



# Designing an Outcomes Fund

23<sup>rd</sup> May 2023

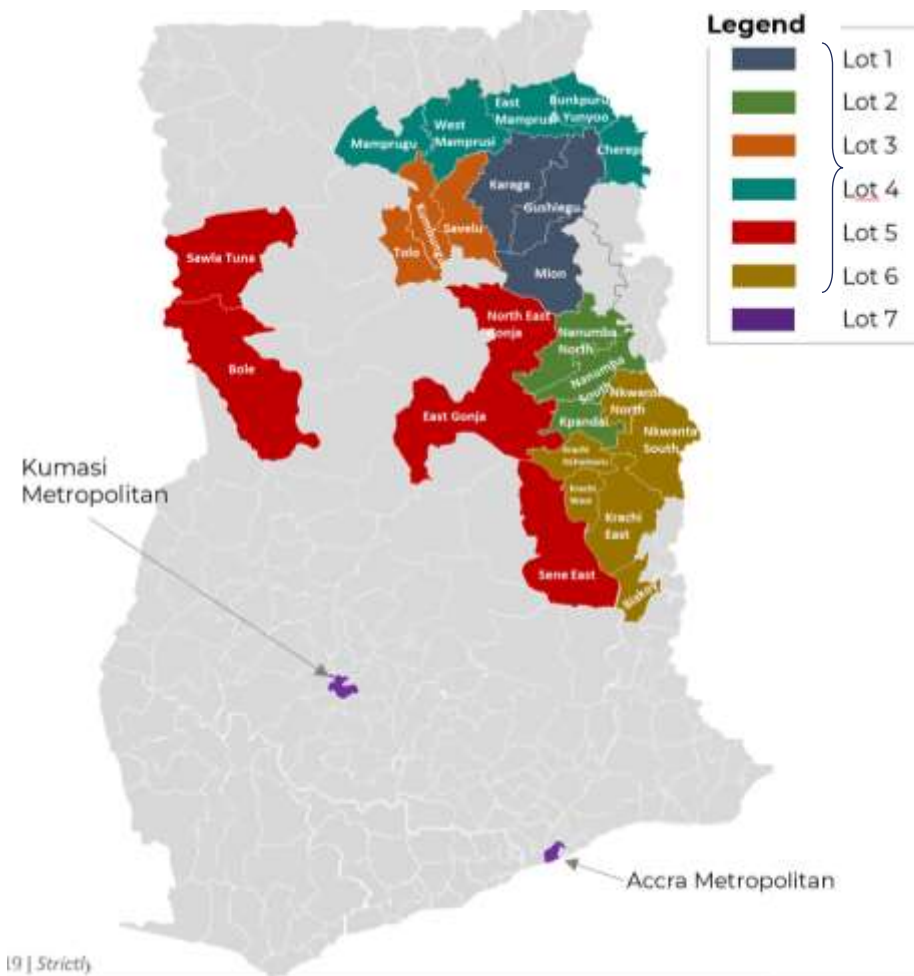
PRIVATE AND CONFIDENTIAL

# GEOP: A \$30M ‘outcomes fund’ to improve learning and re-integrate out-of-school children in Ghana

## Program overview

<b>Value</b>	<b>\$30M</b> (\$4.5M GoG, \$25.5M FCDO via GPRBA)
<b>Timeline</b>	2023 – 2026 (4 years)
<b>Mechanism:</b>	Outcomes Fund
<b>Direct program objectives:</b>	<p>Contract non-state actors to:</p> <ol style="list-style-type: none"> <li><b>1. Re-integrate ~70,000 out-of-school children</b> into mainstream primary schools</li> <li><b>2. Improve literacy and numeracy for in 600 public schools</b> (for 105,000 children)</li> </ol>
<b>Systemic objectives:</b>	<ol style="list-style-type: none"> <li>1. Inform which interventions are most effective in the Ghanaian context</li> <li>2. Set a <b>precedent for outcomes-based commissioning in Ghana</b> in education and beyond</li> </ol>

