

Understanding outcomes funds

A guide for practitioners,
governments and donors



GOVERNMENT
OUTCOMES
LAB



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Contribution Statement

Louise Savell co-designed the framework for describing Outcomes Funds, compiled and interpreted Outcomes Fund data, and led on drafting the practitioner-focused elements of the report.

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About the Government Outcomes Lab

The Government Outcomes Lab (GO Lab) is a research and policy centre based in the Blavatnik School of Government, University of Oxford. It was created as a partnership between the School and the UK Government and is funded by a range of organisations. Using qualitative, quantitative and economic analysis, it investigates how governments partner with the private and social sectors to improve social outcomes.

The GO Lab team of multi-disciplinary researchers have published in a number of prestigious academic journals and policy-facing reports. In addition, the GO Lab hosts an online global knowledge hub and data collaborative, and has an expansive programme of engagement and capacity-building to disseminate insights and allow the wider community to share experiences with one another.

EXECUTIVE SUMMARY

Building on a previous version of the Government Outcomes Lab's [introduction to outcomes funds](#) and the recent addition of information about live outcomes funds to our [INDIGO database](#), this guide describes how outcomes funds have been used to date and suggests some key questions for those considering or designing new outcomes funds.

The guide is structured across four main sections:

1. *Definition of outcomes funds and an overview of key stages in a typical outcomes fund development process*
2. *The global landscape of outcomes funds as at November 2021*
3. *A schematic for understanding outcomes fund design choices (based on GO Lab analysis)*
4. *Types of outcomes fund and practical considerations for those considering an outcomes fund*

BACKGROUND

Outcomes funds are becoming an increasingly prominent approach within the ecosystem of social outcomes contracting and impact bond development. They have been widely touted as the solution to taking outcomes-based contracts, like impact bonds¹, to scale. Whilst outcomes funds gain popularity as a policy tool, a gap persists in documenting and describing their adoption worldwide.

There is no standard or agreed definition as to what constitutes an 'outcomes fund'. Broadly, an outcomes fund is an approach that enables several outcomes-based contracts to be grouped in a portfolio to be developed and supported in parallel (or in close succession). As is the case with individual outcomes-based contracts, like impact bonds and other payment-by-results mechanisms, a common goal espoused by those developing outcomes funds is to improve services that tackle complex social issues like homelessness, recidivism or unemployment. Outcomes funds signal a commitment to pay for social outcomes, rather than inputs or activities. In addition, outcomes fund advocates aim to accelerate the growth of the outcomes contracting market by using outcomes-based approaches 'at scale' and building capabilities among involved stakeholders.

[Existing outcomes funds](#) vary significantly, in both their objectives and design. This guide builds on research, undertaken by GO Lab researchers in 2020-21, to clarify what an outcomes fund is; how outcomes funds have been used to date; and what to consider when designing new outcomes funds. At the time data was compiled for publication in November 2021, 17 outcomes funds had been launched worldwide, with many more under development.

¹ Impact bonds (often referred to as 'social impact bonds' or 'SIBs') are outcome-based contracts that incorporate independent investment to cover the upfront capital required for a service provider to set up and deliver a service. An introduction to impact bonds and outcomes contracts is available here: <https://golab.bsg.ox.ac.uk/the-basics/impact-bonds/>

WHAT IS AN OUTCOMES FUND?

The term 'outcomes fund' has been applied in a number of ways, but most have three defining characteristics:

1. **Dedicated funding to pay for social outcomes** - Outcomes funds pool funding to financially reward the successful delivery of outcomes. Disbursal of funding is contingent on results. Payments from an outcomes fund only occur if specific criteria, agreed ex ante by the funders, are met. Outcomes funds are not investment funds: there is no expectation of being repaid. For example, Bridges Fund Management's 'Social Outcomes Fund II' is an investment fund and is not an outcomes fund under this definition.
2. **Intention to issue multiple separate outcomes-based contracts** - Outcomes funds intend to initiate and support multiple, independent outcomes-based contracts either directly with service providers, and / or by co-funding outcomes in contracts issued by other commissioners.
3. **Open to the involvement of impact investment** - Outcomes funds acknowledge that, to enable outcomes-based, rather than input- or activity-based payments, service providers may need to access funding to pre-finance the delivery of interventions aiming to deliver results. Sometimes providers can cover these upfront costs themselves, but often pre-financing will need to be provided by third parties. In outcomes funds, this third party may include impact investors. Impact investors provide pre-finance in the form of at-risk capital. Investors will want their principal and a financial return repaid if outcomes are successfully delivered. Outcomes funds allow for this kind of 'outcomes-based investment' to be used. Outcomes contracts that involve impact investment are known as 'impact bonds' (see Figure 1).²

² The GO Lab glossary defines these and other key terms here: <https://golab.bsg.ox.ac.uk/knowledge-bank/glossary/>

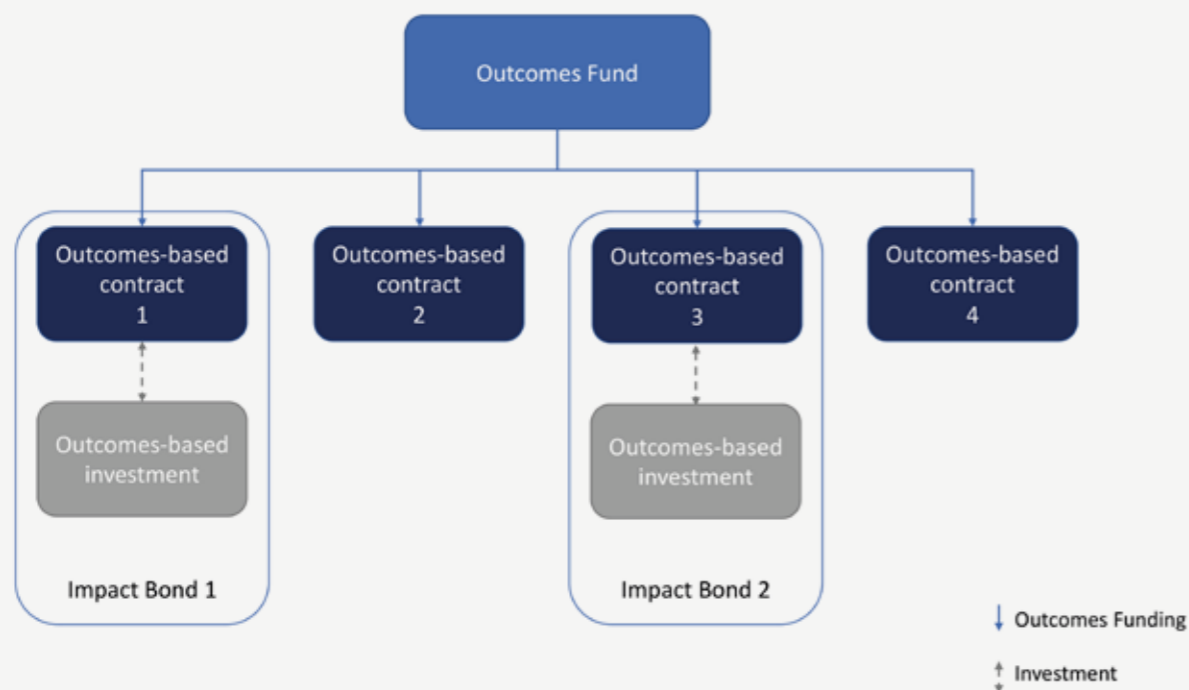


Figure 1 Relationship between outcomes fund and supported outcome contracts. Outcomes funds issue, or provide funding towards, multiple outcomes-based contracts, not all of which may involve independent investors

KEY STAGES IN THE DEVELOPMENT AND OPERATION OF AN OUTCOMES FUND

A simplified operational process for outcomes funds follows four key stages:

- 1. Outcomes funding is designated and the objectives of the outcomes fund are established** - One or more actors (public, private and/or philanthropic) allocate funding to the operation of an outcomes fund. This is money that will mainly be used to pay for social outcomes, allowing funders to act as outcomes payers.

