, making them more attractive to all families, particularly migrants. By focusing on scaling the effective Montessori model while allowing for adaptation to local contexts, the program aims to enhance educational outcomes. Additionally, the RBF approach promotes financial sustainability through flexible strategies.

How RBF helps overcome identified policy barriers

The program's RBF approach seeks to overcome policy barriers by:

- 01. Adapting to population needs:** The program specifically seeks to prove the effectiveness of territorializing and franchising the Montessori model to improve early childhood development outcomes for the migrant children population. This way, a proven education strategy can be scaled up and further proven with an especially vulnerable population.
- 02. Aligning stakeholders:** The program aligns stakeholders to achieve enrollment, better education outcomes, and increased financial sustainability by diversifying sources of income for the centers. It incentivizes actors to focus on these results while adjusting strategies to achieve this and better serve the migrant population successfully.

This chapter explored how results-based finance can improve the socioeconomic integration of migrants. RBF programs address key challenges that hinder integration, such as limited data, inefficient service delivery, and poor stakeholder coordination in three key dimensions of migrants' socioeconomic integration: regularization, inclusion, and access to basic services. By implementing RBF programs, policymakers can achieve the following:

- Adapt programs to serve migrant needs better.
- Align stakeholders to collaborate on a unified policy implementation approach.
- Resolve coordination issues that create bottlenecks in service delivery.
- Evaluate and refine strategies to maximize their impact on migrant integration.

Chapter 4 provides further guidance for policymakers interested in designing and implementing RBF programs. This includes assessing how RBF can address specific policy challenges, building a strong case for implementation, and securing stakeholder buy-in.



Chapter 4.

Assessment and readiness guide to implement an RBF program for migrants' socioeconomic integration



Chapter 4.

Assessment and readiness guide to implement an RBF program for migrants' socioeconomic integration

This chapter details the steps policymakers should follow to promote the socioeconomic integration of migrants using results-based finance effectively. Specifically, the chapter addresses how to assess the feasibility and appropriateness of using an RBF instrument to achieve better outcomes within a specific context and ensure the program's readiness for implementation. Chapter 2 provided an overview of RBF and its potential to achieve more effective interventions. Chapter 3 delved into the barriers to the socioeconomic integration of migrants. This Chapter brings the two together by building on Instiglio's track record of designing and supporting the execution of RBF programs.

Developing a successful RBF program to achieve migrant integration requires, first and foremost, the acknowledgment that RBF is not a silver bullet. Rather, an RBF instrument entails assessing enabling conditions and tailoring the instrument to the sector, geography, and stakeholder's capacities. We have divided the process of developing a successful RBF instrument into three phases:

- 01. Assessing the expected benefit of RBF:** Understanding the problem, the constraints hindering the achievement of the desired outcomes, and whether an RBF instrument can pave the path toward a more effective program.
- 02. Assessing the expected cost of RBF:** Assessing the existing context conditions and evaluating what it takes to create those that do not exist or partially exist.
- 03. Designing the RBF instrument and preparing for implementation:** Designing the RBF instrument, creating the conditions needed to embark on an RBF implementation, and preparing to launch the program.





Table 11.
Steps to use RBF successfully

	Phases		
	Assessing the expected benefit of RBF	Assessing the expected cost of RBF	Designing the RBF instrument and preparing for implementation
Input	Desired social impact or final objective.	The issue to be addressed.	Issue and context characteristics.
Assessment	Issue characteristics Identify the socio-demographic, geographic, and temporal characteristics of the issue and the people most affected by it. Maturity of initiatives Assess the maturity of the existing interventions to define the scope of an RBF instrument. Deep dive into issues or initiatives Zoom in to identify the barriers hindering the achievement of the desired outcomes. RBF added value Evaluate if the barriers limiting the outcomes lie in the realm of barriers addressable with an RBF instrument.	Context conditions State of the technical, administrative, and political conditions of the context. Strictly necessary conditions: political buy-in and financial capacity. Amendable conditions. Viability to amend conditions Evaluate what it takes to amend the missing links and if it is feasible to do so within time, political, and financial constraints.	Design the RBF instrument Tailoring the RBF instrument and completing the design. Prepare the environment Prepare the financial and legal conditions for implementation. Secure stakeholders' buy-in and the team's capacity. Reassess the contextual conditions and create the weak and missing conditions.
Output	Identify the potential of an RBF instrument to overcome the barriers hindering the achievement of the desired outcomes.	Viability of implementing an RBF within a specific context.	Readiness to implement the RBF program.

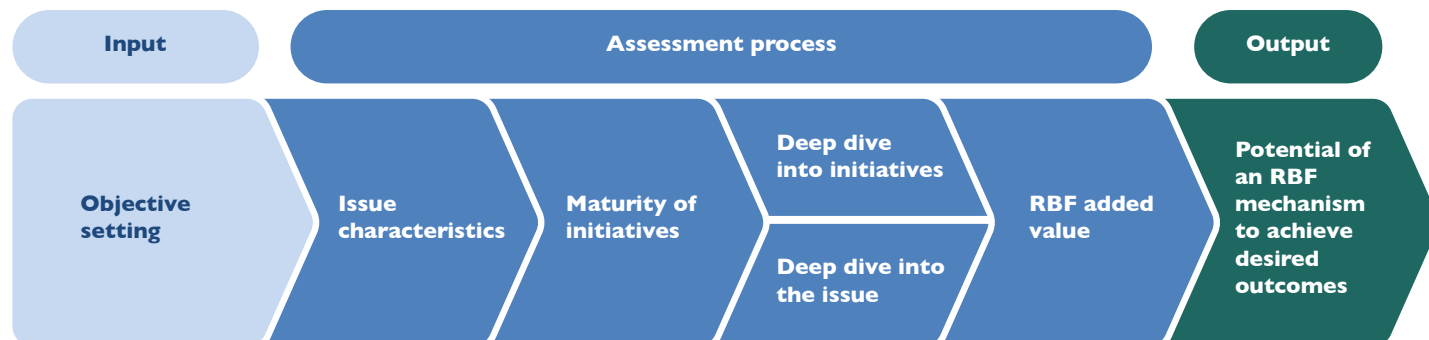
The first two phases should provide policymakers with the perspective of what it takes to implement a program with a results-based finance instrument and the benefits it will bring about. The last phase consists of creating the conditions for the RBF program to be successful and tailoring it to the program's needs and capacities. Each phase follows the same structure: a starting point or input is followed by an assessment process to arrive at the desired output. Table 11 offers an overview of this process. The remainder of this chapter explains the three phases to use RBF to achieve migrants' socioeconomic integration successfully.

Phase I. Assessing the expected benefit of RBF

The first step towards achieving a more effective intervention using RBF is to identify its desired impact and the barriers hindering the achievement of that objective. Once the objective and its barriers have been identified, the policymaker should analyze whether RBF can overcome those barriers based on the added value channels discussed in Chapter 2. At the end of this phase, the policymaker should have a comprehensive understanding of the potential of RBF to achieve the desired outcomes. Figure 2 illustrates the path to assessing the benefit of RBF.



