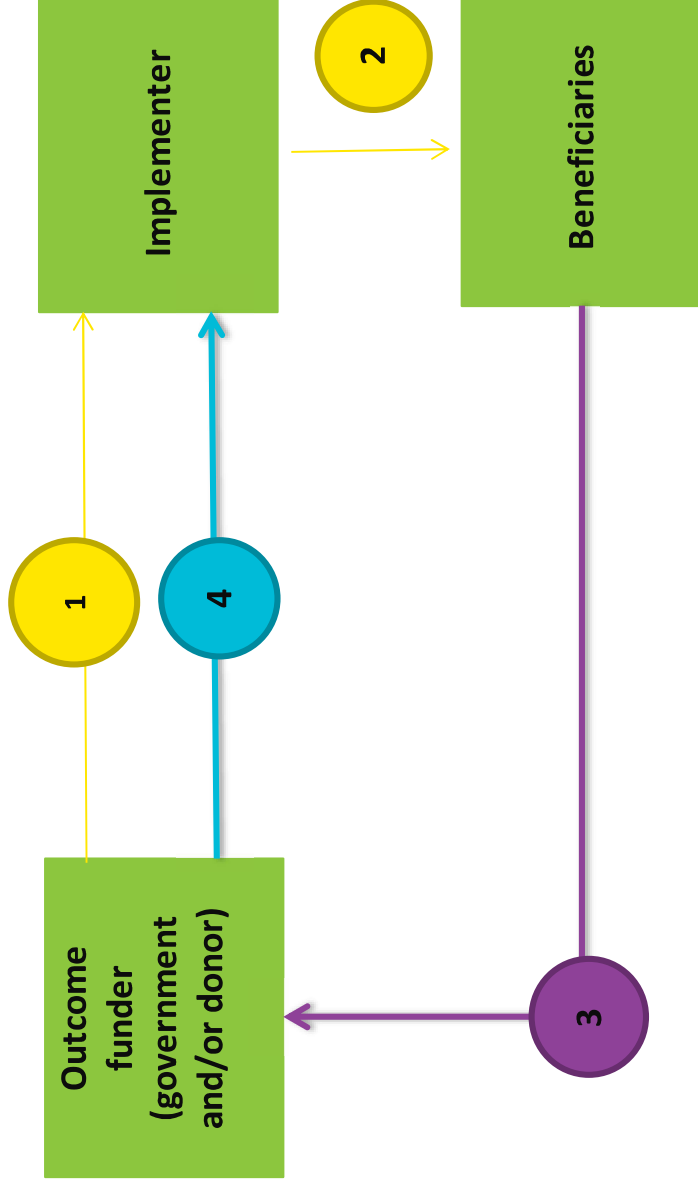






OUTCOMES-BASED CONTRACT

Financial incentive + accountability + innovation and adaptation

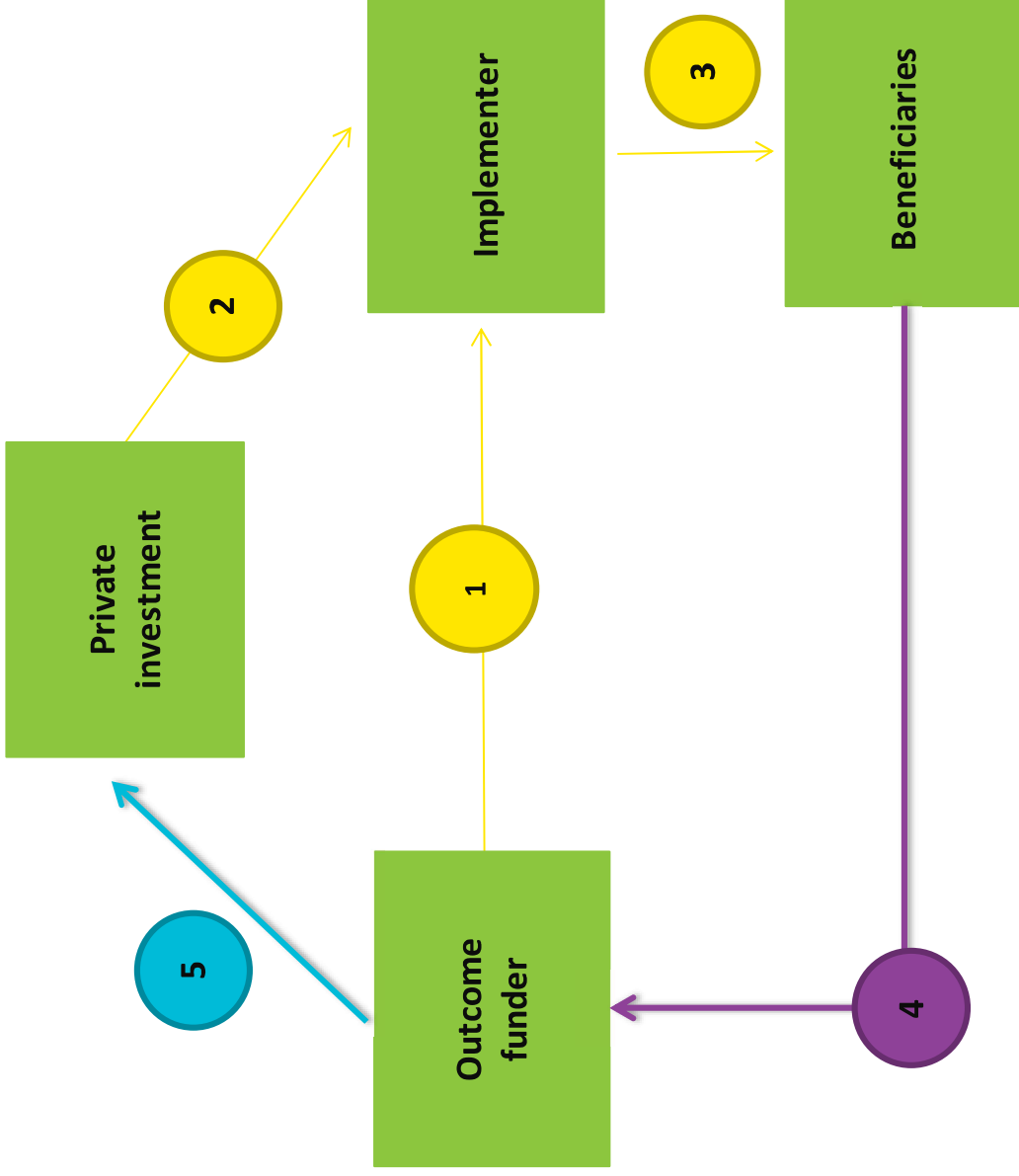


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SOCIAL