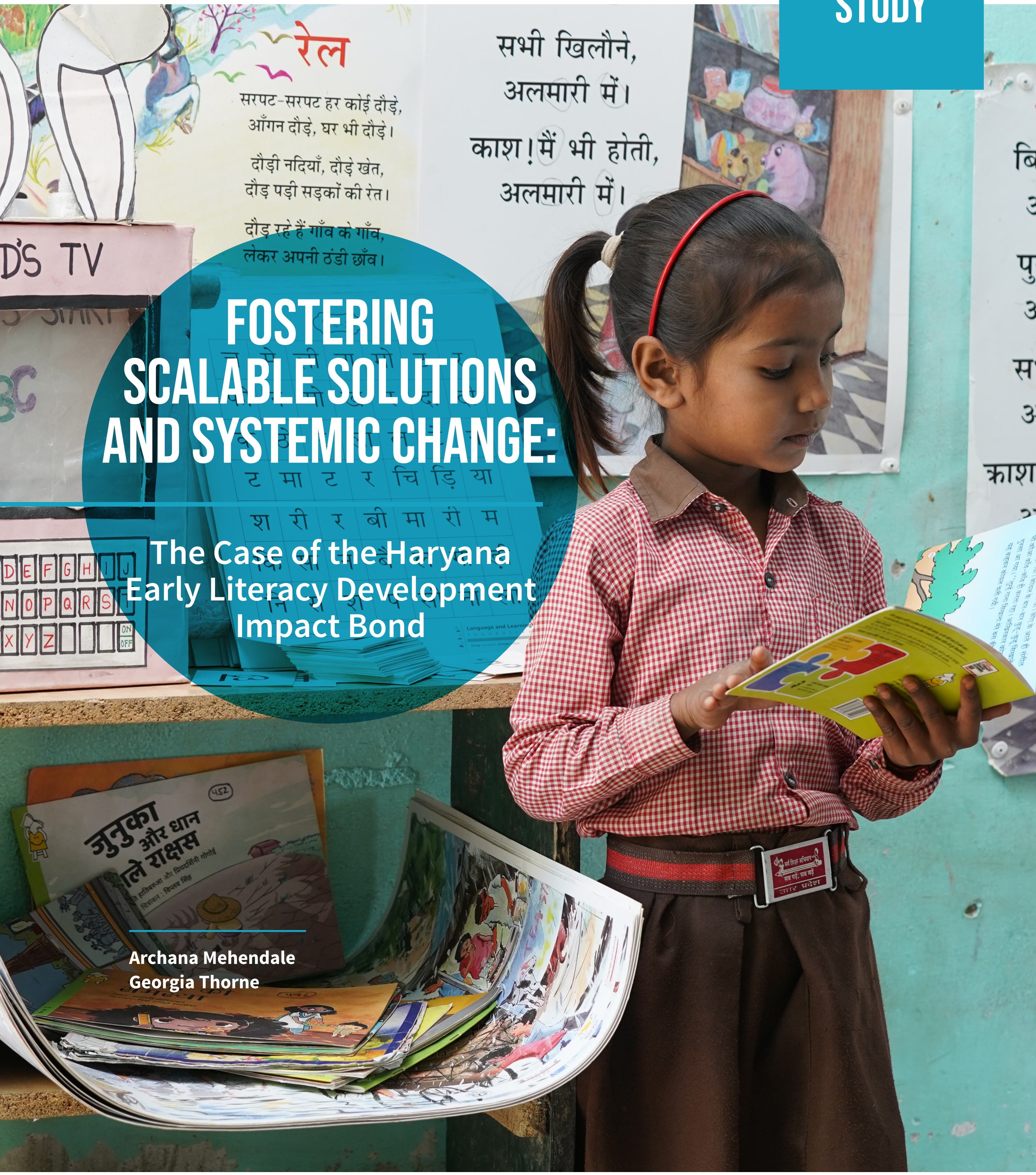
To Leave No One Behind

CASE STUDY



FOSTERING SCALABLE SOLUTIONS AND SYSTEMIC CHANGE:

The Case of the Haryana Early Literacy Development Impact Bond

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NORRAG GLOBAL EDUCATION CENTRE

About the Project

This research paper is a product of the Innovative Financing for Education to Leave No One Behind project, funded by the TRANSFORM research initiative of the Swiss Agency for Development and Cooperation and by consortium members. The project focuses on utilising and assessing the contribution of innovation in education financing to bring in more and better financing to reach the most disadvantaged and marginalised groups.

Please visit **www.norrageducation.org/ife-2-leave-no-one-behind** for more information about the project.

Project Consortium Partners

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More information about TISS is available at tiss.ac.in

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Picture credit: Language and Learning Foundation

About Language and Learning Foundation

Language and Learning Foundation (LLF), founded in 2015, works to improve foundational literacy and numeracy at scale through long-term partnerships with government systems by strengthening teaching and learning, building institutional capacity, and improving learning outcomes through evidence-based and system-focused approaches. Since its inception, LLF has worked across 10 states, reaching over 21.8 million children and over 1 million teachers and educators in India. A strong proponent of outcomes-focused programming, LLF rigorously measures impact through independent evaluations and implementation research to understand not only whether learning improves, but how sustainable change can be achieved within public education systems. LLF was the implementation partner in India's first domestically funded education Development Impact Bond in Haryana, which achieved 3.5 times the targeted learning gains for 164,000 children across 3,300 government schools. Building on these experiences, LLF continues to contribute to the broader field of foundational learning through evidence generation, innovative financing partnerships, and systems-strengthening efforts that support governments in delivering equitable learning outcomes at scale. By 2030, LLF aims to support strong foundational learning for 60 million children across India.

More information about LLF is available at
https://languageandlearningfoundation.org/

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LIST OF ACRONYMS

ABRC	Assistant Block Resource Coordinator
ASER	Annual Status of Education Report
BEO	Block Education Officer
BRP	Block Resource Person
CA	Contribution Analysis
CSF	Central Square Foundation
CSR	Corporate Social Responsibility
DIB	Development Impact Bond
EGRA	Early Grade Reading Assessment
Ei	Educational Initiatives
FLN	Foundational Literacy and Numeracy
HSSPP	Haryana School Shiksha Pariyojana Parishad
IFE	Innovative Financing in Education
INR	Indian Rupees
LLF	Language and Learning Foundation
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
OBF	Outcome-Based Financing
PMF	Performance Monitoring Framework
SBI	State Bank of India
SDG	Sustainable Development Goal
SFI	Social Finance India
SIG	Social Impact Guarantee
TISS	Tata Institute of Social Sciences
TOC	Theory of Change
USD	United States Dollar

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1

EXECUTIVE SUMMARY

Background

Innovative Financing for Education (IFE) has gained significant traction over the past decade as a potential means to address the global education funding gap. It aims to achieve this by both raising new funds and attracting new investors (revenue generation) and leveraging existing funds more effectively (expenditure optimisation). Outcomes-based financing (OBF) is a specific form of IFE that directly ties the disbursement of funding to verified attainment of pre-agreed outcomes. One type of OBF is impact bonds, which have emerged as a mechanism to attract upfront capital from private investors and thereby enabling service providers to implement their interventions on the ground. The outcomes are independently verified by a third-party evaluator. If the pre-agreed targets are successfully achieved, an outcomes funder – typically a philanthropic body or a government entity – makes a financial repayment to the investor based on pre-agreed terms linked directly to the outcomes achieved.

Despite the growing enthusiasm over the claimed potential of impact bonds, relatively little empirical research has been conducted on how these new mechanisms bring additional financing or help create educational outcomes, particularly for the most disadvantaged and marginalised populations. The current evidence base remains insufficient to answer critical questions such as: Can outcome-based financing successfully increase funding and improve the overall quality of interventions for Sustainable Development Goal 4? Would such modifications in financial mechanisms and the transfer of risk improve programme effectiveness and efficiency? Can private sector actors be effectively incentivised to finance or provide educational services to the most disadvantaged populations? Does engaging private investors reduce and/or transfer financial risks to governments, thereby increasing public funding efficiency? Does focusing on outcomes allow for longer-term programme sustainability? Can innovative finance mechanisms build the capacity of service delivery organisations beyond the specific investment timeframes? Can public–private collaborations be successfully maintained beyond the initial investment period?

Using the case of the Haryana Early Literacy Development Impact Bond (hereafter referred to as the Haryana DIB), this study aims to answer some of these questions. It contributes to our understanding of the systemic impact of the Haryana DIB beyond its investment timeframe.

The Haryana DIB was India's first-ever DIB to leverage domestic corporate social responsibility (CSR) funding for outcome payments. It focused specifically on improving early language-related outcomes. The programme was implemented in government schools in the state of Haryana in close collaboration with the Haryana School Shiksha Pariyojana Parishad of the Government of Haryana. The intervention was delivered by the Language and Learning Foundation (LLF), with outcome funding provided by IndusInd Bank and the SBI Foundation. The Central Square Foundation (CSF) acted as a risk guarantor, and Social Finance India (SFI) was the intermediary. The structure of the Haryana DIB was not like that of a typical DIB; in fact, it resembled a Social Impact Guarantee, in which the service provider receives funding from a social impact–focused funder to work towards a set of predefined outcomes. It then implements the intervention as planned. Once the work is completed, the outcomes are measured and validated, and if the targets are not met, the risk guarantor covers the value of any unachieved outcomes.

The Landscape and Project Initiation

The Haryana DIB came at a crucial point in time when there was a growing policy discourse around poor learning outcomes, especially among students studying in government schools across India. After an initial year of work in the Kurukshetra district on a demonstration project, the Government of Haryana invited LLF to expand its work to six other districts in the state. However, the government could provide funding support only for training sessions for teachers and for educational materials, leaving a substantial financial gap for broader implementation. While this collaboration with the Haryana state government was an essential pillar of the intervention, additional funding for the implementation was made available through the Haryana DIB.

Evaluation Methodology and Core Objectives

We focused on answering two broad questions:

1. How does the financing mechanism – in this case, the Haryana DIB – contribute to the effectiveness and efficiency of the intervention, bring financial additionality, and ensure equitable outcomes?
2. Do the established public–private collaborations last beyond the investment timeframe, and is there a scalable and systemic impact after completion of the Haryana DIB?

This study adopted a contribution analysis methodology to explore how the financial mechanism of the Haryana DIB contributed to the observed educational outcomes.

Stakeholder Ecosystem and Financial Governance

SFI played a crucial role in initiating and structuring the DIB, as it was keen to launch its first impact bond in the education sector. The funders – IndusInd Bank and the SBI Foundation – provided the necessary upfront capital on an annual basis to LLF for direct implementation of the programme. LLF conducted its activities and focused on improving specified language outcomes for students from Grades 1 and 2 across 3,500 government schools in seven districts of Haryana. The funders, the risk guarantor, and SFI collectively hired Educational Initiatives (Ei) to act as the independent, third-party outcome evaluator. The funders paid Ei to set the baseline targets and to conduct the baseline and endline assessments.

The financial payout terms were structured around performance thresholds:

<u>Upside Scenario:</u> If the evaluation report at the end of the three years showed that the performance of LLF exceeded the pre-agreed outcomes, the funders would be required to pay a financial bonus (as an incentive to LLF).

<u>Downside Scenario:</u> If the performance were to fall short of the targeted outcomes, CSF would step in as the risk guarantor and contribute a pre-agreed amount to another alternative educational programme of the funders' choice. This guarantee was necessary because the funders could not legally or structurally receive any direct financial repayment in the event that the targets were missed, due to restrictions on CSR funding.

This entire multi-stakeholder structure was convened and coordinated by SFI, which acted as the primary intermediary between all parties. Although SFI ceased to be operational while the DIB was still being implemented, the funders, the risk guarantor, and LLF successfully took over its role to ensure continuity.

Analysis of Key Findings

1. Effectiveness and Efficiency

Our findings show that the Haryana DIB was highly effective. It was able to exceed the targeted learning outcomes for all six of the subskills that were directly linked to the financial payouts. It also showed comprehensive, overall improvement in all 13 language subskills that were assessed. We found that several factors contributed to this effectiveness, including: increased stakeholder accountability driven by a strict focus on data and results, the operational flexibility offered in the design of the programme intervention, a robust performance management system, as well as wider systemic influences, such as policy conduciveness.

Our data also showed that the Haryana DIB brought clear operational efficiency by exceeding the pre-agreed impact targets well within the allocated funds. We found that cost efficiency itself was not the primary consideration for the design of the Haryana DIB; instead, using OBF to rapidly scale up a proven intervention was viewed as a far more important goal. Operational flexibility was identified as the key contributing factor to achieving efficiency.

However, there were notable efficiency challenges due to bureaucratic delays from the state government as well as the additional time required to change the traditional attitudes and mindsets of personnel working in the school education department.

2. Financial Additionality

In terms of financial additionality, we had hypothesised two distinct causal pathways: that the mobilisation of private capital would successfully attract completely new financial partners to the education sector, and that a combination of private capital mobilisation and cost efficiencies derived from the financing mechanism's unique structure would enable the intervention to reach a larger number of beneficiaries.

We found that both of the participating CSR funders were completely new to innovative financing; therefore, their participation can be considered as signifying the entry of two new funders to education with this kind of financing mechanism. Our data show that these new financial partners were attracted to the Haryana DIB due to the high credibility of the other partners and stakeholders involved, the mechanism being specifically adapted from a standard DIB structure to avoid any deviation from standard CSR operating guidelines and principles, the relative ease of participation in the financial structure, and the motivation of the funders after watching the actual educational work taking place on the ground.

With domestic CSR funding channelled through the Haryana DIB, LLF was able to meet the Haryana state government's ambition to expand the LLF literacy intervention to more districts and students. Ultimately, more beneficiaries were reached than was originally planned, and the additional capital successfully allowed the Haryana DIB to reach a much wider population of students.

3. Equity and Inclusion Outcomes

Third, we explored the counter-hypothesis regarding equity by examining whether the OBF mechanism of the Haryana DIB risks excluding the most marginalised or low-performing students. Our data showed that equity was actually treated as one of the key priorities, and this was explicitly reflected in LLF's focus on improving learning outcomes for the bottom 25% of students and in its dedicated effort to reduce the number of students scoring zero in the assessments.

The strategy of categorising schools on the basis of teacher intent and participation was also seen as a practical way of responding to the different needs of various schools. However, the data revealed that the educational intervention engaged less with the designated "C-grade" schools compared to the higher-performing "A-grade" and "B-grade" schools. Crucially, there was no conclusive evidence that LLF excluded marginalised students due to pressure to achieve the pre-agreed outcomes and secure payouts.

4. Systemic Impact and Long-Term Sustainability

Fourth, LLF used the DIB structure to expand its initial demonstration project and show how the intervention could be embedded within the government system – something the state could not risk funding on its own. After this successful demonstration, the Haryana DIB generated systemic impact, leading the government to scale the intervention to all 22 districts and continue partnering with LLF as a technical expert on foundational literacy and numeracy (FLN). Ensuring government ownership from the outset and embedding systemic goals into the project design contributed to this outcome. The DIB enabled LLF to expand and demonstrate its systemic approach to improving language literacy, and its successful completion supported state-wide adoption under the NIPUN Bharat mission in Haryana. LLF's expansion into other states using a similar model further validates the intervention's replicability and sustainability beyond the DIB.

The Haryana DIB also demonstrated how CSR funds can be used within innovative financing structures. Although not directly attributable, newer impact bonds such as the Skill India Impact Bond and LiftEd now include CSR partners. LiftEd also shows greater openness to linking payouts to systemic outcomes, moving beyond the student-level outcome payments used in the Haryana DIB.

5. Additional Considerations

First, a major part of the intervention occurred during the COVID-19 pandemic, and the Steering Committee supported LLF in pivoting its strategy, adjusting targets and evaluation methods, and allowing flexibility in funding. Second, we also found that existing networks, relationships, and trust were crucial in bringing stakeholders together for the Haryana DIB. CSF played a key role in connecting LLF and Ei, and the relationship between the founders of CSF and SFI helped align the vision and build trust even as each organisation underwent its own selection and due-diligence processes. Third, the analysis demonstrated that CSR funds can support outcomes-based financing, which is significant given the scale of CSR funds in India. However, because the arrangement resembled a standard CSR grant, it raises the question of whether the intervention could have occurred without the DIB structure. It brought two new funders into the FLN ecosystem and freed up resources that CSF or another donor might have used for scaling the intervention. It also stratified philanthropic funding by risk appetite, creating space for both experimental and scale-up investments. Fourth, the success of the Haryana DIB challenges assumptions about the need for an intermediary and specialised performance management. Further research may be needed to understand when innovative financing mechanisms can operate with leaner management costs and which roles offer the greatest potential for optimisation.

Conclusion

The Haryana DIB successfully demonstrated the concrete possibility of using domestic CSR funds effectively in innovative financing structures. It also showed that meaningful gains in early language learning are possible when outcome-focused management, data use, and strong accountability systems guide implementation. Its ability to attract new capital, expand partnerships, and sustain public–private collaboration shows promise for scale, though a fuller assessment of long-term systemic impact will require revisiting the case over time.

2

INTRODUCTION

The Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 expressed a commitment by the global community to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" (SDG4; United Nations, 2015). Yet, national and global commitments to education are often characterised by insufficient funding, with UNESCO (2023) estimating the education financing gap to be USD 97 billion annually for low- and lower-middle income countries to achieve SDG4 by 2030 and international aid to education projected to fall by 25% between 2023 and 2027 (UNESCO, 2025). Innovative financing for education (IFE) has gained traction over the past decade as a potential means to address this gap by raising new funds, attracting new investors (revenue) and leveraging existing funds more effectively (expenditure; Avelar et al., 2020).

