

Collective Learning Initiative for Outcomes Based Finance in Early Childhood Care and Education (ECCE)

Lessons from the 6th Knowledge Session – Frontline realities, local agency, and the role of OBF

3rd December 2025

Introduction to the CLI

The Collective Learning Initiative (CLI) on outcomes-based financing for early childhood care and education (OBF4ECCE) was launched through the [Education Outcomes Fund](#) (EOF) in 2024 to strengthen collaboration among stakeholders working at the intersection of outcomes-based financing (OBF) and Early Childhood Care and Education (ECCE). Led by the [GO Lab](#), at the University of Oxford, and [NORRAG](#), at the Geneva Graduate Institute, the initiative aims to foster peer learning and knowledge exchange between stakeholders, contributing to a growing global knowledge base.

Over the past year, the CLI has continued to bring together diverse voices through workshops, interviews, and shared reflections, helping to deepen collective understanding of how OBF approaches can enhance the quality and sustainability of ECCE financing. Our various knowledge products, including a detailed synthesis of the 4th and 5th Knowledge Exchange session can be found [here](#).

The sixth and final Knowledge Exchange Session of 2025 marked an important milestone for the CLI on outcomes-based financing in early childhood care and education (OBF4ECCE). After nearly two years of shared learning, the community shifted its focus from experimentation to institutionalisation, by closely examining the question what does it take to move from pilots to sustainable practices embedded in the education systems? The session combined rapid updates from the field with two in-depth technical discussions on adapting measurement tools and costing, alongside a collaborative exercise to map practical resources for governments and practitioners. This document synthesises the key insights that emerged.

Summary of Key Insights from Knowledge Exchange Session

1. The conversation has shifted from pilots to systems

Early discussions centred on individual projects. The focus is now on embedding OBF within government programmes, procurement pathways, and national financing systems. Institutional alignment, rather than standalone pilots, is the benchmark for success.

2. Measurement adaptation is foundational, not technical detail

Measurement tools cannot simply be transferred across contexts. Responsible adaptation requires structured consultation, piloting, validation, and government endorsement. This process clarifies what outcomes are valued, ensures cultural and policy alignment, and reduces unintended incentive distortions.

3. Start simple, scale gradually

Programmes that begin with a limited set of indicators or partial outcome-linked payments are often more successful. Complexity can be introduced as trust, capacity, and system readiness grow.

4. Costing strengthens credibility and transparency

Clear costing is essential in a context of fiscal constraint. Distinguishing between cost economy, efficiency, effectiveness, and pricing helps avoid confusion in programme design and negotiation. Transparent costing also makes equity trade-offs visible rather than implicit.

5. Equity must be designed and costed explicitly

Disability inclusion, rural access, and linguistic diversity require intentional measurement and often higher investment. OBF can support inclusion, but only when equity is treated as an outcome in its own right and reflected in programme design and budgeting.

6. System-level investments are not overheads

Activities such as tool adaptation, stakeholder engagement, and capacity-building are frequently treated as transaction costs. Participants emphasised that these are long-term system-building investments and should be recognised as such in both costing and financing discussions.

7. Sustainability depends on institutional embedding

Tools and reforms falter when they rely on individual champions. Sustainable OBF aligns with public financial management systems, national standards, and procurement rules, and is supported by usable data systems and ongoing institutional capacity.

8. Fragmentation can become an opportunity

ECCE systems are often fragmented across ministries and funding streams. While challenging, OBF can provide a shared outcomes framework that encourages coordination and alignment where traditional mechanisms have struggled.

Cross-Cutting Themes

Across the discussions, several cross-cutting themes underscored the broader shift from experimentation to institutionalisation in outcomes-based financing for ECCE. Participants reflected on the need to move from a pursuit of “perfect” evidence toward evidence that is practical and decision relevant. While rigorous evaluation remains valuable, randomised trials are often impractical in early childhood contexts; in their place, quasi-experimental methods, strengthened monitoring systems, and digital feedback loops can generate sufficiently robust evidence to guide improvement and accountability. Technology emerged as both an enabler and a risk. Digital platforms and data systems can reduce transaction costs, support real-time learning, and codify implementation knowledge to facilitate scale. However, participants cautioned that technological solutions must be embedded within public systems and accompanied by strong institutional ownership and safeguards. Finally, sustained attention was given to the distinction between costing and pricing. Costing captures the true resources required to deliver results, while pricing reflects what outcome

fundlers are willing to pay. Clear differentiation between the two is critical for transparent negotiation, credible programme design, and long-term financial sustainability.