The objectives of the outcomes fund will inform key considerations in the design and operation of the outcomes fund - for example, how many outcomes contracts are to be supported, and which metrics will be used to assess the achievement of desired social outcomes. The scale and nature of the resultant outcomes-contract projects can be shaped through the administration of the outcomes fund. Some of the key choices for the administration of outcomes funds are described below in section three (five components for outcomes fund-to-outcomes contract design).

- 2. Call for outcomes-based project proposals** - Service provider(s), social investor(s), intermediary organisations and/or a partnership of several actors are invited to apply to the available funding with proposals for social outcomes-contract projects where funding will be conditioned on outcomes performance.

- 3. Selection of successful outcomes-contract projects** - Outcomes fund administrators select proposals which become outcomes contracts to be implemented.
- 4. Payment is made for the achievement of measurable social outcomes** - If social outcomes are achieved through the proposed service, contractors receive payments contingent on the achievement of specified outcomes.

The **outcomes fund administrator** is the team or organisation that operationalises and takes responsibility for these stages. The administrators of outcomes funds need to take a view on what constitutes an appropriate ‘outcomes-based’ contract or project. Decisions need to be made as to the characteristics of applicant projects which are deemed acceptable to serve as outcomes-based contracts into which the fund will direct outcome-contingent payments.

THE GLOBAL LANDSCAPE OF OUTCOMES FUNDS

17 outcomes funds were launched worldwide between January 2011 and November 2021. Nine of these were in the UK, with others in Europe, Asia, North America and sub-Saharan Africa. The visualisations and figures throughout this report are prepared using an open access INDIGO Outcomes fund dataset available here: <https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/fund-directory>. The authors compiled this dataset using publicly available outcomes fund documentation, such as calls for proposals and ‘expression of interest’ invitations. Where key information was absent or further detail was required, documentary analysis was supplemented with key informant interviews conducted during summer 2021. We include outcomes funds that have reached operation by November 2021. That is, we restrict our focus to funds that have been, or are currently, open for applications at November 2021.

The first outcomes fund was launched in the UK in 2011 (the Department for Work and Pensions Innovation Fund) and the UK is the host of the largest number of outcomes funds internationally (nine outcomes funds to date, but note that not all UK-labelled funds are UK-wide and some are applicable only in England). The outcomes fund tool has also been applied in Portugal, the Netherlands, and USA. Since 2020 the approach has also been applied in Latin America (Colombia 2020) and Sub-Saharan Africa (Ghana and Sierra Leone 2020).

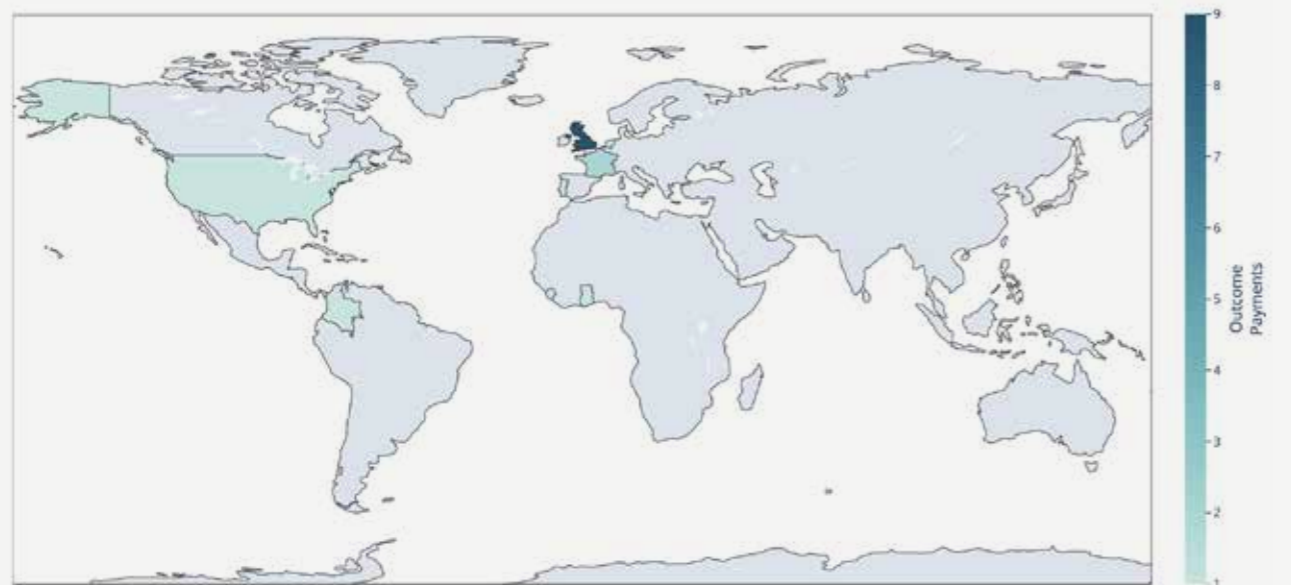


Figure 2 Outcomes funds worldwide showing the geographic focus for outcomes payments. Source: GO Lab INDIGO Outcomes fund dataset (November 2021)

The outcomes funds launched to date have varied significantly in terms of the amount of outcomes funding available (shown in Figure 3). The smallest outcomes fund by value of announced outcomes funding (standardised in USD) is the Brabant Outcomes Fund (NL, \$1.15 million) and the largest is the Life Chances Fund (UK, \$109.6 million).

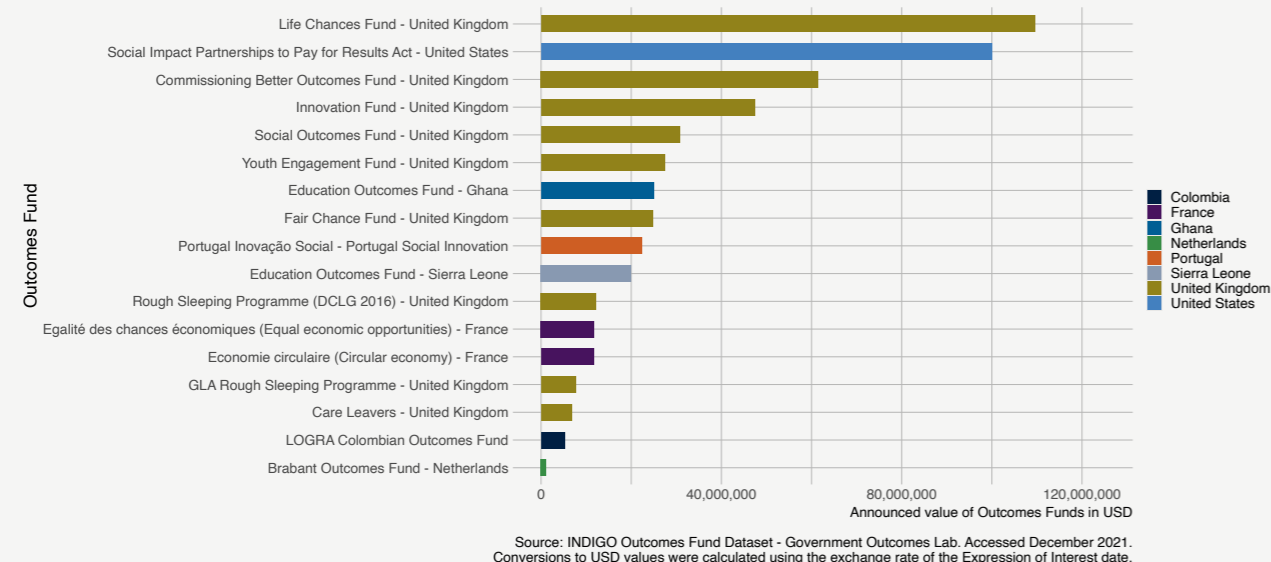


Figure 3 Announced value of Outcomes funds in USD. Source: GO Lab INDIGO Outcomes fund dataset (November 2021)

* N.B. Announced value may not reflect committed outcomes funding which may be greater or smaller. The announced value of an outcomes fund may exclude additional technical assistance costs and funding for evaluation (and hence the value of the fund may be larger than that announced). Alternatively, a fund may be under-committed or selected outcomes contracts may not call on the full value of potential outcomes payments (thus the fund value may be smaller than announced). The conversion to USD was performed using the exchange rate at the release date for Expression of Interest or equivalent.