Over the past decade, numerous proposals have been discussed regarding innovative financing in education. However, it is only in recent years that we have seen increased experimentation on the ground. Outcomes-based financing (OBF) is a form of IFE that ties the disbursement of funding to the attainment of pre-agreed outcomes. One type of OBF is impact bonds, which have emerged as means to attract upfront capital from an investor so that service providers are enabled to implement their intervention. The outcomes are independently verified by a third-party evaluator. If the pre-agreed targets are achieved, an outcomes funder, typically a philanthropic body or the government, makes a repayment to the investor based on pre-agreed terms linked to the outcomes achieved. In the education sector, beginning with the Utah High-Quality Preschool Program in the USA, in 2013, and the Educate Girls Development Impact Bond (DIB) in India, in 2015, there has been a growing interest in experimenting with different kinds of outcomes-based contracts that link payments to results. To date, based on information available in the public domain, 140 education-related impact bonds have been initiated or launched (NORRAG, 2025), and most education impact bonds are claimed to have achieved their minimum targeted results (Elsby et al., 2022). However, as with development approaches in general, the early success of initiatives under impact bonds is often coupled with high resource investments in "piloting" the new financing approach. Process evaluations have highlighted the high transaction costs and complexity of multi-stakeholder arrangements, prompting critics to question the additional financial claims of impact bonds (UBS Optimus Foundation et al., 2018).

Impact bonds are said to produce both social and financial benefits for all stakeholders. They are expected to address the efficiency and effectiveness of education interventions by introducing OBF. Service providers are expected to have more autonomy compared to what they may have in an input-based traditional funding model. The focus on outcomes and the use of data-driven performance management tools and measurements are expected to help service providers achieve the pre-agreed outcomes. The upfront capital provided by private investors holds the potential to save public or donor funds by shifting the financial risk of programme failure from governments or donors to the investors. For private investors, this instrument helps diversify portfolios with potentially higher-than-market returns and general reputational benefits in supporting SDGs. Despite the enthusiasm over the claimed potential of impact bonds, little research has been conducted on how these new mechanisms bring additional financing or help create educational outcomes, particularly for the most disadvantaged populations. The current evidence base remains insufficient to answer critical questions such as: Can outcome-based financing increase funding and improve the quality of interventions for SDG4? Would such modifications in financial mechanisms and risk transfer improve programme effectiveness and efficiency? Can private sector actors be incentivised to finance or provide services to the most disadvantaged populations? Does engaging private investors reduce and/or transfer financial risks to governments, increasing public funding efficiency? Does focusing on outcomes allow for longer-term programme sustainability? Can innovative financing mechanisms build the capacity of service delivery organisations beyond investment timeframes? Can public–private collaborations be maintained beyond the investment period?

Using the case of the Haryana Early Literacy Development Impact Bond (hereafter referred to as the Haryana DIB), this study aims to answer some of these questions and contribute to our understanding of the systemic impact of the Haryana DIB beyond its investment timeframe. The Haryana DIB, India's first-ever DIB to leverage corporate social responsibility (CSR) funding for outcome payments, was focused on improving early language outcomes. It was implemented in government schools in the state of Haryana in collaboration with the Haryana School Shiksha Pariyojana Parishad (HSSPP) of the Government of Haryana by the Language and Learning Foundation (LLF), with outcome funding from IndusInd Bank and the SBI Foundation. The three-year project ran from April 2019 to April 2022, reaching approximately 164,000 students in Grades 1 and 2 across 3,300 schools in seven districts of the state of Haryana in northern India. Even though the COVID-19 pandemic significantly impacted the implementation, the intervention continued as the Har Ghar School programme, which offered home-based support to children through volunteer engagement and community classes to mitigate learning losses caused by the pandemic. This report is structured in the following manner. In Section 3, we explain the educational context within which the Haryana DIB was located, followed by a description of the research approach and methodology that guided this study in Section 4. In Section 5, we present the structure and design of the Haryana DIB and the processes adopted for setting it up. In Section 6, we discuss our key findings related to additionality, effectiveness, efficiency, and equity in the achievement of the outcomes. We discuss the impact of COVID-19 on the Haryana DIB in Section 7. We then provide our key findings on scalability and systemic change beyond the DIB timeframe in Section 8. Lastly, we summarise our findings and provide concluding remarks in Section 9.

3

PROGRAMMATIC CONTEXT FOR THE HARYANA DEVELOPMENT IMPACT BOND

In this section, we describe the context for the Haryana DIB, how it came about, and what the intervention looked like during the three years of its operation.

Context

The Haryana DIB came at a point in time when there was a growing policy discourse around poor learning outcomes, especially among students studying in government schools in India. According to the Annual Status of Education Report (ASER), in 2018, 23% of students in Grade 1 in Haryana state could not read a letter in Hindi, while only 29% could read a letter, only 27% could read a word, and only 10.5% of the students could read a grade-level text. Similarly, among Grade 2 students, 8% could not read a single letter, while only 21% could read a letter, 23% could read words, 20% could read Grade 1-level texts and only 27% could read their grade-level text. Furthermore, 40% of schools had Grade 2 students sitting in multi-grade classrooms (ASER, 2018) where teachers have to simultaneously manage students with different competency levels and learning needs. The National Achievement Survey results for the year 2017 for Haryana show that although 68% of the students in Grade 3 used the same language at home as the language used by the teachers in the school, 83% of the students in that grade could understand what the teachers taught in the classroom (Ministry of Education, n.d.). On this background, education departments in various states in India were experimenting with public–private partnerships for improving the quality of learning. At the national level, Sarva Shiksha Abhiyan, which was the flagship programme for school improvements, was being merged with a secondary education programme, called the *Rashtriya Madhyamik Shiksha Abhiyan,* to form an umbrella programme called *Samagra Shiksha* meant to cover the entire continuum of education. Simultaneously, the process of drafting the new education policy was also underway through a wide-scale consultative process. Several private sector actors had entered the education ecosystem with an appetite for impact investing, venture philanthropy, and management partnerships with the education departments. The first education DIB, Educate Girls, concluded in 2018, and another multi-partner impact bond, the Quality Education India DIB, was being conceptualised.

Origins

LLF was the implementer of the Haryana DIB. It was set up as a nonprofit organisation in 2015 with the aim of developing and implementing the professional capacity development of teachers, teacher educators, and other stakeholders for early grade student learning with a specific focus on language and literacy. Its vision has been to improve foundational learning at scale and to work with the government system to address the learning crisis faced by students in government schools. It believes in carrying out meaningful educational reform by demonstrating that government systems themselves can deliver learning improvements at scale.

In 2017, much before the DIB was on the horizon, LLF conducted a situation analysis in the Kurukshetra and Rewari districts of Haryana which showed that among Grade 2 children, only 30% could read simple words in Hindi (words without *matra*[1]) and only 12% were able to read words with matra in Hindi. In reading comprehension, only 7% children were able to answer four out of five questions correctly. Based on this situational analysis, in 2018, LLF signed a Memorandum of Understanding (MoU) with the HSSPP, the nodal agency of the Government of Haryana responsible for implementing school education programmes. The agreement was to launch a one-year pilot programme which was meant to be a 'demonstration project' for mobilising state resource persons for teaching Hindi in primary schools. It focused on Grades 1 and 2 in 175 schools belonging to three administrative blocks of the Kurukshetra district (see Table 1). The programme was named *Prarambhik Bhasha Shikshan Karyakram*, and it involved the design and development of a state-specific Early Literacy Learning Package consisting of children's workbooks, reading materials, storybooks, resources for a print-rich environment (books and posters), and teacher professional development programmes. The intervention involved strengthening the academic support to be provided by the State Resource Group, Block Resource Persons (BRPs), and Assistant Block Resource Coordinators (ABRCs) to the Hindi teachers.

1. In the Hindi language, a matra is a vowel sign that is attached to a consonant.

These resource persons conducted professional development activities with teachers for approximately 10 days per year. In addition, they conducted monthly classroom observations and provided onsite support to the teachers by helping them reflect on and improve their teaching–learning practices. This demonstration project in Kurukshetra was firmly entrenched in the state HSSPP programme and strengthened the academic support available for government schoolteachers.

Table 1: Coverage of the Kurukshetra Demonstration Project (2018 - 2019)

Administrative Block	Number of Schools	Number of Teachers
Thanesar	77	86
Pehowa	56	57
Shahbad	42	43
Total	**175**	**186**

Source: Annual Report 2019-2020 (LLF, n.d.).

After one year of work on the demonstration project in Kurukshetra, the Government of Haryana commissioned an independent third-party assessment through Gray Matters India. The assessment found that there was an improvement in learning among Grade 1 students. The government also received positive feedback from the teachers who had completed the courses offered by LLF and had applied what they had learned to their classroom practices. Given this experience, the Government of Haryana wanted LLF to expand its work to other districts in the state. It organised a visit by education officials to the schools covered under the demonstration project in Kurukshetra in order to observe first-hand the intervention and results. The officials were impressed with what they saw on the ground and expressed interest in having LLF expand its work in their respective districts. The state government backed this offer by issuing a letter directing LLF to expand its work to an additional six districts.

At that time, LLF's mission was to influence the classroom practices of 400,000 teachers and teacher educators in collaboration with state governments and to impact the learning of 4.5 million government school students (LLF, n.d.-a). Yet, the government's invitation came as a surprise to the LLF team because they were interested in expanding gradually, in a phased manner. Their plan was to begin with one block per district, with Kurukshetra (175 schools) serving as the nucleus of the learning model. Despite initial concerns about their own capacity and lack of funding for the expansion, LLF decided to participate in the expansion plans in partnership with the state government.

The Government of Haryana could provide funding support only for training and materials. LLF had to mobilise funds for its own operational and field-level costs. Since it had existed for three years, LLF was eligible to apply for CSR funds (see Box 1), thus opening new possibilities for funding. At this time, LLF came across Social Finance India (SFI), a nonprofit entity which had started operations in India with a vision to raise up to USD 1 billion by 2030. SFI was putting together a DIB by mobilising domestic sources of funding through the India Education Outcomes Fund (Mehendale & Singh, 2020). During the financial year 2018–19, INR 202.18 billion (USD 2.91 billion) was generated through CSR, of which INR 80 billion (USD 1.15 billion) was allocated for education, disabilities and livelihood (Ministry of Corporate Affairs, n.d.). Given the large quantum of CSR funding available, SFI was interested in tapping into it as a domestic resource pool. It was also looking for educational interventions that were interested in participating in an OBF contract and had the potential to demonstrate outcomes at scale. This laid the groundwork for the creation of the Haryana DIB.

Box 1. Legal basis for CSR in India

According to Section 135 of the Companies Act, 2013, corporations in India with certain net worth, turnover and net profit criteria are legally mandated to spend at least two percent of their average net profits from the previous three years on specified development activities. Companies having a net worth of INR 500 million (approx. USD 8.32 million) or more, or a turnover of INR 1,000 million (approx. USD 16.64 million) or more, or a net profit of INR 50 million (approx. USD 832,700) or more in a financial year are required to use these two percent allocations towards their CSR funds for supporting social, environmental, and community development initiatives in the areas of education, healthcare, poverty alleviation, etc. Recipient organisations should have been working in the social development sector for at least three years and be legally registered as a society, a public trust, or a not-for-profit company.

Expansion in Haryana Through a Development Impact Bond

The Haryana DIB was launched in April 2019 and was the first DIB in India to utilise CSR funds. It aimed to improve literacy outcomes for students in Grades 1 and 2 across seven districts of Haryana. It was intended to cover 3,500 schools and over 110,000 students over a three-year period. Since the intervention was built in partnership with the HSSPP, the role of the government was integral to the programme, and all the stakeholders in the government school system in Haryana viewed this as a government-owned *Prarambhik Bhasha Shikshan Karyakram* programme. In March 2021, after India's adoption of the National Education Policy (2020) and the launch of the NIPUN Bharat Mission, a national initiative to ensure universal acquisition of foundational literacy and numeracy (FLN) skills for all children in India by the end of Grade 3 by the year 2026–27, the programme was shifted from the HSSPP to the Directorate of Elementary Education of the Government of Haryana and merged into the national mission.

2. Exchange rate taken for 1 April 2014, when Section 135 of the Companies Act, 2013 came into force.

Table 2: Coverage 2019–2020

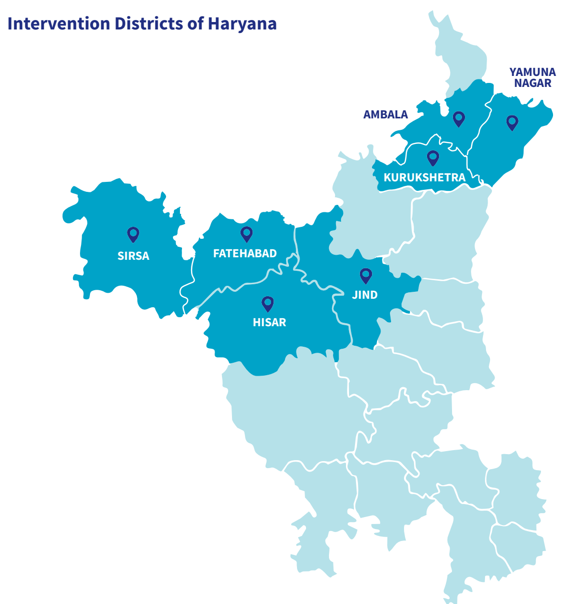
District	Block	Number of Schools	Number of Teachers	Number of Students
Ambala	Ambala-2	69	71	1,064
Fatehabad	Fatehabad	103	124	2,223
Hisar	Barwala	58	70	1,281
Jind	Uchana	66	70	1,482
Sirsa	Sirsa	103	122	2,491
Yamunanagar	Saraswati Nagar	76	76	516
Kurukshetra	All five blocks	491	688	9,257
Total	**11 blocks**	**966**	**1,221**	**18,314**

Source: Adapted from *Annual Report 2019-20* (LLF, n.d.-b).

Through the Haryana DIB, LLF expanded its work in a phased manner. In the first year (2019–20), it worked in only one administrative block in each of the six districts that were selected for expansion (see Table 2) and expanded to all five blocks in Kurukshetra, compared to only three blocks covered in 2018–19.

In 2020–21, which was the second year of the DIB, LLF proposed to expand to all blocks in the six districts but covered only Grade 1 students. In 2021–22, which was the third and final year of the DIB, LLF intended to cover Grade 2 students in all blocks in all the seven districts (see Figures 1 and 2).

Figure 1: Map of Intervention Districts in Haryana



Source: From Strengthening Foundational Learning at Scale: Haryana Early Literacy Development Impact Bond (LLF, 2022b).

Figure 2: Proposed Scaling of the Programme

2019-20
- 966 schools
- 7 districts
- 19,000 children

2020-21
- 3,447 schools (Grade 1)
- 7 districts
- 62,199 children

2021-22
- 3,477 schools (Grade 1 and 2)
- 7 districts
- 107,205 children

2022-23
- All schools across Haryana

Source: Adapted from *Annual Report 2018-2019* (LLF, n.d.).

Intervention

Since its establishment, LLF has been committed to working at the systemic level, with the state and district education administration, as well as creating impact at the school level by working with teachers and teacher educators. This direction of work received a boost through the Haryana DIB.

At the systemic level, LLF wanted the state education department of Haryana to:

1. Adopt and implement a well-defined early language and literacy framework, thereby prioritising early learning.
2. Create a skilled, robust, and dynamic group of resource personnel at the state level and in each of the districts that could ensure continuous and sustainable professional development of early grade language teachers working in the public schools of the state.

At the school level, LLF wanted to:

1. Improve classroom practices in early grades in the government schools of Haryana through the systemic changes listed above.
2. Improve the learning outcomes of more than 120,000 students in Grades 1 and 2.

LLF's intervention involved a three-pronged process. It included providing continuous professional development for teachers and teacher educators so as to build the institutional capacity to improve language and literacy outcomes among early grade students, running school-level interventions for the purposes of demonstrating how teaching–learning experiences could be improved, and working with the government education system to improve teacher education, assessments, and revisions of the material used in classrooms (see Figure 3).

Figure 3: LLF's Three-Pronged Approach to Improving Learning Outcomes

Goals

1. Children experience effective language learning and teaching process in early grade classrooms
2. Children achieve strong language and literacy outcomes in home and school languages in government primary schools
3. State education systems have commitment and capacity for implementing and sustaining large scale and high quality early learning programmes

Continuous Professional Development

1. Institutionalising resource groups at all levels
2. Capacity building for academic support personnel and master trainers

School-Level Interventions

1. Demonstration projects at district level
2. Supporting state government scale up of projects

Systemic Reforms

1. Review of pre-service and in service teacher education
2. Reform of assessment systems and monitoring mechanisms
3. Revision of textbooks and workbooks

Source: Adapted from *Annual Report 2018-2019* (LLF, n.d.).

Given that a major period of the Haryana DIB was impacted by the COVID-19 pandemic, the intervention strategies of LLF also saw major iterations. These changes were made in order to adapt to the evolving situation and constraints and with the intention of reducing potential learning losses. The Haryana DIB continued to operate even through the pandemic and was focused on maintaining the engagement of students with their learning material. The intervention transitioned from a school-based to a community-based approach during the peak of the pandemic (see Figure 4).

Given this background, the Haryana DIB offered unique insights into how an intervention implemented in close partnership with the state government and funded through a DIB mechanism operated in the face of the pandemic and what features helped and hindered achievement of the targeted outcomes.

Figure 4: Iterations in the Intervention Strategy

Pre-pandemic (2019-20)

- Capacity building of teachers and teacher educators
- School monitoring, remedial plans and academic support
- School events for parents and students

Haryana DIB Year 1

During the pandemic (2020-21)

- Volunteer-led small group home and community classes
- Print material for volunteers and students
- Low-tech e-learning via WhatsApp, SMS, and Interactive Voice Response

Haryana DIB Year 2

Post-pandemic (2021-22)

- Hybrid school + home and communitybased learning
- Focus on bridging learning loss due to school closures
- Follow-up visits and phone calls by LLF staff

Haryana DIB Year 3

Source: Adapted from *Annual Report 2018-2019* (LLF, n.d.).

4

METHODOLOGY

This study was conducted under the aegis of a multi-partner international research project called Innovative Financing for Education to Leave No One Behind (IFE-2-Leave No One Behind), which examines a variety of innovative financing initiatives for education in five countries– Ghana, India, Kenya, Sierra Leone and South Africa. The overall research project assesses whether, how, and under what conditions innovations in education financing mechanisms contribute to bringing in more and better financing to reach the most disadvantaged and marginalised groups.

This study was specifically undertaken to capture the lessons learned and experiences from the Haryana DIB. It was conducted by NORRAG, the Global Education Centre of the Geneva Graduate Institute, and the Centre of Excellence in Teacher Education at the Tata Institute of Social Sciences (TISS), Mumbai. LLF (New Delhi) partnered on this study and facilitated data collection.