IMPACT BOND

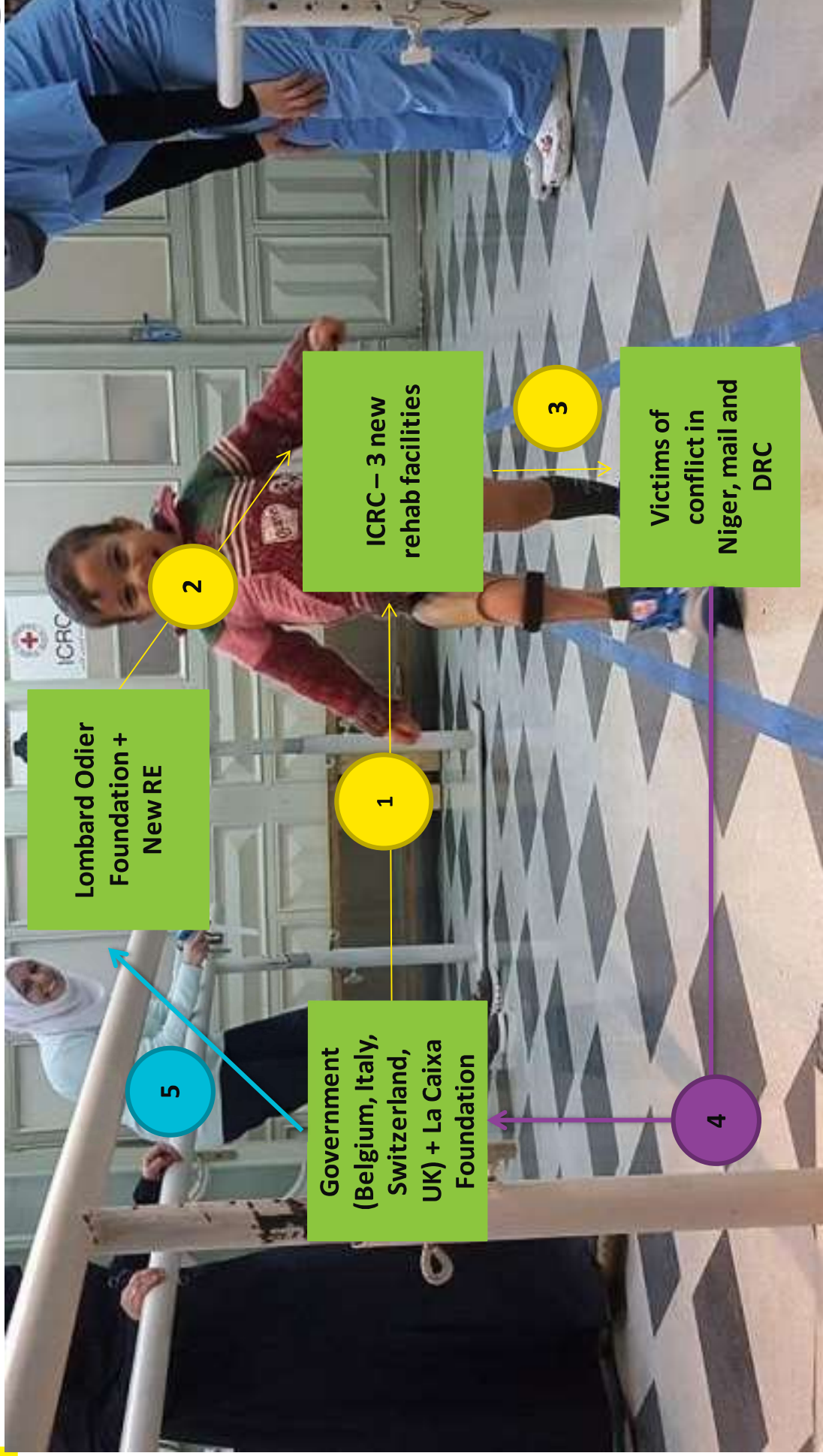
Performance +
management +
investment rigour



