Case Brief

Incentivising School Enrolment and Retention in Liberia through Social Impact Incentives

Authors

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Introduction

Of the five million people in Liberia, nearly 40% were estimated to be under the age of 15 years in 2020, and an additional 483,000 children and youth are expected to enter the education system by 2030 (Ministry of Education, 2022). Given that a large proportion of the population is young, education provision is one of the Liberian government's key priorities. Liberia offers free basic education (Grades 1–9) through the Children's Law of 2011 (Republic of Liberia, 2011); however, challenges such as low enrolment, overage enrolment, inadequate education quality and poor learning outcomes persist.

In 2016, the Liberian government launched a public–private partnership programme, Partnership Schools for Liberia (PSL), to collaborate with non-state partners in supporting public schools. In 2018, this programme was renamed the Liberian Education Advancement Program (LEAP). Through this programme, non-state partners support education service provision in 487 schools across 15 counties in Liberia by providing "professional development training, innovation, community engagement, and quality assurance," which are aligned with the Ministry of Education's public education curriculum and the 2011 Education Reform Act (Ministry of Education, 2022, pp. 138–139). Rising International Education and Learning (Rising Academies) is among the non-state providers within LEAP. According to the results of the randomised controlled trial of LEAP, schools supported by Rising Academies demonstrated improvements in student learning, retention and attendance between 2016 and 2019 (Romero & Sandefur, 2022).

While continuing to be a part of LEAP, in 2024, Rising Academies entered into an agreement with the Impact-Linked Finance Fund (ILFF) to receive Social Impact Incentives (SIINC) to further supplement the funding provided by the Liberian government. SIINC is an innovative financing approach in which a social enterprise receives financial incentives from an outcome funder to create social impact. ILFF only makes incentive payments after a third-party evaluation independently verifies the achievement of the pre-defined outcomes.[1] This case brief presents how, through the SIINC financing mechanism, ILFF intends to incentivise Rising Academies to achieve higher enrolment and retention of students in Rising Academies-supported LEAP schools.

The Liberian Education Challenge

The Liberian education system has experienced significant progress since the end of Liberia's 14-year civil war in 2003, during which 70% of Liberia's schools were destroyed (Hook, 2017). By 2020, the gross enrolment ratio for lower basic education (Grades 1–6) had reached 82%, while upper basic education (Grades 7–9) saw a gross enrolment ratio of 54%. However, significant challenges persist (Ministry of Education, 2022).

A significant proportion of Liberian children remain out of school – 19% of children of lower basic education level age group and 14% of children of upper basic education level age group are out-of-school[2]. Furthermore, 92% of primary school students in 2020 were overage by at least one year for their grade, which creates

1. In this case brief, the terms "social outcomes," "social impact outcomes," "educational outcomes" and "outcomes" are meant to convey specific positive changes that enterprises would be financially rewarded for achieving. These outcomes are pre-identified and predefined for every SIINC contract in consultation with the relevant enterprises. These outcomes could include improving enrolment and retention or achieving student learning outcomes.
2. Lower Basic Education level constitutes Grades 1–6 and covers children between the ages of 6 and 11. Upper Basic Education level constitutes Grades 7–9 and covers children between the ages of 12 and 14.

difficulties in fostering age-appropriate learning environments. Retention rates also highlight systemic issues, with only 58% of students staying through the lower basic level and 69% through the upper basic level. The Liberian government also faces financial constraints in rebuilding schools and providing adequate teaching and learning materials. Nearly all government education expenditure is allocated to necessary recurrent costs, such as salaries, goods, services, grants and subsidies. This leaves little funding left for the capital investments needed to address infrastructure and material deficits (Ministry of Education, 2022). These challenges are exacerbated for children from poor households, who face more significant barriers to enrolment and retention despite public schools not charging fees at these levels. On average, annually, families spend around USD 40 per child at the lower basic level and USD 55 at the upper basic level – this covers costs such as private school tuition, uniforms, private tutoring and learning materials (Ministry of Education, 2022).