Haryana DIB was of particular interest for the following reasons:

1. Unlike a typical DIB, the Haryana DIB adopted a unique structure, as we shall discuss in Section 4. This provides an opportunity to examine the potential and limitations of the new structure and present it to the larger IFE community.
2. For the first time, the Haryana DIB utilised domestic funding available through CSR funds instead of relying on foreign investors and foreign funders, as was the case in the previous educational DIBs implemented in India.
3. Collaboration with the Haryana state government was an essential pillar of the intervention, and we wished to examine how the collaboration fared after the DIB.
4. Since the DIB concluded in 2022, it offered us an opportunity to gather evidence on questions of scalability, the sustainability of partnerships, and the systemic impact beyond its lifetime.

Research Questions

We focused on answering two broad questions: First, how does the financing mechanism, in this case the Haryana DIB, contribute to the effectiveness and efficiency of the intervention, bring additionality, and ensure equity outcomes? Second, do the public–private collaborations last beyond the investment timeframe, and is there a scalable and systemic impact after the completion of the DIB? In addition, we aimed to systematically collect evidence on how the financial approach contributed to the achievement of educational outcomes in Haryana DIB and specifically to document the insights, experiences, and lessons learned from stakeholders engaged in designing, financing, implementing, and evaluating the DIB.

Research Hypothesis

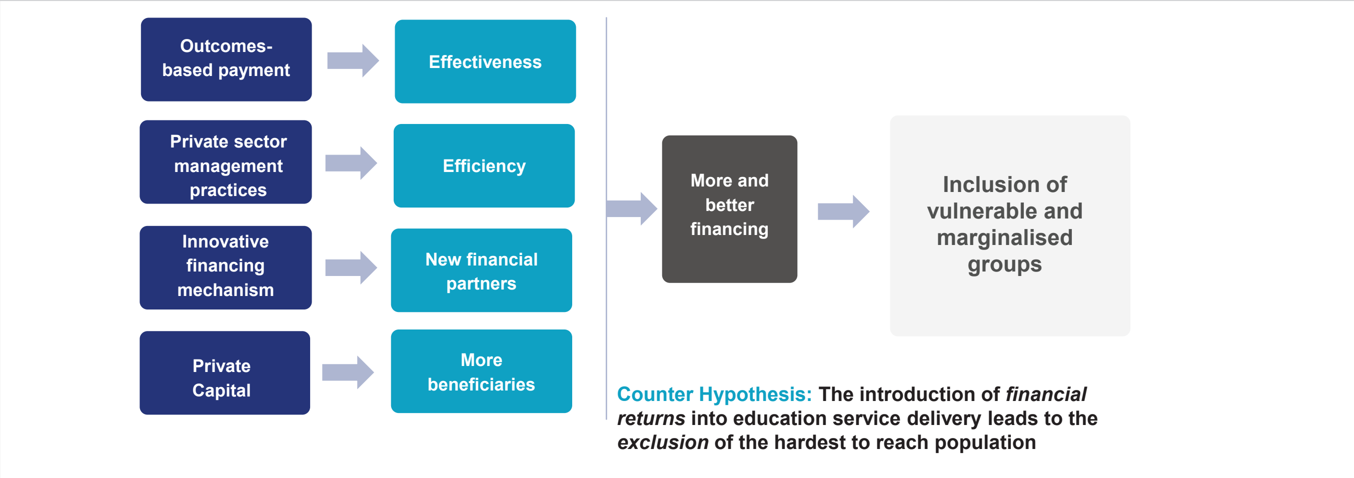
The study aimed to test the following research hypothesis: Innovative financing mechanisms contribute to additionality in education financing, and mechanisms that focus on outcomes, adopt private sector management principles, and utilise private capital increase the financing available to meet SDG4 targets for quality education for all. Additionality in education financing can be achieved through two primary avenues: 1) new financial partners bringing additional financing and 2) existing funds being used more efficiently and effectively.

The impact hypothesis that the study intended to test can be elaborated as follows (see Figure 5):

1. Payments based on results improve the effectiveness of development interventions.
2. Private sector management principles with defined accountability lines improve the efficiency of the development intervention.
3. Innovative financing attracts new financial partners.
4. Private investors provide upfront capital, reducing the financial risk of public funding and increasing the size of the target population or outcomes achievable with development finance.

The study also aimed to examine the counter-hypothesis often cited in literature critiquing private sector engagement in education financing; viz. the introduction of financial returns into education service delivery leads to exclusion of the hardest-to-reach population.

Figure 5: Theory of Change of the Research Project



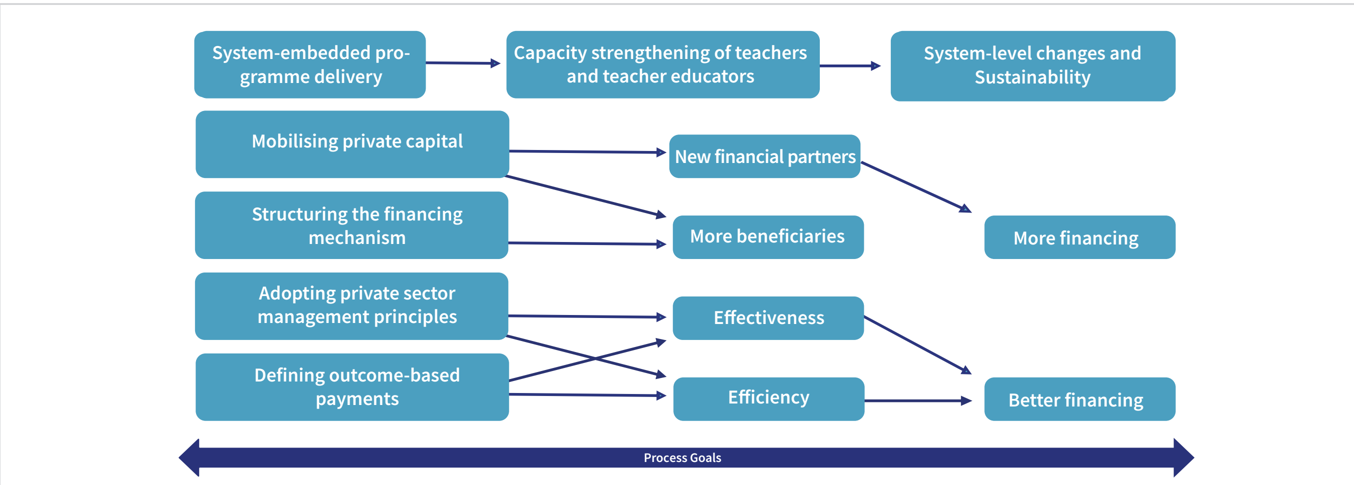
Source: Authors.

Research Design

This study adopted a contribution analysis (CA) methodology to explore how the financial mechanism of the Haryana DIB contributed to the observed educational outcomes. The analysis is grounded in this approach because it enables a qualitative inference of causality in complex settings, particularly where experimental or quasi-experimental designs are not feasible, such as in single-case studies or studies with small sample sizes (Mayne, 2001). CA is particularly useful in evaluating policy interventions in complex systems in which multiple actors and external variables interact (Befani & Mayne, 2014). Moreover, CA can determine whether a programme's activities plausibly contributed to observed outcomes while accounting for the influence of other contextual factors. A theory of change (TOC) is a critical component of this approach to qualitative impact evaluation and serves as a hypothesis for the enquiry (Befani & Mayne, 2014). The approach involves undertaking iterative steps to assess causal links, including assessing the plausibility and validity of the TOC, assessing the fidelity of the implementation asper the TOC, gathering evidence to verify that the expected results occurred as per the assumed causal pathways, and analysing any other alternative explanations.

Building a TOC was key to conducting a CA. A TOC capturing how the financial mechanism (not just the education interventions) of the Haryana DIB was expected to work was prepared based on the overall causal model guiding the IFE-2-Leave No One Behind project (see Figure 5) and available literature on the Haryana DIB, in consultation with LLF. It must be noted that this study was conducted after the completion of the DIB. It comprised identifying the logic or the result chain of the factors that were expected to enable the Haryana DIB to bring more and better financing into the education sector. The TOC also identified additional factors that might have played a role in achieving the expected outcomes, and it included the assumptions made, inherent risks, as well as external influences that could have affected the outcomes. A simplified version of

Figure 6: Simplified Theory of Change of the Haryana DIB's Financing Mechanism

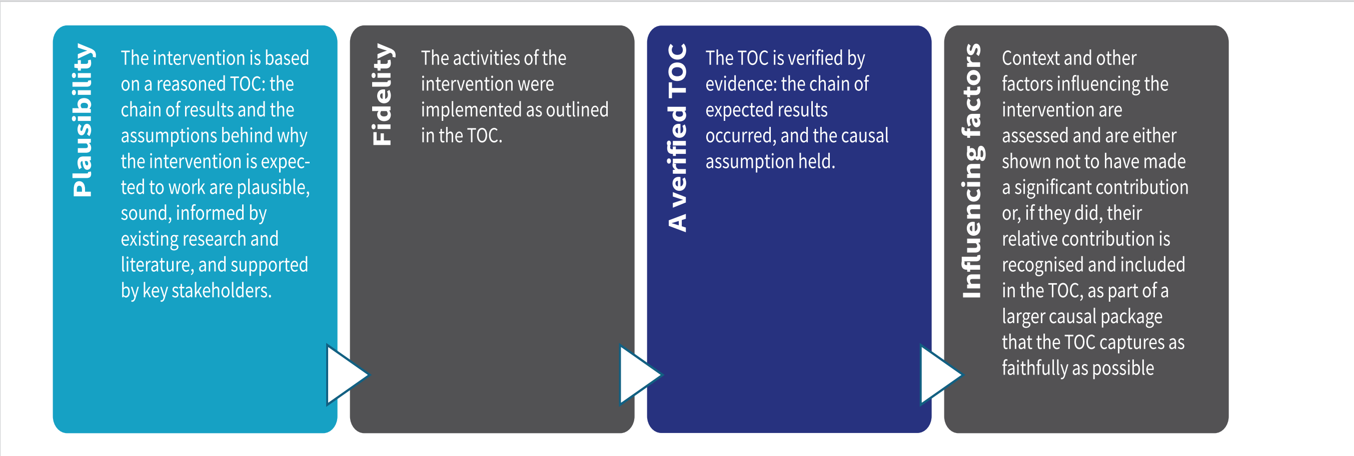


Source: Authors' compilation based on consultations with LLF.

this TOC developed for the Haryana DIB is presented in Figure 6. It must be noted that the TOC suggested the causal pathways for the financing mechanism, how it was expected to lead to more and better financing for education, and thereby better inclusion of vulnerable and marginalised groups. The TOC does not depict the causal pathways related to the specific education intervention strategies and how they were intended to cause outcomes.

We followed a four-step approach that is integral to the CA methodology (see Figure 7). The first step involved ascertaining that the TOC was sound, plausible, and agreed upon by the key actors and reasonably based on available evidence. The second step involved ascertaining if the planned activities or processes related to setting up the Haryana DIB were implemented as intended. The third step involved verifying that the chain of expected results was achieved and verifying the causal pathways with available evidence. The last step involved examining additional contextual factors, if any, and assessing their contribution to the results achieved by the Haryana DIB.

Figure 7: Steps in Contribution Analysis



Source: IFE-2-Leave No One Behind programme document based on Befani & Mayne (2014) and Mayne (2001).

Data Sources

We collected primary data in virtual interviews with key stakeholders between April and July 2024. We interviewed 12 respondents from six organisations involved in the DIB, including a mid-level state government official. We gathered the data to test the fidelity of the TOC and capture stakeholder perspectives on causal assumptions and factors influencing the intervention.

To supplement the primary data, we used secondary sources, namely published LLF and Haryana DIB reports, including annual evaluations, memorandums of understanding, and programme monitoring data. After transcribing and cross-checking the interviews for clarity, we analysed the data using thematic coding. We primarily applied deductive coding based on the validated TOC but added inductive coding when new themes emerged. Our hierarchical coding frame included sub-themes based on our TOC conceptualisation. Finally, we performed a thematic analysis to identify, analyse, and interpret patterns within the data.

Ethical Standards

Throughout the research process, we adhered to the ethical guidelines established by TISS, Mumbai, and the Geneva Graduate Institute. Prior to initiating this study, we received an approval from the Institutional Review Board of TISS. We provided all participants with a participant information sheet, an informed consent form, and the interview guide in advance of their interviews. We conducted interviews only after receiving explicit, informed consent from each respondent. We anonymised all data for analysis and reporting.

Limitations

Some of the limitations and challenges encountered during the data collection process are as follows. As the Haryana DIB concluded in 2022, nearly two years before data collection, respondents were required to recall events and experiences from the past. This may have created a recall bias in the accounts they shared. All the six organisations and the respondents interviewed operate within the same education financing ecosystem. Given their ongoing and future collaboration prospects, some respondents may have felt constrained in their responses. While many were candid in sharing both positive and critical reflections, there is a possibility that a collective interest in maintaining constructive relationships may have introduced bias. Efforts were made to triangulate data gathered from primary and secondary sources. However, in some instances, the ability to fully validate or cross-check certain responses was limited due to lack of access to relevant documentation or data. All but one of the stakeholders who had worked on the Haryana DIB could be interviewed.

5

SETTING UP THE HARYANA DIB

In this section, we discuss the key components of setting up the Haryana DIB. These components form the core of the 'process goals' for creating the framework for the DIB, as shown in Figure 6. Using data gathered from key informant interviews and secondary sources, we present what went into building the structure and, wherever applicable, highlight the uniqueness and significance of those components. The four key components are mobilisation of private capital, structuring the financing mechanism, defining the outcome-based payments, and lastly, adopting private sector management practices and accountability frameworks.

Mobilisation of Private Capital

SFI played a crucial role in initiating and structuring the DIB. It was keen to launch its first impact bond in the education sector. As part of its India Education Outcomes Fund, it had surveyed various organisations that had the potential to work at scale and who were focused on improving learning outcomes for school-going children (Mehendale & Singh, 2020). One of the board members of SFI was Ashish Dhawan, who was also the founder of the Central Square Foundation (CSF), which had been a catalytic enabler incubating impact-driven organisations working in the school sector in India. As one of the key funders and incubators of LLF, CSF had the opportunity to observe the results of the Kurukshetra demonstration project and believed that LLF would be a right fit to be considered for the DIB. SFI visited the field sites of LLF, and after due diligence, it decided to work with LLF on the new DIB, wherein LLF could be an implementing partner and deliver the pre-agreed outcomes at scale.

While identifying the implementing partner was relatively easy, the mobilisation of funders proved more challenging. As SFI was interested in mobilising domestic funding, the CSR funds offered a potential funding pool that had not yet been tapped into for impact bonds (Mehendale & Singh, 2020). Corporations were hesitant to commit funds for the DIB from their government-mandated CSR disbursement for many reasons. First, corporations were not familiar with the impact bonds and were set in their mode of disbursing grants to eligible organisations. Second, there was no precedence of using CSR funds for an impact bond, and the requirements under the Companies Act, 2013, of spending the mandatory funds within a year made it difficult to link any payments to the outcomes, since the outcomes were not guaranteed. However, SFI made significant efforts in reaching out to financial corporations and banks, anticipating that they would have a stronger interest in supporting a new financing instrument.

SFI was able to identify and enrol the commitment of two corporations – IndusInd Bank and State Bank of India (SBI) – to setting aside part of their CSR funds to support LLF through the new DIB being put together. SFI took the lead in presenting LLF to IndusInd Bank, which was the main funder. IndusInd Bank was convinced about the potential of this partnership based on the credibility of LLF, as well as that of CSF, and it was also impressed with the scale and structure of the intervention. They appreciated that it was not a 'typical CSR' (R6) initiative, which generally involved input-based funding for relatively smaller beneficiary groups. By contrast, this DIB was designed to ensure clear accountability, external validation of outcomes, and meaningful impact at scale. The fact that LLF was aiming to cover one-third of Haryana's districts with measurable outcomes made a strong case for funding them. Until then, IndusInd Bank had not funded education interventions of the kind LLF was engaged in, since its main focus was on environmental conservation.

Once IndusInd Bank was on board, SFI required an additional funder. Given that the budget estimates of conducting a rigorous evaluation were very high, additional funding would have been necessary to cover them, without dipping into the intervention costs. It was at this time that the SBI Foundation came on board as a funder, drawn by the concept of the impact bond and the credibility of the organisations involved. The SBI Foundation was not familiar with OBF, but they educated themselves about innovative financing by attending events on the topic organised by international networks and foundations. This came at a time when the SBI Foundation was also thinking of putting more focus on outcomes in the near term, but it had not supported education programmes like the one LLF was working on. In particular, the State Bank of India Group of Companies had given a mandate to the SBI Foundation to set benchmarks and standards in CSR work. They had until then supported work on child abuse prevention, organ donations, and women's empowerment. While the initial plan was for IndusInd to fund six districts and SBI Foundation one, SBI Foundation was uncertain and did not contribute funds at the outset. However, after additional time and discussion, the SBI Foundation came on board and agreed to fund one district, Ambala.

Thus, SFI was able to mobilise capital from two funders, IndusInd Bank and the SBI Foundation, who committed part of their CSR funds for LLF to implement its expansion plan in seven districts of Haryana through a DIB. Neither funder had spent their CSR funds on educational interventions of the kind LLF was proposing, and they had not worked in any collaborative and innovative financing arrangement for their CSR activities. At this stage, the exact structure of the DIB and how CSR funding could be used within a DIB structure were unclear, and SFI was invested in studying this challenge in light of the legal regulations governing CSR funds.

Structuring the Financing Mechanism

The planning and design process for the DIB took nearly two years. SFI led the efforts to set up the DIB structure and played a key role in securing agreements from all the major stakeholders. As mentioned earlier, there was no precedence of using CSR funds in an impact bond structure, and SFI consulted with their legal advisers to design a structure that would align with the legal framework governing the use of CSR funds. Finalisation of a DIB structure that was compliant with the regulations and getting the contractual agreements signed itself took almost a year.

