

The Dalberg logo is positioned on a dark red rectangular background on the left side of the slide. It consists of the word "Dalberg" in a white, sans-serif font, with a small horizontal line under the letter "g".

Dalberg

The background of the slide is a photograph of a classroom. In the foreground, three young girls in red and green school uniforms are looking at a book together. In the background, other students and a teacher are visible, some looking at papers. The lighting is somewhat dim, and the overall tone is educational and focused.

Outcomes Finance Alliance Summit

DALBERG INSIGHTS
MARCH 2024

Dalberg's experience in Outcomes based Financing in support of education

Educate Girls DIB

Performance evaluation for the first Development Impact Bond focused on improving access and quality of education for female students in India. The DIB achieved 116% of the enrolment target and 160% of the learning target in its final year.

Quality Education India DIB

Supported the design and performance of the largest education Impact Bond in India, reaching a total of 200,000 beneficiaries. The DIB achieved ~ 3x outperformance of targets; DIB students gained three years of an average child's progress in one year vs. comparable schools two years in a row.

LiftEd

Building on the success of the Quality Education India (QEI) DIB, LiftEd will help scale up effective Foundational Literacy and Numeracy solutions to help students who have been left behind.

CATALYZE EduFinance Impact Linked Loans

In partnership with USAID CATALYZE and Jackfruit Finance, we are designing impact-linked loans for low-fee private primary schools in Kenya, with the aim of increasing access and improving the quality of education

The Education Finance Network, launched in April of 2022, aims to build a community to better coordinate and mobilize resources to achieve SDG4

EDUCATION FINANCE NETWORK'S GOALS



1

Bring together private sector investors, researchers and education providers in supporting better education outcomes

2

Increase the **efficiency and effectiveness** of non-state education engagement

3

Mobilize more private resources toward improving education outcomes

4

Generate evidence and learnings around how/where non-state actors can be most successful in supporting better education outcomes

5

Shift the narrative away from public vs. private to a focus on collaboration, transparency, and understanding what works

The question of scale – some insights were intuitive...

- Our experience designing programs sees a constant tension between a push for **rigorous evidence, and the reality of rising costs and additional disruption**. A balance between trust in self-reported data and evaluation needs to be struck.
- Challenges can emerge when programs have an indirect nature to their interventions (ie. training teachers or headmasters). The **difficulty lies in small effect sizes and the concept of minimum detectable effect** making it difficult to achieve confidence in large-scale programs.
- Outcomes Based Financing allows for **continuous improvement**. With regular measurement, implementers get rapid feedback on their performance and can adapt their activities to achieve their outcomes. This approach, enabled by OBF, can increase the chances of achieving systemic change.
- Involving philanthropy, donors, and the private sector helps to sustain efforts for impact finance and evidence-based solutions, despite political shifts. **Short-term gains focus on funding pilots and innovation, leveraging diverse stakeholders' risk-taking while the long-term vision prioritizes impactful scale despite government changes.**

The question of scale – while others were more surprising...

- A big **source of tension** between outcome funders and partners stems from differing principles on data trust. Different aims often exist coming into a program, with some interested in adopting a more scientific approach with others looking to establish basic level of integrity.
- **A large coalition of partner can start to have diminishing returns.** Having many different players involved, with varying objectives and incentives can add complexity and generate negative sentiments towards the program. Starting with a smaller, more focused group can contribute to faster progress and success.
- **“Every pilot is successful but no pilot ever scales”** Why is this the case and how do we move away from this reality?

Annex

Together with the Education Outcomes Fund, we host a learning group on innovative EduFinance, with a key focus on outcomes-based funding

Here are some key questions and insights that guide our discussion

MEASUREMENT

- *Measurement is key to effective outcomes-based funding, but we have yet to figure out how to approach this puzzle*
- *Key questions: How to capture educational quality, learning attainment, or child development for which existing metrics may be good proxies? How to mitigate against perverse incentives?*

SYSTEMS LEVEL EFFECTS

- *How these effects unfold, tensions, pathways for systems-level change*
- *Key questions: How to ensure that programs strengthen government systems and the broader ecosystem? What comes after a program ends?*

MULTI-SECTOR COORDINATION

- *How does collaboration across government sectors contribute to systems-level effects?*
- *Key questions: How to facilitate multi-sectoral collaboration? How to facilitate these engagements to promote sustainability and scale?*

LIMITATIONS

- *Examples of programs where outcomes-based funding faced challenges and limitations that put into question their effectiveness as a solution in that context*

We also identified more disruptors that could potentially transform the education space

Generating ecosystem learning to inform future investments and facilitate communication around OBF

Interest in learning about other innovative finance investment tools beyond OBF such as blended finance and debt swaps for education