To address some of the persisting challenges in the education system, the Liberian government launched LEAP in 2016 (initially named PSL). LEAP aims to address these concerns through a multipartner public–private partnership model, in which private providers manage selected Liberian government schools. By August 2022, LEAP had included 95,000 students in 487 schools in all 15 counties of Liberia and had been implemented by four private sector partners, including Rising Academies (Ministry of Education, 2022). LEAP delivers 100% tuition-free education from the early childhood education level to Grade 9. LEAP's stated aims are to (i) improve learning and other educational outcomes, (ii) improve school management and accountability, (iii) optimise education service delivery models that the Ministry of Education can apply to other public schools and (iv) generate data and improve data-driven decision-making that can seamlessly be rolled out across the education system (Ministry of Education, 2022, p. 77). The government retains 100% ownership of the programme and is responsible for maintaining, monitoring and staffing each school. LEAP partners, on the other hand, provide educational services in schools through the continuous professional development of teachers, frequent monitoring and coaching, provision of curriculum materials to learners and teachers and the infusion of innovative data management approaches to ensure a culture of data production and use (Ministry of Education, 2022).

The LEAP evaluation from the initial pilot, which ended in 2020, showed that student learning increased to the equivalent of more than a year to 2.5 years of additional learning in LEAP schools compared to control schools (Romero & Sandefur, 2022). Between 2016 and 2021, on average, private providers reduced the average cost of the programme from USD 304 to USD 45 per learner through scaling service delivery and cost-efficiency measures (Social Finance, 2024), which is now considered by the Ministry of Education to be potentially affordable and sustainable for system-wide implementation (Ministry of Education, 2022).

LEAP partners receive funds from the Liberian government for the schools they support. In addition to government funds, the partners raised an additional USD 40 million from philanthropic actors to fill the shortfall in financing their activities. A recent review, however, raised concerns about the sustainability of philanthropic funding, as it would not be sufficient to meet the government's ambitions regarding the future reach of LEAP (Social Finance, 2024).

Rising Academies

Rising Academies, a LEAP partner, is a for-profit company founded in 2014. It operates a network of low-cost private schools that target lower-middle-class and bottom-of-the-pyramid parents in several countries in Africa. It also provides digital education improvement services for public schools through public–private partnerships (PPP) in Ghana, Rwanda and Sierra Leone in addition to Liberia. Through these PPP agreements, Rising Academies provides services of managing or improving public schools in return for fees paid directly by governments or other donor partners. By 2024, Rising Academies had reached more than 280,000 students and more than 900 schools across public and non-state school sectors in Africa. Rising Academies' key modalities of work are described in Table 1.

Table 1: Rising Academies' Modalities of Work

Business Modality	Activities
Network of private schools	• Thirty-one low-cost private schools in Ghana, Sierra Leone and Uganda • Fees amounting to less than USD 1 per day • Innovation and research and development labs for curriculum, pedagogy and technology
PPP agreements	• Managing and improving schools in return for fees paid by the government or donors • Target population: disadvantaged urban and rural households • Elimu-Soko Pilot in Rwanda, Ghana Education Outcomes Program, Liberia Education Advancement Program, and Sierra Leone Education Innovation Challenge
Licensing	• Strengthen the private school sector by providing them with content, technology, tools, research and advisory services • Content includes teacher guides, student workbooks, pedagogy training, a teacher coaching app, a manual for in-school teacher professional development, student learning assessments, school inspection tools and stakeholder surveys

Source: ILFF internal review documents

Rising Academies joined the LEAP PPP in Liberia in 2016 and has continued to support public schools in the country. The Liberian government pays Rising Academies a fee for managing 95 LEAP schools and also pays the salaries of teachers in the schools who are on the government payroll. Within this programme, Rising Academies exercises flexibility in teaching Liberian National Curriculum. Rising Academies provide academic and non-academic activities, as shown in Table 2. It also provides additional inputs, such as extra teachers and books, and can implement activities not necessarily stipulated by the Liberian government so long as it secures funding itself.

