



Source: Shamba Pride

MID-TERM EVALUATION OF THE IMPACT-LINKED FUND FOR EASTERN & SOUTHERN AFRICA AND THE IMPACT-LINKED FUND FOR EDUCATION (supported by the Swiss Agency for Development and Cooperation)

Evaluation Report

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List of Abbreviations

Acronyms	Meaning
ASAL	Arid and Semi-Arid Land
BoD	Board of Directors
BDS	Business Development Services
CRM	Customer Relationship Management
DARPE	Development Assistance Roadmap Portal in Middle East
DCED	Donor Committee for Enterprise Development
DIF	Daraja Impact Fund
Education	Education
E + E	Education and Economy
ESA	Eastern and Southern Africa
ESO	Enterprise Support Organization
FGD	Focus Group Discussion
GAP	Good Agricultural Practices
HIO	High Impact Organisation
ILL	Impact Linked Loans
ILF	Impact Linked Fund
ILFF	Impact Linked Finance Fund
ILF for ESA	Impact-Linked Fund for Eastern and Southern Africa
ILF for Education	Impact-Linked Fund for Education
ILP	Impact Linked Payment
IMM	Impact Measurement and Management
KII	Key Informant Interviews
KPI	Key Performance Indicator
MCH	Maternal and Child Health
MENA	Middle East and North Africa
M&E	Monitoring and Evaluation
MoE	Ministry of Education
MOU	Memoranda of Understanding
MSC	Most Significant Change
NCD	Non-Communicable Diseases
NCFYE	Netherland Challenge Fund for Youth Employment
NGO	Non-Governmental Organization
OECD-DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
PPI	Poverty Probability Index
RLE	Rich Learning Environment
RFP	Request For Proposal
SDC	Swiss Agency for Development Cooperation
SDG	Sustainable Development Goal



SEAF	Small Enterprises Assistance Fund
SIB	Social Impact Bond
SIINC	Social Impact Incentives
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
TA	Technical Assistance
TIC	Thematic Investment Committee
ToC	Theory of Change
TVET	Technical and Vocational Education and Training
UDL	Universal Design for Learning
VC4A	Venture Capital for Africa
VSD	
WASH	Water, Sanitation and Hygiene



Executive Summary

The Impact-Linked Finance Fund (ILFF) provides catalytic and flexible finance to high-impact organizations (HIOs) who are focused on creating strong positive impact including for vulnerable communities, and directly rewards these HIOs for positive outcomes generated through their business activities. The mid-term evaluation of the Impact-Linked Fund for Eastern & Southern Africa (ILF for ESA) and Impact-Linked Fund for Education (ILF for Education), commissioned by the Swiss Agency for Development and Cooperation (SDC), assessed the program's effectiveness in providing catalytic funding to HIOs.

Evaluation approach

The evaluation employed a mixed-methods approach, integrating both quantitative and qualitative data. It was structured around the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) criteria, focusing on relevance, coherence, efficiency, effectiveness, impact, sustainability and additionality. Data was collected through surveys, key informant interviews (KIIs), and focus group discussions (FGDs) with key stakeholders, including HIOs and their end users, facility managers, donors and verifiers. Both primary and secondary data sources were utilized, including document reviews and operational reports.

To ensure comprehensive analysis, the evaluation followed an explanatory sequential typology, where quantitative survey data was initially analysed and complemented by qualitative insights from stakeholder interviews. This allowed for a thorough exploration of the ILFF's contributions to development outcomes, with particular focus on financial barriers, impact outcomes, and operational sustainability for HIOs.

Evaluation findings

Relevance: The ILFF's funding mechanisms, Social Impact Incentives (SIINC), Impact-linked Loans (ILL), Impact linked Payments (ILP) were well-aligned with the operational challenges and social impact goals of HIOs. The instruments addressed crucial needs, such as promoting gender equity, supporting revenue generation, and financing underserved sectors like agribusiness and healthcare. While the financial structures were highly relevant, HIOs suggested that larger and more flexible ticket sizes would better support their ability to scale and generate transformative impact.

Coherence: Internally, ILFF demonstrated strong coherence with SDC's broader objectives, including fostering public-private partnerships and supporting social enterprises with a social impact focus. Externally, ILFF funding complemented other financing sources, helping HIOs balance commercial and impact-driven goals. However, some limitations were noted in accessing multiple SDC funding streams simultaneously, potentially constraining operational synergies for HIOs.

Efficiency: While ILFF exhibited a robust governance structure and rigorous management processes, there were notable delays in fund disbursement, extending beyond the originally planned timelines in a number of cases. These delays affected HIO operations, and transaction costs were considered high by donors, although they recognized that this was driven by the thorough selection and due diligence processes. Efficiency has improved throughout the ILFF, with delays reduced significantly.

Effectiveness: ILFF was effective in helping HIOs meet key performance indicators (KPIs), including expanding services to underserved populations and creating sustainable job opportunities. However, challenges remain in mobilizing additional capital, with only CHF 3,900,000 secured against a target of CHF 20,000,000. The technical assistance (TA) provided has been tailored to the needs of HIOs and has improved their financial and non-financial performance. However, the tailored approach has meant a lack of structure with some HIOs finding it difficult to understand what support is available.

Impact: The ILFF enabled HIOs to expand into high-impact but high-risk market segments, enhance their operational efficiency, and improve their impact measurement systems. HIOs made significant progress in reaching underserved populations, improving service quality, and enhancing income opportunities for vulnerable groups such as smallholder farmers. However, the long-term sustainability of these impacts requires further assessment, especially regarding profitability and market expansion and will be better informed by the end-line evaluation.



Sustainability: ILFF-driven changes showed potential for long-term sustainability, especially in terms of internal capacity building and improved impact measurement practices. However, maintaining expanded services in underserved markets will depend on the financial viability of these initiatives without continued external support. Additionally, broader replication of the ILFF model within the ecosystem remains limited, underscoring the need for enhanced knowledge-sharing mechanisms.

Additionality: The ILFF demonstrated strong additionality by providing funding that filled critical financing gaps, enabling HIOs to pursue high-impact initiatives that conventional financing would not typically support. Through concessional terms linked to social outcomes, ILFF's instruments incentivized HIOs to prioritize underserved, high-risk markets and enhance their social impact. While ILFF funding catalysed impactful initiatives, further efforts to attract co-investors could strengthen additionality and broaden the reach of these high-impact interventions.

Recommendations

- 1. Explore opportunities to optimize fund efficiency without compromising quality:** Streamline internal processes, including pipeline building, selection, due diligence, and structuring. Improve communication with HIOs on timelines and document requests to reduce delays and costs. Leverage complementary funds and networks for more efficient pipeline sourcing.
- 2. Explore strengthening the SDC CoP to support institutional learning and capacity building on ILFF:** Revitalize the CoP by providing resources and a structured framework to facilitate knowledge-sharing, learning products, and collaboration. Enhance its role in driving internal learning, HIO peer interactions, and external dissemination to donors and investors.
- 3. Explore strengthening partnerships and enhancing market positioning strategies to support HIOs' sustainable growth and investment readiness:** Foster partnerships between HIOs, public entities, and private investors. Organize sector-specific investor events and develop co-investment structures to attract private funding, reducing risk and supporting HIO scaling.
- 4. Consider implementing a structured, sector-specific TA program within the ILFF:** Develop a sector-specific TA program tailored to the unique needs of each sector. Establish a pool of pre-vetted experts and provide HIOs with practical tools, workshops, and webinars to enhance their capacity and impact.
- 5. Examine opportunities for fostering peer learning and knowledge sharing among HIOs supported by the ILFF:** Create a structured peer learning framework, including virtual meetups, an online forum, and mentorship programs. Facilitate HIOs' sharing of best practices, fostering collaboration and accelerating growth across the ILFF portfolio.
- 6. Consider developing a comprehensive, sector-aligned impact measurement framework:** Partner with experts to create user-friendly, standardized metrics for impact measurement across ILFF-funded HIOs. Provide HIOs with tools for data collection and analysis, enabling better reporting and attracting future investment.
- 7. Examine the possibility of tailoring funding windows to HIOs' growth stages:** Develop tailored financial products and support mechanisms for different stages of HIO growth. Offer flexible funding for early-stage HIOs and structured financial products for more mature organizations, paired with capacity-building support to ensure sustainable scaling.