Existing outcomes funds have sought to address a diverse range of social issues. Some outcomes funds are focused on a single issue and have tended to focus on employment, education or health. The three largest outcomes funds launched to date (two in the UK, one in the USA) are multi-issue funds that seek to co-fund outcomes-based contracts alongside local government agencies across a range of social outcomes according to locally-defined needs. Figure 4 shows the connections between each outcomes fund (left axis) and the Sustainable Development Goals (SDGs) that each fund pursues. The classification of funds to SDGs is based on researcher interpretation of each outcomes fund’s documentation, as not all funds are explicit on the alignment with SDGs. Beyond ‘partnerships for the goals’ (SDG 17), ‘decent work and economic growth’ (SDG 8); ‘reduced inequalities’ (SDG 10); and ‘quality education’ (SDG 4) feature prominently in the landscape of outcomes funds to date.

One outcomes fund has a structure that enables it to operate internationally, with outcome payments capable of being paid in multiple countries. The Education Outcomes Fund (EOF) is an independent trust fund hosted by the United Nations Children’s Fund (UNICEF) and aims to work with a range of government partners across North Africa and the Middle East to improve learning and employment outcomes for children and young people. To date, [EOF has announced outcomes funds in Ghana and Sierra Leone.](#)

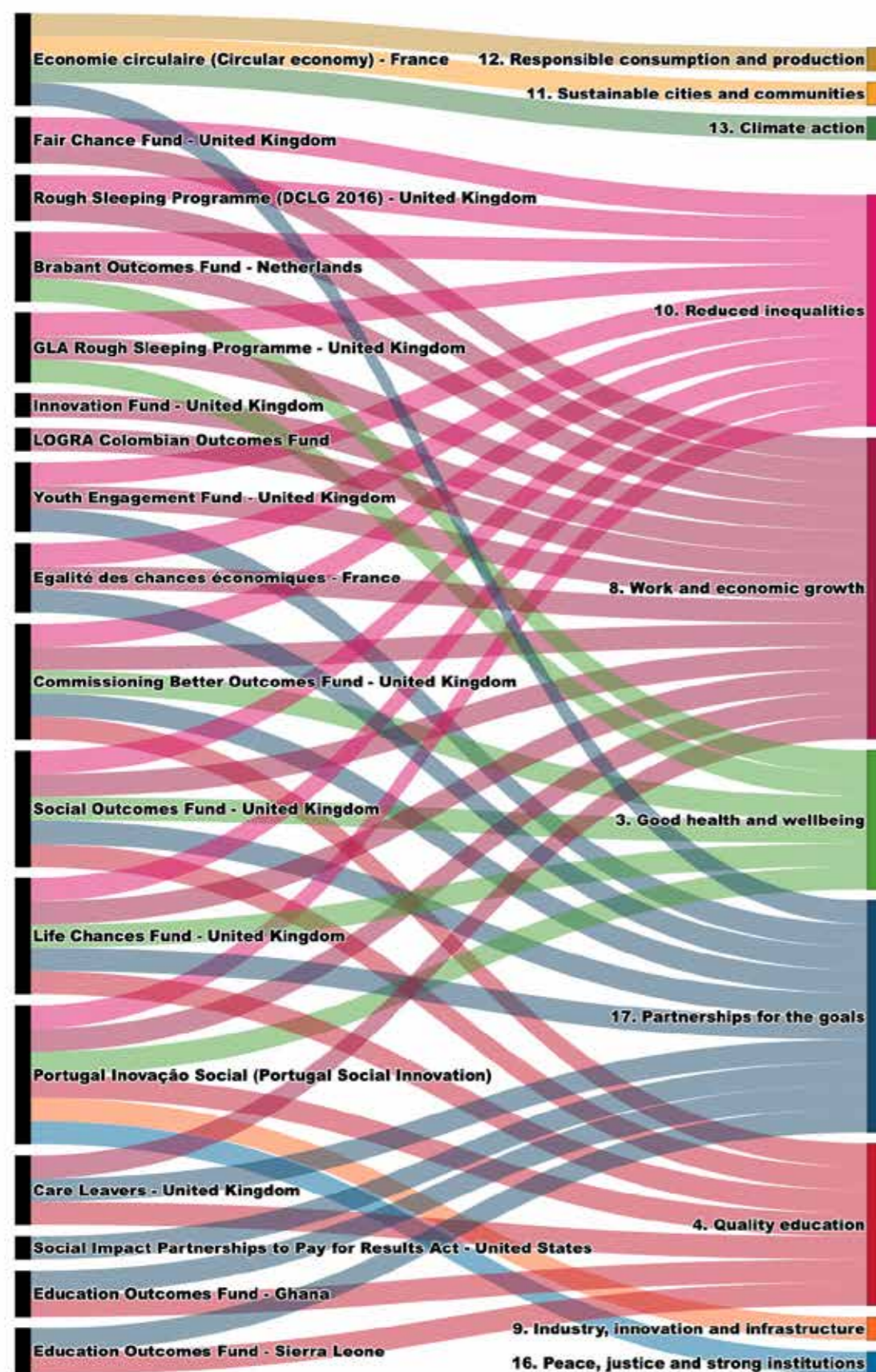


Figure 4 Sustainable Development Goal focus of outcomes funds launched by November 2021.
Source: GO Lab INDIGO Outcomes fund dataset (November 2021)

WHY ARE OUTCOMES FUNDS USED?

Outcomes funds facilitate the establishment of multiple outcomes contracts (see Figure 1) and as such, the proposed benefits for using outcomes funds mirror many of the justifications that underpin the use of outcomes-based contracting for social programmes and public services. Outcomes-based contracts - including impact bonds - are used on the understanding that they can deliver a range of benefits including improved efficiency, cost effectiveness, innovation, accountability, systems-level planning, and responsiveness. While the potential of outcomes-based contracts to respond to a range of implementation, co-ordination, and accountability challenges has been widely acknowledged, standalone contracts can be expensive and time-consuming to design and launch. This has limited their use to date.

Outcomes funds are increasingly seen as a route to scale for outcomes-based contracts and impact bonds, but scale has been defined in a number of different ways. These include:

- The value of funding committed to an outcomes fund;
- The financial value of individual outcomes-based contracts issued by an outcomes fund;
- The number of outcomes-based contracts issued by an outcomes fund;
- The number of contractual stakeholders involved in outcomes-based contracting; and / or
- The number of service users reached.

Our research indicates that the definition of scale applied to any given outcomes fund may be influenced by outcomes funders' motivations for creating an outcomes fund. Outcomes funders generally include one or more of: central or local government; bi-lateral or multi-lateral donor agencies; and philanthropists or philanthropic foundations.