Figure 2.
Pathway to assess the benefit of RBF



Input: Objective Setting

To effectively implement a results-based framework, policymakers should begin by establishing a clear desired social impact or objective (in this report, we will use objective, desired social impact, and desired results interchangeably). While this objective may seem obvious, more frequently than not it is fuzzy and varies among stakeholders. For a results-based finance program to be effective, it is necessary to be intentional about that desired objective. The following considerations can help guide policymakers in determining the desired impact:

- What is the long-term objective? What social impact does the policymaker envision to achieve?
- What is the timeframe to achieve the desired impact? To what scale?
- If the policymaker has a fuzzy long-term objective, what is the pressing issue they want to address? What would it look like if there were no barriers to addressing the issue?

For example, if the policymaker is interested

in addressing the labor force integration of migrants, they could envision that in the absence of barriers the migrants' unemployment rate would be under 10 percent. Once the objective has been set, it is necessary to gain an ample understanding of the issue and the status quo of the existing initiatives to identify the barriers hampering the achievement of that objective.

Assessment process: Issue/initiatives characterization and RBF added value

Issue characteristics

The assessment process to identify the potential of RBF in achieving the desired social impact begins with understanding the issue. This includes analyzing the sociodemographic, geographic, and temporal characteristics of the problem. The following guiding questions can help the policymaker better characterize the issue. Some of these questions may not be easy to answer due to a lack of data, and that is a barrier in and of itself.



Box 11.

Keep in mind – Adjusting interventions for different populations

Consider the target population and the evidence that exists for the specific context. Do not assume that because there have been effective interventions in one setting, they will be equally successful in a new context or for a different population (e.g., migrants).

Sociodemographic characteristics:

- Who are the people that are most affected by the issue? Is the issue centered at the household or individual level?
- If it is centered at the household level, what are the household characteristics (e.g. household size and composition)?
- If it is centered at the individual level, what is their age range? Are men and women affected equally? What role do they have within their household (e.g. are they the household head, what relationship do they have with the household head, are they caregivers to other household members)?
- Is the issue affecting the population based on their sociodemographic characteristics?

Geographic characteristics:

- Are the people affected by the issue clustered in a geographical area or spread throughout the country?
- If they are concentrated in an area, is the issue generalized within that geographical area or does it affect only a fraction of the population?
- What is the government's capacity and service provision in the area regarding the issue or population?

Temporal characteristics:

- Is the issue more acute during specific moments of the month, season, or year?
- How long does it take for the consequences of the issue to become apparent?

Understanding the issue's sociodemographic, geographic, and temporal nuances should not be overlooked. Answering the right questions and gathering the appropriate information about the issue will allow a proper problem diagnosis to ensure RBF is the right solution.

Maturity of initiatives

Once the main issue's characteristics have been identified, the policymaker should analyze how it has been addressed (or if it has been addressed). The initial questions for this analysis are:

- Is the issue being addressed? How?
- What is the level of maturity of the existing initiatives?

Recall from Chapter 2 that the maturity of an initiative depends on three dimensions: the availability of information or evidence, the organizational capacity for effective implementation, and the degree of innovation needed to achieve the expected impact. Based on these dimensions an initiative may have low, medium, or high maturity, and the added value of RBF varies across these levels. The barriers limiting the results are usually different depending on the maturity of the interventions. Thus, the inquiries to identify these barriers differ too.

Therefore, we suggest the policymaker take one of two possible paths. The first path is to take a deep dive into the issue. The policymaker should take this road if the existing interventions do not address the issue or have low maturity. The second path is to deep dive into the status quo of the existing interventions. This path should be taken if the existing interventions have medium or high maturity.

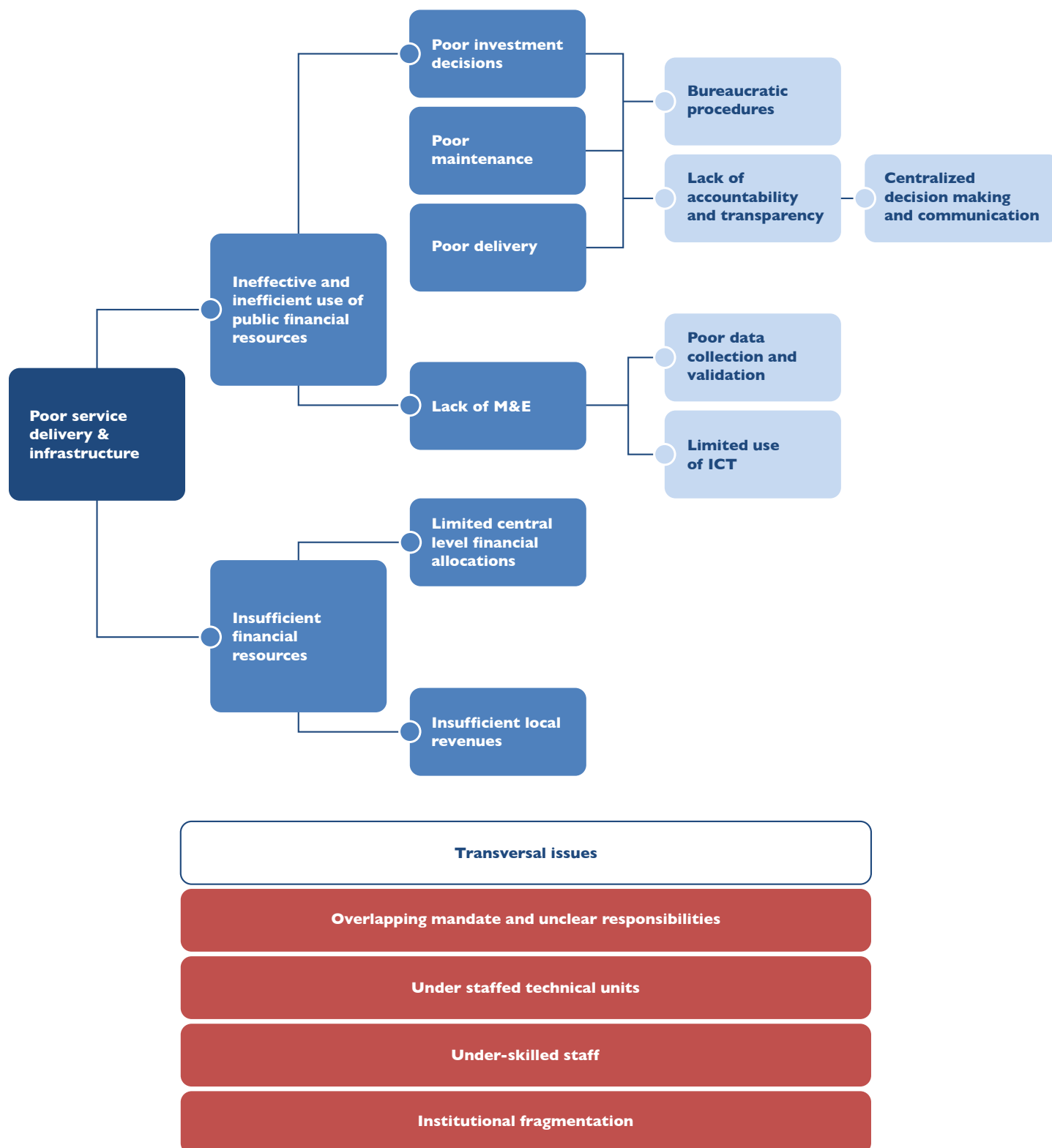
Deep dive into the issue or the existing initiatives

When conducting a deep dive diagnosis, it is important to map the root causes and potential barriers, regardless of whether the diagnosis is of the issue, or the existing interventions based on the maturity level identified. A problem tree analysis is an effective methodology for this mapping (see Figure 3 for an illustration). The analysis begins by identifying the main barrier and then unpacking its possible causes. In Figure 3, the main barrier is identified as poor service delivery and infrastructure. This could be caused by inappropriate use or insufficient financial resources. In turn, inappropriate use of resources can be broken down into four categories: poor investment decisions, poor maintenance, poor delivery, or lack of monitoring and evaluation. In short, as shown in Figure 3, a problem tree helps break down a larger barrier into specific problems.