In the meantime, LLF's intervention in Haryana was not kept on hold. Since the Government of Haryana had extended the invitation to LLF to expand the programme to seven districts, LLF launched its work at the beginning of academic year 2019–20. The lack of clarity on the DIB structure and lack of formalisation of the DIB itself did not delay the intervention, since the funders had agreed to fund the expansion, and the funds had to be spent within the financial year to comply with the statutory provisions. Therefore, two separate grant agreements were made, one between LLF and IndusInd Bank and the other between LLF and the SBI Foundation, which were expected to cover the implementation costs of LLF in the seven districts.

The Haryana DIB worked on the basis of three kinds of formal agreements.

1. Grant agreements between LLF and IndusInd, and between LLF and the SBI Foundation, that enabled LLF to start its work in 2019. These grant agreements were similar to any other grant agreement and were instituted by the funders for disbursing their CSR funds. Through the grant agreements, the funders committed to providing funds for one year on a quarterly basis to LLF, based on a budget proposal that LLF was required to submit. These agreements described the education programme delivery obligations and schedule of grant disbursements.
2. The MoU formalised the main roles and responsibilities of the different stakeholders as well as the terms of the payouts. It was a comprehensive document and was registered in August 2021 between all the key stakeholders: IndusInd Bank, the SBI Foundation, LLF, CSF, and SFI. The term of the MoU was specified as being applicable retrospectively from 1 July 2019 and ending 30 September 2022.
3. An Outcome Evaluation Agreement between IndusInd Bank, the SBI Foundation, and the outcome evaluator, Educational Initiatives (Ei), laid down the outcome evaluation methodology, work plan, and reporting deliverables.

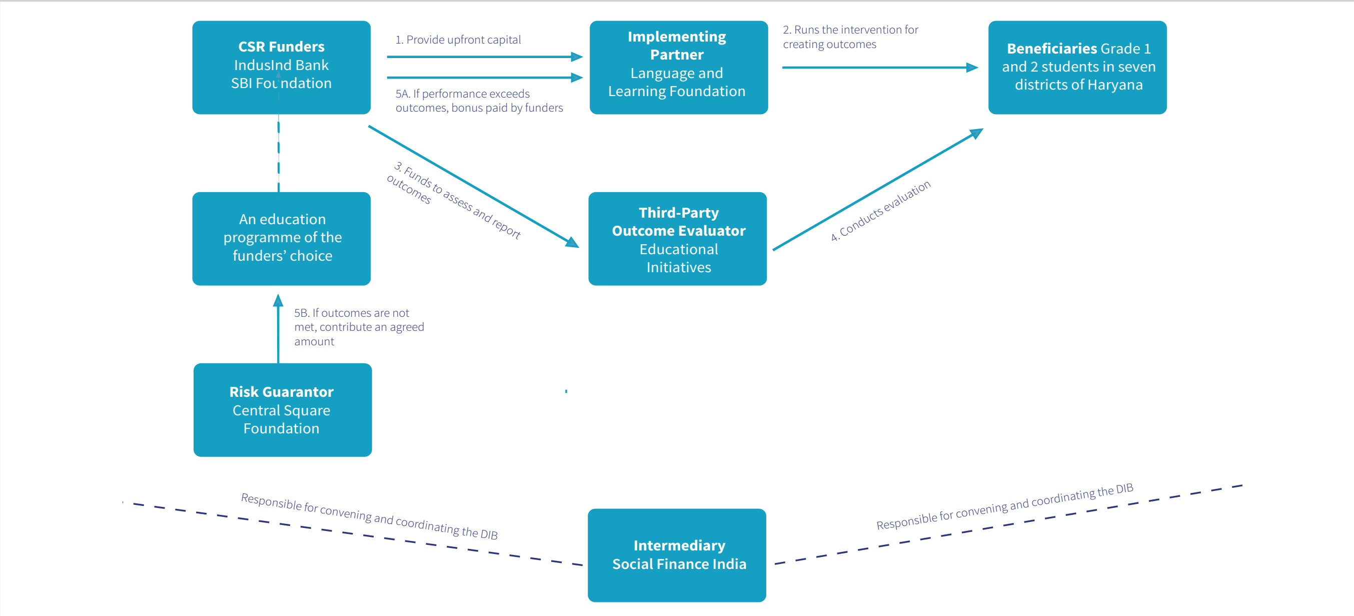
Based on our reading and analysis of the above-mentioned formal documents, we now present the key components that were critical for setting up the DIB.

Navigating Regulatory Constraints and Designing a New Structure

As mentioned, SFI and their legal advisers worked on a new structure within the constraints and limitations that the CSR regulations imposed. A key constraint was that the corporations are mandated to spend the entire CSR funds during the financial year. Given that outcomes are not guaranteed and corporations could not have unspent funds at the end of the fiscal year in case the outcomes were not achieved, linking this CSR funding to the achievement of outcomes was not feasible. Thus, CSR funds could not be used as outcome funds. Secondly, a corporation cannot earn interest on the CSR fund or receive any repayment of it; therefore, these funds could not be treated as an investment or earn profit/interest. In other words, corporations could not use CSR funds as risk investment. Thirdly, a corporation can generally make only a one-year commitment towards funding because the amount of CSR outlay is dependent on the corporation's profits. Since the company's bottom line is not guaranteed, the amount of CSR funding at the corporation's disposal varies annually. Thus, corporations typically avoided commitments for more than one year. Given these constraints, SFI created an innovative structure that they named a DIB (see Figure 8) but was very different from a typical DIB structure.

The funders – IndusInd Bank and the SBI Foundation – provided upfront capital on an annual basis to LLF for implementation of the programme. LLF conducted its activities and focused on improving specified outcomes for students from Grades 1 and 2 across 3,500 schools in seven districts of Haryana. The funders, the risk guarantor, and SFI collectively hired Ei as a third-party outcome evaluator. The funders paid Ei to set the targets and to conduct the baseline and endline assessments. If the evaluation report at the end of the three years showed that the performance of LLF exceeded the pre-agreed outcomes, the funders would be required to pay a bonus as an incentive to LLF. If the performance were to fall short of the targeted outcomes, CSF would step in as a risk guarantor and contribute a pre-agreed amount to another educational programme of the funders' choice. This was necessary because the funders could not receive any payment in the event the targets were missed. This entire structure was convened and coordinated by SFI, which acted as an intermediary between all the stakeholders. Although SFI ceased to be operational while the DIB was being implemented, the funders, the risk guarantor, and LLF took over its role.

Figure 8: Structure of the Haryana DIB



Source: Authors' depiction based on data gathered.

How the Structure Differed From Typical Impact Bonds

The Haryana DIB differed from an impact bond in the traditional sense because the private investor (CSF) acted as a risk guarantor rather than provide upfront capital. The CSR funds from IndusInd Bank and the SBI Foundation were leveraged as the upfront capital to fund LLF to carry out its education intervention. In this sense, the Haryana DIB was more like a Social Impact Guarantee (SIG) (Patrinos & Tanaka, 2024), which builds on the core components of an impact bond yet is argued to reduce some of the associated challenges by keeping the flow of funds closely resembling existing funding practices and removing the borrowing component (Tan et al., 2021). In simplified terms, a SIG typically follows three steps (Tan et al., 2021):

1. The service provider receives funding from a social impact–focused funder to achieve a set of predefined outcomes.
2. The service provider implements its intervention.
3. The service provider or third-party evaluator measures and validates the outcomes achieved. If the intervention does not result in the desired outcomes, the risk guarantor is expected to reimburse for any unachieved outcomes.

The first two steps are similar to any other traditional, government- or grant-funded projects. However, the feedback loop implemented in step three has similarities to the impact bond model, where the philanthropist or government providing the initial funding ultimately only pays for the outcomes achieved (Tan et al., 2021). Traditionally, in a DIB, outcome funders pay only after results are achieved, and a risk investor provides initial capital. However, in this case, the design was reversed; outcome funds were used upfront as working capital, and CSF acted as a risk guarantor, taking on the financial risk of programme failure, which is typically the role an investor plays in an impact bond. This was recognised by those working in the DIB: "So far we had, like, the actual or the usual conventional design of a development impact bond.... But here, the entire design was kind of reversed" (R4).

This structure was thus legally and structurally compliant with the regulations pertaining to CSR funds. As one respondent noted, two critical aspects were analysed from a legal standpoint: one, whether the corporation could enter such an arrangement, and two, how to handle situations where outcomes fall short of expectations. "Everything was CSR compliant in terms of design and the right terminologies used, then we got it vetted by a legal firm also" (R9). In typical CSR funding models, commitment is often limited to a single financial year, with renewal contingent upon further negotiation. This uncertainty impacts the continuity of many social sector projects. In contrast, the DIB project demonstrated a different approach, particularly through IndusInd Bank's CSR commitment, which extended over three years. This longer-term engagement ensured the stability of funding and completion of the project without interruption. Each of the funders sought board approval before the programme could proceed, with legal safeguards in place. One of the funders also informed the Ministry of Corporate Affairs, Government of India about the new arrangement it was experimenting with in using CSR funds.

Roles and Responsibilities

The Haryana DIB involved multiple stakeholders, each playing distinct but interdependent roles in its design, funding, implementation, evaluation, and governance. To reiterate, the key stakeholders were:

1. LLF (Language and Learning Foundation) – Implementing Partner
2. SFI (Social Finance India) – Intermediary and DIB Convenor
3. IndusInd Bank and the SBI Foundation – Funders
4. CSF (Central Square Foundation) – Risk Guarantor
5. Ei (Education Initiatives) – Independent Evaluator
6. State education department of Haryana – support for implementation

A Steering Committee, which consisted of two members from each of SFI, CSF, IndusInd Bank, the SBI Foundation, and LLF, was responsible for overall governance. SFI ceased to be operational during the course of the DIB, and its functions were taken over by the Steering Committee.

As an implementing partner, LLF was responsible for the following:

- Using the funds solely for the purpose of fulfilling the objectives of the project and as per the grant agreements it had executed with IndusInd and the SBI Foundation for this purpose.
- Providing access to information as required by the independent outcome evaluator.
- Managing the state government interface and approvals, including approval for conducting the outcomes evaluation.
- Informing the Steering Committee of deviations from services to be delivered, if any.
- Sharing data and information on the key performance indicators as decided in the Performance Monitoring Framework (PMF) and adopting an iterative approach to improving so as to maintain an outcome focus in service delivery.
- Submitting regular quarterly project progress reports to IndusInd and the SBI Foundation.
- Providing a fund utilisation report to IndusInd and the SBI Foundation on a quarterly and annual basis as well as the completion report and financial audit report upon completion of the project.
- Providing a financial audit report from an independent auditor annually, within three months of closing of the financial year. The funders had the right to inspect and audit the books for fund utilisation.

The intermediary and convenor of the DIB was SFI, and while it was operational, it was responsible for:

- Structuring the Haryana DIB, in consultation with the key stakeholders.
- Overall coordination of the DIB.
- Leading the design and coordination of the governance framework.
- Supporting the funders in the selection of outcome evaluators and finalising the outcome evaluation framework with the Steering Committee.
- Collaborating with the risk guarantor to develop the PMF.
- Designing the contracting frameworks for grant agreements, outcomes evaluation, and the payout framework.
- Designing the payment mechanism, calculating final payouts, and submitting the reports to the Steering Committee for approval.

As funders, IndusInd Bank and the SBI Foundation had committed to fund the implementation of the programme. Their responsibilities included:

- Funding LLF for implementing the programme. IndusInd Bank was committed to fund INR 129,978,124 (USD 1,746,783), and the SBI Foundation was committed to fund INR 25,798,145 (USD 346,702) over a three-year period.
- Releasing funding to LLF every quarter after validating the fund utilisation report and after reviewing the progress report, accounts, and fund requests as per the proposal submitted by LLF.
- Appointing an evaluator common to both funders to assess performance through a tripartite agreement between IndusInd, the SBI Foundation, and the evaluator.
- Paying for the outcomes evaluation. IndusInd was committed to pay the evaluator 6/7ths (85.71%) of the total fee payable, and the SBI Foundation was to pay the remaining 1/7th (14.29%).
- Paying an 'additional grant' as a bonus if the programme exceeded the targets. IndusInd and the SBI Foundation would each pay up to 10% of the project grant as a bonus payment at the end of the project. It was decided that this would be disbursed under separate grant agreements for new projects mutually agreed between LLF and each of the funders.

The DIB was designed so that CSR funders would not need to change their internal structures or policies. Quarterly tranche-based disbursals, quarterly utilisation reports, and advance payments were aligned with existing CSR practices. The funders disbursed funds in set tranches per year, beginning in April–May, based on budget estimates. As one of the respondents pointed out, although this was technically a DIB, it functioned like a regular CSR grant, with monitoring and disbursal based on activity and utilisation reports. "We had internally decided that for all the funding, it's going to be exactly like an implementation of a vanilla CSR programme" (R10).

As a risk guarantor, CSF was expected to:

- Collaborate with SFI to jointly design the PMF that would be used to track the progress of implementation over the three-year period.

- Fund separately education programmes aligned with the CSR objectives of IndusInd and the SBI Foundation, as identified by them, in the event of LLF not meeting the performance outcomes as guaranteed by the risk guarantor.The amount was not to exceed 20% of the total project grant payable by IndusInd and the SBI Foundation.

The funders, risk guarantor, and SFI selected Ei as a third-party outcome evaluator. It was responsible for:

- Suggesting and helping set the outcome targets based on the available evidence.
- Designing the evaluation framework, including methodology, sample, and tools of measurement.
- Conducting the evaluation and presenting findings to the Steering Committee.

The state education department of the Government of Haryana played a critical supportive role in the educational intervention. Although the Haryana DIB MoU did not include the state education department as a party, LLF already had a working relationship with the department. Moreover, LLF held a separate MoU with the department to support expanding the intervention to seven districts, based on the government's request. The role of the department outlined in the MoU was as follows:

- Making available their teachers and teacher educators and the resource groups for training and follow-ups.
- Organising and facilitating teacher training sessions.
- Printing of materials, workbooks, learning materials, etc.
- Granting approvals for student assessments.

The Government of Haryana supported the implementation through its project Prarambhik Bhasha Shikshan Karyakram. As Table 3 shows, the allocations were made in 2018–19, mainly for the Kurukshetra demonstration project. The state government allocated INR 2,114 (approximately USD 30) per child in 2019–20 and INR 100 (approximately USD 1) per child in 2020–21. This amount was allocated for the entire state, although the Haryana DIB covered only 7 of the total 22 districts. As mentioned earlier, after adoption of the National Education Policy in 2020, government support for Haryana DIB came from Government of India's NIPUN Bharat Mission. Hence, the funds for the last year of the Haryana DIB, i.e. 2021–22, increased and were specially earmarked for specific FLN activities (see Table 4).

Table 3: Financial Outlays by the Government of Haryana for *Prarambhik Bhasha Shikshan Karyakram*

Financial Year	Number of students to be covered	Unit cost in INR (USD)	Total financial allocation in INR (USD)	Note
2018–19	3,094	2,500 (38.3)	7,735,000 (118,744)	In the first year, the plan was to cover only 178 schools
2019–20	22,934	2,114 (30.47)	48,482,480 (698,796)	
2020–21	373,364	100 (1.3)	37,336,400 (495,638)	For providing workbooks, charts, large book & poem posters, reading cards, etc. for Grade 1 and 2 students. Teacher training was to be conducted using e-learning platforms like DIKSHA, e-Pathshala, and SWAYAM

Source: Authors' compilation based on the Project Approval Board minutes for respective years. The financial year in India starts 1 April and ends 31 March. The foreign exchange rate used is as recorded on 1 April of the respective financial years.

Table 4: Government of India's Allocation to Foundational Literacy and Numeracy in Haryana

Financial Year	Activity	Target	Unit Cost in INR (USD)	Total financial outlay in INR (USD)
2021–22	Teaching–Learning Materials for Implementation of Innovative Pedagogies	897,996 children (Grades 1-5)	300 (4.1)	269,398,800 (3,680,311)
	Teacher Resource Material/Activity Handbook	37,542 teachers	150 (2.0)	5,631,300 (76,930)
	Capacity Building of Teachers of Grades 1 to 5 (New)	37,542 teachers	1,000 (13.6)	37,542,000 (512, 869)
	Independent periodic and holistic assessment of students	22 districts	1,000,000 (13,661)	22,000,000 (300,546)
	Total			**334,572,000 (4,570,656)**
2022–23	Teaching–Learning Materials for Implementation of Innovative Pedagogies	935,272 children	500 (6.5)	467,636,000 (6,159,589)
	Teacher Resource Material/Activity Handbook	36,256 teachers	150 (1.9)	5,438,400 (71,633)
	Capacity Building of Teachers of Grades 1 to 5 (New)	36,256 teachers	1,000 (13.1)	36,256,000 (477,555)
	Independent periodic and holistic assessment of students	1	2,000,000 (26343.5)	2,000,000 (26,343.5)
	Total			**511,330,000 (6,735,116)**

Note. Authors' compilation based on the Project Approval Board minutes for respective years. The financial year in India starts 1 April and ends 31 March. The foreign exchange rate used is as recorded on 1 April of the respective financial years.

Risks for Stakeholders

In a typical DIB structure, the investors, who provide the upfront capital, bear the risk of losing their investment if the implementation fails to produce the pre-agreed targeted outcomes. In the case of the Haryana DIB, although the funders had provided the upfront capital for implementation, they were not investors in the sense of typical DIBs; hence, they did not face a financial risk of losing their capital. On the other hand, for CSF as a risk guarantor, there were two kinds of risks involved. First was the risk of having to pay 20% of the total project grant payable by each of the funders to another educational programme, chosen by each of the funders, in the event the pre-agreed outcomes were not achieved.