Reasons given for creating outcomes funds include:

- Reducing the time, cost and complexity of creating outcomes-based contracts and impact bonds;
- Building the impact investment market;
- Expanding the use of outcomes-based contracting;
- Encouraging cross-sector partnerships for social impact;
- Generating economic efficiencies in social interventions (achieving more with less);
- Redirecting funds away from projects that - based on objective data - are ineffective and into projects that achieve demonstrable, measurable results;
- Accelerating learning about outcomes contracts; and / or
- Accelerating learning about effective interventions for addressing complex social issues.

FIVE COMPONENTS FOR OUTCOMES FUND-TO-OUTCOMES CONTRACT DESIGN

Outcomes fund administrators play an important role in defining what appropriate outcomes contracts look like and selecting and/or developing the outcomes contracts that will be funded. Some outcomes funds identify the outcomes contracts that they will fund via a procurement exercise. Others shape and design outcomes-based contracts collaboratively with service providers and other stakeholders.

Our research has revealed some preliminary clustering of outcomes funds in terms of how tightly key features of eligible outcomes contracts are prescribed ex ante by fund administrators. These features can be thought of in terms of five key components of the outcomes-based contracts that are issued by outcomes funds.



Figure 5 Five key components for outcomes fund-to-outcomes contract design

1. **What?** This relates to how the outcomes fund defines the **target policy sector and contractual outcome measures of the resultant outcomes contracts**. In some outcomes funds this may be highly prescribed - for example, the fund administrators may stipulate a pre-specified set of outcome indicators like “sustained employment for at least six months” in order to trigger payment for the outcomes contracts. The Innovation Fund rate card described on page 14 is an example of this approach. In other outcomes funds this may be much more loosely defined - for example, the policy sector may be “complex social issues” and applicants may have the freedom to propose suitable outcome measures.

2. **Who?** This relates to how tightly the **target population** is defined by the outcomes fund. In some funds this may be highly specified - for example, out of school primary school aged children in rural areas of specified districts. In other outcomes funds the intended population to be supported through the outcomes contract may be loosely defined, or not defined at all.
3. **How much?** This relates to how the **price per outcome or method for outcome pricing** is prescribed by the outcomes fund. In some outcomes funds, there may be a consistent pricing approach - a clearly defined process, or a rate card specifying acceptable maximum and minimum tariffs - applied to all outcomes contracts.³ A rate card is a published, pre-specified list of outcome measures that the outcomes fund aspires to achieve and the monetary value that fund administrators are willing to pay for each outcome. In other outcomes funds, service providers, investors and / or local co-funders of outcomes may be invited to propose an appropriate outcomes price with no fixed parameters from the outcomes fund administrators.
4. **When?** This relates to how the **timing and basis for triggering outcomes payments** is set by the outcomes fund. In some outcomes funds, this may be tightly defined - for example a centrally-administered annual evaluation of contractual outcome indicators across all contracts will be measured against an experimental control group. In other outcomes funds, service providers, investors and / or local co-funders of outcomes may be invited to propose an appropriate approach for verifying whether and to what extent contractual outcomes have been achieved.

There are important connections and co-dependencies between ‘what’, ‘how much’ and ‘when’ and these dimensions will need to be considered carefully by outcomes fund administrators.

5. **With whom?** This relates to whether the **contractual stakeholders** are prescribed by the outcomes fund administrators. In some outcomes funds, the participation of local co-funders of outcomes; independent impact investors; and / or independent evaluators may be required in addition to suitably qualified service providers. There may also be an expectation for the legal form or sector of the provider organisations (e.g., from the charitable or social sector). In other outcomes funds the involvement of one or more of these additional stakeholders may be optional and left to the discretion of individual outcomes contract holders.

Some outcomes funds set out an explicit learning agenda and therefore may bring together a range of organisations beyond the formal contractual stakeholders for the purpose of learning, reflection, and future planning. For instance, some funds have set out the explicit learning objective of providing better evidence on the effectiveness of the impact bond mechanism and evidence of financial savings.

Variation in design choices across these five areas will affect the comparability and nature of the resultant outcomes contracts and may have implications for the extent to which the outcomes fund is able to deliver against its intended purpose.

³ Further discussion on pricing outcomes is available here: <https://golab.bsg.ox.ac.uk/toolkit/technical-guidance/pricing-outcomes/>

EMERGING OUTCOMES FUND MODELS

With only 17 outcomes funds launched to date, it is too early to definitively characterise the different models of outcomes fund and to assess their relative impact. However, our research has identified some early clustering of practices around outcomes funds with common ambitions and approaches for supporting outcomes contracts. The models below characterise tentative patterns of activity seen in the market and offer a way to think about variation in terms of how outcomes funds are deployed. There is currently no evidence to link particular outcomes fund designs to particular types or levels of impact.

Building on the five components of outcomes fund-to-outcomes contract design outlined above, we have characterised four emerging clusters of outcomes funds, based on the degree to which the dimensions are prescribed centrally by outcomes fund administrators ('outcomes fund defined') vs. open to definition by other market actors like service providers or co-funders of outcomes ('applicant defined').

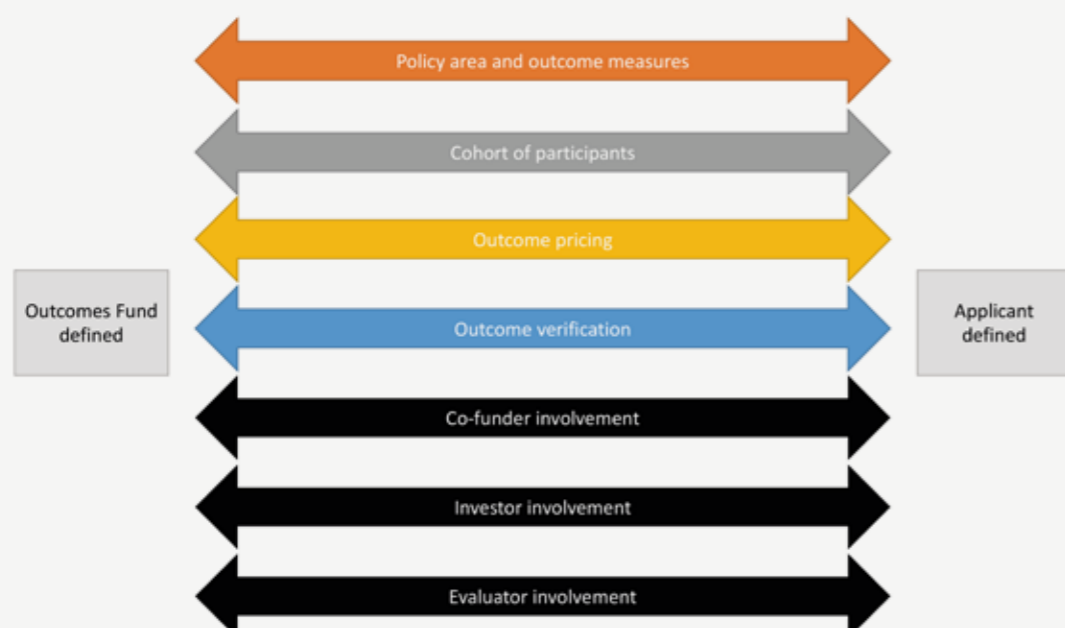


Figure 6 Dimensions of outcomes fund design

We outline four emerging outcomes fund models below. The hollow markers show, for each dimension, whether this aspect is defined by the outcomes fund administrators (left side) or applicants (right side) within each model. Where a particular dimension is sometimes outcomes fund and sometimes applicant defined by existing outcomes funds within a cluster, the indicator is shown in the middle of the bar. A marker point in the middle of a dimension is also used to indicate a situation where there is partial definition by outcomes fund administrators but where a degree of discretion remains for fund applicants.

