

OUTCOMES-BASED FINANCING FOR GRANTMAKERS

A masterclass presented by The Bertha Centre, in partnership with Trialogue

Governments and donors seeking to improve the cost-effectiveness of their development spend are increasingly moving away from traditional activity-based funding, to outcomes-based approaches. Approximately \$26 billion has been committed to outcomes-based mechanisms in 80 developing countries to date, with further growth expected in the coming years.

This masterclass introduces private funders to the rapidly emerging field of outcomes-based financing, with a focus on developing strategies that facilitate the realisation of their social and environmental impact objectives. Delegates will become familiar with a range of outcomes-based instruments, including impact bonds, and develop techniques for integrating the instruments into their existing portfolios of work.

Module 1: Principles of contemporary grantmaking

Grantmakers are under increasing public pressure to demonstrate allocative efficiency in the distribution of grants and to prove the ultimate impact of their funding contributions. This session relates modern best practices underlying effective grantmaking programmes.

Module 2: Developing an Investment Policy Statement (IPS)

An effective grantmaking programme requires a clearly articulated purpose and clear parameters to inform effective decision-making. This session discusses the construction of decision-useful policy statements.

Module 3: Introduction to Outcomes-based Contracting (OBC)

Outcomes-based contracts (OBCs) enable grantmakers to apply incentives that encourage grantees to closely uphold grant objectives, whilst affording them implementational discretion. This session introduces outcomes-based instruments and discusses examples from current and historic OBC initiatives.

Module 4: The Outcomes-based Toolkit

The nature of the challenges addressed by the grantmaker impacts the contextual relevance of different outcomes-based mechanisms. This session discusses different variants of outcomes-based mechanisms and develops a decision-making framework for selecting appropriate tools.

Module 5: Planning grantmaking portfolios using OBCs and the IPS

This session applies principles and approaches developed in the preceding modules to strategically determine the composition of a grantmaking portfolio.

Module 6: OBC lessons from the field

There is a growing body of work detailing emerging lessons from the 100+ OBCs that have been developed globally. This session discusses key learnings from efforts to develop OBCs worldwide that grantmakers can leverage as they begin to harness OBCs in their own work.

About the Presenter

Barry Panulo is a Senior Analyst at the UCT GSB Bertha Centre for Social Innovation and Entrepreneurship and is active in the Centre's innovative financing efforts. His portfolio of work centers on developing outcomes-based financing mechanisms and he has delivered model development and advisory support for commissioners exploring outcomes-based projects in areas including education, workforce development and healthcare. Barry is a University of Cape Town alumnus and holds undergraduate and master's degrees in Finance from that institution.