**Figure 3.**

Problem tree example: Assessing an implementation with poor service delivery and infrastructure



When the existing interventions don't address the issue or have low maturity, we suggest the policymaker further focus on the issue to develop a more robust problem diagnosis. Some guiding questions to conduct the problem tree analysis in that case are:

- What are the issue's root causes?
- Why are there limited or no initiatives to address the issue? Is the issue too expensive to address? Are there market barriers? Is the issue too complex to address with a single intervention?
- Are there service providers with the capacity to carry out an intervention?
- Which are the relevant organizations or people that could address the issue or gather relevant data to better understand it? (See Box 13).

When there are interventions that address the issue with medium or high maturity but there exists a gap between what is being achieved and the core objective, the problem tree analysis should focus on that gap. The following suggested questions may be useful for that analysis:

- What is the intervention about? What activities comprise the intervention? What activities are weaker or harder to carry out?
- Who are the key stakeholders of the service or program? (See Box 12).
- What is the level of enrollment in the initiative? Why?
- Are the results of the intervention being recorded? Why or why not?
- If the results are being recorded, what is being achieved? If they are not the expected results, why is that the case?
- Are current initiatives achieving the required impact in line with the expected cost? If not, is the cost above the expected? Or is the quality and impact of the intervention low?
- Do the current providers have the right capabilities to deliver the intervention?
- Do they face excessive administrative and regulatory barriers to service delivery or market entry? Do they have the flexibility and right incentives to adapt their intervention design and delivery?

After deep diving into the issue or initiatives, the policymaker should have identified the key stakeholders and the most pressing barriers to achieving the core objective. From there they should be able to analyze the potential for RBF to reduce them.



Box 12.

Keep in mind - Mapping relevant stakeholders

At this juncture, the policymaker should map the stakeholders and begin drafting an engagement strategy. For this, the Who is Who tool is a useful resource.

Once the policymaker has mapped the stakeholders, they can brainstorm which RBF instrument (Table 4) could be appropriate. This brainstorm will be revisited in Phase 3.



RBF added value

Evaluating the potential of RBF to overcome or at least reduce the most pressing barriers to achieving the desired results is a cornerstone to assessing if RBF is an adequate instrument to achieve the socioeconomic integration of migrants. This process is about understanding which barriers are addressable by RBF, and thus if it can deliver greater results. It cannot be assumed that RBF can potentially reduce all barriers. For example, it is difficult for RBF to be of value when the delivery of results is obstructed by an organization's internal governance (e.g., highly fragmented). To identify the added value of RBF, stakeholders must ask themselves: can RBF address the identified barriers to achieve the desired impact? As discussed in Chapter 3, RBF can achieve greater impact if the identified barriers can be reduced or overcome through one of the following channels:

- 01. Adapting to the population's needs:** Tailor programs and services to address the specific needs and characteristics of the migrant population, ensuring that support is relevant and effective.
- 02. Aligning stakeholders:** Foster collaboration among governments, funders, service providers, and other key stakeholders to create a unified, coherent approach to address the challenges faced by this population.
- 03. Solving coordination problems:** Implement strategies to motivate stakeholders to overcome bottlenecks and barriers, ensuring the effective reach of the population and providing pathways for existing services to achieve the desired impact.
- 04. Evaluating strategies to achieve expected success:** Continuously assess and refine programs to ensure flexible and effective support for migrants in achieving successful integration.

With this in mind, the policymaker can determine if there is space for RBF to add value. For instance, in the previous example, RBF channels may neither add value nor allow results to be obtained without first solving the organization's internal governance problems. In cases where RBF is not expected to yield a higher impact, the policymaker should rule out the adoption of RBF and seek other instruments first.

Phase I Output: RBF potential

The assessment of the expected benefits of RBF (Phase I) is crucial for determining the feasibility and potential impact of this instrument in addressing the socioeconomic integration of migrants. Policymakers can comprehensively understand where and how RBF can add value by setting the core objective, understanding the issue's characteristics, evaluating existing initiatives, and identifying the most pressing barriers. By assessing the potential of RBF to have a greater impact, policymakers should have an initial perspective on their willingness to embark on implementing an RBF program. That willingness should be reassessed at the end of Phase 2 once the policymaker has estimated the expected costs of implementing RBF.

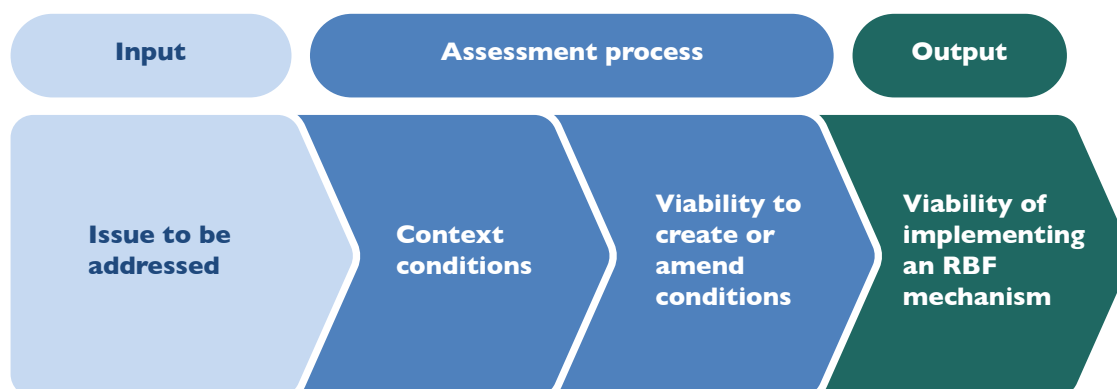


Phase 2. Assessing the expected cost of RBF

The second phase towards achieving a more effective intervention using RBF is assessing the existing technical, political, and administrative conditions. Once the weak links of the context have been identified, the policymaker must determine what it takes to create or strengthen those conditions. This phase should provide them with a comprehensive idea of the costs—monetary and non-monetary—of creating an appropriate environment to implement an RBF program. Figure 4 illustrates the process for assessing the costs of developing the enabling conditions for RBF.



