

POLICY
BRIEF

**Policy Brief on Outcomes
Funds for Education**

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Acknowledgements

The **Government-Non-State Partnerships Evidence Hub** comprises a set of resources including toolkits for governments and non-state actors, case studies, policy briefs and a repository of existing resources on innovative partnerships globally.

As a part of the evidence hub, this policy brief has been created in collaboration with The Education Outcomes Fund. The brief has been authored by Jessica Trollip, Analyst - Learning and Engagement, Early Childhood Education - The Education Outcomes Fund.



The Education Outcomes Fund is an [independent fund](#) hosted by UNICEF with a mandate to champion outcomes-based financing for education. EOF builds partnerships across public, private, philanthropic, and social actors, mobilising funding, evidence, and innovation to improve learning and employment outcomes for disadvantaged children and youth



The Global Schools Forum is a collaborative community of non-state organisations working to improve education at scale for underserved children in low- and middle-income countries.

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Outcomes Funds for Education

Introduction

Outcomes funds are a valuable funding model for outcomes-based partnerships with non-state actors in the education sector.

Outcomes funds differ from more common forms of contracts used for the delivery of social services, such as fixed-price contracts or cost-reimbursable contracts, as outcomes funds pay only if pre-specified outcomes are achieved.

Rather than focusing on activities – such as the implementation of an education programme, or outputs, like the number of teachers a programme trained, **outcomes funds prioritise the achievement of outcomes**, such as improving literacy and numeracy skills.

Often created under government stewardship, outcomes funds **pool funding from multiple sources** (which could include government and non-state actors) to **contract service providers** to achieve **pre-specified outcomes**. Outcomes funds enable the development of **numerous outcomes-based contracts** under a common framework.

Different service providers may implement a range of education interventions and **adapt and innovate** their intervention models whilst the programme is ongoing. The outcomes of the programmes are **evaluated by an independent evaluator** and **payment is only made upon the successful achievement** of the pre-specified outcomes.¹

Outcomes funds can **enhance the effectiveness of government's partnerships with non-state actors** to achieve its policy priorities at different levels of education including early childhood care and education, primary education and technical and vocational education and training. Outcomes funds can target policy priorities such as improved early learning outcomes, increased attendance for out-of-school children or increased number of young people finding sustained employment

¹ A common misconception is that outcome fund payment disbursement is binary or based on reaching a threshold. However, outcome fund payment disbursement should always be on a scale.

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Key Steps for Designing & Implementing an Outcomes Fund

1.

Defining outcomes & designating funding

One or multiple actors (government and/or non-state) pool funding. The pre-specified outcomes are chosen as well as evaluation approach and data that will be used to measure and evaluate these outcomes.

2.

Selection & contracting

Service providers apply with their proposed education intervention and those who are selected are contracted to achieve the pre-specified outcomes. This stage can also include the selection of impact investors who can aid in pre-financing the service providers to implement their interventions (see Box 1).

3.

Programme implementation

Service providers implement programmes with the flexibility to adapt and adjust the interventions as they go. Data is collected throughout the programme's implementation, monitoring progress and effectiveness, which informs adaptation.

4.

Verification of results

An external independent evaluation is carried out over the course of the programme to measure the impact of the various interventions on pre-specified outcomes. This also generates learnings on the most effective interventions and best practices.

5.

Payment

If outcomes are achieved, service providers and where relevant, impact investors (see Box 1), are paid a price per outcome. Payment can include a premium for specific outcomes, such as outcomes for particularly vulnerable populations.

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Box 1: Pre-financing to support interventions

Service providers may require upfront capital to deliver the education interventions. This can be provided by impact investors who provide the upfront capital to run the interventions and are only paid if the pre-specified outcomes are achieved. Payment to impact investors can include a return to investment for bearing the financial risk of implementation and the cost of capital. Impact investors can also offer support to service providers throughout implementation to enhance programme effectiveness.

Why Choose an Outcomes Fund?