Table 2: Rising Academies' Activities per Service Area

Service Area	Activities included in LEAP PPP
Curriculum and content	• Teacher guides for regular curriculum • Student workbooks • Accelerated learning programmes (FasterReading and FasterMath)
Teachers and teacher development	• Recruiting and paying temporary teachers (stipend linked to attendance) • Training for teachers • Coaching for teachers • Teacher development manuals • Teacher professional development curricula • Grade/subject training for teachers
School monitoring and improvement	• Student learning assessments • Site visits by Rising Academies coaches • Recruiting and training coaches • School inspection tools • School information systems • Training for school leaders • Stakeholder surveys • Establishment of safeguarding systems • Monitoring and reporting issues related to child protection and safeguarding
Other	• Support national distance learning strategies • Strengthening Parent Teacher Association communities • Engaging out-of-school children and supporting back-to-school transitions • Student sanitation and hygiene supplies • Stationary supplies • Support government assessment strategies

Source: ILFF. (n.d.). ILFF Rationale Document for EYouth.

Rising Academies faces challenges in increasing the number of students it can serve in LEAP schools, as the payment from the government is based on the number of schools (and estimated number of enrolled students) rather than provisions to increase the number of enrolled students (ILFF, n.d.). During the LEAP pilot, Rising Academies significantly reduced the cost per learner from USD 250 in year 1 (2016) to USD 63 by year 3 (2018) (Romero & Sandefur, 2022). However, these lower per-learner costs result in a lack of financing to increase the number of students within the schools where Rising Academies operates.

To address this financial challenge, Rising Academies has entered into an agreement with the ILFF to receive SIINC funding for increasing their enrolment and retention of students in LEAP schools.

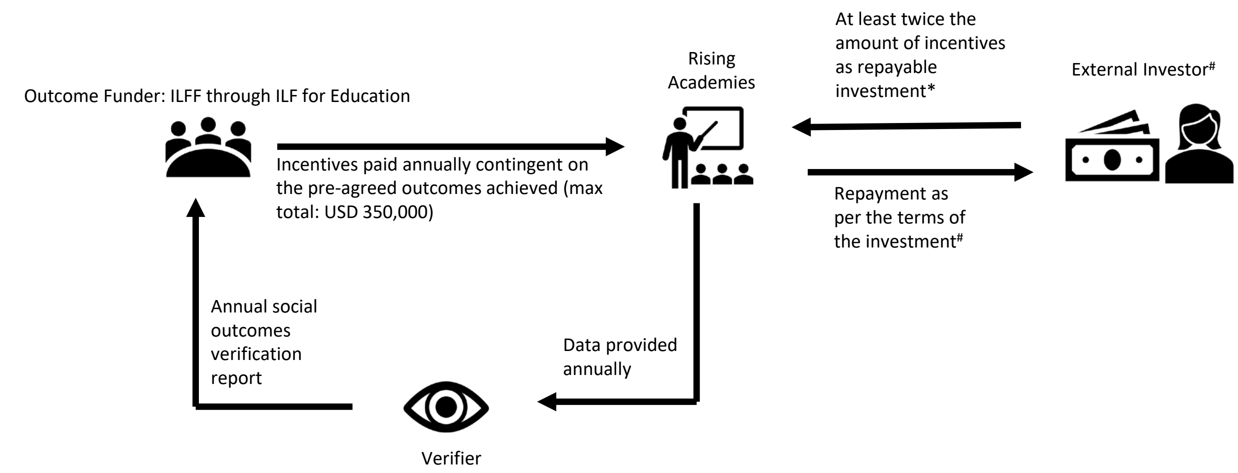
Funding Through Social Impact Incentives

SIINC is an innovative finance instrument offered through the Impact-Linked Fund for Education, a ring-fenced fund[3] falling under ILFF. The ILFF, a Dutch foundation established by Roots of Impact and iGravity, provides financing in the form of rewards offered to social enterprises for creating social impact. The Swiss Agency for Development and Cooperation (SDC) and the Jacobs Foundation fund the Impact-Linked Fund for Education. To qualify for SIINC, enterprises must secure repayable investments from external sources to finance their activities, though this transaction remains independent of the SIINC process. SIINC payments made by ILFF, on behalf of the donors (SDC and Jacobs Foundation), are disbursed only after outcomes are achieved and independently verified (Figure 1).