Figure 4.
Pathway to assess the cost of RBF



Input: Issue to be addressed

To assess the expected cost of creating an enabling environment to implement an RBF, the starting point is the assessment done in Phase 1. For Phase 2 the policymaker should have a comprehensive understanding of the issue including its main barriers and the context in which the issue would be addressed.

Assessment process: Enabling context conditions

Enabling context conditions

The assessment process starts with the analysis of whether the conditions for the effective use of RBF exist. For RBF to yield a greater impact, an enabling environment is required. The absence of these conditions may weaken the added value of RBF or even completely hinder its implementation. Each context is unique and may require different conditions to foster the success of RBF. However, three conditions are strictly necessary when promoting migrants' socioeconomic integration from a results-based approach:

- 01. Interest and power of policymakers** to solve the issue, make decisions about how the issue is addressed, and move the RBF program forward. The policymakers must have both the interest and the power to leverage the RBF program. Moreover, interest and power must be stable over the timeframe it takes to make a change in policy implementation.
- 02. Political buy-in** for other stakeholders to endorse the initiative. Political buy-in involves obtaining the support and commitment from key political actors and stakeholders to address the socioeconomic integration of migrants using RBF. This is particularly important because migrant integration can be a sensitive topic within a society and may provoke strong opposition.
- 03. Financial capacity** to execute the initiatives and the RBF program. The financial capacity includes the available budget to fully implement the initiatives enhanced with RBF and a defined timeline for the execution of those resources.

These strictly necessary conditions must be set before beginning to design the RBF program (Phase 3). Other general conditions that are needed are technical, administrative, and political conditions. Although necessary, these can be created or strengthened during the preparation phase (Phase 3). We describe these conditions and an initial strategy to amend their weak links below.



Technical conditions

Four technical conditions should be created before implementing the RBF program. These conditions are:

01. Adequate interventions to address the issue. This means that there are enough interventions that can generate the desired results within the specific context. An adequate intervention is one tailored to a specific population. Therefore, an intervention targeting the local population does not necessarily mean it is adequate for migrants. When there are few or no interventions to address the issue, it is necessary to have at least some organizations with the potential to do so. In such cases, the lack of interventions can be amended with an RBF design itself.

02. Measurable results that are linked to the desired impact or outcomes. It should be assessed whether there are measurable and appropriate outcomes to tie funding to. Those measurable results must

be connected to the desired social impact and within the realm of control of the implementer (i.e. manageable control). It is often the case that measurable results are identified during the prototyping of the RBF instrument. During that process, the policymaker may identify which of the measurable outcomes are highly linked to the desired impact, feasible to measure, and with the manageable control of the implementer in the specific context. Thus, this condition is usually amended during the execution of Phase 3.

03. Available data to design the RBF. There should be data available to define the design parameters of an RBF program adequately. Specifically, information must be available on the nature of the issue, the costs of providing an intervention to solve the issue, and the past performance of the existing interventions. However, as highlighted throughout this report, migrants' conditions are often fogged due to a lack of data. To overcome this

limitation, policymakers should first find alternative data sources to characterize the issue as deeply as possible. In addition, an RBF instrument can be set in place to generate the data and collect information about the impact of the implementations. For this, the policymakers should be sure to address the most relevant data gaps that are hindering the achievement of a desired impact.

04. Monitoring and evaluation system to store reports and verify the results. This implies having a system that can store, manage, and transmit data to efficiently verify the obtained results. This system should align with the program's design and clearly define roles and processes for data management. During Phase 3, the system's alignment with the RBF design should be fine-tuned. However, in this phase, policymakers need to assess stakeholders' capacity to establish this system or consider the need to hire a third party to do so.



Administrative conditions

The administrative condition that must be set in place before the beginning of the RBF implementation is the stakeholder's capacities.

01. Stakeholders' capacities to set an RBF program in place in the field of migration. Implementing programs for migrants or in regions with high influx of migrants requires specific capacities. These capacities include an adequate targeting strategy, building a network that is close to migrants, and building trust, coping with constant change, among others. In addition to these capacities, implementing an RBF for migrant's integration requires:

- **Human capacity.** Human capacity includes the time and experience of the personnel implementing, supervising, and verifying the RBF program.
- **Monitoring and learning.** Monitoring and learning capacities to manage and analyze the results and performance data and adapting on the go.
- **Financial.** The financial capacity to conduct investment management and modeling knowledge.
- **Procurement and legal.** The procurement and legal capacity to identify, evaluate, select implementers, and manage agreements.

If one or more stakeholders lack the required capacities, it is crucial to conduct capacity-building workshops and identify potential allies to fill those gaps.

In addition, it is helpful to analyze the regulatory framework within the context. It is not imperative to have regulations that support RBF. However, policymakers must know the situation of RBF regulations and the possible legal barriers that can be brought about if there are no regulations in support of RBF.

02. A regulatory framework and organizations' procedures that do not hamper the use of RBF. Rigidities in the organizations' procedures for contracting within the legal framework may hinder the flexibility needed for RBF to add value. For instance, by requiring all contracts to be of a fixed amount within a limited timeframe. This can be mitigated by involving other stakeholders who can act as intermediaries to tie payments to results and be hired by the government or payee for a fixed amount. If the policymaker has the political will and time, they could also explore the option of advocating for regulatory and procedural changes.



Political conditions

Before the design phase, it's important to have political interest and power to address the issue using RBF, as highlighted at the beginning of this section. Another crucial political condition that should be strengthened before implementation is stakeholder alignment.

- 01.** **Stakeholders' alignment** on the desired impact and understanding of the issue. In case there is an impasse between the stakeholders, based on the analysis done in Phase 1, the policymaker should map each stakeholder's objective and develop an engagement strategy, such as socialization sessions, to reach common ground.

Viability to amend or create the missing conditions

After assessing the state of the RBF enabling conditions within the specific context, the policymaker needs to evaluate what it takes to amend or create the missing conditions. For this assessment, the policymaker should develop a strategy to strengthen the weak links and estimate the monetary and non-monetary costs of doing so. Based on that assessment, the policymaker must determine if it is viable to create the missing conditions within temporary, political, and financial constraints.