Second were the high reputational risks. At the time of launching the DIB, CSF itself was in transition, from primarily being a grant-making organisation to becoming an entity that invested in and incubated grantees. The CSF regarded LLF as its flagship partner and one of their most trusted and promising grantees. CSF's confidence in LLF was rooted in a deeply collaborative relationship built over the years. Unlike typical grant-making bodies, CSF had not been merely a "cheque-writing" organisation; instead, they had worked hand-in-glove with their grantees. This close partnership, combined with the domestic nature of their funding sources, allowed CSF to incubate and support organisations before they secured other institutional donors. This deep involvement made LLF's success existentially important to CSF, not just in terms of reputation but also in sustaining their broader mission and influence within the education sector. Therefore, CSF saw LLF's success or failure to be closely tied to its own credibility and strategic positioning as an incubator of innovative educational interventions. If LLF failed to deliver on learning outcomes, it would shake confidence in CSF's ability to influence systemic change in the education sector. This could jeopardise CSF's efforts to drive new education priorities and convene sector leaders around initiatives like FLN, an area where CSF was building itself as a policy leader.

Implementation of the DIB project also carried significant reputational risks for LLF. Any underperformance would have severely impacted LLF's credibility in the education ecosystem and sent a signal to a wide range of stakeholders, including investors, government actors, and other ecosystem players, that LLF's education intervention was ineffective. The ripple effect of this could have undermined its future funding opportunities, partnerships, and broader engagement with the government and nonstate actors within the sector.

Defining the Outcome-Based Payments

The DIB was intended to cover all government primary schools in seven districts of Haryana over three years, from July 2019 to June 2022. The scale-up plan did not include the 175 schools in Kurukshetra that were covered in the demonstration project because the DIB was expected to impact learning outcomes of additional students, approximately 112,000 students across three cohorts. The three cohorts identified were as follows:

- Cohort 1: ~12,000 students (all students entering Grade 1 in 2019 and completing Grade 2 in March 2021).
- Cohort 2: ~43,000 students (all students entering Grade 1 in 2020 and completing Grade 2 in March 2022).
- Cohort 3: ~57,000 students (all students entering Grade 1 in 2021 and completing Grade 1 in March 2022).

Thus, Cohorts 1 and 2 would complete the two-year intervention. In 2019–20, only Cohort 1 was counted. In 2020-21, Cohorts 1 and 2 were expected to be covered, and in 2021–22, Cohorts 2 and 3 were expected to be covered. The plan was for the blocks to be covered in a phase-wise approach, with all blocks being covered in 2020–21 with a reach of 55,199 students planned in 3,273 schools, and the programme continuing in 2021–22 in the same 3,273 schools and reaching 100,205 students (see Table 5). It is important to note that these 46 blocks and 3,273 schools that were planned for in the MoU covered all the government schools in the selected seven districts. Although the scaling plan was included in the MoU, there were no payouts or incentives associated with the 'reach' goals, and all children were expected to benefit from the intervention by virtue of the fact that they were enrolled in the government schools in the seven districts.

Performance-Based Payouts

The Haryana DIB focused on student performance, and the payouts were linked to achievement of the pre-agreed learning outcomes. If LLF exceeded the achievement of outcomes at the end of the project period, IndusInd and the SBI Foundation were obligated to pay additional grants as a bonus to LLF amounting to a maximum of 10% of their total project grant amount. In case of the underachievement of targets, the risk guarantor, CSF, was required to pay out up to 20% of the DIB project grant to an educational programme of the funders' choice. Table 6 provides the exact amounts of contractual obligations.

Identifying the Targeted Outcomes

Identifying and defining the outcomes and metrics for measurement was a critical part of the structuring process since payouts were linked to the achievement of the pre-agreed outcomes. Our data show that this was undertaken as a consultative process with the involvement of all the key stakeholders, namely, CSF, IndusInd Bank, the SBI Foundation, and LLF, on the proposals made by Ei, the third-party outcomes evaluator, after the intervention had already commenced. These consultations were undertaken with internal transparency and focused on generating a collective buy-in around the targets.

Ei was responsible for proposing the targeted outcomes for student learning based on available evidence. The Ei team conducted internal research and reviewed prior studies from the states of Rajasthan, Himachal Pradesh, and Chhattisgarh, and also evaluations on early grade reading assessments conducted by USAID with Pratham-ASER Centre and RTI International. On the basis of data on education performance gathered by Ei, Haryana was expected to fall between Rajasthan and Himachal Pradesh; therefore, benchmarks from these two states were used in setting the targets. Additionally, Ei used the data they had already collected from their earlier pilot studies in the states of Himachal Pradesh and Rajasthan and also drew upon its prior experience of developing an assessment tool for measuring foundational literacy in Indian languages, which was based on Early Grade Reading Assessment (EGRA).

Based on this, Ei proposed covering 13 sub-tasks or subskills so as to cover the four cognitive domains of listening to, speaking, reading, and writing Hindi. These tasks included both fluency and accuracy skills. Out of the 13 subskills, it proposed linking only 6 to payouts (for the rationale of this selection, see Annex 1). Although LLF worked towards performing on all the 13 subskills through the DIB, only the pre-agreed six subskills were linked to payouts. This was intentional to ensure the learning progression was meaningful. The six subskills and associated weightage for calculating the payouts are shown in Table 7.

Since these subskills are distinct, the Steering Committee decided not to use one composite score to measure performance. Instead, each of the payout-related subskills was given different weightages, based on the relative importance of the subskills from a pedagogical perspective. Thus, oral reading fluency and reading comprehension accuracy together received 50% of the total weightage. In 2020, after the intervention had already commenced and the financial structure was agreed upon by all stakeholders, the Steering Committee discussed and finalised these six subskills and decided to focus on the percentage improvement from the starting point as a basis for setting payout targets.

Deciding the Evaluation Methodology

The objective of the evaluation was to assess whether LLF achieved the pre-agreed targeted outcomes across the seven districts within a three-year period. The evaluation used adapted versions of EGRA for the Hindi language. The tool was co-designed by Ei with CSF in 2017, as part of its work on adapting RTI's EGRA and Early Grade Maths Assessment for Indian languages. The tool was designed to suit Grades 1–3 and covered all 13 subskills, including the six that were linked to the payouts. The tools were grade-specific, but 30% of items were common to allow for cross-grade comparisons.

As per the Steering Committee meeting notes, the evaluation used a difference-in-difference method and selected control schools, i.e. schools where the programme was not being implemented. These were from comparable schools in Sonipat, Kaithal, Bhiwani, and Panipat districts, selected based on available data on indicators such as sex ratio, human development, education, and ASER 2018 data on the percentage of students who can read Grade 2-level texts. Instead of using a longitudinal cohort tracking approach, a cross-sectional randomised sampling method was used for each round of data collection.

Although the initial plan was to conduct four rounds of data collection, the COVID-19 pandemic forced Ei to change the plan and conduct only two rounds of data collection viz. the baseline and the endline. Although the baseline was expected to be in 2020, school closures pushed it to the beginning of the academic year starting 2021. Ei tested the children who entered Grade 1 in 2021 and treated that as a baseline. The assumption was that there would not be a significant difference between the student cohort entering Grade 1 in these two years. For the endline, Ei assessed students completing Grade 2 in 2022. This was the cohort that had entered Grade 1 in 2020.

Field teams undertaking the assessments underwent rigorous training, including mock trials, and field audits were conducted to maintain data quality. As one of the respondents indicated, there were no indications of teaching to the test or cherry-picking, and any school where malpractices were observed would have been excluded, though none were reported in this case.

Adopting Private Sector Management Principles and Accountability Frameworks

As an outcomes-focused mechanism, the Haryana DIB incorporated two major components to manage performance and ensure clear lines of accountability. These included the larger governance structure represented by the Steering Committee and the PMF used to track the progress made.

Table 5: District-Wide Scaling Plan

	2019–20			2020–21			2021–22
District	**Blocks**	**Schools**	**Students**	**Blocks**	**Schools**	**Students**	**Students**
Kurukshetra	5	314	2,422	5	314	2,422	2,422
Hisar	1	58	1,358	9	515	9,457	19,707
Jind	1	66	1,718	7	435	8,872	16,672
Ambala	1	69	1,099	6	483	5,507	10,159
Fatehabad	1	106	2,212	6	387	9,246	15,787
Sirsa	1	103	2,757	7	532	11,206	20,109
Yamuna Nagar	1	76	589	6	607	6,067	12,927
Total	**11**	**792**	**12,155**	**46**	**3,273**	**55,199**	**100,205**

Source: Authors compilation based on Memorandum of Understanding.

Table 6: Performance-Based Payouts

Agency	Project grant, figures in INR (USD)	Maximum payout by risk guarantor to IndusInd and the SBI Foundation in case of underachievement @ 20%, figures in INR (USD)	Additional grants by IndusInd and the SBI Foundation to LLF in case of overachievement @ 10%, figures in INR (USD)
IndusInd	129,978,124 (1,746,783)	25,995,625 (349,356)	12,997,812 (174,678)
SBI Foundation	25,798,145 (346,702)	5,159,629 (69,340)	2,579,815 (34,670)
Total	**155,776,269 (2,093,486)**	**31,155,254 (418,697)**	**15,577,627 (209,348)**

Source: Authors compilation based on Memorandum of Understanding.
Note: The foreign exchange rate is considered for the date on which the MoU was registered in August 2021.

Table 7: Outcome Metrics and Payout Schedule

Order of importance	Subskill	Weightage	100% achievement (figures in INR)	Minimum payout 25% achievement (figures in INR)	Maximum payout 100% achievement (figures in INR)
1	Oral Reading Fluency (cpm)	25%	250	62.5	500
2	Reading Comprehension – Accuracy (%)	25%	250	62.5	500
3	Familiar Word Reading – Fluency (cpm)	15%	150	37.5	300
4	Letter Naming – Fluency (cpm)	15%	150	37.5	300
5	Dictation – Words (%)	10%	100	25	200
6	Non-word Reading – Fluency (cpm)	10%	100	25	200
	Total	**100%**	**1,000**		

Source: Authors' compilation based on MoU. % denotes scores expressed in percentage of accurate responses, cpm means 'correct per minute.' INR 1,000 represents the total project cost of INR 155,776,269.

Steering Committee for Overall Governance

The DIB was governed through the Steering Committee, which, as mentioned earlier, consisted of two members from each of all key stakeholders, namely SFI, CSF, IndusInd Bank, the SBI Foundation, and LLF. The committee met frequently, every 15 days at one point, to make collective decisions, review progress, and iterate on programme design. This governance mechanism enabled shared ownership and flexibility in responding to emerging challenges, including those caused by the COVID-19 pandemic. The Steering Committee mechanism provided a platform for sharing progress on the ground and discussing ways to address challenges. This mechanism worked throughout the duration of the DIB and served as a focal point for coordination among the partners, even after the closure of the intermediary, SFI. According to the respondents, despite this disruption, trust and mutual respect among the partners ensured continuity.

Performance Monitoring Framework

SFI was designated to play the role of performance manager and track the progress made by LLF in achieving the targeted outcomes. However, after it closed, CSF and the Steering Committee played a key role in monitoring the performance. LLF was not in favour of "heavy performance management." Even though LLF had autonomy to decide the activities required to achieve the pre-agreed outcomes, the funders used the PMF as a way to track these activities and discuss their performance. As earlier mentioned, for the funders, this was similar to any other grant engagement, and hence, the PMF used by the funders reflected activity-focused tracking. For example, the PMF included a log-frame, and monitoring year-on-year included tracking details of the inputs and outputs such as the number of training sessions conducted, the number of volunteers enrolled, or the number of students receiving distributed learning material. In keeping with its more OBF orientation, the PMF also included tracking of outcomes and the progress made against the targets.

The PMF also asked for details on budget utilisation for every line item tracked on a quarterly basis. This resembled input-based grants, where recipient organisations are required to track how the budget is utilised and how they have performed on the targets, including targets for inputs, activities, and outputs. This aligned with the point made by the funders about how the grant agreements were similar to what they have with other recipients of CSR grants as well and shows that the use of CSR funds in the DIB did not change this aspect of the performance management used by the funders. However, unlike typical grant-based programmes, LLF had the flexibility that is seen in DIBs and was able to freely rearrange budget items, especially in the context of the COVID-19 pandemic when many changes were necessary. Additionally, the PMF did not require LLF to discuss the intervention per se, unless it was facing challenges. This was done to provide flexibility to LLF to carry out its activities in a manner that was deemed most appropriate.

6

MORE AND BETTER FINANCING

In the previous section, we discussed the key components or process goals that were necessary for setting up the Haryana DIB. In this section, we shall discuss the outcomes of the Haryana DIB from the point of view of answering our key research questions: did the DIB mechanism contribute to the effectiveness of the programme, did it make the programme more efficient, did it bring additionality in terms of bringing new financial partners and reaching more beneficiaries, and did the DIB mechanism with its focus on outcomes exclude the most marginalised among the beneficiaries? We discuss our findings based on the evidence in our primary data and triangulated with our analysis of data gathered from secondary sources.

Effectiveness

The effectiveness of the Haryana DIB is seen as the extent to which the programme produced the pre-agreed targeted outcomes. We discuss this based on the results achieved by the Haryana DIB after its three-year duration and then examine the factors that may have contributed to effectiveness. In our TOC, we had hypothesised that the effectiveness of the Haryana DIB could be due to the clear focus on outcomes and due to the adoption of private sector management and accountability frameworks. Here, we present data that examine this causal pathway.

Results Achieved

At the end of the three years, the Haryana DIB was able to reach 164,000 students belonging to Grades 1 and 2 in 3,300 schools and demonstrate impact (LLF, 2022a). The evaluation undertaken by Ei revealed that the DIB had successfully achieved its targets. Learning gains of 1.61 Equivalent Years of Schooling were achieved over business-as-usual schooling, with an effect size of between 0.65 and 1.07 standard deviation across different literacy metrics (Educational Initiatives, n.d.).

Overall, across the six subskills tied to outcome payments, students in project schools showed significantly greater gains than those in control schools from the beginning of Grade 1 to the end of Grade 2. Table 8 presents these findings.

Table 8 illustrates that children in the intervention schools performed better than those in non-intervention schools, with them able to fluently read 42.4 words per minute, compared to 30.3 words. Letter fluency at endline was 66.3 for project schools and 46.2 for comparison schools. The endline data show that children in project schools after two years of intervention exceeded the target of the DIB by 3.5 times (LLF Annual Report 2021–2022). Additionally, the number of students achieving zero – an indicator used to track students who are struggling and require remediation – decreased significantly, and by a margin of 10%–26% higher than in the control group. These learning gains were clear, with the percentage of children unable to read a single word decreasing from 81% at baseline to 5% at endline.

The Ei evaluation also compared the learning outcomes of the Haryana DIB with other programmes in India and noted that this DIB performed better in both oral reading fluency and reading comprehension (Educational Initiatives, n.d.). In relation to the Global Minimum Proficiency equivalent standard of Oral Reading Fluency for Hindi, 65% of students met or exceeded the standard of reading 35 words per minute by the end of Grade 2, a level at which students in the rest of the state tend to reach at the end of Grade 3 (Educational Initiatives, n.d.).

However, despite these positive results, some challenges persisted. Even by the end of the DIB, around 15% of children remained at very low learning levels, which caused continued concern among the implementing teams. Despite enhanced remediation strategies, the issue of reaching the lowest performing students remained unresolved to some extent, as one respondent reflected: “We enhanced our revision, remediation strategy but that problem continued, I’d say that even at the end of the DIB, there were about 15% kids who were at a very low level of learning. So, that remained as an anguish for us about why some kids are not learning” (R1).

When discussing the outcomes of the Haryana DIB with respondents, various factors were stated as contributing to its success. The following section presents the key influencing factors that were believed to contribute to the effectiveness of the Haryana DIB.

Table 8. Baseline and Endline Results for the Six Subskills Tied to Outcome Payments

Subskill targeted under the DIB	Total	Baseline		Endline		Difference in difference (DiD)	Target/ Goal
		Control	Intervention	Control	Intervention		
Letter Fluency: Letters read correctly per minute	100	11.2	8.7	46.2	66.3	22.5	7
Word Fluency: Words read correctly per minute	50	3.3	3.1	20.8	28.4	7.9	4
Non-word Reading Fluency: Words read correctly per minute	50	3.3	2.6	20.9	27.3	7.1	5
Oral Reading Fluency: Words read correctly in a minute	54	3.7	2.9	30.3	42.4	12.9	8
Reading Comprehension: Words read correctly and questions answered correctly	43	5	4.6	25.2	36.7	11.9	1
Word Writing: Words written correctly	10	0	0	4.9	7.1	2.3	1

Source: Author compiled from data provided in Haryana Early Literacy Development Impact Bond Impact Evaluation Report (Educational Initiatives, n.d.).

Influencing Factors

Heightened accountability due to a focus on data and results: The shifted the focus from activities to outcomes. One respondent described this shift: "It was activity-based. And we shifted to data-based. […] Because of the DIB, our focus was on results" (R11). Compared to more traditional uses of CSR funding, there was consensus among respondents who made such a comparison that this results orientation heightened accountability. There were differing opinions, however, about the impact that this heightened accountability had.

Continuous engagement with monitoring outcomes data at regular intervals could have been a key contributing factor to the programme's effectiveness. The financial structure required implementing partners to commit to delivering measurable impact, putting data at the forefront of decision-making. This emphasis on accountability and evidence directly supported a more effective achievement of outcomes. For one respondent, the interim targets were the main focus:

> *It was important for us to deliver results…. The only worry was how to achieve our targets. Whenever we used to conduct internal review meetings, planning meetings where we made strategies, we always remembered as to where we were standing at that point. But there was no pressure on us, like if we don't do that, this would happen to us. (R3)*

Another highlighted how transparency in reporting outcomes was encouraged without fear of job loss or penalties, stating that they Haryana DIB tied financing to specific outcomes and, in doing so, were told to show "the ugly figure…. No manipulation. Your job is secure" (R11). The honest reporting without worry of negative repercussions was appreciated by those involved who stated that the data-led, results-focused approach "leads to effectiveness that leads to better reaching of outcomes" (R6).