These payments function as financial rewards (not loans) that enterprises can use at their discretion. They are designed to incentivise the achievement of specific social outcomes. Additionally, SIINC payments are expected to boost enterprises' ability to attract private investment by improving their risk/return profiles.[4] The SIINC commitment of incentivising social outcomes provides an opportunity for enterprises to earn additional revenue in the form of incentives, which could improve their profitability and thereby help attract additional investments. SIINC is an innovative financing approach that could be particularly valuable in underserved markets where financing for social impact is needed, but investment funds are scarce. These markets often involve social enterprises with limited revenue streams that cannot offer competitive financial returns to traditional investors. Moreover, SIINC utilises a blended financing model that harnesses public and philanthropic funds from donors like SDC and the Jacobs Foundation to drive impact, with the expectation that this will help social enterprises attract additional private and commercial investments.

3. A ring-fenced fund is a financial structure in which funds are protected for a specific purpose and thus segregated from other funds so that the protected funds cannot be used for other purposes. This separation ensures that the funds are dedicated solely to their intended use, which provides investors and stakeholders with transparency and security.
4. A way investors measure the risk of losing the money in an investment against the probability of gaining a financial return on that investment.

Figure 1: Structure of the Rising Academies Social Impact Incentive



*Precondition of the Rising Academies SIINC contract
Relationship with the external investor and the terms of repayment are outside SIINC contract. Repayment may be made by Rising Academies from any of their available revenue streams

Source: Adapted by the authors from Roots of Impact, n.d.

Under the SIINC mechanism, Rising Academies will receive a financial incentive to improve student enrolment and retention rates in the LEAP schools they manage. This SIINC provides a maximum funding amount of USD 350,000 distributed over 30 months and divided into three measurement periods of 10 months each. At the end of each period, a third-party evaluator will verify the predetermined outcomes. The ILFF (acting as the outcome funder) will disburse the incentive payments to Rising Academies based on the results. In situations in which Rising Academies exceeds the targets for the outcomes, SIINC payments will be capped at a maximum disbursement of USD 350,000.

The SIINC incentivises the following two outcomes:

1. increasing the number of students reached, and
2. improving the retention of students in the schools.

In addition to incentivising Rising Academies to achieve these outcomes, the SIINC encourages Rising Academies to implement new data collection systems and build the capacity to use data-driven practices improve performance and optimise future impact.

Metric 1: Additional Students Enrolled

Metric 1 assesses the growth in student enrolment in LEAP schools managed by Rising Academies. Specifically, it tracks the increase in student numbers compared to the baseline year of 2023. Schools will report this data at the end of each academic year, and Rising Academies' field staff will validate it for each school term. Data validation will use the Bambai system, Rising Academies' student enrolment and attendance management tool that will be implemented in LEAP schools during year 1 as part of the baseline setup for Metric 2.

The SIINC agreement assumes that schools' operational costs may increase due to the need to accommodate additional enrolees in new classrooms and provide them additional learning resources. Considering these increases in marginal cost, SIINC payments are structured so that Rising Academies will receive a marginally higher incentive payment per student as the number of new enrolments increases. If in any of the years the number of additional students is lower than in the previous year, Rising Academies will receive no payments for this metric.

The target group comprises low-income students in public schools from kindergarten to Grade 4 between 2023 and 2026. An 8.7% increase (1,280 students) over three years from an estimated baseline of 14,626 students is targeted. This baseline data was revised to 14,313 in September of 2024 after data validation.

Metric 2: Average Retention Rate

Metric 2 aims to incentivise Rising Academies to maintain and slightly improve student retention rates – an indicator of education quality. This metric aims to ensure that both existing and newly enrolled students remain in the school. Once the Bambai system is in place at the end of Year 1, Rising Academies and ILFF will establish the baseline average retention rate for all LEAP schools supported by Rising Academies.