- **Government leadership:** Outcomes funds can improve government partnerships with non-state actors. Outcomes funds align public and private stakeholders and facilitate government stewardship over these partnerships. Additionally, outcomes funds can incorporate other governmental priorities into their financial framework, for example a focus on gender equity.²
- **Effective spending:** Outcomes funds prioritize effective spending by tying financial support directly to proven outcomes rather than activities or outputs. This approach ensures accountability within the fund structure, emphasizing results and efficient use of resources.
- **Impact at Scale:** Outcomes funds align multiple actors to create impact at scale. They enable governments to work with multiple organisations under one framework and increase the capacity to scale interventions. This scale has associated lower transaction costs and greater value for money.
- **Likely impact:** Outcomes funds create reputational and financial incentives that encourage actors to focus on outcomes, not activities, increasing the likelihood of achieving impact. Additionally, continuous data provision and peer-to-peer learning can inform the adaptation of approaches to increase the likelihood and size of impact.
- **Evidence generation:** Having multiple intervention types that are externally evaluated enables context specific evidence generation. This knowledge of what works best can be used for to design future education interventions that can be scaled-up by government.

² The Education Outcomes Fund supported the launch of two outcomes funds for basic education in collaboration with the governments of Sierra Leone and Ghana. Both governments incorporated gender equity into the financial incentive structure of the outcomes fund, with girls' learning gains receiving higher outcomes payments.

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Box 2: Case Study on the Sierra Leone Education Innovation Challenge

In 2022, the Government of Sierra Leone in collaboration with the Education Outcomes Fund (EOF), launched the Sierra Leone Education Innovation Challenge (SLEIC) with a budget of USD 18 million. SLEIC pooled funding from the Government of Sierra Leone, UK Aid Direct, Korea International Cooperation Agency, Bank of America and the Hempel Foundation. SLEIC aims to enhance the learning outcomes for 134,000 children aged six to twelve in government schools in Sierra Leone.

SLEIC has contracted five service providers - EducAid, Street Child, Rising Academy Network (all three supported by Bridges Outcomes Partnership), National Youth Awareness Forum (supported by the Rockdale Foundation) and Save the Children - to improve student literacy and numeracy skills, with a specific focus on girls. Over the course of three years, SLEIC will pay for the outcomes achieved.

SLEIC aims to generate context specific learnings on which intervention models are the most effective to be scaled-up by the government. Though still in its early stages, SLEIC's initial results are promising.

Find more information on SLEIC [here](#).



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Considerations when Establishing an Outcomes Fund

- **Technical capacity:** The development of outcomes-based contracts requires technical know-how. However, there are organisations like the Education Outcomes Fund (EOF) with institutional expertise and capacity in the design, contracting and management of outcomes funds. They can support governments and bring together stakeholders to leverage this expertise and make use of pre-existing contract designs to create successful outcomes funds.
- **Costs:** Like any education programme, designing an effective outcomes fund involves considerations of transaction costs. However, outcomes funds can produce better value for money. By considering outcomes from the beginning of design, outcomes funds are more likely to have higher impact and pay for what works. Additionally, given the larger scale of outcomes funds contracting multiple service providers, transaction costs can be lower than without this framework. Outcomes funds can also produce evidence on which interventions are the most cost-effective.
- **Incentive structures:** When establishing an outcomes fund, it is important to consider the unintended consequence of creating perverse incentives. For example, service providers could be incentivised to focus on easier to reach

groups. Careful programme design and ongoing evaluation can mitigate this risk through specifically targeting equity as an outcome. For example, attaching higher outcomes payments to marginalised or disadvantaged groups encourages service providers to design and implement programmes with reaching these groups as a primary goal.

- **Long-term impact:** The finite nature of outcomes-based contracts may seem to lack the ability to achieve long-term, sustained impact. However, if designed with sustained impact in mind, outcomes funds can serve as catalysts for lasting change by promoting efficiency, accountability and adaptability. Outcomes funds encourage the identification of the most effective interventions to scale further.



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Further resources

- For an introduction to outcomes funds and an overview of the global landscape of outcomes funds, see the Government Outcomes Lab (Blavatnik School of Government, University of Oxford)'s [guide to outcomes funds](#).
- For further information on outcomes-based contracting consider exploring Healthy Brains Global Initiative's [capacity building workshops](#) which can be viewed on demand at no cost.
- For insights on outcomes funds for ECCE, see this [concept paper](#) which outlines the challenges for governments in the provision of early childhood care and education services and considers the potential of outcomes funds to address these challenges.

More About EOF

EOF supported the launch of the two largest outcomes funds for education in collaboration with the governments of Sierra Leona and Ghana. Since 2022, EOF has been supporting the governments of Sierra Leone, Rwanda and South Africa in the development of three outcomes funds for early childhood care and education. Additionally, EOF is supporting the government of Tunisia in the launch of an outcomes fund for skills for employment in Tunisia.

If you are interested in EOF's work with outcomes funds and would like to set up a meeting to discuss potential areas of collaboration, please contact comms@edufundmea.org.