On the other hand, for others, the increased accountability and ultimately "higher stakes" (R7) that the financing mechanism encouraged were taxing. One respondent described it as follows:

> *The gravitas or the weightage that was given to pretty much all actions, either from the implementation or the evaluation or even the funding side was higher. There was more, I wouldn't say panic, there was concern ki results vagera kaise aayenge aur kya hoga [as to how the results were to be achieved and what else would happen], it never went to the point that there was any kind of like encroachment in terms of, okay, we need to sort of create a spin on things or we need to create a narrative which is largely positive and things like that. It never got to the point of that. People were worried about it. Yes. (R8)*

Despite the heightened accountability for achieving results, the presence of payment-linked outcomes and the overall payout structure was not emphasised by those implementing the programme. One reflection noted:

To be very frank, I don't think we even looked at which ones are the payouts, at least, we never emphasised or understood what are the payouts and the calculations were also kind of, intricate so it didn't really … there was some attached to it and so, we weren't concerned with the payouts as much. (R1)

Instead, the focus tended to be on practical remediation efforts, especially given the post-pandemic learning setbacks: "Our focus was a revision, remediation but that was very, very justified given the post pandemic. And most kids had fallen back on that" (R1).

Flexibility: In addition to the increased accountability, the focus on results was also stated to create flexibility for LLF – a particular innovation embedded within OBF structures. It was highlighted that they could "tweak it, change it and only focus on the outcome, not on activity," (R9) and that this adaptability was especially vital during the pandemic to respond effectively to the evolving context.

One cited example was the "very agile pivoting" (R6) to the community-based Har Ghar School intervention, which was implemented during school closures and helped mitigate what was initially feared to be a lost academic year. Despite having less than one year of in-school instruction, the Haryana DIB was able to save some of the educational losses by shifting to this community-based intervention. This pivot reflected the quick thinking and responsive actions taken by the implementing agency with support from the government.

In addition to the impact of the pandemic, frequent changes such as shifts in government, regulation, and staffing brought challenges to the Haryana DIB. The team reported that "despite all that, we ticked all the boxes. *Ye change ho sakta tha, ho gaya. School bandh ho sakta tha, ho gaya* [Whatever change could have happened, happened. Schools could have been closed, it happened]" (R9). Yet, in spite of these unforeseen circumstances, the team successfully adapted activities in response in order to move towards their goals.

Performance management: The Haryana DIB's performance management approach blended rigorous data-driven review, school categorisation, and continuous feedback. Stakeholders aligned around outcomes, enabling a responsive, adaptive, and ultimately supportive model of accountability to drive results.

Steering Committee: At the core of performance management protocols was the Steering Committee, which was initially convened by SFI and involved all stakeholders for the purpose of strategic and solution-oriented discussions. One respondent described it as a "very loose mechanism" (R1) yet "the most supportive arrangement that could be" (R1). These quarterly conversations developed a high level of trust and mutual respect among partners, enabling collaborative and timely problem-solving to occur. One respondent described this working relationship: "What went well was I think the inherent chemistry, ways of working, respect, trust that, you know, the all partner organisations were able to bring together" (R6).
The Steering Committee was designed to provide guidance rather than pressure, and unlike conventional performance management systems that may involve external pressure or strict oversight, this model relied on an organic alignment of incentives between the funders and the implementing partner. With stakeholders committed to achieving outcomes, "we didn't need a third-party performance management agency to come in really like that because incentives were aligned, you know, we wanted LLF to achieve outcomes, and LLF, of course, wants to achieve outcomes" (R5). Even after SFI's exit, the governance mechanism continued seamlessly, with CSF and LLF stepping into leadership roles. Stakeholders attributed this success to the shared mission, established trust, and clarity of roles.

The Steering Committee saw the progress reports from LLF as being credible and detailed, and it trusted LLF's judgement based on their on-the-ground knowledge. Nonetheless, the committee did involve scrutiny, especially since funder payouts were tied to outcomes:

Every point was debated upon a lot more than what I would expect when payouts were probably not concerned, or where let's say government is paying for it or things like that. So we were under scrutiny for each of these things. And it was long deliberations that happened. (R8)

Discussions were sometimes intense, and detailed justifications were required, but partners were never pressured into unwanted decisions. In most cases, LLF's recommended approaches were accepted after thorough deliberation: "We kind of gave three options and gave our point of view that, okay, this is what we recommend. In most cases, the option that we recommended went through" (R8). The detailed conversations and collective problem-solving, although credited for the effectiveness of the project, did require substantial time investments – with some stakeholders spending up to 50% of their time over the project period on performance-related governance. Ultimately, the collaborative and trust-based nature of the Steering Committee was seen to lead to necessary corrective actions, with data being a central tool in decision-making and allowing team members to identify gaps they might have otherwise overlooked.

Performance-based categorisation: A core internal performance strategy involved categorising schools into A, B, or C categories based on teacher engagement with the programme and their adoption of new teaching methodologies. The team initially prioritised support visits to C-grade schools, where teaching practices were not improving or teachers were resistant to trying new teaching methods, or there was a new teacher. Over time and due to time restraints, LLF strategically shifted focus to B-grade schools where teachers showed more interest in improving student performance, while deprioritising schools with persistently low intent or capacity:

At one point we had to kind of take this call that, okay, do we really want to invest our limited time on C-grade schools, [...] where we see that there's almost no intent from the teacher or the headmaster? Or do we want to go with B-grade schools where we do see some intent. We do see some engagement, and we can pull them up to an A-grade school. (R4)

This performance-focused approach enabled targeted resource allocation where the scope for improvement was higher. This decision was data-driven and acknowledged the limited returns from schools (C-grade) where structural issues such as long teacher absences were unlikely to be resolved within the programme timeline. We did not have data on the student composition of the schools categorised as C-grade or on whether those schools were particularly those catering to the most marginalised communities.

Continuous data monitoring: LLF focused on using implementation data through continuous and regular monitoring and making decisions informed by data. LLF used regular progress presentations to inform decisions on strategic shifts – particularly evident during the COVID-19 disruption – taking advantage of the flexibility and responsiveness enabled in OBF structures.

LLF set up monitoring mechanisms at multiple levels.

- **Classroom level:** weekly teacher-led assessments and subsequent remediation sessions. These were informal assessments for internal use only, creating space for honest assessment and tailored remediation. Additionally, teachers received ongoing feedback through school visits, where observers would sit in classrooms, assess pedagogy, and suggest improvements or even demonstrate alternative teaching methods.
- **Block level:** Monitoring data were captured with Excel sheets and mobile apps by block coordinators, who assessed both teaching–learning processes and student learning levels. These insights were discussed in fortnightly, monthly, and quarterly reviews at not only the block level but also at the district and state levels. Based on the data, LLF prioritised school visits of its staff, focusing on schools needing the most support. Regular, often bi-weekly, meetings were also designed with ABRCs and BRPs to evaluate progress.
- **State level:** LLF appointed a data management coordinator at the state team level to ensure data fidelity and protocol adherence. Data from classroom observations, student assessments, and teaching practices were regularly collected and reviewed and were intended to be used to guide actions at the school and district levels.

The data collected were regularly analysed and discussed not only at field levels but also among senior stakeholders. Structured reviews created a culture of "academic meetings" (R11), transforming previously administrative meetings into data-driven forums for learning and adaptation. High-performing schools shared best practices at the block- and district-level meetings, and insights informed differentiated support strategies for the teachers. The programme embedded a strong culture of using real-time data to inform strategy, with one respondent reflecting that "regularly seeing the data and based on that changing your plan is really crucial" (R11). Overall, there was broad acceptance and use of monitoring data to guide programme course corrections and resource allocation, where not everyone "became very data-oriented themselves, but they were supportive of data being presented [...] and suggestions made based on data being accepted" (R1).

Despite the contribution of performance management protocols in driving project effectiveness, the team had to overcome challenges related to data-driven decision-making, as they were not initially trained to work with data at the level required for the OBF mechanism. Tasks like conducting weekly assessments, collecting and analysing data, and forming remediation action plans were new. To address this, a team was hired and inducted over two months to align with DIB expectations.

Another challenge was the BRPs and ABRCs being "overburdened with the work" (R11). Although LLF team members could visit up to 30 schools a month, filling structured observation forms, government counterparts such as BRPs and ABRCs were overburdened, as they were the go-to personnel for the implementation of different innovative programmes initiated by the government and additional NGO programmes. As a result, LLF was often unable to obtain sufficient data from ABRCs during review meetings, and the bulk of monitoring data came from LLF's own visits. This highlighted capacity and engagement gaps in the system, particularly in monitoring and feedback mechanisms.

Wider system influences: Another contributing factor was the launch of the NIPUN Bharat Mission in 2021, which helped shift the national education agenda towards FLN. Schools began to focus more on foundational skills in Grade 1, and the syllabus was adjusted accordingly. One respondent stated:

the 2021 NIPUN Bharat programme, which did change the focus of the schools and redirected it a lot more towards the FLN aspects. [...] The syllabus also got reoriented to a manner that foundational skills started being paid more attention to even in Grade 1. (R8)

This broader policy environment worked as a tailwind, reinforcing the programme's own goals and methods.

Efficiency

The next section looks into the efficiency of the Haryana DIB, i.e. were the outcomes achieved with the least amount of human and material resources, and whether outcomes were achieved with fewer resources than what are spent in comparable, traditionally funded interventions. Since reliable and complete information on budgets for comparative programmes was not available, this section is based on data gathered from the stakeholders about their perception of efficiency in the Haryana DIB. Our TOC had hypothesised that the focus on outcomes and adoption of private sector management and accountability principles would contribute to the efficiency of the DIB.

From one perspective, the Haryana DIB was efficient in that it overachieved on its intended outcomes with the funding available. The LLF (n.d.-c) annual report from 2021–22 states that there were 3.5 times more learning gains compared to what was targeted. With outcomes tied to payments, this overachievement led to LLF receiving a bonus from IndusInd and the SBI Foundation. This funding was an upside for LLF and added to their credibility in fundraising efforts in future.

One respondent believed that the OBF structure resulted in efficiency, stating that it was "much more outcome-oriented, much more operationally efficient as a result" (R5). They believed that this shift to being more outcome-oriented "helps move the entire ecosystem forward" by strengthening the limited evidence base on what works for foundational literacy in India, compared to other global contexts: "In India, there is a ton of relevant evidence on FLN … but it's not very rich … around what works … compared to a lot of the Western world" (R5).

The flexibility of budgeting was seen as a key contributing factor for efficiency. Unlike many CSR-funded projects with rigid budget allocations across input categories (human resources, materials, utilities), the funders involved in the DIB structure allowed flexible budget adjustments throughout the project, as long as outcomes were being met. Even though they disbursed funds based on budgets provided with specific input-linked line items, the focus was squarely on delivering outcomes, rather than adhering to predetermined expenditure plans:

> *From day one we said, because we're answerable for the outcomes, we can change the budget heads, and with the proportions of the amount across different budget line items as and when needed and that would be supported by SBI Foundation and IndusInd, and which was the case throughout. (R4)*

However, when discussing efficiency with other respondents, some had different points of view. For one respondent, the purpose of using financing mechanisms like the Haryana DIB is not efficiency but rather to scale proven interventions:

> *Being slightly high on expenditure also, I agree with that…. So, it's expensive, yes. In my mind, when I look at it, I look at it as sort of an investment that in a way ensures or certifies that this programme will also succeed and do well at a scale. (R7)*

Some respondents argued that the cost structure of DIBs is inherently higher, partly because the programmatic teams are "augmented more than the business-as-usual teams of the NGO," (R6) leading to increased implementation costs. Additionally, rigorous measurement of change in learning outcomes is inherently an expensive activity, and the ecosystem does not currently provide low-cost, rigorous data collection, making the evaluation components particularly costly. One participant said, "Cost efficiency, I would almost say, it's unfair to expect education in India to be cost-efficient. And there are external reasons beyond the NGO why that happens" (R6). Despite the cost, the third-party verification and data rigour demanded by the DIB model, however, was also seen as a key benefit, making the process more credible and serious: "This makes it more serious. So everybody who was there on this project was more serious. From evaluators to implementers" (R8). The external evaluation ensured that the programme's success was "verified and testified by a third party, which is an expert party" (R7). This is particularly important in India's complex and diverse education system, where rigorous evidence is necessary for scaling and policy uptake.

Another respondent echoed the sentiment that the Haryana DIB was not designed to be cost-efficient: "Obviously, it's not going to be cost-effective in terms of the overall cost per student. But I think that's known. I mean, I think that DIBs are a way to catalyse other thinking, to catalyse this innovation" (R5). In these cases, the way in which intervention was supported through the DIB was seen as an investment in long-term efficiency and systemic change in implementing effective education interventions rather than a mere expense. If you "take the sum total of what was spent by outcomes achieved, it would always be not cost-effective," but balance this against the fact that it "helped catalyse the scale-up of LLF solution as part of NIPUN Haryana," it is then arguably "more than cost-effective by peer standards" (R5).

The "huge structuring costs involved and the evaluations" (R5) embedded within the DIB structure were cited to be the main reasons that the Haryana DIB was not designed to be more efficient than traditionally funded donor or CSR-funded mechanisms, with one respondent stating "I don't think the ecosystem gives, allows the space for a DIB to be set up efficiently from a cost perspective" (R6). However, the Haryana DIB does showcase how this type of financial model can be used to demonstrate an innovative education intervention and encourage subsequent government adoption and scale-up.

In summary, while the upfront costs are higher due to evaluation and structuring expenses, the DIB's focus on accountability, verified impact, and catalysing scalable solutions offers a valuable investment that traditional government programmes may lack. As one participant put it, "is this a cost or an investment? In my mind … it's a more robust way of moving forward" (R7).

Challenges to Efficiency

Our data showed that respondents cited certain factors as potential hurdles to efficiency, including operational delays, governmental capacity, and required mindset shifts. While the state government was largely cooperative, timely execution remained a consistent challenge. Delays occurred in processes like material printing and organising training programmes, often due to bureaucratic procedural requirements such as “their procedures, quotations and tenders” (R1).

At the district and block levels, coordination was a significant challenge. At the district level, absentee or overburdened officers slowed implementation. At the block level, many Block Education Officer (BEO) positions were vacant, and in several cases, secondary school principals were deputised to fill those roles. Even when District Education Officers and BEOs were in place, many had never been involved in developmental programmes of this nature, which resulted in a lack of clarity and authority and led to delays in communication and decision-making. One respondent described this as being “a lot of problems as to who will pass instructions, who takes decisions” (R1). These systemic issues posed major hurdles in ensuring timely delivery and uptake of key programme components.

Unlike typical grants where outcomes may not directly impact funding, the DIB model introduced an accountability structure which focused heavily on student assessments and increased the pressure on the implementers to perform, making them more committed and focused. At times, to ensure the achievement of outcomes, LLF had to step in when government support lagged. For example, if books were not delivered on time or if teacher training did not meet expectations, LLF felt compelled to act to protect student outcomes, including conducting more classroom visits than initially intended, providing materials, and taking the “driving seat” (R4) in implementation during critical periods. This placed LLF in a position where it had to act beyond its intended scope, constantly having to reconcile the pressure of achieving results with the philosophical stance that the government must be the true driver of change. The interventions, while necessary at the time when system actors underperformed, risked undermining the sustainability of the government-owned model and therefore raised concerns about long-term sustainability and model fidelity.

Implementing the programme meant influencing not just structures but also mindsets. LLF had to invest significant time and effort into relationship-building with education officials at various levels and shifting the mindsets of teachers and principals, particularly around classroom practices and teacher responsibilities, to achieve its pre-agreed results. Many officers and stakeholders at the district and block levels were unfamiliar with developmental programmes focused on pedagogical practices. Convincing them of the importance of classroom changes and teacher practices “required more time and convincing” (R1). “Teachers were quick to adopt new practices” (R1) compared to the administrative machinery, albeit it was estimated that approximately “30% teachers are not changing anything. They’re not changing anything what they’re doing or very marginal” (R1), complicating the achievement of outcomes. However, unlike in traditional projects where teacher support was minimal, here teachers received ongoing guidance with multiple models and materials, including semi-structured lesson plans and academic planning tools. This clarity and support improved implementation fidelity by ensuring teachers understood not only what to do but also how to do it effectively.

Additionality

Additionality in education financing can be viewed from two perspectives: first, whether new or existing funders bring more financing to education and, second, whether it facilitates additional beneficiaries to be reached with existing funds. In the Haryana DIB TOC, we had hypothesised that the structure of the DIB and mobilisation of private capital would contribute to additionality. The following section explores additionality, if it was reached, and what factors contributed to the same. We examine this from the perspective of the addition of new financial partners and reaching more beneficiaries.

New Financial Partners

The Haryana DIB saw the addition of IndusInd Bank and the SBI Foundation, two CSR partners that had not previously invested in education programmes similar to what LLF was undertaking in Haryana. First, these partners were new to innovative financing mechanisms but were attracted to them because of the credibility of the other partners involved. One respondent noted how the DIB was able to include the seventh district, there were “credible names, and there’s already a risk investor” (R6), it was “relatively easy for SFI to line up the SBI Foundation to come on board” (R6), and with this, they were able to commence in the seventh district. The funders enabled LLF to scale across seven districts in Haryana. It may be noted that although the Government of Haryana had invited LLF to scale its demonstration project, it did not have the funds to support the work. The DIB was able to mobilise CSR funds to support LLF to scale its intervention and meet the expansion aspirations and goals of the Government of Haryana. The mechanism allowed CSF, which was LLF’s incubator, to move away from funding LLF and invest its funds in other social interventions while letting the two new funders pay for LLF’s programme.

Second, the structure was designed such that it worked within the regulations imposed on the use of CSR funds, thereby opening the pool of available funding that could be tapped into for such structures. The mechanism allowed the funders to follow their established procedures and systems, which they found attractive. Third, in addition to the mechanism itself, seeing how the education intervention worked on the ground made one of the funders make the decision to participate in the DIB:

> *Things changed when we actually went to the ground to see the programme, seeing the enthusiasm of a Grade 1 student being so confident and being able to read words is something that changed our thought process…. Actually seeing the classroom enthusiasm is where we said, this project is worth doing. (R10)*

Finally, and conversely, respondents spoke about the additionality of funding beyond the scope of the Haryana DIB, noting that despite the success of the DIB, they had yet to see new donors attracted to such financing mechanisms. One respondent shared, “I genuinely don’t see new donors have got added because there’s evidence of DIB” (R6), despite the heightened accountability of outcomes this programme witnessed. They also reflected on the question of: “Did it make a difference to the larger education ecosystem for other

NGOs and other funders? […] I don't think so" (R6). However, one of the funders described how they had been exploring mechanisms like the Social Stock Exchange in India to fund nonprofit educational interventions listed on the exchange.