These cross-cutting reflections set the stage for two deeper technical discussions that explored how institutionalisation plays out in practice. While the broader themes highlighted shifts in mindset and system design, participants also examined the operational foundations required to sustain OBF in ECCE systems. The following technical spotlights draw on concrete experience with measurement adaptation and costing, illustrating how these system-level considerations translate into practical tools and decisions.

Technical Spotlight 1: Adapting Measurement Tools for OBF

A core operational challenge in OBF for ECCE is ensuring that measurement tools are credible, feasible, and appropriately aligned with incentives. Experience across multiple contexts shows that successful adaptation begins with alignment to national systems: tools must reflect national curricula, standards, and policy priorities to ensure legitimacy and long-term sustainability. Structured stakeholder consultation plays a critical role in strengthening ownership, with item-by-item reviews involving policymakers, practitioners, and technical experts helping to identify cultural, linguistic, and feasibility issues early in the process. Piloting and statistical validation are equally essential to protect psychometric integrity and ensure that adapted tools remain robust. At the same time, incentive effects must be carefully managed. Transparent scoring frameworks, the use of alternate item banks, and the inclusion of non-scoring contextual questions can help mitigate risks such as “teaching to the test” or other distortions. Participants emphasised that adaptation is inherently time-intensive, often requiring multi-stage processes over several months; attempts to shortcut this work can undermine both fairness and credibility. Importantly, even in fragmented policy environments, consensus can be built through deliberate stakeholder engagement and reference to widely accepted developmental constructs.

Technical Spotlight 2: Costing in Outcomes-Based Finance

Costing underpins nearly every decision in outcomes-based financing. In a context of shrinking aid budgets and heightened scrutiny of public spending, rigorous and transparent cost analysis is indispensable. Participants emphasised that even relatively simple cost-per-child calculations can generate valuable insight, particularly when grounded in a clear theory of change that links inputs to outputs and intended outcomes. Such analysis helps distinguish between cost economy and cost effectiveness, underscoring that the least expensive option is not necessarily the most impactful. Importantly, costing must extend beyond direct service delivery to include system-change investments, such as data infrastructure, procurement reform, and workforce development, which are central to OBF’s long-term value and sustainability. A recurring challenge is the absence of clear comparators against which to benchmark performance. In these situations, transparent modelling of alternative approaches can still support informed decision-making, provided underlying assumptions are made explicit and open to scrutiny.

Sustainability and Institutionalisation

A recurring concern was why measurement and costing tools often fade after initial implementation phases. Common reasons identified during the session included:

- limited integration with public financial management systems;
- excessive technical complexity;
- dependence on individual experts rather than institutional structures; and
- insufficient documentation or codification.

Together, these challenges underscore that sustainability requires designing tools with long-term institutional embedding in mind from the outset.

Collaborative Resource Mapping

The session concluded with a live mapping exercise to identify practical tools and guidance currently used by practitioners. Participants highlighted the need for additional resources on:

- Entry-level materials for governments new to OBF.
- Practical guidance on cross-ministerial coordination.
- Applied tools for aligning OBF with national budget cycles.
- Stable, curated repositories to prevent loss of institutional knowledge.

This work will inform the development of a structured resource map to support a broader audience beyond the CLI network.

Next Steps for the CLI Consortium:

As the CLI community reflects on lessons from the past two years, several priorities have emerged for the path ahead:

- ✎ Building the evidence base on what sustainable, equity-focused outcomes look like in ECCE through CLI knowledge products.
- ✎ Expanding opportunities for localised learning, and ownership.
- ✎ Embedding OBF principles within public finance systems rather than parallel pilots.

Closing Reflections

Two years of collective learning suggest that outcomes-based financing in early childhood care and education is moving from experimentation toward institutionalisation. Yet the transition from pilots to embedded practice is neither automatic nor simple. It requires careful adaptation of measurement tools, transparent and realistic costing, explicit design for equity, strong alignment with national systems, and sustained investment in local capacity.

OBF is not simply a financing mechanism. At its best, it provides a framework for clarifying priorities, aligning fragmented actors around shared outcomes, strengthening accountability, and fostering continuous improvement across early childhood systems.

Ultimately, long-term success will depend less on technical design alone and more on institutional ownership, collaboration, and a shared commitment to improving outcomes for young children.