

Government and ecosystem readiness – executive summary

Summary prepared by Michael Gibson

Supported by the UK's Foreign, Commonwealth & Development Office (FCDO), Social Finance has partnered with GO Lab and a broad set of experienced market practitioners to develop a report and two frameworks to support actors in the field to understand levels of ecosystem readiness and service provider readiness respectively to engage in outcomes-based partnerships (OBP). The frameworks were developed by a literature review of existing published frameworks, a series of semi-structured interviews with experts, and a feedback workshop with key OBP stakeholders to review the draft frameworks.

The frameworks aim to support prospective participants in OBPs to identify where their strengths lie and where there are gaps in capacity that may need to be filled, or built over time, in order to support successful OBPs.

The Ecosystem Framework

This framework has been developed to support government, policy makers, donor agencies and other stakeholders interested in supporting the development of outcomes-based partnerships. The framework is structured across three levels, to identify the factors that facilitate the beginning, expansion and consolidation of an OBP ecosystem.

- **Ecosystem foundations** – the competencies at this level are the core foundations for an ecosystem to successfully design, procure and implement the first couple of OBP pilots.
- **Ecosystem expansion** – this level describes the competencies required to move beyond pilots to expand the use of OBP to drive better outcomes across a range of sectors.
- **Ecosystem consolidation** – this phase of ecosystem development seeks to consolidate the competencies and characteristics to enable OBP to be widely used as a tool to drive better outcomes across a broad range of social sectors.

Within each level, this consolidated framework builds on Ecorys' DREAM framework. The *DREAM Plus* dimensions used are:

- **Demand from outcome funders** – competencies and conditions related to outcome funders' willingness, technical knowledge and financial capacity to participate in an OBP, as well as their capacity to support other ecosystem stakeholders to engage in OBP.
- **Regulatory framework** – conditions related to the regulation, rules and procedures in an ecosystem that influence the stakeholder development and participation in OBPs.
- **Economic and political context** – the ecosystem's economic and political conditions, which can influence the degree of confidence non-state actors have in OBPs.
- **Availability of data** – conditions and competencies related to the existence of information, data or evidence around population needs, existing interventions, outcomes and costs, among others.
- **Market capacity** – competencies and conditions related to the interest and technical capacity of non-government service providers, investors, intermediaries, evaluators and research centres around OBP.

	Ecosystem foundations	Ecosystem expansion	Ecosystem consolidation
Demand from outcome funders	<p>Willingness of government, philanthropies and/or donor agencies to trial an OBP</p> <p>Funding/resource available to cover feasibility and design, and to pay for outcomes</p> <p>Understanding of differences in commissioning OBP to grants/fee-for-service contracts</p>	<p>Increasing buy-in to and advocacy for value of OBP from outcome funder decision-makers, and value for money case built and communicated widely</p> <p>More funding for design, evaluation and outcomes payments</p> <p>Greater confidence in procurement, governance and management of OBP</p> <p>Ideally, outcome funders try to build ecosystem capacity</p>	<p>Governments and donor agencies have deep understanding of OBP, skills to assess value, design and launch them, and invest in their feasibility, design and evaluation</p> <p>Governments play a key role in funding, procuring, contracting and managing OBP, and support ecosystem development</p>
Regulatory framework	<p>Existing regulation/special permissions for pilots allows outcomes funders to contract for OBP</p>	<p>Efforts made to identify and begin to amend funder regulation and other constraints to facilitate use of OBP where necessary</p>	<p>Relevant regulation in place to facilitate use of, and participation of non-state actors in, OBP</p>
Economic and political context	<p>Service providers/investors have confidence in outcomes funders that outcomes payments will be made, and clarity on impact of unforeseen impediments to outcome delivery</p> <p>Non-state provision of services allowed in country</p>	<p>Ideally, efforts made to increase confidence in the economic and political context</p>	<p>Service providers/investors have good level of confidence in government's willingness and ability to pay for outcomes, as well as in the legal and political context</p>
Availability of data	<p>Sufficient data to define problem and identify priority populations, price outcomes and assess value for money, and inform outcome evaluation</p> <p>Robust data to inform outcomes payments can be collected</p> <p>Ideally, process/impact evaluations beyond verification of outcomes</p>	<p>Increasing investment in development of data systems to allow easier tracking of outcomes</p> <p>Efforts to share data and learning from OBP with broad group of stakeholders</p> <p>Ideally, outcome funders and providers shift accountability towards outcomes based on available data, and stakeholders increasingly use data to adapt programme delivery</p>	<p>Robust data systems to support problem definition, programme design and outcome verification across sectors</p> <p>Outcome funders and service providers routinely held accountable for outcomes</p> <p>Data and learning from OBP systematically collated and shared widely</p>
Market capacity	<p>One or more service providers (and investors if needed) willing to participate in OBP</p> <p>All parties committed to work collaboratively to deliver outcomes with transparent, multi-stakeholder governance</p>	<p>Increasing numbers of providers and investors understand and are interested in participating in OBP</p> <p>Specialist intermediaries advise and support stakeholders to design and implement OBP</p> <p>Ideally, specialist evaluators and research centres extract and communicate OBP learnings</p>	<p>Increasing numbers of providers/investors have experience of OBP</p> <p>Independent research on OBP effectiveness and impact encouraged</p> <p>Systematic support for outcome funders to design and manage OBP contracts</p>