Prescriptive outcomes funds (including investment)

The 'prescriptive' outcomes fund model, including investment, aims to both drive improved outcomes for a particular policy area and target population and build the market for investor-backed outcomes-based contracts (impact bonds).

Not all UK outcomes funds use this model, but to date we have only seen this model used in the UK.

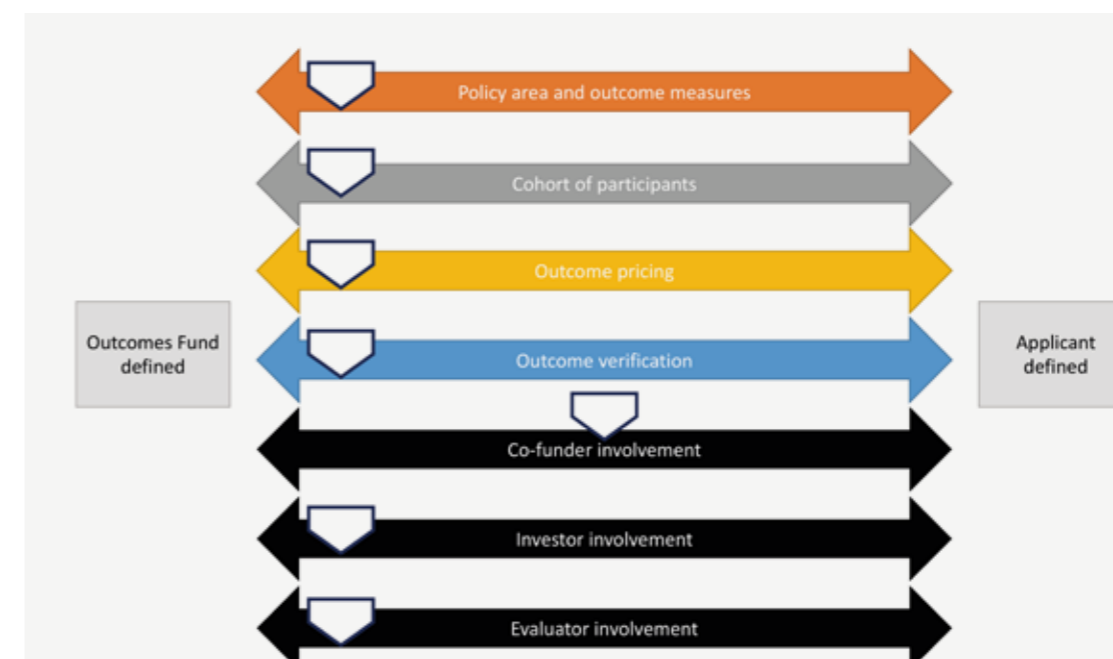


Figure 7 Prescriptive outcomes fund (including investment) design dimensions

The [UK Innovation Fund](#) is an example of this kind of outcomes fund.

The UK Innovation Fund

The UK Innovation Fund is the first example of an outcomes fund and was launched by the Department for Work and Pensions (DWP) in 2011. This Fund aims to support disadvantaged young people classified as not in employment, education or training (NEET) by helping them participate in education and training to improve their employability (HM Government, 2012). The fund also aims to support the development of the social investment market and test the generation of benefit savings (i.e., a reduction in spend on unemployment insurance) alongside wider fiscal and social benefits. The Innovation Fund pioneered the use of a 'rate card' by publishing a pre-specified list of outcome measures that the DWP aspired to achieve in order to advance its policy priorities, and the maximum price it is willing to pay for each outcome (HM Government, 2012). The rate card set out individual participant-level proxy or 'intermediate' outcome payments - including educational qualifications, improved school

attendance and improved behaviour - known to be linked with employability and therefore expected to improve the chance of a young person entering and sustaining employment (Griffiths et al., 2016). The DWP did not require additional co-funders for outcomes payments and acted unilaterally to pay for outcomes. The requirements for claiming, evidencing and validating Innovation Fund outcome payments were established by outcomes fund administrators and described in guidance notes for providers.

The DWP ran a competitive bidding process through two 'rounds' and invited proposals for outcomes contracts that brought together social investor and service provider partnerships (social impact bond contractors) who proposed projects that could achieve the measures set out in the rate card. Ultimately, 10 separate impact bonds were launched under the Innovation Fund.

Policy prescriptive outcomes funds

Policy prescriptive outcomes funds are tightly focused on delivering improved outcomes for a specific and pre-defined sector and target population.

Outcome metrics, outcomes pricing and the outcomes evaluation methodology is often defined centrally and applied across all outcomes contracts supported by the fund.

In this model, the involvement of a third-party investor is not stipulated by the outcomes fund administrators but is left to the discretion of applicants. This distinction may be helpful when considering outcomes fund ambitions for the involvement of impact investors.

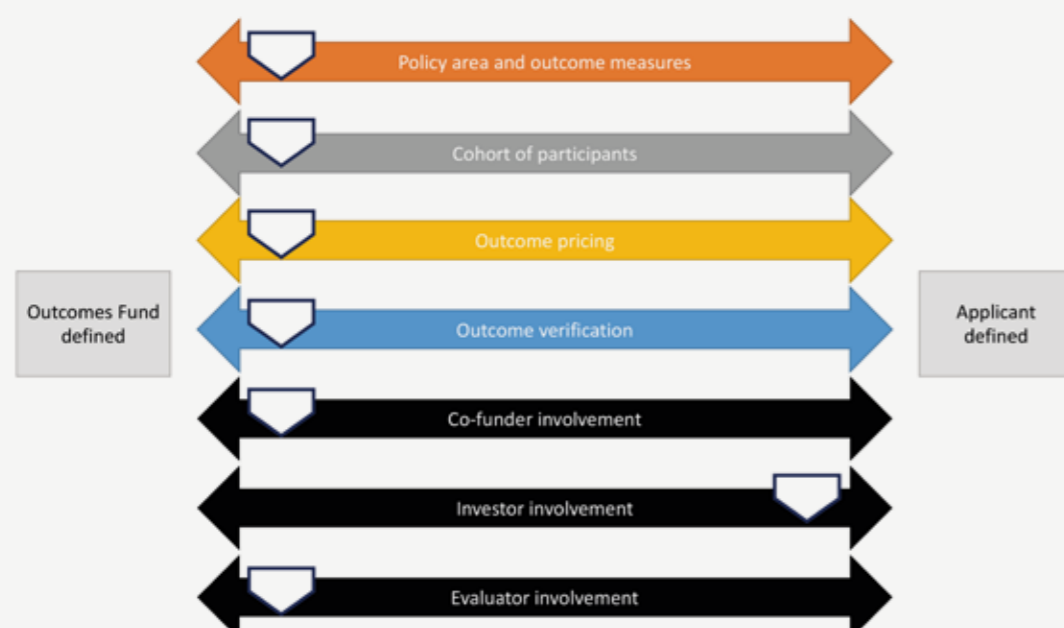


Figure 8 Policy prescriptive outcomes fund design dimensions

The planned [Ghana Education Outcomes Fund](#) is an example of a policy prescriptive outcomes fund.

Ghana Education Outcomes Fund.

The Government of Ghana has received financing from the World Bank to support the Ghana Education Outcomes Fund (EOF) Programme. The programme targets primary school children, with an emphasis on out-of-school children and improving learning outcomes in public schools in rural areas. The Fund only allows applicant discretion with respect to the presence of an impact investor. Proposals led by service providers - regardless of how they pre-finance the service - are permitted providing they can evidence sufficient working capital to deliver their services ahead of outcome payments. All other design dimensions are determined ex ante by the fund administrators.⁴ For instance, the Fund specifies that eligible schools in rural areas are drawn from the list of schools already enrolled in the Ghana Accountability for Learning Outcomes Project (GALOP), giving priority to schools with high concentrations of out-of-school children. Similarly, the outcomes will be measured through standard literacy and numeracy tests compared to a control group of similar schools not involved in the Ghana EOF Programme, prescribing the presence of an independent evaluator.