## 7 “lots” of providers contracted to achieve outcomes



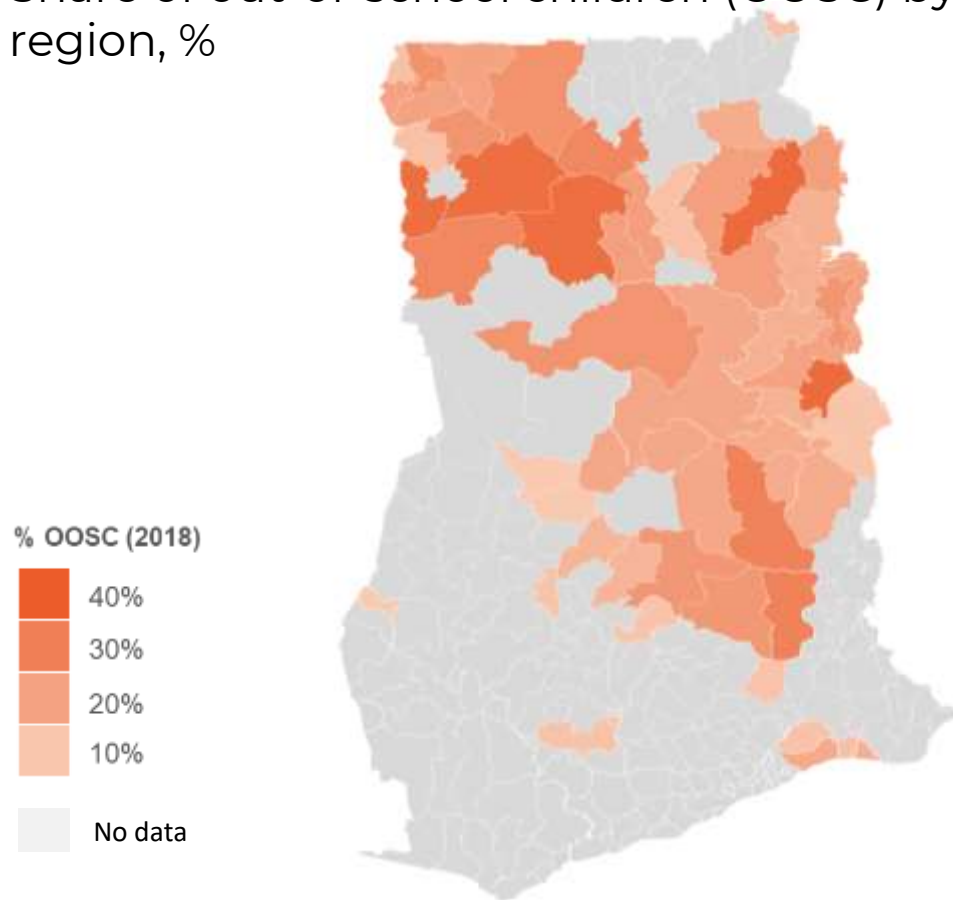
# 3 key steps to designing an outcomes fund:

	Step	Key Question	Components of step
1	<b>Scoping</b>	<i>What is the focus and key parameters of the project?</i>	<ul style="list-style-type: none"><li><input type="checkbox"/> Who is the programme targeting?</li><li><input type="checkbox"/> How long should the programme be?</li><li><input type="checkbox"/> How large should the programme be?</li></ul>
2	<b>Design</b>	<i>How do we incentivize providers to achieve outcomes?</i>	<ul style="list-style-type: none"><li><input type="checkbox"/> Defining a theory of change</li><li><input type="checkbox"/> Choosing payment metrics that aligns provider incentives to commissioner objectives</li><li><input type="checkbox"/> Choosing an evaluation design</li></ul>
3	<b>Procurement &amp; contracting</b>	<i>How do we select providers and hold them to account for achieving outcomes?</i>	<ul style="list-style-type: none"><li><input type="checkbox"/> Deciding on the number of providers / investors</li><li><input type="checkbox"/> Selecting bidders using <i>price per outcome</i></li><li><input type="checkbox"/> Tailoring contracts to be suitable for outcomes payments</li></ul>