Output: RBF viability

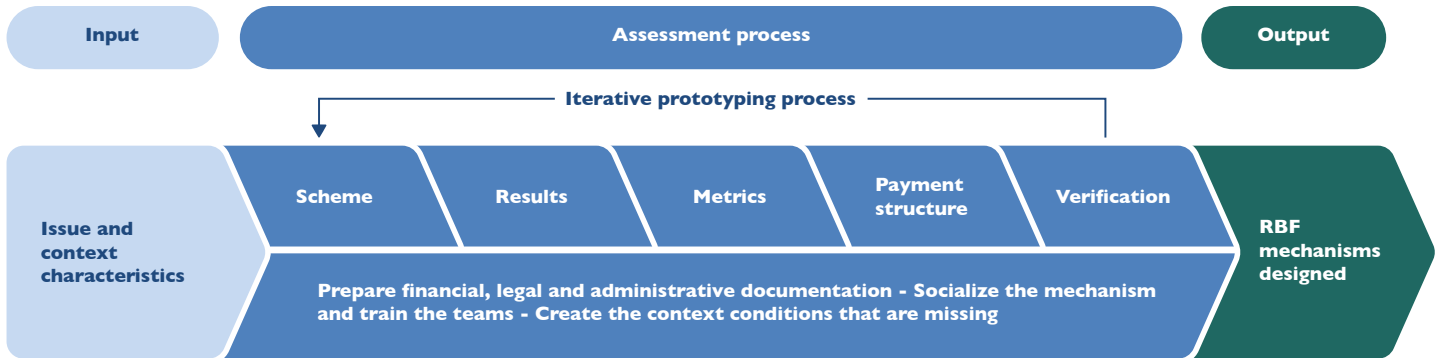
Conducting a viability analysis of the RBF is essential before beginning the design. This analysis will ensure that the policymakers embark on the RBF process only after securing that RBF yields the highest impact possible. The viability analysis bridges Phases 1 and 2 by comparing the anticipated costs of creating an appropriate environment to implement RBF and its added value to achieve a specific social impact. By carefully considering these factors, policymakers can make informed decisions that maximize the potential for successful and impactful RBF interventions. The decision to proceed with an RBF program should be based on a balanced assessment of what it takes to set the context for RBF and the added value it can bring about. If the analysis indicates that the RBF instrument is viable, the next step is to proceed to the design phase. If not, policymakers should explore alternative instruments or revisit the enabling conditions to address any gaps.

Phase 3. Designing the RBF instrument and preparing for implementation

Once the policymaker has assessed the viability of an RBF instrument to yield a higher social impact in a cost-efficient fashion, they should prepare for implementation. This phase starts with a comprehensive understanding of the issue and the context. Followed by an assessment process of two parallel paths. One path involves prototyping and designing the RBF instrument and the other involves creating the environment required for a successful RBF implementation. Together, these two paths will result in an RBF program that is ready to implement. Figure 5 summarizes the steps of this phase.



Figure 5.
Process to ensure the readiness of the RBF program



Input: Issue and context characteristics

In the initial step of the preparation phase, the policymaker should deeply comprehend the issue at hand and its broader context. This understanding should be based on the work done in previous phases and includes identifying the key obstacles in the implementation process that are hindering the achievement of the desired impact. By doing so, the policymaker can set incentives at the right points and develop an effective RBF program. Additionally, at this stage, the policymaker must have a comprehensive understanding of the contextual conditions that need to be established or reinforced to create an optimal environment, along with a clear plan for achieving this. Lastly, the policymaker must have a clear grasp of the financial and time constraints to address the issue. Together this information will not only define the scope of the program, but also ensure its adequate design and contextual readiness for implementation.

Assessment: Designing and prototyping the RBF instrument and creating the conditions for implementation

The assessment process of this final phase is of utmost importance since a large part of the success of an RBF program is determined by the instrument design and the context conditions in which it is implemented. This assessment step, which is divided into two parallel paths, translates the issue and context characteristics into a concrete design that enables greater results. This step involves the identification of the most relevant outcomes and outputs to tie funding to, defining how to measure them, developing a structured and efficient payment system, and establishing a verification process to maintain accountability. During this step, the policymaker and their team should also create an environment that supports the RBF program by preparing the required documentation, engaging stakeholders, and addressing contextual weaknesses. The policymaker must advance on both paths simultaneously to avoid setbacks.

Designing and prototyping the RBF program

Selecting the type of RBF instrument

When designing an RBF program, policymakers should begin by choosing the incentive instrument. As discussed in Chapter 2, there are various instruments available, choosing one over the other depends on the stakeholders involved, and the role they could have (investors, verifiers, implementers, payers, etc.). For a detailed explanation of the most common instruments, refer to Tables 3 and 4. For this, it may be useful for the policymakers to select the initial instrument based on the stakeholder analysis conducted in Phase I. To choose the appropriate instrument, policymakers can consider the following guiding questions:

- **Who are the stakeholders involved?**
- **Who could be the incentivized agent?**
- **What is the financial flow structure?**
- **What is the governance framework?**

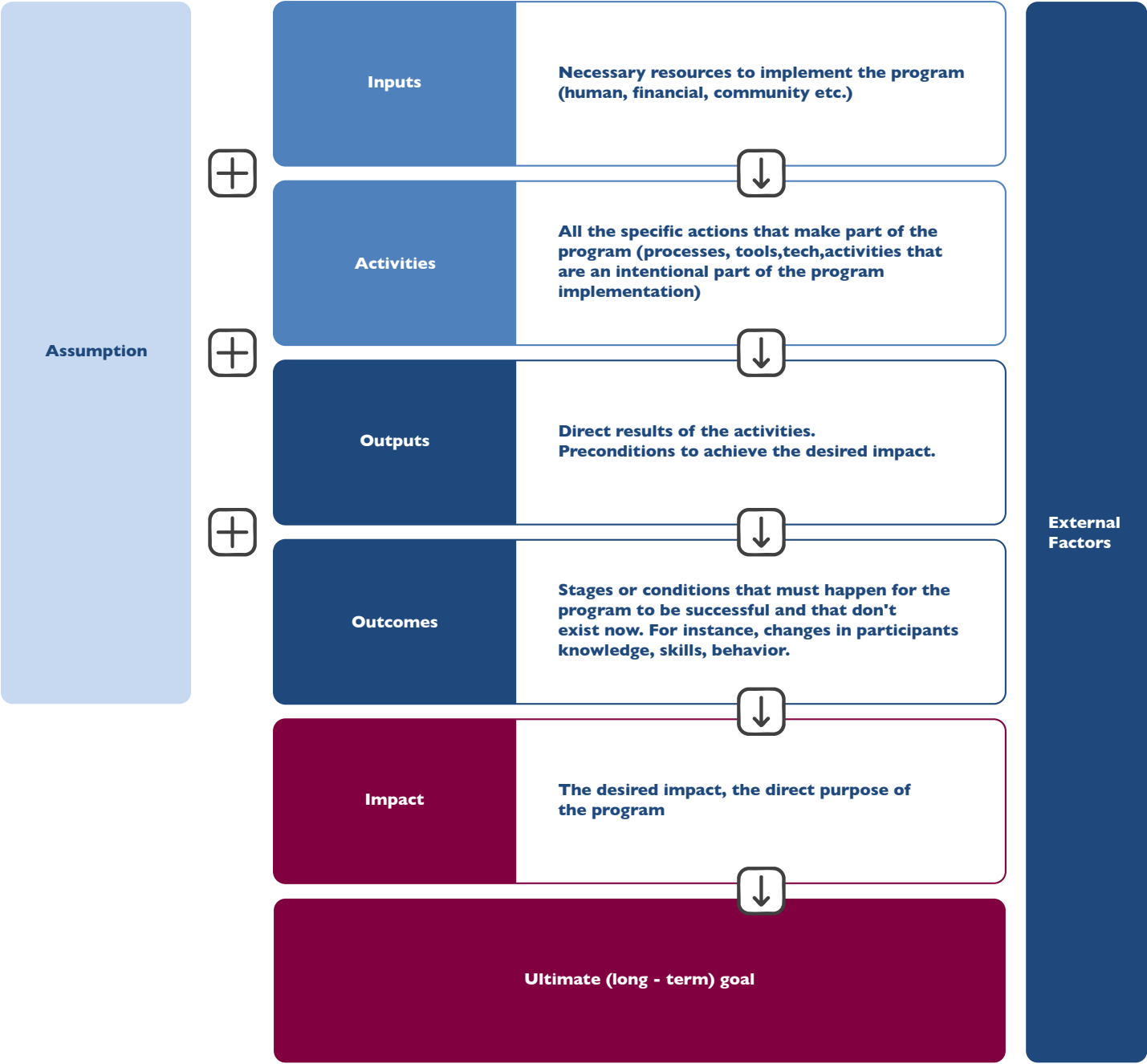
Selecting the right type of RBF is an iterative process that involves prototyping, testing, and readapting.