Ecosystem building outcomes funds

Ecosystem building outcomes funds aim to incentivise new stakeholders - particularly other government agencies - to use outcomes-based contracting as a mechanism to drive better social outcomes across a range of complex social issues. They often co-fund rather than fully-fund contractual outcomes payments.

Sometimes these funds also require the involvement of independent impact investors in all outcomes-based contracts.

The UK Commissioning Better Outcomes Fund and [Portugal Inovação Social](#) are examples of ecosystem building outcomes funds.

UK Commissioning Better Outcomes Fund - 'top up' funding for outcome payments in England

The Commissioning Better Outcomes (CBO) Fund was set up by the Big Lottery Fund (now The National Lottery Community Fund) with a mission to support the development of more social impact bonds. CBO makes funding available to pay for a proportion of outcome payments in social impact bond outcome contracts in complex policy areas. CBO requests full proposals from 'commissioners' of public services, for example, local authorities, central government departments or clinical commissioning groups (health service commissioners) who have developed outcomes contracts and where the

⁴ This description of the Ghana EOF programme as a 'policy prescriptive outcomes fund' applies to the majority of contract lots. It is our understanding that the urban lot may take a less prescriptive approach.

applicant commissioners will provide the majority of outcomes payments. The applicant commissioners develop their own specifications for outcomes contracts: CBO does not specify the intended participant population or outcomes measures. Development funding is available for technical support, for example, to enable applicants to define the cohort and referral pathway and pricing of outcomes. CBO administration documents stipulate that the funding will “only fund SIBs that have a clear emphasis on improving outcomes for those most in need and that ensure VCSE organisations have the chance to be involved” (Big Lottery Fund & Cabinet Office, 2013, p. 6).

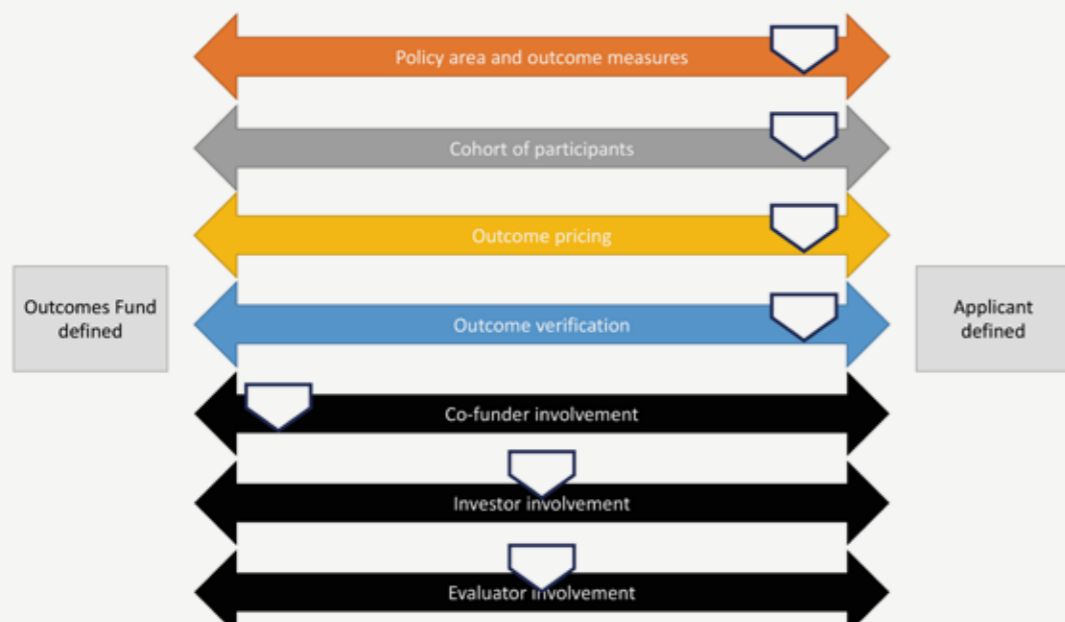


Figure 9 Ecosystem building outcomes fund design dimensions

Evidence-base strengthening outcomes funds

Evidence-base strengthening outcomes funds primarily aim to scale the adoption of evidence-led interventions and / or to build the evidence base around interventions to deliver better outcomes for complex social issues.

This form of outcomes fund tends to be broadly defined in terms of sector, outcomes and target population, but may require outcomes evaluation to be independent or have high standards in the evaluation methodology in order to strengthen and inform future policy and programmes.

SIPPRA in the USA is an example of this kind of outcomes fund.

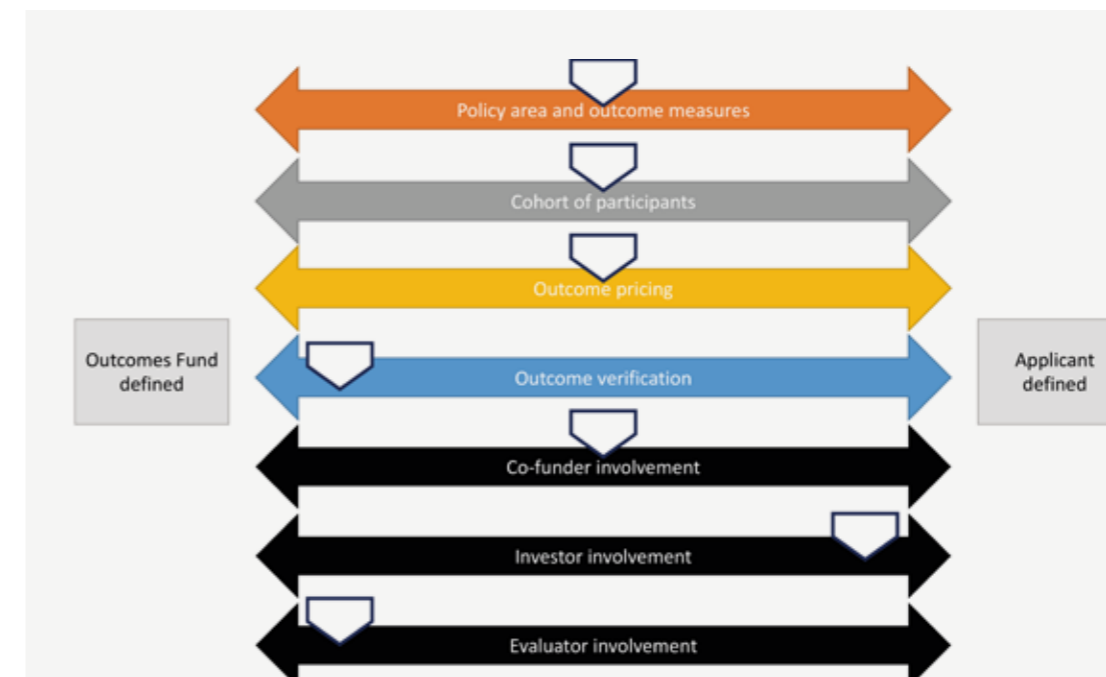


Figure 10 Evidence-base strengthening outcomes fund design dimensions

US Social Impact Partnerships to Pay for Results Act (SIPPRA).

SIPPRA aims to improve lives by redirecting funds into programmes that achieve demonstrable, measurable results. There is an ambition to bring pay for performance to the social sector, scale up effective services by bundling philanthropic and other resources and incorporating rigorous methodologies for assessing impact.