# 1 The challenge: Ghana faces twin challenges of school access and quality

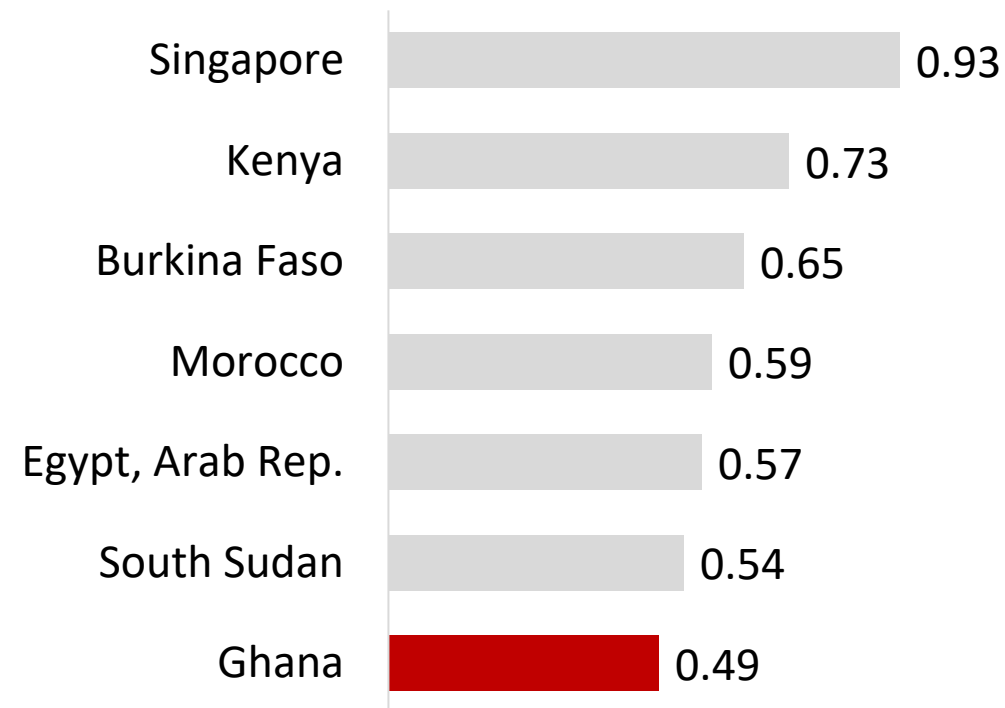
**Despite great progress in access, more than 450,000 6-14-year-olds remain out of school...**

Share of out-of-school children (OOSC) by region, %



**...and learning in schools is low in comparison to regional and international peers**

Years of learning per year of schooling\*



\*Based on the World Bank Learning Adjust Years of Schooling data

1

# Consider the viability and benefits of an outcomes approach to government, don't "force" an approach through



**Consider the viability** of designing an outcomes-based project

## Minimum Conditions

- Sector alignment to government priorities
- Opportunity to improve outcomes / equity
- Strong rationale for delivery through non-state provision
- Identifiable market of non-state providers to serve the population

## Enabling Factors

- Demonstrated interventions in the space
- Commitment to mechanism across all levels of seniority
- Donors' landscape and funding opportunities

**Consider the key benefits** are of outcomes approaches to governments

- ✓ **Shift accountability to outcomes** and **provide flexibility** to localize / adapt intervention
- ✓ **Outcomes-focused, data-driven performance management** during implementation
- ✓ **Evidence generation** to inform which interventions are most cost-effective in the local context, for governments to scale
- ✓ **Transfer of implementation risk** from government to investor / provider
- ✓ **Deferred outcomes payments** (only after outcomes achieved)

2

**Design:** Paying for learning outcomes shifts the focus to the *most difficult but important* measure of program performance

**Payment to providers based entirely on child outcomes\***

For 660 public primary schools:



**Learning gains** at P2 and P4 (based on an RCT)

For 70K out-of-school children:



