

## NATIONAL POLICY NEXUS

Best practices in policy initiatives across Europe

NETHERLANDS

### Brabant Outcomes Fund

The Brabant Outcomes Fund is a **public-private** financing method that focuses on **upscaling** impact-driven enterprises. But there is more to it than only being an innovative financial mechanism. This fund, set up in December 2018 by the Province of Noord-Brabant (The Netherlands), serves as an exploration tool to **transform government systems** from a siloed approach, towards integrated and **multidisciplinary policy making**. The complex challenges of today's societies, such as the climate crisis, do not stop at regional or national borders, do not concern one policy field only, and are too substantial to be solved by the public or private sector solely. Therefore, the Government of Brabant, in collaboration with investors and social enterprises, onboarded on a **learning-by-doing journey** to scale the best solutions to contemporary societal issues.

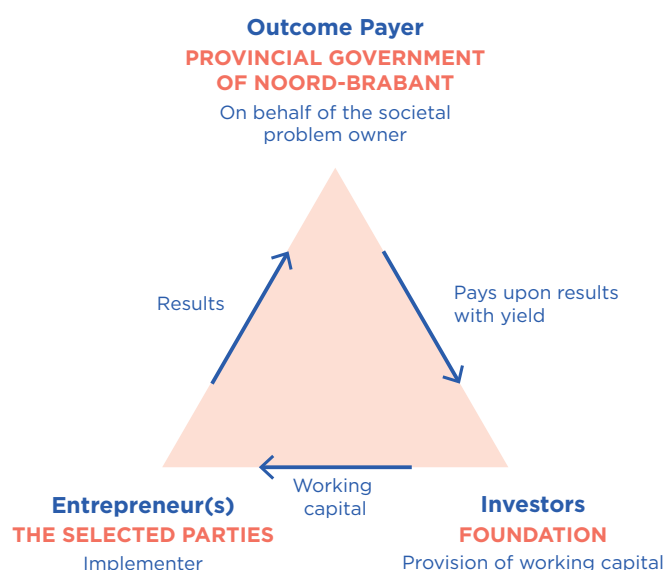
#### UPSCALING SOCIAL IMPACT

What, why, how?

"Nobody can solve everything at once, but you can start somewhere". From this idea, the Brabant Outcomes Fund was created as a learning-by-doing process in response to three main obstacles that social entrepreneurs in Brabant are confronted with on their path to creating an inclusive and green society. Firstly, the fund experiments with **multiple value appreciation**, since social and ecological value are still insufficiently taken into account in financial valuation, a key determinant to access additional funding. Secondly, the Brabant Outcomes Fund aims to explore public-private funding mechanisms in the context of government **compartmentalisation**, which implies that governments tend to work in siloes to develop their programmes, without seeing the many facets of a particular problem. This common phenomenon inhibits authorities from supporting integral solutions that overarch siloed policy programmes. A third driver is to provide **growth capital** to social entrepreneurs, who are not sufficiently profitable for mainstream investors, nor strictly fit into one policy area to be eligible for government support.

The Brabant Outcomes Fund has launched its first investment round in 2019, with a focus on initiatives that contribute to three UN Sustainable Development Goals, aiming at positive health and welfare for all ages (SDG 3), suitable work for everyone (SDG 8), and equal opportunities (SDG 10). As such, five initiatives out of 82 applications were selected for an intensive training process, including impact measurement, online visibility and earning models. Eventually, in July 2019, the fund signed a contract with **four social entrepreneurs** who

will implement their innovative solutions to a certain societal issue. They receive working capital from **three investors** jointly: Rabo Foundation, Stichting DOEN and Oranje Fonds. An assessment of the results is conducted by an independent party and a vote is preserved for the **'right holders'**: the final beneficiaries can express their experience of the intervention's value. Once the predefined targets are achieved, the Province of Noord-Brabant, as **outcome payer**, repays the investment to the three investors.



## KEY TAKE-AWAYS ABOUT THE START

The first investment round of the Brabant Outcomes Fund has taught several lessons to the Province of Noord-Brabant and the other actors involved.

Starting from day one, everyone involved in a multi-stakeholder agreement such as a results-based contract should be on the same page about common goals and differences, assumptions, expectations and key concepts such as multiple value. Therefore, a significant amount of time should be spent on coming to **shared understanding** already in the preparation phase, and **openness and direct communication** should be central throughout the whole process. Moreover, customisation is key since the individual entrepreneurs have different expertise and knowledge, and therefore distinct needs throughout the process. Finally, it is crucial to think about **a long-term structural solution to the financing need** of the social entrepreneurs, by for example connecting them to other outcome payers and different levels of government.

## A PIONEER IN THE NETHERLANDS AND BEYOND

### *Challenging traditional policy making*

The Brabant Outcomes Fund has two main roles to play. Firstly, in Noord-Brabant, the outcomes fund leads a socio-economic transformation in which the social, economic and spatial domains, across public and private sector, collaborate in order to tackle societal challenges, such as active and healthy ageing. The Brabant Outcomes Fund is unique in its approach of taking certain societal issues as a point of departure to support promising innovations, instead of starting from existing siloed programmes and sectors to connect the societal challenges to the Province's agenda. This is manifested already in the fact that the Government of Noord-Brabant learns in practice about the value of results-based contracts as a sustainable financing tool for societal solutions, complementary to its subsidy granting tradition.

The second role of the Brabant Outcomes Fund is to act as an example and to encourage other governments in the Netherlands and abroad to steer on results and to scale proven solutions across policy domains. The Province of Noord-Brabant has understood that complicated challenges don't stop at regional or national borders, and is therefore dedicated to collaborate across borders with other provinces in The Netherlands and beyond. This role has already been materialised by allowing other parties, be it municipalities, traditional entrepreneurs or foreign regions, to closely follow the process of the fund's first round, on top of several meetings of interest between different stakeholders.

## AIMING FOR MORE

### *The potential for scaling and replicating*

Looking ahead, the Brabant Outcomes Fund will launch a second investment round with a focus on new themes, possibly energy poverty and the circular economy. Brabant Outcomes Fund sees this next step as a further exploration to challenge the status quo and with the goal of setting up a long-term financial structure that works efficiently and effectively towards solutions with social impact.

Moreover, in line with its second role, the Government of Noord-Brabant is dedicated to share its experience and learnings, in order to enhance systematic change on a larger scale. They included other government bodies in drawing up the result contracts, as a way of motivating them to become future outcome payers and they are in close contact with various other regions in Europe and beyond to test the grounds for replication.

## MORE INFORMATION

Learn more about the Brabant Outcomes Fund [here](#), or contact Astrid Kaag, Advisor and Policy Officer for the Province of Noord-Brabant at [akaag@brabant.nl](mailto:akaag@brabant.nl) or on +316 527 836 12.

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