SIPPRA legislation gives state and local governments the opportunity to apply for funding to support evidence-based programmes through outcomes-focused ‘social impact partnerships’. The Notice of Funding Availability outlines a range of clearly defined outcome measures and applicants must target one or more of the identified ‘qualifying outcomes’ measures, for example “increasing work and earnings by individuals in the United States who are unemployed for more than 6 consecutive months” (U.S. Department of the Treasury, 2019, p. 5). Moreover, 50 percent of the overall funding must be used for initiatives that directly benefit children. SIPPRA mandates rigorous evaluation by an independent evaluator and all projects are expected to be evaluated with a randomized control trial or a high quality quasi-experimental design.

CONSIDERATIONS FOR FUTURE OUTCOMES FUND DESIGNS

To operate successfully, outcomes funds must credibly commit to paying for outcomes whilst also opening space for those implementing outcomes contracts to adapt and innovate their services. Gugelev and others (2019) argue that this function calls for a particular fiduciary structure: one that can pool funds, create demand for outcomes and give funders and/or political representatives assurances around risk management. Outcomes fund administrators must assure themselves that these core capacities can be fulfilled across the life of the fund. Fund administrators - either directly or by working with others - must be able to designate outcomes funding, call for outcomes-based project proposals, select successful outcomes-contract projects and ultimately make payment for the achievement of measurable social outcomes.

Beyond this core requirement to administer the payments for outcomes it is important that those designing funds are clear about the outcomes fund's objectives. If the ambition is primarily to drive better outcomes for a pre-identified policy challenge or particular population, it may be appropriate for the fund administrators to define key parameters around policy area, outcome measures, participant cohort and outcomes verification approach, as seen in the 'prescriptive' and 'policy prescriptive' outcomes funds described above. This approach may be understood to reduce the per-project transaction costs associated with the development of a one-off outcomes contract arrangement.

Funds that have an ambition to develop evidence - either around the adoption of outcomes contracting or on the effectiveness of given interventions - may focus attention on specified and/or standardised outcome measurement and independent evaluation. Evidence-base strengthening outcomes funds provide some discretion to applicants in targeting specific policy issues and outcome measures but mandate the involvement of independent evaluators. The requirement for a high-quality independent evaluation designed to assess the strength of causal evidence characterises the approach. Such outcomes funds may be regarded as a 'test and learn' tool by policy makers, who may intend to embed and scale effective interventions through more conventional policy implementation mechanisms at a future date.

On the other hand, if the aim is to develop capabilities and expand the number of agencies able to use outcomes-based contracting and / or to stimulate outcomes-based impact investment, it may be more appropriate to allow fund applicants to define target populations, outcome metrics and outcome measurement approaches within broad parameters. The requirement for applicants to 'ecosystem building outcomes funds' typically relates to the involvement of additional parties in the form of additional 'co-funders' who are expected to jointly contribute to the payment for outcomes alongside the initial outcomes fund. By bringing discretion for fund applicants and other parties to tailor the resultant outcomes contracts on dimensions of policy focus, outcome measures, cohort, pricing and verification, these projects may have longer development timelines and there may be limited standardisation across the resultant portfolio of outcomes contracts.

Importantly, this typology of outcomes funds is emergent. The names and clusters of outcomes funds are by no means clear cut nor exhaustive and funds may take hybrid approaches that blur boundaries across the fund types. For example, the SIPPPRA outcomes fund is described as an 'evidence-base strengthening' outcomes fund but also adopts a co-payment model whereby states or local governments jointly pay for successful outcomes alongside federal government. It therefore also has hallmarks of an 'ecosystem building' outcomes fund in line with the fund's stated ambition to grow the adoption of pay for performance, particularly in the social sector. In future, outcomes funds may evolve and develop with alternate, as yet untested, design arrangements. The ongoing challenge for outcomes fund administrators is to pool funding that can be deployed with a well-developed set of fund objectives and ensure that this maps coherently to the dimensions of outcomes-contract design.

Outcomes fund directory

INDIGO-FUND-ID	Name	Geographic area for outcome payment	Country	Host institution of Outcome Fund	ID of organisation acting as host or administrative lead for the Outcome Fund	Aligned SDGs	Purpose	Mechanism	Currency (total Outcome Fund value)	Total Outcome Fund value (outcomes funding) - Aspiration	Date - Expression of Interest
INDIGO-FUND-0014	Brabant Outcomes Fund - Netherlands	Netherlands	NL	Provincial Government of Noord-Brabant	INDIGO-ORG-1226	3, 8, 10	The Brabant Outcomes Fund intends to explore the use of results-based financing contracts at the provincial level in Noord Brabant, Netherlands	The Brabant Outcomes Fund is a regional fund that invites social entrepreneurs to scale up social solutions. The fund endorses 'learning by doing' and aims to investigate new forms of public-private cooperation.	EUR	1,000,000	2018
INDIGO-FUND-0004	Social Outcomes Fund - United Kingdom	England	GB	Cabinet Office	INDIGO-ORG-0115	3, 4, 8, 10, 17	The Social Outcomes Fund aims to grow the market in SIBs. For the Cabinet Office, which sponsors this fund, the objective is to catalyse and test innovative approaches to tackling complex issues using outcomes based commissioning.	The Social Outcomes Fund acknowledge that complex social issues span multiple parts of the public sector and respond by offering to 'top up' outcome payments. This fund provides development funding and support to applicants (from the public and social sector) as well as offering to pay for a minority proportion of outcome payments.	GBP	20,000,000	2013
INDIGO-FUND-0003	Commissioning Better Outcomes Fund - United Kingdom	England	GB	TNLCF	INDIGO-ORG-0306	3, 4, 8, 10, 17	The Commissioning Better Outcomes Fund aims to grow the market in SIBs. The mission of the fund is also to enable more people, particularly those most in need, to lead fulfilling lives, in enriching places and as part of successful communities.	The Commissioning Better Outcomes Fund acknowledge that complex social issues span multiple parts of the public sector and respond by offering to 'top up' outcome payments. This fund provides development funding and support to applicants (from the public and social sector) as well as offering to pay for a minority proportion of outcome payments.	GBP	40,000,000	2013
INDIGO-FUND-0024	LOGRA Colombian Outcomes Fund	Colombia	CO	Departamento de la Prosperidad Social en Colombia - Department for Social Prosperity in Colombia	INDIGO-ORG-1052	8, 17	The Colombia Outcomes Fund aims to increase employment in the formal sector in Colombia through outcomes-based commissioning	The Colombia Outcomes Fund aims to increase employment by exploring payment by results and impact bond financing mechanisms. The fund invites intermediary organisations to identify and work with service providers and investors to develop project proposals.	COP	17,560,000,000	2020
INDIGO-FUND-0013	Care Leavers - United Kingdom	England	GB	Department for Education	INDIGO-ORG-0123	4, 8, 17	The Care Leavers Programme seeks to support care leavers to participate in sustained education, employment and training (EET) through Social Impact Bonds and to build an evidence base of what works to support care leavers into EET.	The Care Leavers outcome fund aims to work closely with local government commissioners to adopt a SIB mechanism that incentivises and rewards positive outcomes for care leavers.	GBP	5,000,000	2018
INDIGO-FUND-0015	GLA Rough Sleeping Programme - United Kingdom	Greater London	GB	Greater London Authority	INDIGO-ORG-0432	3, 8, 10, 17	The GLA Rough Sleeping programme aims to improve outcomes for homeless individuals in London using an outcomes-focused approach to promote a move into settled accommodation and more stable lifestyles.	The GLA Rough Sleeping Programme is designed to pay for outcomes and bring new finance and new ways of working. Incentivisation through a payment by results system is expected to improve the outcomes for a cohort of rough sleepers whose needs were not being met by existing services.	GBP	5,000,000	2012
INDIGO-FUND-0016	Rough Sleeping Programme (DCLG 2016) - United Kingdom	England	GB	DCLG (now MHCLG)	INDIGO-ORG-0088	8, 10, 17	The Rough Sleeping Programme aims to support people who are entrenched rough sleepers. The impact bond funding aims to stop people from living on, or returning to the streets, by helping them into accommodation and addressing their other needs through more personalised and holistic support.	The Rough Sleeping programme gives local authorities the opportunity to decide how best to meet the needs of the rough sleepers in their local area. The fund is directed to impact bond projects and shows an interest in supporting new ways of working which pursue creative, intensive and tailored support.	GBP	10,000,000	2016