Selecting results

The next step in designing an RBF instrument is to select the results that will be paid for. Funding can be tied to outputs or outcomes. Outputs are the direct results of the activities of the intervention. While outcomes derive from the outputs and are preconditions for the impact to materialize. To assess the results, it is helpful to model the theory of change of the intervention. Figure 6 illustrates the components of a theory of change to guide policymakers on this step. By using the theory of change of the intervention, policymakers should identify the outcomes or outputs of interest and determine which ones need a boost because they are not being fully achieved.



Figure 6.
Theory of change



Policymakers may want to select outputs when the intervention has evidence of its effectiveness and outputs are the bottlenecks for scaling. On the other hand, when the intervention activities are not supported by evidence or the policymaker wants to incentivize flexibility in the activities, tying funding to outcomes is more appropriate. In some cases, the policymaker may want to tie to funding both outcomes and outputs. It is important that for each output and outcome chosen, the policymaker sets a target.

Defining the metrics

Once the results to be tied to funding have been selected it is important to define the payment metrics. A payment metric is a specific way to measure the selected results. When establishing the metrics, the following factors should be considered:

- **What should be measured? This is the result selected in the previous step.**
- **How can it be measured? Make sure that the metric is specific.**
- **Who would measure it?**
- **When the result should be measured and how often? The metric should be time-bounded and trackable.**

Additionally, policymakers should evaluate the selected results and metrics using the following four criteria:

- 01. Objective and easy to measure:** The metric must be straightforward, cost-effective, and easy to measure and verify. Both the data and the method used should be objective and reliable to ensure accurate results.
- 02. Closely related to the payer's ultimate goal:** The metric must generate the key social value of interest for the outcome payer.
- 03. Within the manageable control of the service provider:** The implementers should have a degree of control over the results to ensure they can realistically achieve the metric without relying on external factors.
- 04. Minimizes perverse incentives and gaming:** Metrics must minimize the potential for undesirable effects, such as cream skimming⁹³ or leading the provider to focus efforts on improving the metric with little impact on the ultimate goal.

Going back to the economic integration example, for which finding a formal job is the incentivized result, using the number of job placements is a metric that fulfills all the criteria. In addition, the policymaker could also include the metric of job retention over several months. However, that metric is less under the realm of control of the implementer than the job placement.

93. Cream-skimming is when implementers select as participants those who are most likely to achieve the results in the absence of the program. Investing resources where results would have been achieved without the program adds no value toward achieving the desired impact.

Payment structure

The payment structure specifies the payment timing and how it will vary as the metrics are achieved. The payment structure is comprised of four elements:

- 01. Funding tied to results:** The percentage of the total budget allocated to results. Higher funding tied to results entails more risk for the service provider. Policymakers should consider the provider's capacity and risk preferences when determining this percentage. Providers with greater financial capacity for the intervention should have a higher percentage of funding tied to results. Similarly, providers with more control over performance should also have a higher percentage of funding tied to results.
- 02. Payment weights:** The payment weights are the percentage tied to each metric of the funding allocated to results. To define the payment weights the policymaker should consider i) the relevance of the metric for the payer's ultimate goal, ii) the cost of achieving the result, and iii) the risk of generating perverse incentives.
- 03. Payment function:** The payment function determines the total payment for each metric according to the results achieved. The simplest payment function, and thus the one that is more likely to be successful, is a linear function, for example, paying a given price per unit.
- 04. Pricing results:** The price per result is the exact amount paid for achieving the defined metric. Generally, this price is estimated as the budget allocated to each result divided by the target. When setting the price, policymakers should consider the value-for-money, which is the value brought by RBF compared to traditional financing programs. The price per unit shows the costs per result and helps the payer see if it's worth it. However, the price should not exceed the social value of the outcome, but still be enough to motivate progress.

Verification process

The last step of the iterative design process is defining how results will be verified. This step is crucial because financial rewards are tied to measured results. Verification is essential to avoid misreporting and to guarantee the validity of payments. Without a well-defined verification mechanism, there is a higher risk of dispute over what has been achieved. Verification includes the method used, the period covered, the sample, how the results of the verification affect the payment, and roles and responsibilities. When designing the verification process, it's important to consider the following questions:

- **What is the exact metric to be measured?**
- **How can it be reliably and cost-effectively measured?**
- **Who will collect the information? Who will verify the collected information?**
- **When can the metrics be measured and how often?**

When choosing the right verification process, it is also important to consider:⁹⁴

- The amount of funds tied to the reported results.
- The possibilities of misreporting and the degree of perverse incentives; that is, the extent to which people responsible for the data collection and measurement are affected by the payment or have incentives to misreport the results.
- The extent and reliability of existing (internal auditing) systems, processes, and data collection, as well as the experience and measurement capacity of the service provider.
- The degree to which measurement errors affect payments. For example, if payments are made per unit, each additional unit affects the payment. In the case of payments that are linked to ranges of outcomes, a small discrepancy or measurement error could place the service provider in an entirely different range.



Box 13.

Example on designing and prototyping an RBF program

A group of policymakers want to launch a policy for migrants in their city so they can be economically integrated. Their objective is for migrants to generate more income, reduce their vulnerability, and improve their economic self-sufficiency. To achieve this, the policy-maker identified that migrants had a higher unemployment rate than nationals and that the main barriers for migrants to find a job were: (i) a mismatch between migrants' skills and employers' demand and, (ii) difficulties in navigating the job-market process. The policymakers identified that these barriers could be addressable with an RBF instrument. Moreover, they have funding and political buy-in to implement a policy to increase migrants' well-being. Thus, the group of policymakers decided to implement a workforce development program for migrants and to move forward in designing and prototyping an RBF program to maximize its impact.