Retention rate (Metric 2) will be calculated as the average retention rate at the end of the school year in Years 2 and 3, encompassing all students from kindergarten to Grade 6. This metric will include both current and newly admitted students in LEAP schools. In Year 1, Rising Academies will receive an incentive payment of USD 10,000 to support the implementation of the Bambai system to facilitate data collection rather than to achieve specific retention outcomes.

An independent verifier will periodically assess Rising Academies' impact reports through data validation, process checks, field visits and interviews with teachers, school staff and students. The incentive distribution for the two metrics is outlined in Table 3.

The enrolment metric carries a higher weighting than the retention metric and thus receives a higher proportion of the incentive payment, while the retention metric accounts for only 14% of the total incentive amount. To ensure the accurate measurement of these metrics, the SIINC agreement prioritises the implementation of the Bambai system for systematic data collection, providing an incentive for its setup in Year 1.

Table 3: SIINC Metrics and Payment Distribution

Metric	Weighting (%)	Incentive amount (USD)	Details
Additional students enrolled	86%	Up to 300,000	Incentives distributed over the three years
Average retention rate	14%	50,000	USD 10,000 for setting up Bambai in Year 1 and USD 20,000 each in Years 2 and 3
Total	**100%**	**350,000**	

Source: ILFF. (n.d.). ILFF Rationale Document for EYouth.

Discussion

As mentioned earlier, Rising Academies does not receive additional funding from the Liberian Ministry of Education to enrol additional students in LEAP schools. Funding is based on a per-school basis rather than a per-student one, ((ILFF, n.d.). Thus, Rising Academies faces financial constraints in expanding its operations and enrolling new students from disadvantaged backgrounds.

The ILFF could enable Rising Academies to expand its reach to more students in LEAP schools and retain these students in school through Grade 6. Rising Academies will use external repayable investments to cover the up-front costs related to activities needed to increase enrolment and retention. If Rising Academies successfully meets the set targets for enrolment and retention, it will receive incentive payments from ILFF under the SIINC agreement. Rising Academies can then use these incentive payments in whatever manner it deems fit. Rising Academies has the flexibility to determine the activities they implement to meet the target outcomes of the SIINC. These could include constructing new classrooms and other interventions meant to improve classroom practices through improved curricula and teacher training.

The outcome funders will only pay through the SIINC for the results achieved by Rising Academies. Thus, the SIINC is expected to create impact additionality by reaching beneficiaries who would not have been reached only through the LEAP partnership and financial additionality by improving the enterprise's potential to attract more capital.

Conclusion

This case brief describes how SIINC is envisioned to support improvements in public education in Liberia, a country whose government funds are insufficient for meeting its education policy priorities. Even though primary education is statutorily free in Liberia, many households still need to make financial contributions to access education. Through the LEAP PPP, Rising Academies is not only providing school management support to public schools in Liberia but also bringing in additional funding through the SIINC and additional repayable investments.

Additional observations on the assumptions regarding how the SIINC contributes to Rising Academies in increasing enrolments and retention of students, particularly from disadvantaged backgrounds, will assist the education policy and finance community in assessing the potential for impact-linked finance in education. The education community could benefit from further research on whether, how and to what extent financial incentives motivate Rising Academies to achieve the SIINC stipulated outcomes. Key research questions could include how the SIINC approach influences financial management, data and results monitoring systems, as well as intervention design and implementation by social enterprises. Furthermore, future research should examine whether and how impact-linked finance mechanisms, such as SIINC, can attract additional repayable private capital to increase the flow of finance for educating the most marginalised populations. Gaining deeper insight into these topics concerning education finance is crucial for assessing the broader relevance, applicability and sustainable benefits of this financing approach in the field of education.

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About the Project

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Disclaimer

This case brief is primarily based on publicly available secondary data sources and funding application material submitted to the Impact-Linked Finance Fund by the enterprise. The aim of the publication is to synthesise existing information about the financing mechanism and its specific application in the education sector, much of which may be produced by the organisation that has developed or is managing the financing mechanism. It does not preclude the necessity of conducting additional research to obtain a deeper understanding of the evolving design and implementation of the mechanism, as well as its benefits and challenges, especially regarding its contribution to access, quality and equity in education.

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