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INDIGO-FUND-0018	Education Outcomes Fund - Ghana	Ghana	GH	Ministry of Education, Ghana	INDIGO-ORG-1203	4, 17	The Education Outcomes Fund and the Ghana Accountability for Learning Outcomes Project (GALOP) aims to 'improve the quality of education in low performing basic education schools and strengthen education sector equity and accountability in Ghana.'	The Education Outcomes Fund aims to build the ecosystem for outcomes-based commissioning in Ghana by supporting a shift from activity-based to outcomes-focused funding and policy.	USD	25,000,000	2020
INDIGO-FUND-0019	Education Outcomes Fund - Sierra Leone	Sierra Leone	SL	Ministry of Basic and Secondary Education, (MBSSE) Sierra Leone	INDIGO-ORG-1204	4, 17	The Sierra Leone Education Innovation Challenge (SLEIC) is a partnership between the government, donor, NGOs and social investors and the Education Outcomes Fund (EOF) to improve learning outcomes, in literacy and numeracy, in public schools through outcomes-focused funding and policy.	The EOF Sierra Leone partnership will build the ecosystem for outcomes-based commissioning through a shift from activity-based to outcomes-focused funding and policy. The SLEIC project will ensure that service providers are accountable for delivering learning gains in foundational literacy and numeracy. Provider organisations (and/or investors) will be paid "in proportion to the level of outcomes achieved, creating a strong focus and incentive on performance".	USD	20,000,000	2020
INDIGO-FUND-0005	Fair Chance Fund - United Kingdom	England	GB	DCLG (now MHCLG)	INDIGO-ORG-0088	8, 10, 17	The Fair Chance Fund aims to stimulate innovative, replicable approaches to improve accommodation and work outcomes for young, homeless people (mostly 18-24 years) whose support needs are poorly met by existing services because of the complexity of their circumstances. The fund aims to reduce long term benefit dependency, health problems and crime.	The Fair Chance Fund commits to pay for outcomes achieved to allow voluntary sector and other providers the freedom to innovate and adapt to achieve the best possible results. Proposals funded through social investment are preferred.	GBP	15,000,000	2014
INDIGO-FUND-0020	Egalité des chances économiques (Equality of economic opportunities) - France	France	FR	Secrétariat d'État Chargé de l'Économie sociale, solidaire et responsable (SE ESSR)	INDIGO-ORG-1200	8, 10, 17	The Egalité des chances économiques is an outcome funds supported by the French Ministry of social economy, solidarity and responsibility to promote inclusive economic opportunities, with particular attention to access to employment, access to entrepreneurial opportunities and access to financial services.	The Fund has been created under the Lavenir (2019) national framework supporting the use of Contracts à Impact (the French equivalent of Social Impact Bonds) to promote innovation and prevention in social and environmental policies. These contracts are not intended to replace existing effective provision, but to complement it to provide additional, innovative programmes. The call for proposals also emphasised the importance of involving local stakeholders.	EUR	10,000,000	2020
INDIGO-FUND-0021	Economie circulaire (Circular economy) - France	France	FR	ADEME (agency of the French Ministère de l'Économie, des Finances et de la relance)	INDIGO-ORG-1201	11, 12, 13, 17	The Circular economy fund is promoted by ADEME (the French agency for ecological transition) to support the emergence of innovative projects to protect the environment and the circular economy in particular (including the management of organic waste, re-use and recycling, city waste management, etc).	The Fund has been created under the Lavenir (2019) national framework supporting the use of Contracts à Impact (the French equivalent of Social Impact Bonds) to promote innovation and prevention in social and environmental policies. These contracts are not intended to replace existing effective provision, but to complement it to provide additional, innovative programmes. The call for proposals also emphasised the importance of involving local stakeholders.	EUR	10,000,000	2020

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INDIGO-FUND-0002	Innovation Fund - United Kingdom	England, Scotland, Wales	GB	Department for Work and Pensions	INDIGO-ORG-0047	8, 10, 17	The Innovation Fund aims to support disadvantaged young people by helping them participate in education and training to improve their employability. The fund aims to support the development of the social investment market and test the generation of benefit savings alongside wider fiscal and social benefits.	The Innovation Fund aims to foster innovative, personalised, and results-oriented ways of addressing the issues and barriers that make young people more at risk of becoming long-term NEET through outcomes rather than process-based contracts.	GBP	30,000,000	2011
INDIGO-FUND-0012	Life Chances Fund - United Kingdom	England only	GB	Department for Digital, Culture, Media & Sport	INDIGO-ORG-0171	3, 4, 8, 10, 17	The Life Chances Fund is a commitment by central government to help people in society who face the most significant barriers to leading happy and productive lives. The fund aims to tackle entrenched social issues and is structured around six key themes: drug and alcohol dependency, children's services, early years, young people, older people's services, and healthy lives.	The Life Chances Fund intends to address entrenched social issues by increasing the number, scale and evidence base for SIBs in England, generating public sector efficiencies by delivering better outcomes to identify cashable savings, and increasing the amount of capital available to a wider range of voluntary, community and social enterprise (VCSE) sector providers to enable them to compete for public sector contracts.	GBP	80,000,000	2016
INDIGO-FUND-0007	Portugal Inovação Social (Portugal Social Innovation)	Portugal	PT	Portugal Social Innovation Mission Unit	INDIGO-ORG-0157	3, 4, 8, 9, 10, 16	Portugal Social Innovation uses Social Impact Bonds to promote social innovation and stimulate the social investment market in Portugal. The fund seeks to support actors in the social innovation and social entrepreneurship ecosystem to create new solutions for a wide range of social problems.	Portugal Social Innovation mobilizes funds from the European Social Fund, as part of the Portugal 2020 Partnership Agreement. These funds are channelled to the market through four financing instruments dedicated to funding projects that offer alternative and innovative solutions to solve social problems. One of the four financing instruments is a 'Títulos de Impacto Social' (Social Impact Bond) mechanism.	EUR	20,000,000	2016
INDIGO-FUND-0023	Social Impact Partnerships to Pay for Results Act (SIPPRA) - United States	USA	US	US Department of the Treasury	INDIGO-ORG-1202	17	SIPPRA aims to improve lives by redirecting funds into programs that achieve demonstrable, measurable results. The Fund aims to use social impact partnerships to ensure federal funds are used effectively. There is an ambition to bring pay for performance to the social sector, scale up effective services by bundling philanthropic and other resources and incorporating rigorous methodologies for assessing program impact.	SIPPRA will bring pay for performance to the social sector to scale up effective services by introducing the rigour of outcomes measurement and RCTs to ensure federal funding supports programming that achieve results.	USD	100,000,000	2019
INDIGO-FUND-0001	Youth Engagement Fund - United Kingdom	England	GB	Department for Work and Pensions	INDIGO-ORG-0047	8, 10, 17	The Youth Engagement Fund aims to help disadvantaged young people to participate and succeed in education or training in order to improve their employability, reduce their long-term dependency on benefits, and reduce their likelihood of offending. The Government aims to provide funding through social impact bonds and will only pay if projects lead to positive outcomes.	The Youth Engagement Fund will test the extent to which a payment by results approach involving social investors and local financial contributions can drive improved educational and employment outcomes for the most disadvantaged young people in society.	GBP	16,000,000	2014

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