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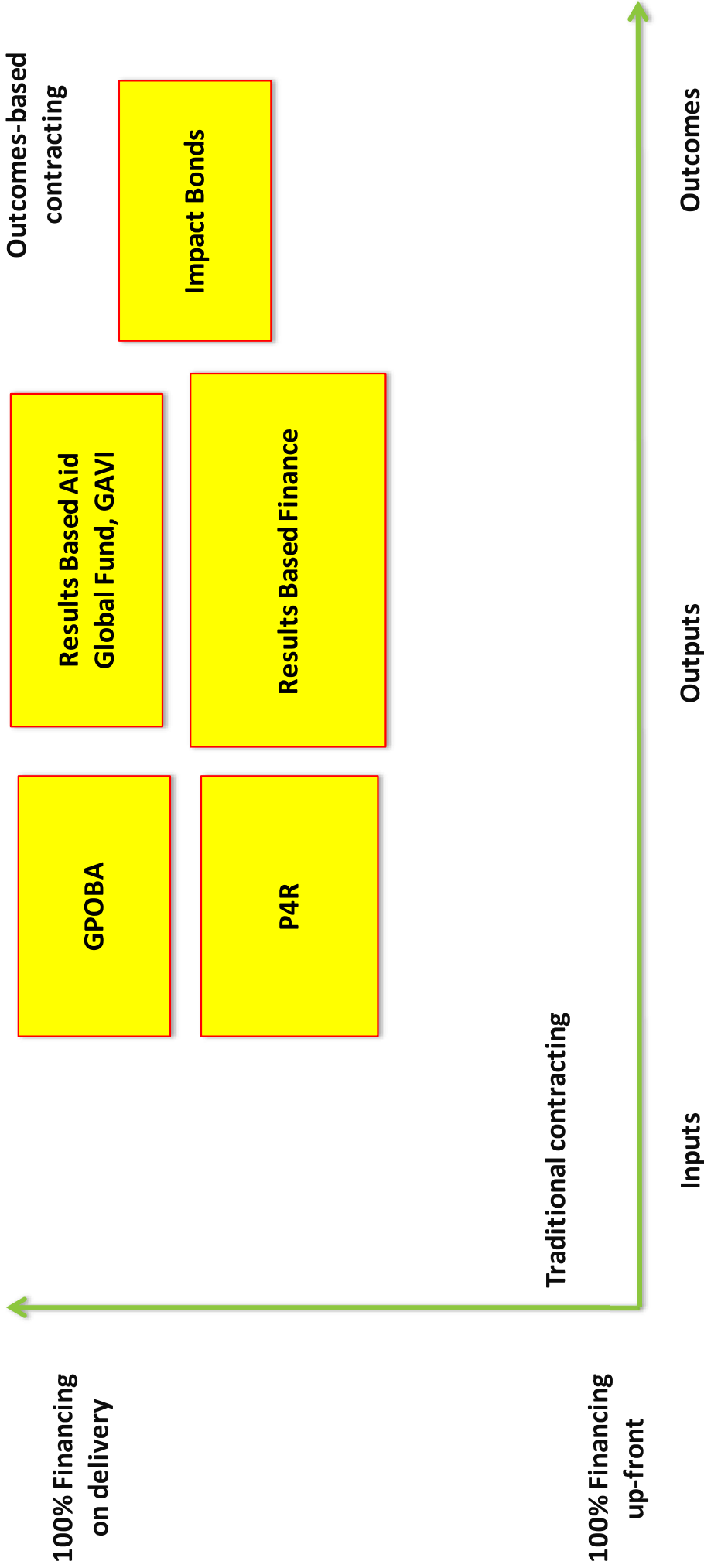
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HUMANITARIAN IMPACT BOND