**Learning gains** (pre-post)



**Successful placement** into school



**Retention** in school (1 & 2 years)

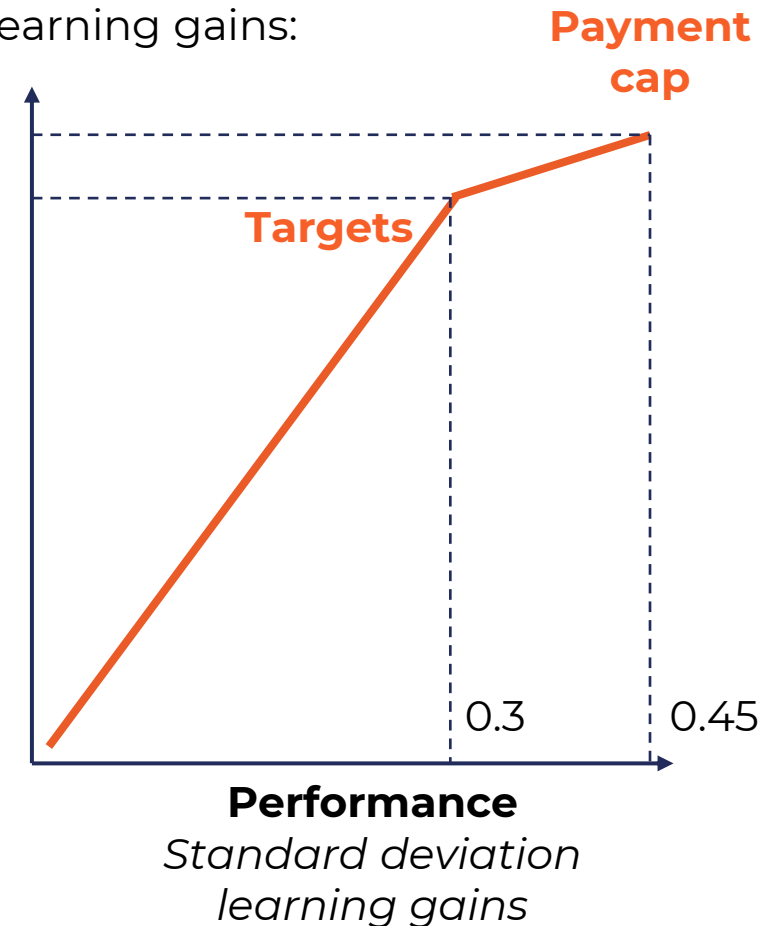
**Focus on girls, and mitigation against perverse incentives**

❖ **20% premium on prices paid for girls' outcomes** (vs. boys')

❖ **Payment made per child** assessed, not an "average", to discourage kicking out poorer performers

**Linear payment for performance, up to a cap**

**\$ payment** for P4 learning gains:



\*Only showing rural component

3

# Contracting Structure: Government contracted a number of different consortia on the basis of the outcomes achieved

Funders (US\$30M total):



EOF Education Outcomes Fund  
Technical advisors

Government of Ghana

Contracted with payments based on outcomes

Implementing partners:

Prime contractor:

Consortium partners

**Lots 1 & 2:**

STREET CHILD

montrose  
Improving lives through evidence and innovation

Chance for Childhood

**Lots 3 & 6:**

BRIDGES  
Fund Management

RISING ACADEMIES

School for Life

**Lots 4 & 5:**

PLAN INTERNATIONAL

JACOBS FOUNDATION  
[It's Time to Lead]

INSTIGLIO  
TYING FUNDING TO IMPACT

**Lot 7:**

BRIDGES  
Fund Management

STREET CHILD

Independent verification agent

KPMG

Evaluates or verifies outcomes

Program participants / beneficiaries:

105 K children in 600 public primary schools in the rural North of Ghana, and 60 K out-of-school children

10K urban out-of-school children





# How does procurement & contracting differ under an outcomes-based approach?

## Procuring providers for outcomes requires flexibility...



Bidders will be submitting a **price per outcome**, not a budget for delivering a service



Requires much more focus on data-collection / capacity to performance manage

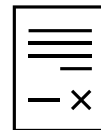


Requires communication between bidders and commissioners

## ...while contracts should be designed to tie funding to achievement of outcomes



Include a **process in case of unexpected event** limiting capacity for achieving outcomes



Include **termination clauses** that recognize that investors / providers prefinance the intervention



Delineate **clear responsibility between providers and government** agencies for achieving outcomes



## Group Activity:

- Split into 3 groups to discuss the steps to designing an outcomes fund
- There are 3 tables, each with a host. Each group will spend 10 minutes discussing the following questions with the host, before moving to the next table
- At the end, the hosts will summarise the key takeaways to the whole group

### Questions

- Which area do you think could benefit from outcomes-based commissioning?
  - Is there a strong provider market working in your field?
  - What do you think are the biggest advantages of this approach?
- 
- Is there a strong provider market working in your field?
  - Do you feel you have enough data to be able to set targets / prices for outcomes?
  - What would be your biggest challenge in designing an outcomes-based project in your field?
- 
- How compatible is the procurement / contracting approach with your institution?