By implementing these recommendations, ILFF can optimize its processes, better support HIOs, and ensure a stronger, more sustainable impact across its funding windows.



I Introduction

I.1 Project background

I.1.1 Overview

The ILFF provides catalytic and flexible finance to HIOs who are focused on creating strong positive impact including for vulnerable communities, and directly rewards these HIOs for positive outcomes generated through their business activities¹. Managed by Facility Managers, the ILFF pools donor contributions and channels these resources to HIOs through non-repayable and repayable financial instruments that link financial terms to realized outcomes, ensuring that funding flows are directly tied to measurable and sustained impact. These instruments include SIINCs, ILLs, ILPs, Impact-linked (repayable) grants and other financial innovations with rewards linked to achieving positive outcomes. There are two main funding windows under the ILFF as illustrated by Figure 1 below.

- i. Impact-Linked Fund for Eastern & Southern Africa (ILF for ESA)
- ii. Impact-Linked Fund for Education (ILF for Education)

Figure 1: ILFF funding windows

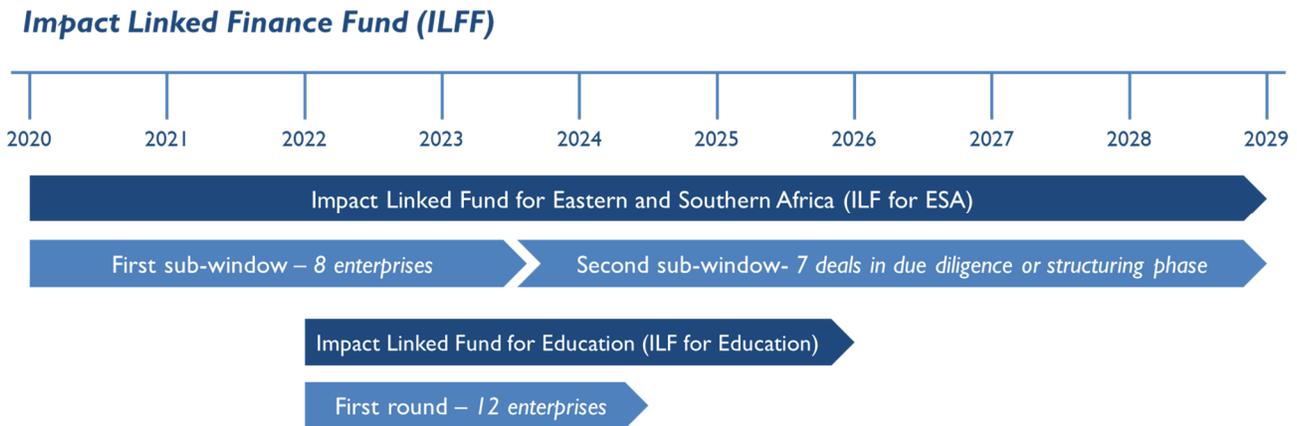


Figure 2: Definitions of the ILFF instruments²

SIINC (Social Impact Incentives): These are performance-based funding mechanisms designed to reward high-impact organizations for achieving predefined social outcomes. These non-repayable premium payments incentivize organizations to prioritize social impact and scale their operations. SIINCs are tied to measurable social results, enabling organizations to secure financial support for social impact without creating additional debt.

Impact-Linked Loans (ILL): ILLs are highly concessional loans (for example, offering longer tenors, grace periods or abstention of collateral) provided to high-impact organizations, where loan terms such as interest rates or repayment schedules are tied to the achievement of specific social or environmental outcomes. These loans offer a "better terms for better impact" principle-meaning that the more social impact an organization achieves, the lower its cost of financing becomes over the loan term. This structure provides both immediate financial support and ongoing incentives for organizations to focus on generating measurable development outcomes.

Impact-linked (repayable) grants: These allow high-impact organizations offering critical goods and services to access immediate funding tied to the delivery of specific outcomes. If the organization achieves the agreed results than the funding becomes a simple grant.

¹ <https://ILFF-fund.org/>

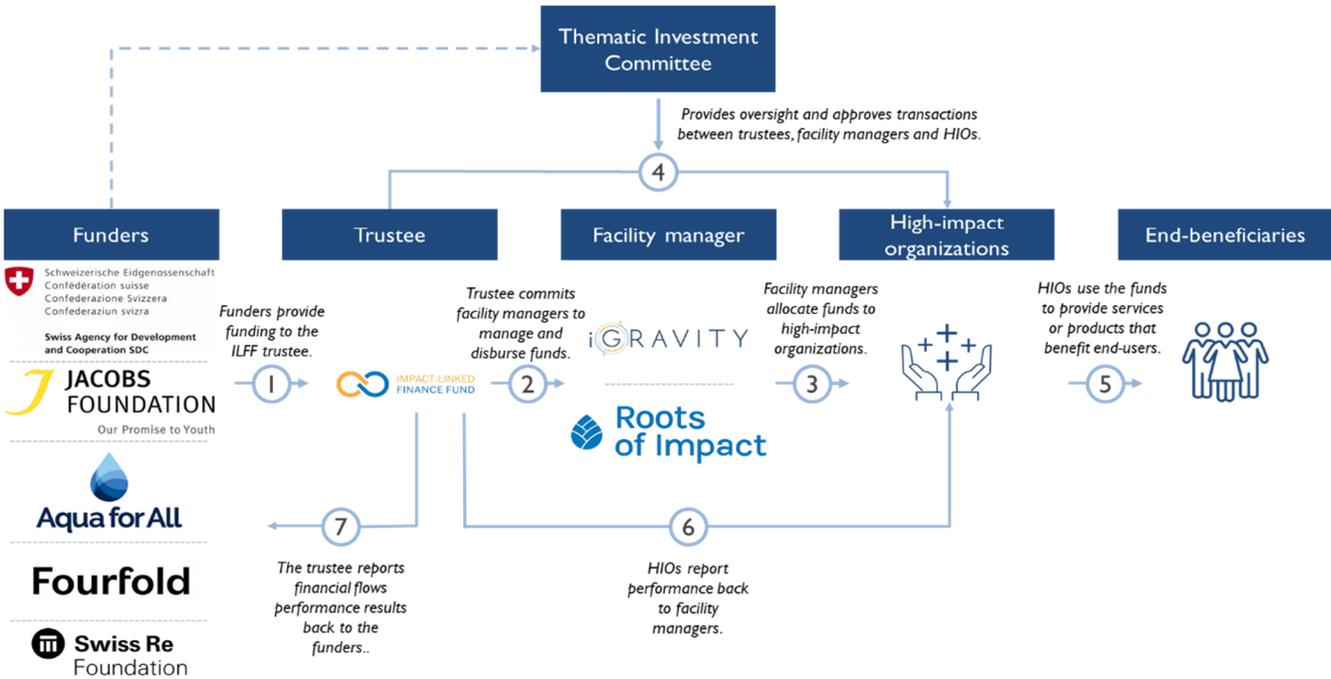
² ILFF pro document.



1.1.2 ILF stakeholder structure

ILF stakeholders include funders (SDC, Medicor, Jacobs Foundation, FourFold Foundation, Swiss Re, Aqua for All) who enter formal agreements with the Trustee (Impact-Linked Finance Fund (ILFF)) and provide the financial resources to be deployed to HIOs. The Trustee appointed Facility Managers (iGravity and Roots of Impact), oversee the overall programme management, including pipeline building, selection, and due diligence of target HIOs, structuring of the financial terms, disbursements, monitoring, result evaluation and reporting. The Thematic Investment Committees (TICs) with representation from funders oversee the approval of transactions, and the HIOs receive the funds to grow and scale their businesses and generate social impact for their end-users. The ILF stakeholders and their interactions are summarized in Figure 3 below.