More Beneficiaries

Under the Haryana DIB, LLF went from working in 175 schools in one district of Haryana to 3,300 schools across seven districts, ultimately reaching 164,000 children (LLF, 2022a). Although 'reach' was not an outcome linked to the payouts, the Haryana DIB covered all children enrolled in Grades 1 and 2 in all government schools located in the seven districts. Launching at a moment when there was no state-driven mission for foundational literacy, interviewees believed that the DIB mechanism provided the opportunity for LLF to scale up, with one respondent stating that "That money was the key, like if IndusInd and SBI Foundation haven't agreed to pay for this programme […] it was impossible to reach" (R11).

Equity

We also explored the counter-hypothesis and the question related to equity: whether the outcomes-based Haryana DIB ended up excluding the most marginalised students. Our data show that equity was highlighted as a core component of LLF's work, building from its founding belief that all children should learn. One respondent described this determination for equity as them being

> *hell-bent on this thing that we want to move the needle for the bottom 25% of the students in the classroom. We don't want to run with the best ones, with the most high-performing ones in the classroom, but we want to move the needle by making sure that the bottom 25% is kind of getting better. (R4)*

To do so, and in response to the exacerbated learning challenges arising due to the COVID-19 pandemic, LLF began a remediation programme, one that has since been rolled out across all regions where they work to ensure children who are falling behind receive extra attention, including 20-minute support time for struggling learners. This focused programme contributed to improved outcomes, with the lowest performing (bottom quartile) children achieving the highest learning gains (LLF, 2022b). For example, the percentage of children unable to read a single word was reduced from 78% to 7% between baseline and endline (Educational Initiatives, n.d.). LLF has now rolled out remedial education as a state-wide programme to support children who are struggling to learn. The Steering Committee equally attempted to keep equity at the heart of decision-making.

While the bottom quartile of individual pupils in classrooms and schools were reached, pragmatic decisions by the programme affected equity concerns in the selection of districts and schools. One of the respondents observed that some districts were selected based on the existing presence of LLF in those districts or on operational feasibility, such as preference given to neighbouring districts rather than the districts that are known to be the most economically disadvantaged, or those belonging to the rural and remote areas (e.g. Kaithal, Panipat). Regarding the performance-based classification of schools into A, B, or C categories, limited time and resources led to some prioritisation of what were seen as more responsive schools (e.g. B-grade schools over C-grade schools). However, within each classroom, all students received similar intervention and resource support.

In terms of the project evaluation, one of the respondents shared how selecting a different sample of schools for baseline and endline allowed the field staff to give equal attention to all schools

> *because if we have the same sample of schools or same sample of students for the baseline and endline, then our team might also be more prone to kind of put in more time and energy on this lot, because they already know who are the students who are going to be sampled and tested. (R4)*

Instead, a new sample was used to assess progress between the two evaluation periods.

Although a formal demographic analysis of marginalisation was not conducted as part of the evaluation due to unavailability of disaggregated data and the focus of the evaluation being on the achievement of outcomes, independent evaluators were not aware of internal school categorisations or location specifics. This, along with the change in samples to assess progress, reinforced the avoidance of cherry-picking and ensured equitable service provisioning.

7

PIVOTING THE DIB DURING THE COVID-19 PANDEMIC

In the middle of the project timeframe, the COVID-19 pandemic brought education to a standstill, with school closures impacting learning worldwide. Stated to be one of the biggest challenges that the programme faced, the pandemic impacted all aspects of the DIB: the intervention, target setting, evaluation, and funding. Despite this, interviewees praised the DIB mechanism for its flexibility and embedded collaboration to overcome the challenges of this unprecedented crisis. In this section, we discuss how the Haryana DIB pivoted during the pandemic.

Intervention

Between March 2020 and September 2021, schools across Haryana were closed, much like in the rest of the world. This brought much uncertainty, but the question remained, “So how to achieve the results?” (R2). One respondent described it as “in March, we just didn’t know what to do, and I keep repeating this analogy that suddenly, the game changed from cricket to football” (R1). With the whole game changing, “you needed to take everything back to the drawing board” (R6). Although one option was to postpone the project, one respondent explained that that was not the course to take:

> *The Steering Committee had a couple of options with them. One, mutually, all of us decided that we delay this project, we delay until the schools open, and we restart the programme. However, we didn’t want to take this route because the child was the heart of the programme. They would have just not been able to pick up anything, and it would have been a further loss of the programme that started. The momentum was great. We didn’t want to break it at all. And that’s how we decided that we will change course. (R10)*

Due to the school closures, LLF pivoted to a community-based approach and implemented the Har Ghar School programme, which deployed 3,800 volunteers to sustain and enable learning in small groups. The flexibility offered by the DIB mechanism allowed LLF to change this mode of implementing its programme. One respondent described the approach:

> *So, what we’ve done is we were able to mobilise around 3,800 volunteers. So I can't say these are the freelance volunteers, but yeah, we paid only 500 rupees per volunteer for three months to recharge their mobiles. Because we’re sending the data, most of the audio-visual content to them. (R2)*

WhatsApp was a key application to deploy materials: “We were kind of giving a lot of resources, a lot of learning materials through WhatsApp” (R4). Engaging volunteers was looked upon positively, “engaging volunteers was the strategy, it worked very well” (R2) and was praised beyond the initial intervention design for its personalised approach:

> *It also allowed for a lot of one-on-one or one-to-small-group inputs because these people were either travelling to home and working with children and stuff. So that up-close and personal time that these children got with LLF trainers, coordinators, whatever that term that they use, I believe that also would have contributed in strengthening their initial foundational skills. (R7)*

Target Setting

With COVID-19 impacting the intervention, the Steering Committee agreed that the targets should be adjusted accordingly. One respondent described the justification as: “Yes, the targets were decreased a bit. And that was because teachers were not able to go regularly to the schools, the children weren’t able to go to schools, and work was not done regularly” (R3).

The negotiation process of changing targets was explained to have derived from LLF’s expertise on the ground:

> *As to how it was negotiated, honestly, it was LLF […] put forth their point of view on how exactly this is playing out, what is the alternate design, where is it stabilising? And then through a series of iterative conversations with all stakeholders involved, these targets were achieved. (R5)*

They explained LLF’s rationale as “LLF was also saying that, listen, the dosage of the intervention fundamentally has changed. We cannot have, you know, similar targets, we’ll have to moderate them” (R5).

Evaluation

In addition to the targets being renegotiated, the Steering Committee allowed Ei to adjust its evaluation process. As one respondent stated, “Even assessment wasn’t taking place at that time, initially, because students weren’t coming to the school” (R2). Overall, the intended methodology was not changed, but it was likely that there would have been more rounds than were possible due to the pandemic. Ideally, “we started off with the idea of having four rounds, 2020, 2021, 2022, 2023” (R8), but ultimately, the evaluation consisted of a baseline and an endline. One respondent explained the changes:

> *We didn’t change the methodology as such. We would have done the same thing even if the initial sort of approach was taken. We would have done more rounds, I’m guessing, but the tools would have been the same, the methodology would have been the same. The changes that were done was, one was this, two rounds. (R8)*

In addition to the number of rounds being reduced, the other change was to use the Grade 1 students starting in 2021 as a proxy for the 2020 baseline cohort. This was justified because:

> *The assumption that we had made was that we will use the 2021 baseline because we don’t expect a lot of difference in the 2020 cohort and the 2021 cohort in terms of what they would come in with, because these were children who were coming to school for the first time. So there was no school effect that would have happened in the baseline. (R8)*

In the end, COVID-19 altered two aspects of the evaluation: the number of rounds, and the baseline cohort proxy.

Funding

The pandemic brought a lot of uncertainty, and along with that came the potential for funding challenges. One respondent described how this affected the flow of funds in the Haryana DIB:

> *When there was so much of uncertainty during the pandemic, when it just kind of started and there were lockdowns and a lot of investors started freezing their funds, and this was also the time when I think there was also a time when IndusInd and SBI both were not kind of giving the funds which we wanted at that point of time. […] They came in and said, listen, there’s so much of uncertainty here, and there’s lockdown, and the schools are not working, nothing is working. So the flow in of the money kind of froze. (R4)*

This was a significant challenge for the project, especially to ensure there was money available to pay team members. LLF’s commitment to the project’s success is clear from their move to take a portion of their leadership team’s salaries to supplement the fund’s needed to retain their team members:

> *We were really, really struggling. Like, we had to pay money to all the team members. We didn’t even know that, should we be, you know, should we keep them? Should we let them go? And all of that? And I think there was also a time when, you know, LLF decided that we would be kind of all the team members at LLF be the central team. The state team would be kind of this leadership position would let go of 10%, 20%, or 25% of their monthly salaries to kind of make sure that we retain the team on the ground. (R4)*

Despite this temporary freeze in funding for the project, other participants commended the funders for their continued support of the project and its shift to a community-based approach, with funding resuming to LLF despite the continued school closures:

> *I think after the first wave, we were at one point in that position where, you know, we started getting the money back from IndusInd and SBI, and we then could kind of enhance our Har Ghar School programme by printing workbooks and books and delivering it to the students in their village homes. (R4)*

The continued funding was highly praised:

> *I think this DIB was extraordinarily fortunate that while many donors were looking to pull out from funding commitments, saying if schools are shut, why should we fund any project? Here, I think the whole team of the DIB, primarily LLF, but I think all of us involved, were very fortunate that IndusInd took a progressive enough view to say that, “You’re working on education, if the work can continue in the home in the community, even if schools are shut, they continue to fund” because “there were so many instances where IndusInd would have been well within their rights to say, ‘This is not what we signed up for’” (R6).*

Despite the enormous challenge that COVID-19 brought to the Haryana DIB project, two key factors were pointed at by the respondents as continuing to enable the project’s success. First, the flexibility that the financing mechanism created, with its focus on results, allowed the programme to adapt without compromising accountability. Second, the collaboration and trust among stakeholders, along with the active engagement of communities and volunteers, provided the operational foundation needed to sustain implementation during the disruption.

8

SYSTEMS-LEVEL IMPACT

One of the research objectives of this study was to examine the systemic impact of the Haryana DIB and understand whether the public–private partnerships forged through it endured after its completion and whether the programme was scaled or replicated at the state or national level. In this section, we discuss three key areas in which we found evidence of this impact: scaling of the programme after the DIB was completed, impact on CSR funding, and lastly, impact on the IFE ecosystem in India.

Scaling FLN Post-DIB With the Government

What started as a CSR-funded project, the Haryana DIB helped to build the foundation from which to scale by showing the potential for expansion, marking a shift from a localised programme to a systemic, state-wide effort. After completion of the DIB, the state government adopted the intervention and subsequently scaled it across all 22 districts in Haryana under the NIPUN Bharat Mission, launched in 2021, to ensure FLN for all children:

> *Haryana government has also taken up this initiative as Haryana's FLN mission, where LLF has taken a key role in terms of even integrating the programme design. It's basically kind of institutionalising the programme design of language learning, language and literacy learning. And it's being adopted by the government, it's also implemented across the state. (R2)*

The following section outlines some of the influencing factors contributing to post-DIB scaling, as identified by respondents.

Embedded project goal: Alongside the goal of improving literacy outcomes, the Haryana DIB also had the key objective of "enhancing capacity and commitment of the government education system for improving foundational learning outcomes at scale" (LLF, 2022b). Although this was not a funding-linked outcome, LLF shared how their founding belief, along with improving learning outcomes, is always to work with the government system: "The vision statement itself says that LLF will improve, will help improve foundational learning at scale. And we work with the government systems. These are the two founding beliefs of the organisation" (R1). The project aimed for more than improving learning outcomes; the broader aim was to improve systemic elements such as review mechanisms and mindsets – particularly moving away from the assumption that simply completing activities guarantees learning. The project, from its inception, aimed to drive deeper, systemic change in how education programmes are monitored and implemented.

Government ownership: With a key component of the project being to keep the government at the core and to promote the scaling of foundational learning outcomes, LLF focused on direct partnerships with the government system. This was seen as key to success at scale: "We were very clear that if it goes to the field as an NGO programme, there was no chance of success at this scale" (R1). Instead, LLF took deliberate steps to ensure government ownership, dedicating efforts to building relationships and reiterating that "it's your programme, and we're here to help you" (R1). All key events, such as training inaugurations, were led by government officers, reinforcing a sense of government ownership.

Respondents felt that having the government involved from the beginning created their confidence in the initiative to then take it to scale across the state. One respondent shared, "The government can't take risks where results could go in a negative way. But after this programme, the government also felt confident … we can do it" (R11). Collaborating with the government from inception is believed to have set the foundation for state-wide scaling: "It's being adopted by the government, it's also implemented across the state because the government has seen the results, they were involved" (R2). Another reiterated,

> *When the state government looked at the results, the changed practices that they noticed, they implemented all that in the whole state, be it in the form of material, strategy, the overall design. Today, [the] whole of Haryana is using that, and I think it's because of that, and we can reach more and more people. (R3)*

Working with the government, and embedding this project within the education system, was seen as key to developing a sustainable model:

If a DIB system can somehow have a structure where you're also focusing on the outcomes and indicators at the systemic level and not just student outcomes, then maybe there is a higher chance of building that sustainable model which ... which would truly and truly benefit the government. (R4)

The Haryana DIB showed that effective collaboration with government systems at scale is possible. It demonstrated that not only could initiatives partner with government departments but also they could be accepted as credible collaborators in large-scale implementation.

LLF as recognised experts: The Haryana DIB consolidated LLF's position as recognised experts on FLN, and as such, it remains a key partner of the NIPUN Bharat Mission. The successful completion of the DIB and evidence of improved language outcomes across seven districts reinforced its role as a technical partner to the state government on the subject. They have also begun scaling into other states, having already begun operations in Uttar Pradesh. One respondent shared that

The DIB project kind of reinforced our space as the technical partners, as someone who has a strong academic design, and that's what also led to our role as the technical partners for running these FLN programmes along with the state government. (R4)

Another shared, "LLF is more confident that okay, we, this, this model really works. So that's the first thing, and second is our team was recognised as a pedagogy expert" (R11).

Attribution: Most respondents stated that the DIB helped the state government's adoption and scaling of FLN in Haryana. Some observed that with the government unable to take big risks, the CSR-funded DIB acted as a tool to "showcase the best practices" (R2) that could then be taken by the government and implemented across the state. Many believed that the governmental ownership and oversight implemented from the very beginning of the DIB allowed the government to witness the results that encouraged the state-wide scale-up. A press release by LLF stated that "the DIB programme has built a base to implement the NIPUN Haryana mission across all 22 districts in Haryana" (LLF, 2022a), but some interviewees saw the connection as more of an indirect spill-over effect that would be hard to attribute to the DIB.

One respondent disagreed with the claim of attribution, saying "And it's not attributable either. It is to say that the model that was evolved, eventually got adopted in some form by the state" (R5). Nevertheless, regardless of direct attribution, another respondent said, "If it set CSF and LLF and the Haryana government together for a stronger start of NIPUN Haryana, I think, 'Great job' in what the DIB was able to achieve" (R6). They continued to say, "The fact that there was concrete data, there was concrete work in progress that the education department could see, lent a lot of energy and positive momentum to NIPUN Haryana."

Regardless of whether the state-wide roll-out of FLN can be directly attributable to the Haryana DIB, LLF demonstrated a sustained commitment to strengthening governmental capacity to support such scaling. Our analysis indicates that the DIB's strong emphasis on data use, combined with its collaborative partnership with the government, together influenced adoption of the intervention across the state.

Impact on CSR Funding

The Haryana DIB was the first time CSR funds had been leveraged for OBF for an education project in India. The DIB structure was modified to meet the CSR rules and regulations in India and to use the funders' existing processes. The role of CSF as a risk guarantor reduced the risk of upfront funding from IndusInd and the SBI Foundation's CSR budget to be used for achieving pre-agreed educational outcomes.

As the project came to a close, multiple new CSR entities and foundations expressed interest in replicating or scaling LLF's education intervention model to additional districts, although there is little evidence that the CSR entities intend to replicate the DIB structure adopted and demonstrated in the Haryana DIB. This influx of interest was both a response to the programme's demonstrated impact and an indicator of its influence, as one respondent observed:

There was also a lot of flow in of resources from different CSRs, from different foundations who saw this work and who said, "Okay, we want to do it in X number of districts or in X number of states" (R4).

This marked a shift where demand from government stakeholders and supply from funders converged, leading to expansion in other states, such as Uttar Pradesh.

In the case of the CSR funders involved in the Haryana DIB, despite the project's successful outcomes, they chose not to continue with the same thematic focus or the same implementation partner beyond the project period. Several respondents viewed this as somewhat disappointing; however, it was consistent with common CSR policies that discourage long-term concentration of funds with a single partner or thematic area.

The success of the Haryana DIB underscored the growing importance of domestic CSR as a primary source of institutional philanthropic capital in India. Unlike foreign funding, which is subject to additional regulatory requirements, domestic CSR provides a comparatively accessible pathway for financing developmental innovations alongside government funding. While the Haryana DIB's achievements offer a compelling illustration of the potential for a more mature CSR landscape, the evidence remains limited regarding its broader systemic influence on how CSR actors engage with OBF in India. The participation of CSR partners in a new impact bond called LiftEd DIB signals emerging interest but does not, on its own, demonstrate a sector-wide shift attributable to the Haryana DIB.

Maintaining partnerships or thematic focuses aside, the DIB mechanism resulted in reputational benefits for the CSR entities, allowing them to be position themselves as forward-thinking and impactful in sectoral events and award platforms and to publicly align themselves with a new approach to education funding that showed concrete outcomes.

Impact on the IFE Ecosystem

When reflecting on the potential use of innovative financing mechanisms beyond the Haryana DIB, respondents had mixed opinions. While some recognised the influence that the Haryana DIB has had on LiftEd, others were hesitant about the potential future uptake of similar financing mechanisms.

Some respondents suggested that a greater confidence in impact bonds and an increased climate for innovative financing have been indirect outcomes of the Haryana DIB, albeit recognising a lack of empirical evidence to establish a direct link between the success of Haryana DIB leading to subsequent DIBs in India. One respondent shared,

> *Organisations which are coming do quote the Haryana DIB as evidence to say that there's greater appetite now, for impact-focused funding now, in the new impact bonds […] I don't have any evidence to say that, but I've heard this quoted in documents as well as in when people present. (R1)*

The insights garnered from the Haryana DIB have generated curiosity and momentum, with indications that some aim to emulate the model, both in structure and in implementation.