SPECTRUM OF CONTRACTS

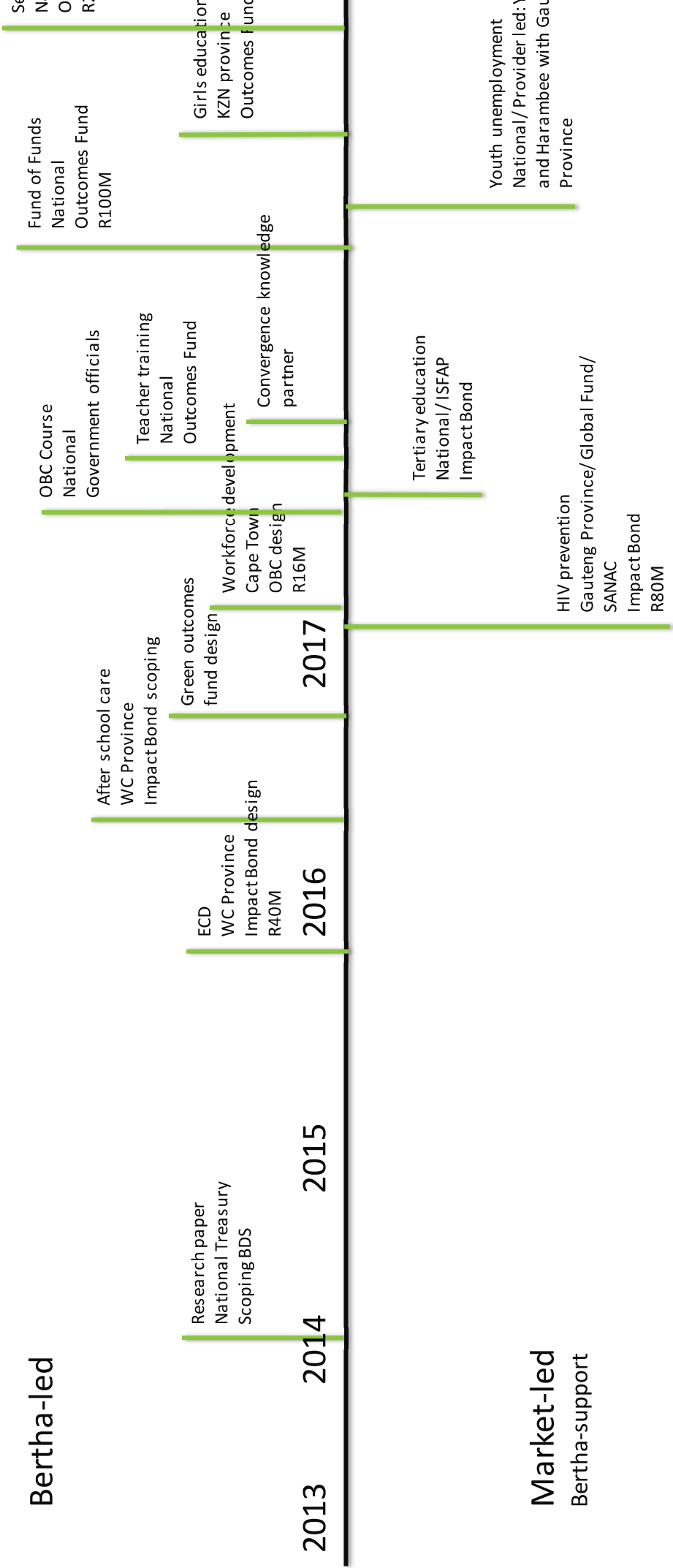




SA MARKET DEVELOPMENT TIMELINE



UCT GRAD





FLANDERS-SUPPORTED PROJECTS



UCT GRAF

Sec Nat OBC R20

Fund of Funds National Outcomes Fund R100M

OBC Course National Government officials

Research paper National Treasury Scoping BDS

Bertha-led

After school care WC Province Impact Bond scoping

Green outcomes fund design

ECD WC Province Impact Bond design R40M

Workforce development Cape Town OBC design R16M

Teacher training National Outcomes Fund

Convergence knowledge partner

Girls education KZN province Outcomes Fund

2013

2014

2015

2016

2017

Tertiary education National/ ISFAP Impact Bond

Market-led Bertha-support

HIV prevention Gauteng Province/Global Fund/SANAC Impact Bond R80M

Youth unemployment National/ Provider led: and Harambee with Gauteng Province



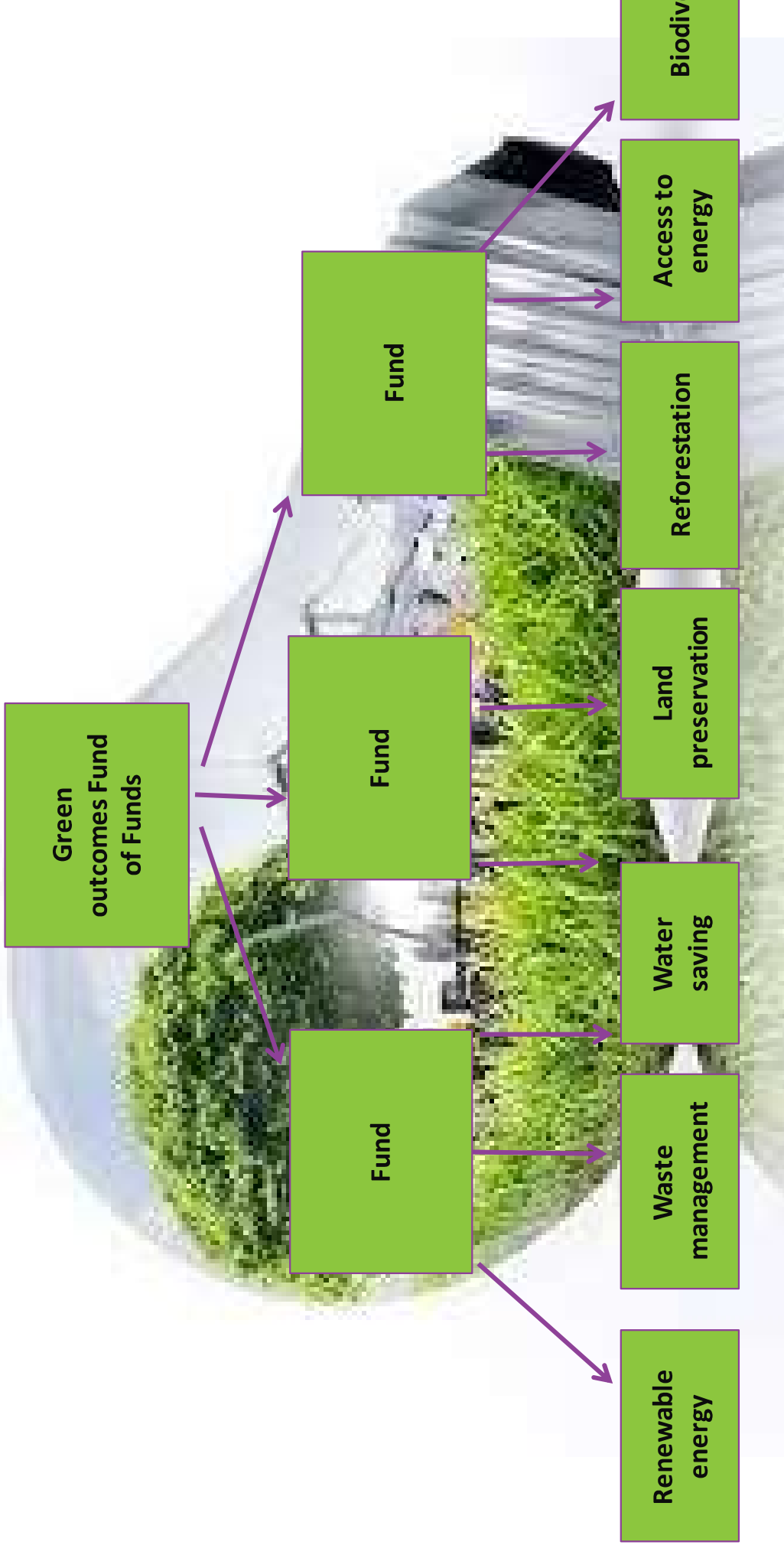
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GREEN OUTCOMES FUND





DEVELOPING BEST PRACTICE



UCT GRAD

Cabinet Office

- Early intervention resulting in savings
- Fund structure decreases transaction costs and introduces competition

Bridges Ventures (*Better outcomes, Better Value, 2016*)

- Better results from existing services
- Better value for money (investor return over and above base case zero)
- Aligning incentives (correct previous policies)
- **Coordinate multiple stakeholders to tackle complex problems**
- **Trial new solutions by transferring risk of failure**
- Staggered payments

Investors (anecdotal)

- **Capable and entrepreneurial team**
- **Evidence of programmatic success**
- Reasonable outcome targets

UBS Optimus

- **Simple payment metrics and preferably only 1-2**
- Implementers should have skin in the game
- **Use evaluation methodology that is fit for purpose**
- Measure intermediate outcomes if sufficiently linked to outcome

Instiglio

- **Facilitate performance culture before introducing OBC**
- **Soft investment in data poor areas**
- Investment should imply ambition
- Strong protocols for solving disagreements
- System strengthening and sustainable disbursement systems

Social finance

- **Change management to performance culture**
- Demonstrate socially motivated private capital supporting public sector case
- Availability of development funding
- Skilled intermediation
- Ensuring government priority

Bertha Centre

- **Service provider capacity building**
- Sweet spot of risk sharing between all parties
- Phased approach to price discovery – manage expectations
- Price adjustment mechanism
- Effective government contracting (operationally or financially bought in)

Harvard Kennedy School of Government

- Continuum of Results Based Finance (bespoke diagnostic)



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THANK YOU