Figure 3: Overview of the ILF stakeholders



i. Impact-Linked Fund for Eastern & Southern Africa (ILF for ESA), 2020-2028

ILF for ESA I: 2020-2025

The ILF for ESA I is the first funding window under the ILFF. Its goal is to make impact-linked financing available to high-impact organizations in Eastern and Southern Africa in the form of SIINC and ILL - repayable loans whose interest rates are lowered by achieving pre-determined positive social outcomes-as well as to help enterprises and local populations battle through the Covid-19 crisis. Since its inception in 2020, the ILF for ESA I has financed eight companies in its target sectors-health (including nutrition and basic services), Water, Sanitation and Hygiene (WASH), sustainable agriculture and food security, income, and employment. It is funded by commitments from the SDC (CHF 2,000,000) and Medicor (CHF 500,000) and managed by iGravity. See Table 1 below for details on HIOs financed through ILF for ESA I.

Table 1: Details on ILF for ESA I transactions

Name of HIO	Country	Sector	Instrument	Amount	Duration
Access Afya	Kenya	Health	SIINC	USD 290,000	2022 - 2025



Africa Clean Energy	Uganda	Renewable Energy	SIINC	USD 310,000	2023 - 2026
Jacaranda	Kenya	Health	SIINC	USD 250,000	2022 - 2025
Shamba Pride	Kenya	Agribusiness	SIINC	USD 250,000	2022 - 2025
Kwanza Tukule	Kenya	Fast-moving consumer goods	SIINC	USD 200,000	2022 - 2025
Kilimo Fresh	Tanzania	Agribusiness	ILL	USD 150,000	2022 - 2026
EFTA	Tanzania	Finance	ILL	USD 200,000	2022 - 2026
NuCafe	Uganda	Agriculture	ILL	USD 140,000	2022 - 2025

ILF for ESA 2: 2023-2027

The ILF for ESA 2 was set up in 2023 funded by commitments from SDC (CHF 2,000,000), FourFold Foundation (CHF 500,000) and Swiss Re (CHF 1,000,000), and is primarily managed by iGravity³. It builds upon the ILF for ESA 1 model to provide catalytic funding with an expanded focus on climate change mitigation, adaptation and resilience to HIOs in Tanzania and WASH to HIOs across the entire region. Similar to ILF for ESA 1, it uses SIINC and ILLs to reward organizations for achieving environmental and social outcomes including climate-related targets. The program's impact goals are to mitigate climate change impacts, reduce greenhouse gas emissions, and enhance climate resilience as well as providing access to safe drinking water and sanitation services that are inclusive, affordable and sustainable. See [Table 2](#) for details on HIOs in the process⁴ of being financed through ILF for ESA 2.

Table 2: Details on ILF for ESA 2 transactions

Name of HIO	Country	Sector	Instrument	Amount	Duration
Upendo Honey	Tanzania	Agriculture	SIINC	TBD	TBD
Kokoa Kamili	Tanzania	Agriculture	SIINC	TBD	TBD
1001 Organic	Tanzania	Agriculture	SIINC	TBD	TBD
Chanzi	Tanzania	Waste management	SIINC	TBD	TBD
Guavay	Tanzania	Agriculture	ILL	USD 250,000	TBD

i. Impact-Linked Finance Fund for Education (ILF for Education), 2021-2028/2024-2029

The ILF for Education provides suitable, innovative financing instruments in the form of SIINC, ILLs and ILPs to HIOs offering access to inclusive and qualitative education for vulnerable children and youth in the Middle East, Northern Africa, and Sub-Saharan Africa. iGravity structured majority of the transactions and was in charge of the overall program and portfolio management, while Roots of Impact structured selected transaction (mainly in the VSD space) and led the research efforts. Funded by SDC (CHF 3,000,000) and Jacobs Foundation (CHF 3,000,000), it operates similarly to ILF for ESA 1 & ILF for ESA 2, using SIINC, ILPs and ILLs to incentivize the achievement of its goals including improved access to Technical and Vocational Education and Training (TVET), quality education for low-income populations, digital learning solutions, and gender-responsive education outcomes. In addition, it aims to provide TA, research and advocacy measures, to further drive dissemination and adoption of evidence generated from the ILF. See [Table 3](#) below for details on HIOs financed through Education.

Table 3: Details on ILF for Education transactions

Name of HIO	Country	Sector	Instrument	Amount	Duration
Abwaab	Jordan	Education	SIINC	USD 1,00,000	2024 - 2027
eKitabu	Kenya	Education	ILP	USD 350,000	2023 - 2025
Kamkalima	Lebanon	Education	SIINC	USD 290,000	2024 - 2027

³ In addition, Aqua for All provided a contribution for a separate WASH sub-window of CHF 400,000 managed by Roots of Impact.

⁴ ESA 2 HIOs were in the due diligence or structuring phase at the time of the evaluation.



Rising Academies	Sierra Leone	Education	SIINC	USD 300,000	2024 - 2027
Rising Academies	Liberia	Education	SIINC	USD 350,000	2023 - 2026
Sprints	Egypt	TVET	SIINC	USD 285,000	2024 - 2027
SOS Children's Villages	Ghana	Education	ILL	USD 400,000	2023 - 2026
Little Thinking Minds	Jordan	Education	SIINC	USD 300,000	2024 - 2026
EduLution	South Africa	Education	SIINC	USD 400,000	2024 - 2027
eYouth	Egypt	TVET	SIINC	USD 450,000	2024 - 2027

1.1.3 SDC community of practice (CoP) on impact linked finance

The CoP for the ILFF was introduced in November 2023 as an internal platform for knowledge sharing and collaboration among SDC ILFF stakeholders. Facilitated by members of the Education and Economy section (E+E), the CoP provides an avenue to promote the exchange of experiences, resources, and challenges across different ILFF funding windows within the SDC. It aims to improve communication between SDC ILFF stakeholders, allowing them to share and learn from updates and evidence on various ILFF programs, such as the ILF for ESA 1, ILF for ESA 2, and ILF for Education, and offering a space where program officers could receive mutual support in the management of their respective impact funds.

1.2 Objective and scope of the evaluation

The objective of the evaluation was to conduct a joint external mid-term assessment of the ILF windows focusing primarily on the first sub-window of the ILF for ESA while also incorporating elements from ILF for ESA's second sub-window and the ILF for Education window. The figure below shows the evaluation scope mapped against the OECD-DAC criteria. This evaluation aims to gather practical insights and recommendations to inform SDC's funding and design decisions for ILFs in both the mid-term (to be implemented within the current phase) and the long-term (to guide SDC's future investments in this sector).



Figure 4: Evaluation scope

Evaluation Area	OECD-DAC Criteria	ILFF ESA 1	ILFF ESA 2	ILFF EDU
1st findings of possible additionality of the program for the high-impact enterprises being financed	Additionality, effectiveness, sustainability	✓		✓
Current and anticipated impact of the program on end users	Effectiveness, impact, sustainability	✓		
Program level processes (Including ESA sub window 2)	Relevance, coherence efficiency	✓	✓	✓
SDC Level processes	Relevance, efficiency	✓	✓	✓

1.3 Limitations of the study

The following constraints were encountered during the data collection and analysis of the mid-term evaluation:

- **Time constraints:** While the mid-term evaluation offers valuable insights on the immediate and short-term effects on HIOs and customers, the time frame of ILF implementation was not sufficient to observe long terms effects as well as the sustainability of the short-term effects. This includes establishing whether observed ILF-driven operational improvements and capacity-building efforts to HIOs would persist beyond the funding period as well as the sustainability of the enhanced measurement practices. More broadly, the evaluation timeframe for future joint evaluations would benefit from increased resources to recognize and create sufficient time for the comprehensive data collection and analysis needed particularly when multiple ILF windows are being assessed.
- **Data constraints:** The absence of a control group limits using experimental/quasi experimental approaches in estimating a counterfactual and a causal relationship of the ILF observed effects on HIOs and their customers. Quantifying and extrapolating the aggregate magnitude of the actual and foreseeable impact (pre- and post-comparison) of the programme on customers (ILF for ESA 1) was further limited by a small sample of end users and the informal record keeping and documentation of customers who are largely small-holder farmers and food vendors. Specifically, for ILF for ESA 2, there was a small sample of HIOs⁵ available for primary data collection which limits the extent to which findings can be extrapolated to the entire ILF for ESA 2 cohort.