Concretely, since the completion of the Haryana DIB, a new multi-partner consortium was established to design and develop the LiftEd DIB, an impact bond directly influenced by the experiences in Haryana. One respondent from LLF, also involved in the development of LiftEd, stated that "Every programme that we've done after [Haryana] includes, on our insistence, system-strengthening indicators" (R1), which in LiftEd are also accompanied by learning outcome indicators. Recognising that the sustainability of such programmes is based on systemic change more than programme-level success, this respondent reflected on the LiftEd DIB as follows:

> *The first time any impact bond in the country has included a system-strengthening indicator that we feel, in some small ways or a big way, we've been instrumental in that because our conviction that we don't want to just go and do a programme and say, "Haa, very good results," but the idea is that the systems should take it forward sustainably, otherwise, it does not help. I think that conviction became stronger as a result of that. (R1)*

This insistence derives from a key insight of the Haryana DIB, whose financial model exclusively focused on student outcomes, which meant that even when LLF improved structures or processes, these efforts were not captured or incentivised in the results framework. This design gap led to short-term compensations by LLF rather than sustainable capacity building within the government system.

On the other hand, many respondents suggested there has not been much enthusiasm for impact bonds since completion of the Haryana DIB, referring to cost and reputational risks as barriers. Both the structuring and evaluation costs of impact bonds relative to the small number of students they serve (compared to the number of students in India) were cited as potential barriers to increasing the demand for more impact bonds. One respondent said:

> *I don't see the demand of the marketplace coming together for it, the cost of doing a DIB prohibits it. Let me put it like that, right? Just the effort that goes into structuring a DIB, that marketplace needs to become, yeah, it has to, over time, should become easier for DIB structures to happen. That, I don't see happening. (R6)*

Beyond this, one respondent said that committing to these financing mechanisms "requires multiple levels of risks and courage" (R7), a courage they do not believe exists, either nationally or internationally, for many organisations. There is an unwillingness to be put under a spotlight when there is a risk that outcomes may not be realised: "I don't think as a system, nationally or internationally, we have that amount of either confidence in our own interventions or in our risk-taking ability for an organisation from the, at least in the space of education" (R7). Offering a level of self-reflection, one respondent indicated that their particular hesitation for future involvement in impact bonds derives from the need to have the same level of robustness and confidence in success for them to get involved as they did in this initiative. These respondents do not see impact bonds becoming mainstream: "An innovation needs a pathway for where it becomes mainstream. And that's what I struggle to see" (R6). And although time could enable a pathway for more uptake, many struggle to see how or if that will manifest, with "DIB acceptance, I'm still not sure how early or later it will happen, it has its own journey to, to me" (R6).

9

CONCLUDING OBSERVATIONS

Impact bonds have been used in the education sector around the world, with the aim of improving educational outcomes as well as raising additional resources for achieving SDG4. This study was undertaken to answer critical questions related to the contribution of the financing mechanism in creating impact. We focused on answering two broad questions: First, how does the financing mechanism, in this case the Haryana DIB, contribute to the effectiveness and efficiency of the intervention, bring additionality, and ensure equity outcomes, and second, do the public–private collaborations last beyond the investment timeframe, and is there a scalable and systemic impact after the completion of the DIB? There are gaps in the currently available literature on these critical questions, and therefore, the Haryana DIB was used as a case to examine them. In this section, we summarise the key findings and pose additional considerations that emerge from our data analysis.

Causal Pathways to Effectiveness, Efficiency, Additionality, and Equity

First, the findings of our study largely confirm the causal pathways we had hypothesised through the TOC developed for the financing mechanism. We had suggested that the outcomes-based payments and adoption of private sector management principles and accountability lead to effectiveness and efficiency. Our findings show that the Haryana DIB demonstrated effectiveness. It was able to exceed the targeted learning outcomes in not only all the six subskills that were linked to the payouts, but it also showed an overall improvement in all 13 subskills that were assessed. We found that increased accountability with a focus on data and results, the flexibility offered in the programme intervention, the performance management system, and wider systemic influences such as policy conduciveness contributed to the effectiveness of the programme. Our data showed that the Haryana DIB brought efficiency by exceeding the pre-agreed impact targets with the allocated funds. We also found that efficiency was not an important consideration for the Haryana DIB; instead, using OBF to scale up a proven intervention was a more important goal. Flexibility was the key factor contributing to efficiency. However, there were challenges due to bureaucratic delays from the state government and additional time required to change attitudes and mindsets of those working in the school education department.

Second, in terms of additionality, the TOC had suggested two causal pathways: that the mobilisation of private capital would attract new financial partners, and that a combination of private capital mobilisation and cost efficiencies derived from the financing mechanism's structure would enable more beneficiaries to be reached. We found that both the CSR funders were new to innovative financing and therefore can be considered as indicating the entry of two new funders to education with this kind of financing mechanism. Our data show that the new financial partners were attracted to the Haryana DIB because of the credibility of the other partners involved, the mechanism being adapted from the standard DIB structure to avoid any change from the CSR standard operating principles, and the ease of participation in the financial structure and because the funders were motivated after watching the actual work on the ground. Through the CSR funding channelled through the Haryana DIB, LLF was able to meet the Haryana state government's ambition to expand the LLF intervention to more districts and students. More beneficiaries were reached than what was originally planned, and the additional capital allowed the Haryana DIB to reach a wider population of students.

Third, we explored the counter-hypothesis on equity and whether the OBF mechanism risks excluding the most marginalised students. Our data showed that equity was one of the key priorities and this was reflected in LLF's focus on improving the outcomes for the bottom 25% of the students and reducing the number of students who scored zero in the assessments. The strategy of categorising schools on the basis of teacher intent and participation was also seen as a way of responding to the differential needs of the schools, although the educational intervention engaged less with the C-grade schools compared to the A- and B-grade schools. We did not find evidence that LLF excluded marginalised students due to pressures to achieve the pre-agreed outcomes.

Systemic Impact

As we noted at the beginning of this report, Haryana DIB was a fit case for studying the question of systemic impact because its implementation model was dependent on a close partnership with the state government. LLF used the DIB structure to extend the reach of their initial demonstration project to show how the intervention can be embedded within the system, a risk the government was not able to take with its own budget. But after this successful demonstration, the Haryana DIB was able to create systemic impact that resulted in the government scaling the education intervention to all 22 districts of Haryana and continuing to partner with LLF as a technical expert on FLN. We find that ensuring government ownership of the programme from the start and embedding systemic impact into the project goals and strategies contributed to this impact. Thus, the Haryana DIB enabled LLF to expand and demonstrate its systemic approach to improving language literacy, and its successful completion has largely contributed to its state-wide adoption by the NIPUN Bharat Mission in Haryana. Furthermore, the expansion of LLF in other states of India with a similar intervention approach validates the finding on replication of the educational intervention and sustainability beyond the DIB.

The Haryana DIB also showed the possibility of using CSR funds in such innovative financing structures. Although not directly attributable, newer impact bond structures like the Skill India Impact Bond and LiftEd in India have CSR partners. There are greater openness and experimentation in the new LiftEd impact bond on linking payouts to systemic outcomes, which goes beyond payouts being linked to the student-level learning outcomes. By contrast, in the Haryana DIB, even though LLF aimed at creating impact at the systemic level, the payouts were linked only to student-/classroom-level outcomes. In the case of the Haryana DIB, the macro/systemic impact was considered to be an externality and not linked to outcome payments, like in the case of the LiftEd DIB.

Additional Considerations

Additional insights and considerations emerged from our analysis. First, a major part of the intervention took place during the COVID-19 pandemic, and LLF was supported by the Steering Committee to pivot its implementation strategy, adjust the targets and evaluation methodology, as well as provide flexibility in funding. The funders dealt with the pressure to divert funding to more pressing issues during the pandemic, LLF dealt with the pressure of managing new activities with the available budget, and the Steering Committee after much deliberation decided on not stopping the DIB. There is overwhelming evidence pointing to the fact that the inherent flexibility built into a DIB structure enabled LLF to change its plans completely and reinvent new methods of working that could produce the targeted outcomes by the end of the project.

Second, we found that existing networks, relationships, and trust played critical roles in the stakeholders coming together for this purpose. The role of CSF in bringing LLF as the implementer and Ei as the third-party evaluator is significant, notwithstanding the fact that both these organisations had to separately go through selection and due diligence processes. The relationship between the founders of CSF and SFI helped in vision alignment and trust-building among the stakeholders.

Third, the structuring of the DIB, which is more like an SIG, was challenging because CSR-related regulations had to be complied with. However, the Haryana DIB was able to open the possibility of using CSR funds for similar OBF projects. This is particularly significant, given that CSR is one of the largest sources of domestically raised philanthropic funding in India. But since the formal arrangement between the funders and LLF was a separate grant agreement, similar to all other grant disbursements, the question that arises is: Could the intervention have happened without the DIB structure overriding the arrangement, like a typical CSR grant-funded project? Since the first year of the Haryana DIB took place based on only the grant agreement, without the DIB mechanism formalised, it may not be incorrect to assume that the programme could have happened solely through CSR grant disbursements. This takes us to the related question, which is, if the intervention could have been supported only with the grant agreement, what was the need for a DIB structure? As we discussed earlier in the report, the Haryana DIB brought two new funders into the ecosystem of FLN funding and freed up resources that CSF or another donor agency may have invested in scaling up an intervention which had a successful record in the pilot run. In a way, it stratified philanthropic funding sources according to the best-suited purpose – those like CSF to focus on incubation, developing proof of concept, and investing in experimental projects, while those like IndusInd or the SBI Foundation or another CSR source that could fund scaling of models that have proven to work on a smaller scale. Although there is risk in both types of funding – smaller and experimental projects may not work, and similarly, scaling from one district to seven presents different challenges and risks – such an approach appears to have created room for funders with different risk appetites. Additionally, it is difficult to conclude whether the achievement (and even overachievement in the case of Haryana DIB) of outcomes would have happened in the absence of the outcome focus brought in with the risk guarantor role played by CSF.

Lastly, the Haryana DIB experience also challenges the roles that are typically seen as necessary and integral to the DIB structure viz. the role of an intermediary and the need for specialised performance management. Despite SFI closing midway, both the intermediary and the performance management functions were absorbed by the existing actors. The Steering Committee became more actively involved as a space for coordination. The implementing partner itself took on performance management and data tracking in consultation with the risk guarantor. Since the outcome targets were met and the DIB was successful, the question that arises is, what roles are necessary and integral to the DIB structure, and what roles are supportive? Highly experienced implementing partners having the competency to conduct rigorous performance management may be able to conduct this function in-house, eliminating the need for an external specialised agency to keep the implementation on track. Similarly, a consortium of key stakeholders could collectively manage the coordination and governance functions. However, this experience only points to the possibility; it cannot be generalised given the diversity of stakeholders, competencies, and interests involved. This is especially true for contexts like the Haryana DIB, where SFI as an intermediary essentially conceptualised the idea, invested in developing a DIB structure that could work within the regulatory framework using domestic CSR funds, and mobilised the key stakeholders. Yet, further research may be useful to assess in what cases IFE mechanisms can run with leaner management costs, what roles are lower in operational priority, and hence areas for optimisation.

In a state where language-related learning outcomes in Grades 1 and 2 have been historically poor in government schools, the Haryana DIB was successful in delivering improvements in students' ability to read and comprehend grade-level texts. We found that private sector management and accountability principles, the focus on outcomes with the use of data, and performance monitoring contributed to the effectiveness and efficiency of the DIB. New capital was generated, and the new structure of the DIB attracted new partners to the DIB and helped it reach more beneficiaries. We also found that public–private partnerships have the potential to endure beyond the term of the DIB if this goal is an integral part of the intervention and the partnership is embedded in the project. Successful interventions supported by the DIB are likely to scale if there is policy conduciveness. However, more robust findings on systemic impact can only be drawn by revisiting the case after a longer gap in time.

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ANNEX 1: DESCRIPTION OF SUBSKILLS COVERED

Subskill #	Subskill	Metric	Description	Linked to payouts	Rationale
1	Listening Comprehension - Accuracy	Questions answered correctly	The objective of this sub-task is to check the child's ability to comprehend the story on the basis of vocabulary knowledge.	No	For most children who have familiarity with Hindi, listening comprehension is not a challenge. This skill has shown a ceiling effect in our pilot data. Hence, it is excluded for the payout.
2	Oral Vocabulary and Picture Description - Accuracy	Pictures identified correctly	The objective of this sub-task is to check the child's ability to identify objects individually to observe whether they have the vocabulary for the objects found / actions seen in the immediate environment.	No	Since this sub-task focuses on a limited set of objects and actions to see if the child has the necessary vocabulary, like listening comprehension, children whose mother tongue is Hindi are likely to show a ceiling effect. Hence, it is excluded.
3	Initial Sound Identification - Accuracy	Sounds identified correctly	The objective of this sub-task is to check if the child can understand and differentiate between very similar sounds.	No	This is a low-order sub-task and depends on the basic sound observation skill. By repeated exposure and understanding of sounds, the children can identify the initial sound effortlessly. Hence, it is excluded.
4	Letter Naming - Accuracy	Letters read correctly	The objective of this task is to check if the child is able to identify the letters accurately.	No	This is an important sub-task and links the child's ability to associate sounds with printed symbols. Since fluency follows accuracy in terms of literacy development, the fluency task has been linked to the payout.
5	Letter Naming - Fluency	Letters read correctly per minute	The objective of this task is to check whether the child is able to identify the letters with fluency.	Yes	This sub-task is included in the skills linked to the payouts, as it allows for the learning gains of children. According to research, children who can read letters fluently can subsequently read words and sentences fluently. Increase in the average letters read per minute would indicate that more children are able to fluently identify the letters correctly.
6	Familiar Word Reading - Accuracy	Words read correctly	The objective of this task is to check if the child can identify the words (appropriate to her grade level) with accuracy.	No	This is another important sub-task and differentiates between the child's ability to identify the letter to a higher order skill of blending letters and their diacritics/vowel combinations to blend them into a word. Since fluency follows accuracy in terms of literacy development, the fluency task has been linked to the payout.
7	Familiar Word Reading - Fluency	Words read correctly per minute	The objective of this task is to check if the child can identify the words (appropriate to her grade level) with fluency.	Yes	This sub-task is identical in terms of the objective of the accuracy task; however, the focus is on the child's ability to blend words, which can only happen when the child has learnt the skill and developed necessary cognitive pathways to read words fluently. Hence, this skill has been linked to the payout.
8	Non-word Reading - Fluency	Words read correctly per minute	The objective of this sub-task is to check whether the child is able to blend and create words which he has not seen and hence has no visual memory of.	Yes	Non-word reading brings out the pure decoding ability of students – the ability to apply knowledge of letter–sound relationships to correctly pronounce written words. Since these are non-existent words, the child cannot identify them with fluency by accessing her visual memory.

9	Oral Reading-Fluency	Words read correctly in a minute	The objective of this sub-task is to check if the child is able to read connected sentences with the necessary prosodic behaviour & interjections.	Yes	This is one of the higher order literacy skills which measures the child's ability to read with a certain fluency, which can only come when the child has developed the ability to read meaningfully.
10	Reading Comprehension Accuracy	Words read correctly + questions answered correctly	The objective of this sub-task is to understand if the child is able to read and respond to questions about the story.	Yes	This is also a higher order literacy skill indicating whether the child has read meaningfully and comprehended the essence of the text. It is measured with questions based on the text. Since for language learning, comprehension is the most essential cognitive mastery, this skill has been linked to the payout.
11	Dictation: Letters, (Accuracy)	Letters written correctly	The objective of this sub-task is to understand if the child is able to write the letters for the sounds heard.	No	The child's ability to write letters is an important skill to measure. However, as a sensory-motor process, dictation of letters can be measured through the dictation of words, as by Grade 2, children learn to write simpler 2–3 letter words.
12	Dictation: Words	Words written correctly	The objective of this sub-task is to understand if the child is able to write words with correct spelling when dictated to them.	Yes	By the end of Grade 2, the child must learn to write simple words with matras with correct spelling. Since writing requires complex sensory- motor processes, measuring their fluency at this grade level is useful. This is an important sub-task that has been linked to the payout.
13	Dictation: Sentences	Sentences written correctly	The objective of this sub-task is to understand if the child is able to write sentences with correct spelling when dictated to them.	No	By the end of Grade 2, the children only start writing simple sentences with words without any matra, and hence, it may be too early to link it to a payout.

Source: Haryana Early Literacy DIB Steering Committee meeting minutes 23 March 2020.

ANNEX 2: BASELINE-ENDLINE PERFORMANCE RESULTS FOR 13 SUBSKILLS

#	Subskill	Baseline Control	Baseline Intervention	Endline Control	Endline Intervention	Difference-in-Difference
1	Listening Comprehension - Accuracy	2.9	2.9	3	3.3	0.4
2	Oral Vocabulary and Picture Description - Accuracy	8.8	9.1	9.5	9.9	0.1
3	Initial Sound Identification - Accuracy	2.2	2.6	6.7	9.2	2
4	Letter Naming - Accuracy	4.1	3.3	11	13.4	3.2
5	Letter Naming - Fluency	11.2	8.7	46.2	66.3	22.5
6	Familiar Word Reading - Accuracy	2.4	2.2	9.4	12.8	3.6
7	Familiar Word Reading - Fluency	3.3	3.1	20.8	28.4	7.9
8	Non-word Reading - Fluency	3.3	2.6	20.9	27.3	7.1
9	Oral Reading- Fluency	3.7	2.9	30.3	42.4	12.9
10	Reading Comprehension Accuracy	5	4.6	25.2	36.7	11.9
11	Dictation: Letters (Accuracy)	0	0	6.3	8	1.7
12	Dictation: Words	0	0	4.9	7.1	2.3
13	Dictation: Sentences	0	0	1.6	2.6	1

Source: Haryana Early Literacy Development Impact Bond - Impact Evaluation Report (Educational Initiatives, n.d.)

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