01. Selecting the RBF instrument:

The main stakeholders are:

- The local social integration office – can be the outcome payer
- Workforce development operators – can be the incentivized agent
- Migrants in socioeconomic vulnerability – participants or beneficiaries
- Employers – partners

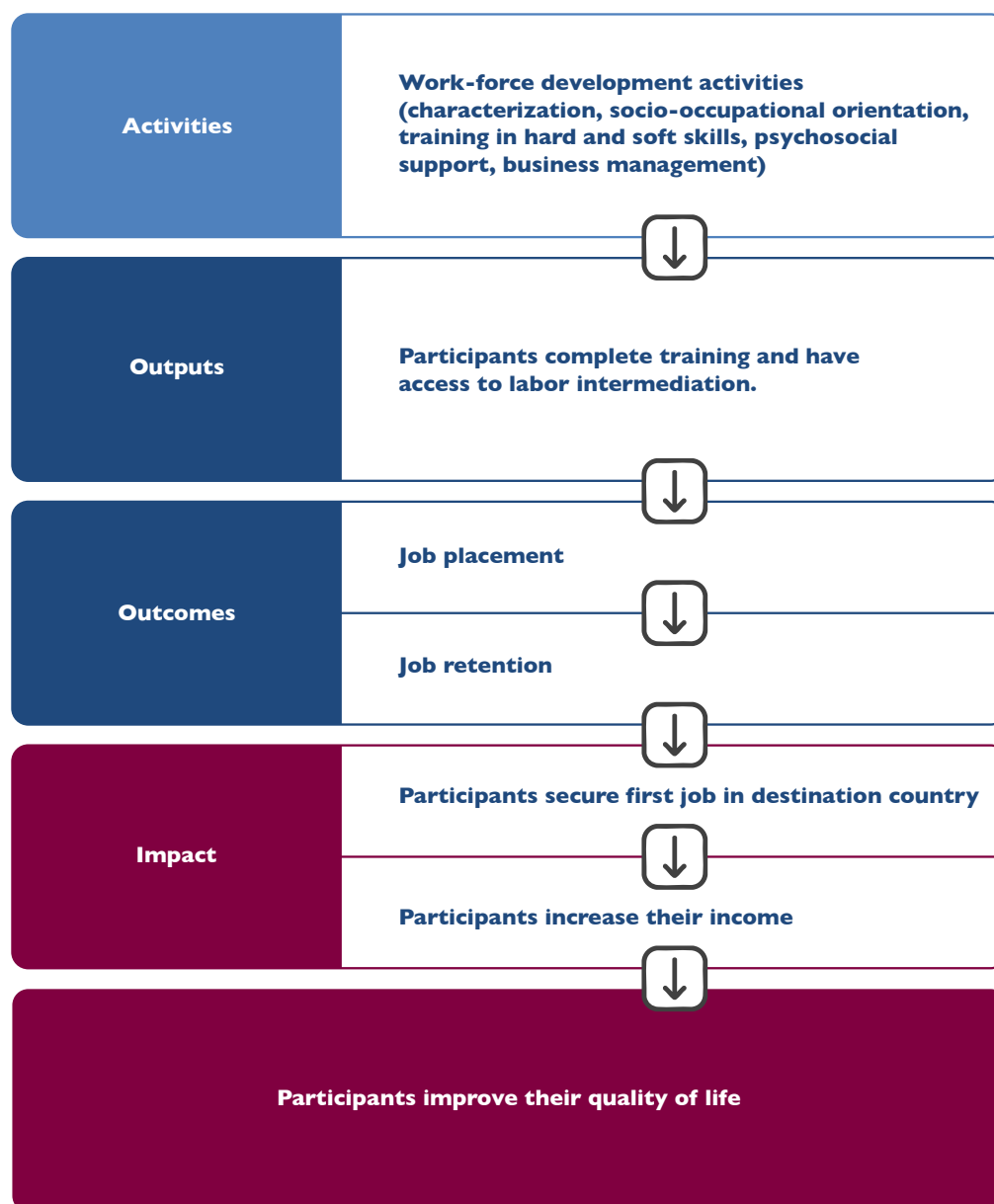
Based on this stakeholder mapping, the most appropriate instrument could be a performance-based contract (PBC). Among the interested stakeholders, there are no investors, lenders, nor a central–local government relation. Thus, we can rule out impact bonds, performance-based loans, and performance-based transfers.



94. Ergo, Alex & Paina, Ligia. 2012. *Verification Guidance for Performance-Based Incentive Schemes*. USAID.

02. Selecting the Results

The theory of change of the program is the following:



Based on this theory of change, policymakers can choose two outcomes to incentivize: i) job placements and ii) job retention. To measure the program's success, they policymakers can either track the number of migrants placed in formal employment, monitor job retention rates over a period of three or more months, or even assess both. The number of job placements is a reliable indicator of program impact that can be easily tracked through independent reports on a bi-weekly or monthly basis. Job retention rates, while also an equally valuable measure, are less directly under the program's implementers manageable control. Both metrics, however, allow for independent assessment of program effectiveness.

03. Selecting the Metrics

Based on this theory of change, we assume policymakers will choose the two outcomes and define the related payment metrics as follows: i) number of migrants finding a formal job, with a target of 1,000 placements, and ii) the number of migrants retaining their jobs for at least three months after placement, with a target of 800 (considering not all the placements will achieve the three-month retention goal).

04. Payment structure

With a performance-based contract, the funding the policymaker may choose to tie to results could be 20 percent of the whole program. Of that percentage, 75 percent of the results funds can be assigned to job placement and 25 percent to job retention. Finally, the outcome payer can pay a fixed amount per person placed and another amount per person retained. The exact value paid would be a function of the budget allocated to each metric and the goal for the number of people placed and retained, as illustrated in the figure below.

Funding tied to results	Payment weights	Payment function	Result's price
• Budget: \$ 1.000.000 • Funding tied to results \$200.000 (20%)	Of the funding tied to results • Job placement: 75% Total budget for placement: \$ 150.000 • Job retention: 25% Total budget for retention: \$50.000	Linear function • A unitary price per migrant that is placed in the job market and a price if they retain their job for 3 months.	Budget • Job placement target: 1.000 \$150 per migrant placed. • Job retention target: 800 Price \$62.50 per migrant who retains their job for 3 months.

05. Verification process

The results can be crosschecked with national databases of formal workers or employment contracts and social security payments. This verification measurement is highly reliable and cost-effective.

It is worth highlighting that achieving a robust design of the work-force development RBF would require a constant iteration of these steps.

Creating the conditions for implementation

Creating the right conditions for implementation is as crucial as designing the RBF program itself. This parallel step to prototyping involves preparing the required documentation, engaging stakeholders, and laying the contextual foundations for the RBF program to thrive. These parts—prototyping and crafting conditions for implementation—should be done simultaneously as there are synergies among them.

Prepare the relevant documentation

It is essential to have a well-structured RBF contract and supporting documents to ensure a successful implementation. These documents should align with the RBF design. Specifically, they should provide a clear plan for implementing the program, the timeline for achieving results, and the procedures for making payments and verifying outcomes.

A results-based contract differs from an activity-based contract mainly due to the nature of the payments and the governing structure involved. In an RBF contract, a significant part of the disbursements depends on the results achieved. Therefore, the contract must put in writing the amount tied to the results and the verification and disbursement frequency. In addition, an RBF contract often involves a complex governance structure, linking payers for results, implementers, investors, evaluators, and intermediaries. To ensure a robust governance structure, the RBF contract should clearly outline the roles of the involved parties and agreed-upon strategies to jointly mitigate risks that may arise during implementation.

Socialize the program and train the teams

Engaging stakeholders and training teams is a critical step in creating an enabling environment for the RBF program. It is crucial to ensure that the relevant stakeholders are engaged throughout the design process to guarantee that the selected results and payment structure are realistic and meaningful. This collaborative approach not only fosters buy-in from key players but also helps to identify potential challenges and opportunities that may affect the achievement of the results.