1.4 Overview of the mid-term evaluation report

The evaluation report presents the evaluation findings focused on the ILF for ESA 1 with relevant elements of ILF for ESA 2 and ILF for Education as well as immediate and long-term recommendations for SDC. The report is organised as follows:

1. **Introduction:** This section provides the foundational context for the evaluation. It outlines the project background, focusing on the ILFF funding windows in Eastern and Southern Africa (2020-2028) and Education (2021-2028/2024-2029). The objectives and scope of the evaluation are defined here, along with the limitations faced during the study.
2. **Design and methodology:** This section describes the design and methodological approach of the evaluation. It includes an outline of the evaluation framework, key research questions, and the sampling strategy used for HIOs. The section also discusses the data collection methods and provides an overview of how the data was analysed to assess the performance of the ILF for ESA and the ILF for Education.

⁵ Two out of seven HIOs were surveyed in the ESA 2 cohort.



3. **Evaluation findings:** This section is divided into two subsections:
 - ILF for ESA: The findings here focus on the DAC evaluation criteria for ESA I & 2⁶, including relevance (whether the ILF for ESA addressed the right needs), coherence (how well the program fit with other internal and external initiatives), efficiency (whether results were achieved in a cost-effective manner), effectiveness (whether objectives were met), impact (the difference the ILF made for HIOs and their customers), sustainability (whether the achieved impact will last), and additionality (whether the impact would have occurred without ILF for ESA involvement).
 - ILF for Education: Similarly, this section evaluates the Education window against the same criteria-relevance, coherence, efficiency, effectiveness, and sustainability⁷.
4. **Lessons learned and conclusions:** This section synthesizes the key lessons learned from the evaluation, drawing conclusions about the effectiveness and challenges faced by the ILFF. It provides insights into what worked well, what could be improved, and the overall impact of the program.
5. **Recommendations:** Based on the evaluation findings, this section offers actionable recommendations to enhance the ILFF programme's effectiveness, efficiency, and sustainability. These suggestions are aimed at improving current and future implementations and addressing challenges identified in the evaluation.
6. **Annexes:** The annexes contain supplementary information that supports the evaluation. This includes lists of stakeholders interviewed, detailed tables and matrices related to performance management and results, documents reviewed during the evaluation, and specific technical assistance needs identified for HIOs. These annexes provide additional context and detail for readers interested in deeper insights into the evaluation process and findings.

2 Design and methodology

2.1 Design and methodology

The ILFF evaluation used a mixed-methods approach, systematically combining quantitative and qualitative research to answer the evaluation objectives according to the DAC criteria. This included integrating qualitative and quantitative viewpoints, data collection, analysis, interpretation, and inferencing to make in-depth and broad deductions. Specifically, the evaluation utilized the explanatory sequential typology, where it (i) first collected and statistically analysed quantitative data through surveys of HIOs across all three windows, and (ii) subsequently, collected qualitative data (KIs, FGDs of ILF stakeholders) analysed thematically to generate further insights on open questions or clarifications to assist in explaining the quantitative findings and addressing the evaluation questions. Linkages and integration were made by comparing the qualitative and quantitative data sets and findings to identify complementarity, concordance, or divergence and ensure a comprehensive interpretation of ILF's contribution to development and its additionality.

The evaluation recognized that not enough time had passed to undertake an impact evaluation of results on ILF, as well as the absence of a control group, which limited the use of experimental/quasi-experimental approaches in estimating a counterfactual. Therefore, in assessing the mid-term impact of the ILF, it incorporated the Most Significant Change (MSC), a participatory method to focus on the collection and systematic analysis of significant changes experienced by the HIOs and their customers through the participation of the HIOs in the ILF. This included direct and indirect effects, as well as positive or negative changes. It used the MSC to collect and analyse qualitative information about perceptions of change, directly from HIOs and their customers, regarding the evolution of their businesses and services to their customers, the evolution of their customer/user engagement techniques and the perceived changes in the lives of customers.

⁶ Note that effectiveness, impact, sustainability and additionality only apply to ESA I.

⁷ Education is in an early implementation phase and it's too soon to observe impact and additionality effects.



2.2 Evaluation framework and research questions

The DAC criteria provided the conceptual framework for the evaluation, with the following 7 criteria guiding the research and sub-research questions:

- **Relevance:** Is the ILFF doing the right things?
- **Coherence:** How well does the ILFF programme fit internally and externally?
- **Efficiency:** Were the results achieved in a cost-effective way?
- **Effectiveness:** Is the ILFF achieving its objectives?
- **Impact:** What difference is the ILFF making for the HIOs and their customers?
- **Sustainability:** Will the impact achieved last?
- **Additionality:** Was the impact achieved additional to what would have happened without the ILFF (as the foundation)?

Research and sub-research questions were developed and summarised in the evaluation matrix, along with details on the data collection techniques planned for each question (tools, data sources, respondents) and data limitations. See Table 9 in the annex for the evaluation matrix. Key strategic angles emphasised in the matrix's questions and sub-questions include the following:

- i. Interrogation of the ILFF in the context of HIOs' theories of scale and growth journeys, with the aim of understanding the timing of the ILFF's introduction, its impact and additionality on the growth and development of the organizations, and the sustainability of these observed changes.
- ii. Applying an inclusion and equity lens to assess whether and how the ILFFs supported HIOs in addressing the needs of women and disadvantaged, low-income households. This involved incorporating key questions in our Key Informant Interview (KII) guide to explore HIOs' evolving focus on these sub-populations and their adjustments to service delivery to enhance access for lower-income populations and foster gender equity. However, beyond indicator disaggregation, data on gender equity was not consistently tracked by HIOs as they did not generally tailor services or products to a specific gender unless it was inherently suited for a particular gender, such as maternal health services.
- iii. Understanding the identified effects across criteria, the pathways of these effects, and the channels through which ILFF drove (or did not drive) impact, along with critical success factors that enabled impact and barriers that constrained impact.

2.2.1 HIO sampling strategy

Data was gathered at an HIO level for each sub-window under evaluation. Purposive sampling was used to identify the sample of HIOs summarized in Table 4, using the following four-step process:

- i. **Finalization of the sample frame:** HIOs that were not able to provide sufficient information (all sub-windows) were excluded. Based on engagement with iGravity, organizations that were still early in the transaction structuring phase or undergoing restructuring were not included in the sample of HIOs for evaluation. The rationale was two-fold: (1) these organizations would not be able to provide insights relevant to the evaluation questions, and (2) the evaluation could create risks for the transaction structuring process. This resulted in 1 HIO being excluded from ILF for ESA 1 and 2 organizations excluded from the ILF for Education sample. Additionally, since no HIOs in ILF for ESA 2 had signed agreements (per iGravity), the potential for primary data collection from HIOs was limited. In collaboration with iGravity, 2 HIOs that were far enough along in the process were identified to enable meaningful data collection without jeopardizing the transaction finalization.
- ii. **Development of the sampling technique:** A sampling criteria was developed to ensure a representative selection, considering a mix of different HIO business sizes, transaction details (type of ILFF instrument, transaction owner, and ticket size), and priority geographies.
- iii. **Determination of the sample size:** The agreed scope was to sample 6 HIOs from ILF for Education and collect data from all eligible organizations under ILF for ESA 1 (7 HIOs). The limited number of eligible organizations from ILF for ESA 2 made sampling unnecessary.



- iv. **Selection of the sample for ILF for Education (6 HIOs):** The 2 HIOs in Ghana and Liberia were prioritized based on a request from SDC during the inception meeting. This resulted in the automatic inclusion of Rising Academy (Liberia) and SOS Children's Villages (Ghana). The remaining 4 HIOs were selected to include at least 1 HIO from the sampling criteria.

Table 4: Sampling strategy

Fund	Total HIOs	Eligible HIOs after exclusion step	Sample size and HIOs
ILF for ESA 1	8 HIOs	7 HIOs	7 HIOs <ul style="list-style-type: none"> • Access Afya (Kenya) • Jacaranda (Kenya) • EFTA (Tanzania) • NuCafe (Uganda) • Kilimo Fresh (Tanzania) • Shamba Pride (Kenya) • Kwanza Tukule (Kenya)
ILF for ESA 2	7 HIOs	2 HIOs	2 HIOs <ul style="list-style-type: none"> • Upendo Honey (Tanzania) • Kokoa Kamili (Tanzania)
ILF for Education	12 HIOs	10 HIOs	6 HIOs <ul style="list-style-type: none"> • Rising Academy (Liberia) • Abwaab (Jordan) • SOS Children's Villages (Ghana) • Sprints (Egypt) • eKitabu (Kenya) • Kamkalima (Lebanon)

2.2.2 Data collection

The evaluation utilized quantitative and qualitative data collection methods, including desk review and document analysis, surveys, KIIs, and FGDs, to gather primary and secondary data for an in-depth and comprehensive assessment of the ILFF. Table 5 below summarizes the data collection methods by ILFF window.

Table 5: Data collection for the ILFF evaluation

Data collection method	ILF for ESA 1	ILF for ESA 2	ILF for Education
In-depth Document Reviews	Yes (programme-level documents and 7 HIOs)	Yes (programme-level documents)	Yes (programme-level documents and 6 HIOs)
Remote Surveys	Yes (7 HIOs)	Yes (2 HIOs)	Yes (6 HIOs)
KIIs with HIOs	Yes (7 HIOs) Field visits to Kenya, Uganda, and Tanzania	Yes 2 HIOs	Yes 6 HIOs Field visit to Ghana
End User KIIs and FGDs	1 HIO: End User FGD with 6 participants	No	No



	2 HIOs: 8 KIs with end user		
Virtual KIs with Facility Manager	Yes (iGravity)	Yes (iGravity)	Yes (iGravity and Roots of Impact)
Virtual KIs with Verifiers	Yes (Sattva)	Not Applicable	Yes (Sattva) ⁸
Virtual KIs with Donors	Yes (1 Donor) SDC (Medicor Foundation-Not interviewed) ⁹	Yes (4 Donors) SDC, Aqua for All, Swiss Re Foundation, and FourFold Foundation	Yes (2 Donors) SDC and Jacobs Foundation

2.2.3 Data analysis

Quantitative data from the surveys was analysed for each ILFF window using a combination of descriptive and non-descriptive methods such as counts, means, percentages, and cross-tabulation of key metrics from the evaluation matrix using MS Excel. Qualitative data was analysed using a thematic approach. KIs and FGDs were summarized in line with the research questions on the evaluation matrix. A thematic analysis of the data was then performed, identifying similarities and differences, as well as recurrent themes, to generate insights.

Linkages and integration were made by comparing and triangulating the qualitative and quantitative data sets and findings to identify complementarity, concordance, or divergence. Insights were generated iteratively, with early-stage insights shared with SDC and iGravity to gain feedback and highlight any divergence that might impact the final insights, conclusions, and learnings. These final conclusions and learnings formed the basis for key recommendations to maximize the ILFF’s impact and guide future investments.

3 Evaluation findings

This section lays out the mid-term evaluation findings across all three windows focused on the applicable DAC criteria. Relevant examples have been de-identified in line with the consent and anonymity requests from HIOs.

3.1 Impact-Linked Fund for Eastern and Southern Africa

3.1.1 Relevance – Did ILF for ESA do the right things?

ILF for ESA ensured the relevance of its financial instruments by tailoring them to meet the specific needs of HIOs and their customers in both ILF for ESA 1 and ILF for ESA 2. For ILF for ESA 1, financial instruments such as SIINCs and ILLs were customized based on feedback from HIOs, addressing operational challenges and supporting social impact objectives like gender equity and income generation. Although these instruments were relevant, HIOs suggested that larger ticket sizes and more frequent disbursements cycles could unlock greater scalability and impact. While ILF for ESA 2 transactions are still in the structuring stage, early consultations indicate similar alignment on ticket size and disbursement cycle, particularly for climate-sensitive business models. The following synthesis presents three key insights on how well ILF for ESA met the needs of HIOs, and existing challenges on ticket sizes and disbursement structures.

⁸ At the time of the mid-term evaluation, Sattva was in the process of conducting the verification exercise for ILF for Education HIOs.

⁹ The evaluation team could not engage them due to availability reasons.



1. ILF for ESA's funding instruments (SIINCs and ILLs) and terms significantly addressed HIOs' financing needs for impact capital

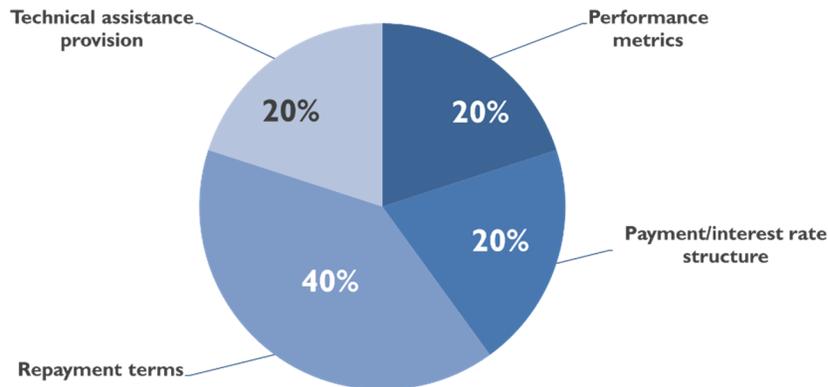
ILF funding provided flexible and catalytic capital solutions that effectively addressed the financing barriers faced by ILF for ESA 1 HIOs in growing and scaling their businesses. All ILF for ESA1 HIO evaluation respondents indicated that the final funding instruments, such as SIINCs and ILLs, were tailored to meet their specific financial needs, as communicated during the screening, selection, and structuring processes. Notably, the ILF provided financing that allowed HIOs to invest in customer focused impact initiatives that were not otherwise attractive/ bankable for more conventional and commercial funding sources, as these involved riskier customer profiles and uncertain profitability. For instance, Kilimo Fresh used ILF's patient capital to address post-harvest losses and expand its reach to smallholder farmers, without being subject to the financial strain and high interest associated with more conventional loans. EFTA leveraged ILLs to offer lease financing to underserved farmers, who otherwise struggled to access conventional loans, while Shamba Pride utilized SIINCs to grow its rural distribution network and empower smallholder farmers with good agricultural knowledge and practices tailored to their crops and livestock. The flexibility of these instruments, including features like grace periods and the absence of collateral, allowed HIOs at various stages of growth to scale their operations, achieve financial sustainability, and expand their social impact. This flexible approach made ILF funding highly relevant to the unique financing needs of social enterprises, ensuring they could meet both their financial and impact objectives. However, one of the ILF for ESA 2 HIOs raised concerns about a lack of agency in the financial instrument decision-making process, which may affect how well the instruments align with their specific operational context and needs. Future evaluations will need to assess whether the ILF for ESA 2 instruments ultimately meet the expectations and requirements of the HIOs and their customers.

2. ILF for ESA structuring processes ensured financial instruments were relevant and customized to HIOs business models and customers' needs.