Furthermore, socializing the program involves creating a compelling case of RBF's value, sharing its objectives, and jointly defining each stakeholder's roles and responsibilities. This process helps to build understanding and support for the instrument, which is essential for its successful implementation. Workshops, seminars, and informational sessions can be effective ways to socialize the instrument and address any concerns or questions stakeholders may have.

Training is equally important to ensure that teams have the necessary skills and knowledge to implement the RBF program effectively. This includes training on the specific procedures and tools used in the RBF process, such as data collection methods, performance monitoring techniques, and payment processing systems. Ongoing training and capacity-building activities can help to reinforce these skills and address any gaps, ensuring that teams are well-equipped to achieve the desired results.

Create the missing context conditions

To successfully implement an RBF program, stakeholders need to address any gaps or weaknesses identified during the context analysis. It is important to develop the missing conditions that have been identified to fully benefit from enhancing an implementation with RBF. Policymakers need to ensure that the RBF program is implemented in an environment with the required technical, administrative, and political conditions, and to minimize the risk that the added value of RBF isn't achieved due to contextual characteristics. Some strategies to create each condition have been outlined in Phase 2, thus the policymaker should begin this step with a clear plan on how to do so.

Output: RBF readiness

To create an RBF program ready to achieve migrants' socioeconomic integration, it is important to have the correct preparation. We have divided that preparation into three phases. First, the policymaker should start with a thorough assessment of the expected benefits to ensure that an RBF instrument can address the specific barriers hindering desired outcomes. This involves analyzing the issue at hand, the characteristics of the affected population, and the maturity of existing initiatives. By identifying the potential for RBF to add value, policymakers can establish a solid foundation to move forward by creating a case for implementing an RBF program.

The next phase focuses on assessing the expected costs of creating an enabling environment for an RBF program. This includes evaluating the technical, administrative, and political conditions necessary for the effective use of RBF. This phase culminates in a viability analysis, weighing the anticipated costs against the potential added value of RBF.

The final phase builds on the first two. By carefully considering the issue characteristics, the barriers hindering the achievement of results, and the contextual conditions, policymakers should then embark on the task of designing the program and developing an environment to leverage the RBF potential. Securing the readiness of the RBF program to address the socioeconomic integration of migrants is not only the output of the last phase but also the result of the thoughtful process carried out throughout the three phases.

After confirming the readiness of the RBF program, policymakers and stakeholders are ready to proceed with the implementation. It is crucial to meticulously oversee performance and maintain continuous stakeholder engagement during the implementation. Furthermore, regular monitoring and evaluation of strategies and outcomes are essential to allow for timely adjustments to optimize the program's success and sustainability.



Chapter 5.

A call to action



Chapter 5.

A call to action

Well-managed migration can bring long-term prosperity and development to both origin and destination countries. This perspective falls within a new paradigm where migration is viewed as a global good. Against this backdrop, destination countries should move rapidly from short-term emergency responses to long-term development and integration strategies.

As destination countries begin adopting effective integration measures, they will be able to fully capture the potential benefits of migration. These benefits include economic growth, meeting local labor market needs, and adding diverse skills and talents to their workforce. However, there are significant barriers to implementing socioeconomic integration policies, even when there is local political buy-in. This report proposes the use of **Results-Based Financing (RBF)** as a tool to overcome some of the main implementation barriers of these policies in three key dimensions:

- 01. Regularization:** Streamlining the process for migrants to obtain legal status.
- 02. Economic Inclusion:** Supporting self-employment and formal employment opportunities for migrants.
- 03. Access to Basic Services:** Ensuring access to housing, healthcare, and early childhood and education services.

The evidence presented throughout this report demonstrates that RBF adds significant value by tying financing to achieving specific outcomes, and that countries —both nationally and locally— should incorporate it as a key tool in their migration policy toolkit.

This approach shifts the focus from merely providing services to delivering tangible results and thus resources are used effectively, targeting areas where they can have the greatest impact. Having a results-oriented mindset ensures that destination countries can better manage migration, maximize its benefits, all while simultaneously improving the living conditions and socioeconomic integration of migrants.



Specifically, coupling results-based financing to integration policies offers several key advantages:

- 01. Adapting to the population's needs:** RBF frameworks encourage tailoring programs and services to the specific needs and characteristics of the migrant population. By focusing on the unique demographic, economic, and social aspects of migrants, RBF ensures that interventions are relevant and effective. For example, targeted vocational training programs can enhance economic inclusion, which has shown success in various case studies.
- 02. Aligning stakeholders:** RBF fosters collaboration among governments, funders, service providers, and other key stakeholders, creating a unified and coherent approach to address the challenges migrants face. By aligning incentives with desired outcomes, RBF encourages all parties to work together towards common goals. This approach has been effective in regions where multi-stakeholder coordination has improved service delivery and policy implementation.
- 03. Solving coordination problems:** RBF strategies motivate stakeholders to overcome bottlenecks and barriers, ensuring effective outreach to the migrant population and providing pathways for existing services to achieve the desired impact. By tying funding to specific outcomes, service providers are incentivized to streamline processes and enhance service delivery, reducing fragmentation and improving access to essential services.
- 04. Evaluating the most effective strategies to achieve success:** RBF frameworks establish clear benchmarks and track progress, providing a robust mechanism for evaluating integration efforts. This data-driven approach offers transparency and accountability, allowing policymakers to assess the impact of their programs accurately and make informed adjustments for continuous improvement and refining interventions that achieve the expected impact. Continuous evaluation and refinement of programs ensure flexible and effective support for migrants, ultimately leading to successful integration.

Nevertheless, it's clear that transitioning to a Results-Based Financing (RBF) model can be challenging as it disrupts the traditional approach to implementing migration policies. However, the benefits these instruments provide very clearly outweigh their short-term costs not only by enhancing the immediate well-being of migrants, but also by supporting the broader (and longer term) goals of social and economic integration.

RBF thus significantly contributes to the Triple Nexus approach to addressing displacement. While traditional short-term humanitarian assistance plays a vital role in responding to the most pressing needs of migrants and refugees during emergencies, it cannot sustainably address the long-term needs of uprooted populations. The Humanitarian–Development–Peace Nexus approach promotes long-term solutions and self-reliance, thus diminishing the reliance on external aid over time by tackling root causes of displacement alongside immediate migrant needs. A paradigm shift towards prioritizing long-term development outcomes like economic self-sufficiency and migrant integration into host communities is needed and is at the heart of what RBF can and is able to do. The Triple Nexus also seeks to foster a collaborative response among governments (from origin and host countries), international organizations, and local stakeholders, ensuring a more comprehensive and coherent solution to migration by coordinating different stakeholders' actions to respond to these crises—a vital perspective that is also a cornerstone of RBF.

All in all, RBF has the potential to aid in long-term development by fostering a more inclusive and cohesive society. We urge policymakers to explore strategies and funding that will enable their country to adopt this innovative approach. By doing so, they can develop effective and durable policies aimed at migrants, ultimately leading to sustainable development and improved living conditions for all members of society. Investing in RBF is an investment in the future, one that promises substantial returns in terms of social harmony and economic prosperity.



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