In ILF for ESA 1 and ILF for ESA 2, ILF Facility Managers took deliberate steps to ensure that the financial instruments were tailored to the specific needs of HIOs and their customers, while aligning with the fund's broader objectives. This includes detailed need-assessment tools and checklists to understand the operational and impact goals of the HIOs. For ILF for ESA 1, Facility Managers worked closely with HIOs to gather insights about their customers, through feedback systems owned and led by HIOs such as remote surveys, chatbots, market research and in-person due diligence. These insights on end-user needs, challenges and cultural peculiarities informed the customization of financial instruments, ensuring alignment between the operational needs of the HIOs and the social outcomes relevant to their customers. Also, the impact metrics and associated targets were SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) and tailor-made to the HIOs business models, sectors of operations and mission to create more social impact such as gender equity and income generation and support the ILF for ESA's overarching goal to promote sustainable impact and development outcomes. For example, Access Afya aimed to improve the quality of services offered in its franchise clinics. To support this, the metric 'average score for franchises' quality of service' was established as a KPI, tying SIINC payouts directly to improvements in service quality. Similarly, Shamba Pride aimed to expand its geographic reach, particularly in ASAL (Arid and Semi-Arid Land) regions. The customized metric 'percentage growth of DigiShops in ASAL countries' was used to track and drive this expansion, ensuring that the financial support was contingent on measurable operational growth. Figure 5 shows the elements of the instrument customisations that ILF for ESA 1 HIOs found most relevant. In ILF for ESA 2 currently at the structuring stage, the initial design processes such as detailed site visits, consultations, and a scoping study of the potential pipeline of HIOs in Tanzania, ensured that the selected HIOs would receive financial instruments designed to meet their climate-sensitive business needs. For example, one HIO is expected to use the ILF for ESA 2 funding to develop an apiculture centre of excellence, embedding climate-smart practices into its operations. This approach will not only enhance operational efficiency but also potentially contribute to improve the livelihoods of smallholder farmers by supporting sustainable good agricultural practices.



Figure 5: Elements of the ILF for ESA 1's funding instruments that HIOs thought have been most tailored to their specific needs by the Facility Manager



3. HIOs signalled an interest in higher ticket sizes and or more frequent disbursement cycles to meet their needs for increased cashflow and growth capital

ILF for ESA 1 HIOs opined that the size and disbursement structure of the instruments could be adjusted upwards to provide increased capital for growth and improved cashflow. For ILF for ESA 1, with SIINC ticket sizes ranging from USD 200,000 to USD 310,000, and ILLs from USD 140,000 to USD 200,000 over an average duration of 3 years, some HIOs thought that the amounts, when divided into the annual disbursements over a 3–5-year period, may not unlock their full potential to scale or generate the transformative impact they aim for. While this feedback does not consider the absorption capacity of HIOs, some ILF for ESA 1 HIOs reported higher average ticket sizes from financing rounds before and after their ILF participation. For example, one HIO's SIINC yearly amount represented 1 month of payroll. Additionally, all ILF for ESA 1 HIOs felt that the current ticket sizes could be improved by a more frequent disbursement structure (quarterly or semimanual) to enhance their cashflow and better support their ability to achieve meaningful growth. For ILF for ESA 2, while disbursements have not yet started, the proposed ticket sizes, ranging from USD 250,000 to USD 700,000, reflect a significant increment from ILF for ESA 1. The true impact of these increased ticket sizes on HIOs' scalability and transformative goals will need to be assessed in future ILFF evaluations.

3.1.2 Coherence – How well did the ILF for ESA programme fit internally and externally?

The ILF has demonstrated internal coherence, through alignment with SDC's objectives and cross-fund learning, and external coherence by fostering synergies with other funding sources and external initiatives. This coherence has enhanced the impact of its financial interventions across both ILF for ESA 1 and ILF for ESA 2, ensuring alignment with broader development goals and maximizing social and environmental outcomes. The following synthesis presents three key insights on internal coherence and one key insight on external coherence, balancing observed changes with underlying assumptions and noted limitations.

Internal coherence

1. ILF for ESA is strongly aligned with ILFF's objectives and SDC's broader strategies and goals

ILF for ESA's financial instruments, such as SIINCs and ILLs are catalytic instruments directly provided to HIOs (social enterprises) to strengthen and scale their operations while staying aligned with social impact outcomes, particularly for vulnerable populations. This approach not only ties into ILFF's goal of making impact-linked financing accessible to HIOs but also resonates with SDC's financing strategy to utilize alternative strategies such as innovative financial instruments to increase the volume of public-private cooperation and directly support social enterprises who place an emphasis on the return to society as their main objective. This emphasis on social impact is further underscored in ILF for ESA 2, where the funding window has been designed to support social entrepreneurs to address climate change mitigation and



adaptation-contributing to SDC's development goals to reduce poverty, foster economic self-reliance, and improve access to essential services like healthcare¹⁰.

2. Leveraging learnings and internal administrative processes across sub-windows, as well as from other SDC-sponsored funds, has enhanced internal coherence and operational synergies

In addition to aligning with SDC's financing and development goals, ILF for ESA's internal coherence is reinforced by its ability to leverage cross-fund learning and process integration. For example, lessons learned from the challenges faced by the Daraja Impact Fund (DIF)-such as high transaction costs, complex management processes, and lengthy fund creation timelines-were applied to the design of ILF for ESA 2. Instead of creating a stand-alone fund, the SDC strategically integrated ILF for ESA 2 as an additional credit line of ILF for ESA 1, leveraging existing ILF for ESA 1 internal processes, resources, and structure to generate time and cost savings, and overall enhance the synergies between the SDC impact linked finance funds. Specifically, ILF for ESA 2 benefited from established due diligence frameworks, contracting templates, and budget processes developed during ILF for ESA 1, which minimized complexity for program officers, optimized their time and effort, and accelerated the creation of the new sub-window. By applying cross-fund learnings and capitalizing on established processes, ILF for ESA demonstrated strong internal coherence, ensuring greater operational efficiency and enhanced integration across its thematic windows.

3. Limited opportunities for HIOs to access simultaneous financing from ILFF and other SDC-sponsored impact funds

While the ILF for ESA has successfully utilized internal learnings and processes from other SDC impact linked finance funds, the evaluation showed limitations for social enterprises looking to access multiple SDC impact linked finance funds. For example, Kilimo Fresh's based their business projections on combined funding from ILF for ESA, SEAF, and Daraja (with the latter two totalling USD 450,000). However, they were denied these additional funds at the final stage due to existing SDC funding through ILF ESA. At the same time, their main competitor, East Africa Fruits Co., raised USD 2,000,000, which in their view signalled their competitor as potentially more attractive to investors and inadvertently affecting their market standing. Although a standalone, this experience illustrates how the co-existence of multiple SDC financing vehicles for the same HIO could present both opportunities and challenges and underscores the need for clearer communication to HIOs about funding restrictions within the SDC financing ecosystem at the screening and selection stage. It also offers an opportunity to strategically combine ILFF and other SDC funding for greater operational synergies and enhanced benefits to HIOs, for instance by having one fund offer direct financing while another provides non-financial support, such as TA, under careful coordination by relevant programmatic officers and Facility Managers.

External coherence

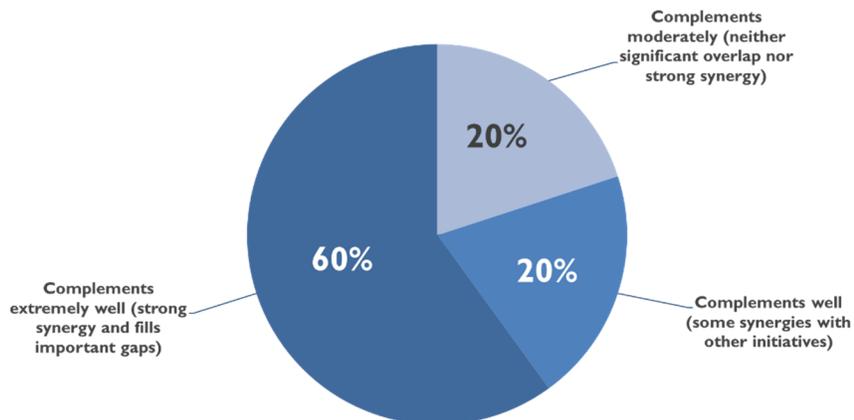
1. The ILF for ESA strongly complements HIO's existing financing sources with a differential impact focused value

As illustrated in Figure 6, HIOs expressed strong complementarity between ILF for ESA and their existing financing sources, such as equity (including from angel investors), convertible debts, and grants. This complementarity enabled HIOs to balance the expectations of both commercial and non-commercial investors, ensuring that social impact objectives were preserved alongside financial goals. For example, Access Afya, which received SIINC funding, optimized the ILF for ESA resources to enhance core impact initiatives and customer engagement techniques to improve service awareness and demand and utilized other external financing for growth i.e. establishment of additional clinics. Similarly, EFTA received an ILL which while dedicated to a specific pilot project complemented loans and grants the organization had previously secured and enhanced its ability to scale in an impact focused way. By working alongside other HIOs capital sources, the ILF for ESA I reinforces its external coherence within the broader financial ecosystem and demonstrates its capacity to strengthen the financial resilience of HIOs, allowing them to scale while maintaining their social missions. Evidence of similar complementarity in ILF for ESA 2 is yet to be seen, as the transactions are still in the due diligence/structuring phase.

¹⁰ <https://www.eda.admin.ch/eda/en/fdfa/fdfa/organisation-fdfa/directorates-divisions/sdc.html>



Figure 6: How well ILF complements HIOs external financing (ILF for ESA I)



3.1.3 Efficiency – Were the results achieved in a cost-effective way?

The ILF for ESA has a robust governance structure and implementation strategy with well stipulated management and decision-making processes to ensure the sourcing and selection of impact focused HIOs aligned with the ILF's goals, however, operational challenges, such as prolonged structuring periods, relatively high transaction costs and delayed disbursement timelines, highlight areas for efficiency gains without compromising quality as detailed in the sections below. The following synthesis presents five key insights, balancing observed changes with underlying assumptions and noted limitations.

1. Governance and coordination systems are robust and ensure rigor, clarity, and risk management in ILF for ESA implementation

The coordination systems, as outlined in the ILF for ESA project documents (for all ILF ESA windows)¹¹, were designed to ensure effective governance, risk management, and project implementation within the ILF. This entails detailed and thorough management, monitoring, and steering mechanisms around the key steps of engagement of the ILF for ESA (i) set-up phase (fund creation), RFP process, pipeline building and selection process, due diligence, structuring, contracting and launch (ii) Implementation phase-disbursements, risk management and (iii) monitoring and reporting, verification, and evaluation. For example, the TIC which includes representatives of the funders and thematic experts play a critical role in reviewing investment strategies and approving transactions. Facility Managers, Roots of Impact and iGravity, manage pipeline building, due diligence, and the structuring of the ILF for ESA deals. Risk monitoring and mitigation are embedded in these processes through semi-annual operational reporting by Facility Managers and coordination with donors and private funders to ensure that risk strategies are aligned with operational realities. Furthermore, predefined templates and governance meetings facilitated by the Facility Managers provides a structured approach to communication and decision-making, allowing for a more seamless implementation of decisions. Overall, these systems promoted clarity on roles and responsibilities, ensured rigor and supported the careful selection of a robust ILF ESA HIOs with tailored transactions to improve business profitability and maximize social impact.

2. ILF for ESA perceived by some donors to have high transaction costs, however there is general recognition that these costs are driven by the robust quality and rigor required by donors

According to the ILF for ESA I budget which served as template for ILF for ESA 2, the transaction costs were estimated at 24% of the total funding budget, which breaks down to an average cost of CHF 54,350 for each SIINC (5 SIINCs in

¹¹ ILFF for ESA Pro Doc 2020 & ILFF Pro Doc for ESA Tanzania.

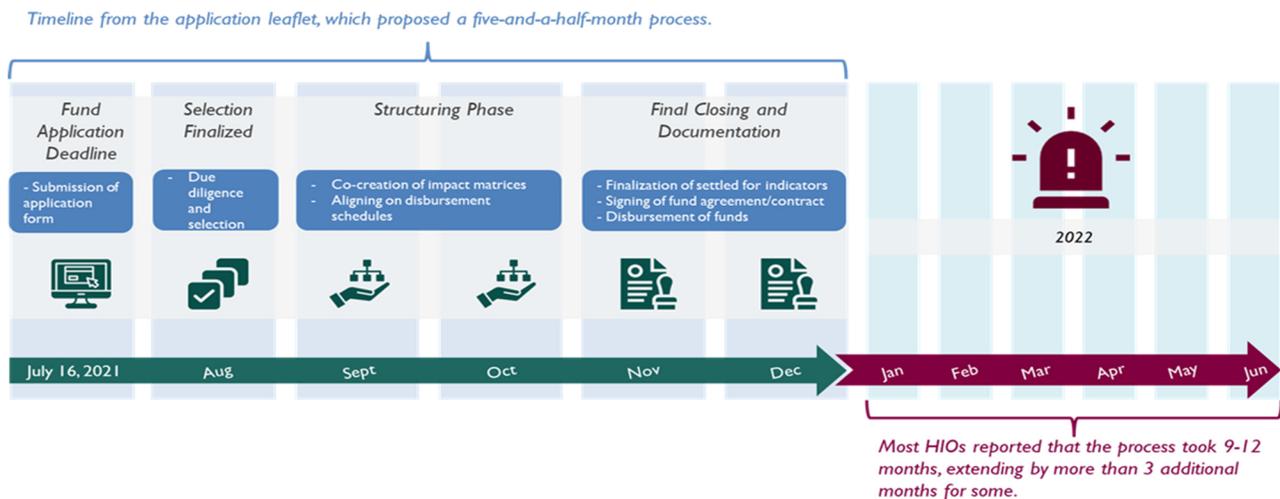


ILF for ESA 1 between USD 200,000 and USD 310,000) and CHF 86,417 for each ILL (3 ILLs in ILF for ESA 1 between USD 140,000-USD 200,000). While these transaction costs are perceived by some donors to be high, there is also a general recognition that these costs stem from applying the set-up steps required by donors to ensure rigour and accountability in line with the ILFF goals as well as the higher levels of involvement of donors throughout these steps. For example, to arrive at a selection of 3 HIOs for the ILL, the selection process entailed the pipeline sourcing and due diligence of a first long list of 10 HIOs, and a second short list of 6 HIOs with multiple ILF actors involved throughout the selection processes. Similarly, for SIINCs, a selection of 5 HIOs required a first long list of 15 HIOs and a second short list of 10 HIOs. In addition, for ILLs, due diligence is an essential process in assessing suitability of an investee and the ideal terms of the investment. Considering that the steps and associated costs of due diligence is relatively similar despite ticket sizes, the diligence cost on smaller ticket sizes as typified on the ILF for ESA window will be substantially higher. This contributes to the overall perception of higher costs by ILF for ESA 2 donors and highlights an opportunity to streamline selection processes to optimize transaction costs without compromising quality.

3. Set up delays: prolonged structuring and delayed disbursement timelines in implementation created operational pain points for HIOs

One of the most consistent pain points for HIOs in both ILF for ESA 1 and ILF for ESA 2 has been the prolonged timelines for structuring and disbursement, which caused operational frustrations. In ILF for ESA 1, the original five-month timeline for structuring and disbursement extended to between 9 and 12 months, due to delays during the application, due diligence, and contracting stages. Figure 7 provides a snapshot of the intended timeline compared to the actual time taken for ILF for ESA 1 disbursement. Much of the delay stemmed from the lack of a clear, upfront list of requirements for selection and structuring which resulted in multiple requests for additional information from HIOs, prolonging the timeline for engagement and adding to HIO's perception of inefficiency. This, coupled with the repeated consultations on the metric design process, significantly prolonged the structuring phase with a ripple effect on the disbursement cycles. For some HIOs, this slow pace hindered their ability to scale operations and launch new impact initiatives, particularly in countries like Tanzania, where additional government regulations around foreign loans added another layer of complexity and delay. Similarly, in ILF for ESA 2, the selection and structuring process had already stretched to approximately 11 months, while still in the pre-contracting stage. This is mostly due to unclear communication to HIOs around the process and expectations, resulting in a time-consuming back-and-forth during the set-up phase. This recurring challenge across ILF for ESA windows underscores the need for the ILF to review and streamline its internal processes and steps in pipeline building, selection, structuring (particularly metric design).

Figure 7: Timeline for funding instrument



4. Streamlining the verification process can enhance operational efficiency during implementation

The verification process for ILF for ESA 1, although essential for ensuring accountability and results validation, has been flagged by HIOs as an area where operational efficiency can be significantly improved. Of the seven ILF for ESA 1 HIOs



evaluated, only four that were receiving SIINCs underwent the verification process, which typically began with a kick-off call and included multiple weekly virtual meetings, data extraction exercises, and site visits with customer interviews. While the thoroughness was appreciated, the extended timeframe caused delays in several cases, particularly when physical visits were required. The data extraction phase, in particular, was a pain point for the HIOs as they had to align their internal systems with ILF-specific templates, which proved time-consuming. Although these checks are crucial for the fund's transparency, risk management and impact, HIOs suggested that subsequent verifications could be faster if more efficient data collection tools were used, and the number of physical site visits reduced. Additionally, customer interviews-though important to understand the full customer experience-often contributed little to the final verification outcome, leading some HIOs to question their necessity in every case. ILF for ESA 2 still at the pre-contracting stage offers an opportunity to streamline these processes and significantly reduce the time required for verification without compromising the integrity or thoroughness of the checks, allowing HIOs to focus more on meeting their impact targets.

5. The CoP (all ILFF windows) is constrained by limited institutional structure, resources and coordination mechanisms impacting its potential to significantly contribute to SDC's institutional learning and capacity building on ILFF

The CoP was intended to serve as a hub for knowledge sharing and collaboration among ILFF stakeholders. In theory, this was a vital piece of the SDC ILFF's operational strategy to facilitate communication, foster innovation, enable the exchange of best practices across different funding windows and meaningfully drive institutional learning and capacity building on ILFF. In its early stages, the CoP held a few key discussions which allowed participants to exchange valuable insights, including an update on Tanzania's learning journey. However, as time progressed, the CoP's momentum started to wane, and it shifted from an active, structured platform for continuous engagement and learning to a more ad-hoc gathering of stakeholders when specific updates or learning journeys required dissemination. Its interactions have become increasingly inconsistent and infrequent, leaving much of its collaborative value unrealized. The primary reasons for this decline in CoP interactions and goals include (i) the lack of dedicated focal point and resources to consistently coordinate the CoP (ii) increasing workload of CoP collaborators which creates little time for CoP initiatives (iii) the turnover of key personnel within the SDC ILFF team and the associated loss of institutional memory (iv) lack of a structured framework to capture and transfer ILFF institutional knowledge and (v) insufficient support from the leadership needed to designate personnel time and resources for the CoP. It is important to note that SDC ILFF actors engage and provide mutual support bilaterally and newer actors have expressed great appreciation for support from more experienced SDC ILFF actors including in fund creation and management. Unlocking the full potential of the CoP involves taking clear and intentional steps to address some of the driving factors impeding the CoP both in short and long term. By doing so, SDC could transform the CoP into a vibrant, dynamic platform that not only shares insights but also incubates new ideas, contributing to the long-term success and innovation within the SDC ILFF and broader within the donor cooperation ecosystem.

3.1.4 Effectiveness (ILF for ESA I only) – Did the ILF achieve its objectives?

The ILF for ESA I window has made measurable progress in helping HIOs achieve, scale, and track their impact, as evidenced by their ability to meet KPIs. Despite this progress, some challenges persist, particularly in mobilizing additional capital, HIOs financial sustainability (break-even) and influencing wider systems learning and replication. HIOs have also emphasized the need for a clearer, more structured TA framework to support their continued growth. This includes additional guidance on impact measurement, operational efficiency, and preparing for future funding rounds. The following synthesis presents four key insights, balancing observed changes with underlying assumptions and noted limitations.

I. ILF for ESA I has made significant progress in achieving its intended results (outputs and outcomes), but challenges persist in reaching few strategic outcomes such as resource mobilization

ILF for ESA I has achieved several key objectives in its impact framework (log frame), but still faces challenges in reaching certain outcomes such as resource mobilization target and replication of the ILF approach outside the SDC financing ecosystem. As outlined in Table 6 below, Outcome I, which focuses on scaling HIOs to provide essential products and services to disadvantaged, low-income households, exceeded expectations, with 8,342 additional total and low-income clients reached, surpassing the target of 6,000. Additionally, 479 full-time jobs have been sustained, providing a baseline for future job creation. However, only 4 out of 8 HIOs have reached so far, financial sustainability, leaving the long-term



viability of the pending 4 HIOs still open for final judgement/assessment. In terms of Outcome 2, while CHF 3,900,000 has been secured in additional commitments, including CHF 2,000,000 from SDC Tanzania, this falls short of the CHF 20,000,000 target highlighting a need to dedicate resources and efforts to mobilizing the anticipated level of capital. Similarly, for Outcome 3, which seeks to prove the ILF model's attractiveness to impact investors, early commitments from donors like SDC and Swiss Re Foundation show potential, but the model's broader adoption by other investors within the current (short) implementation is yet to be seen. This could be linked to the fact that not enough time has passed to observe some of the longer-term outcomes on the ILF and should be ideally assessed in future evaluations. Deliberate steps need to be taken to influence the achievement of longer-term strategic outcomes, including resource mobilization and system-wide adoption and replication. Future assessments may provide further insights into the extent and consistency of replication.

Table 6: ILF for ESA I HIOs' outcome¹² results table

Outcome	Outcome Indicator	Baseline	Target	2021 Achievement	2022 Achievement	2023 Achievement ¹³
Outcome 1 Up to 4 HIOs (per CHF 1,000,000 invested by the FW) can scale their operations and provide essential products and services to disadvantaged and low-income households	OC 1.1: Additional total and low-income clients reached	N/A	6,000 clients (2022 target)	N/A (transactions were in structuring stage)	Could not yet be assessed as contracts with HIOs had just begun	The number of additional total and low-income clients reached is 8,342 versus a target of 6,000
	OC 1.2: Evolution of total sales/turnover of each HIO supported	N/A	Not defined	N/A (transactions were in structuring stage)	Could not yet be assessed as contracts with HIOs had just begun	The number of HIOs who receive structured TA and other support to achieve investment readiness is 8, versus a target of 8
	OC 1.3: Employment created (FTE jobs) within HIO	N/A	Not defined	N/A (transactions were in structuring stage)	Could not yet be assessed as contracts with HIOs had just begun	479 full-time jobs sustained (this will be used as the baseline for measuring future job creation)
	OC 1.4: Financial sustainability (break-even)	N/A	Above baseline (depending on case)	N/A (transactions were in structuring stage)	Could not yet be assessed as contracts with HIOs had just begun	4 out of 8 HIOs were at break-even, average net margin of 3.1% for all HIOs
Outcome 2 Additional financing contributed to the FW	OC 2.1: Additional funds made available	CHF 500,000 private/CHF 2,000,000 public capital	CHF 20,000,000	N/A (transactions were in structuring stage)	SDC Tanzania had shown interest and potential for CHF 2,000,000-3,000,000	SDC Tanzania has secured approval for a CHF 2,000,000 credit extension for ILF for ESA. Additional commitments have been made by
	OC 2.2: Additional private capital transferred into ILFF facility	CHF 500,000	CHF 2,000,000 per CHF 1,000,000 invested by FW	N/A (transactions were in structuring stage)	N/A	FourFold Foundation (CHF 500,000), Aqua for All (CHF 400,000), and Swiss Re Foundation (CHF 1,000,000), bringing the second closing to CHF 3,900,000

¹² ILFF ESA I Operational reports for years 2021, 2022, & 2023.

¹³ This is as of the 2023 verification cycle.



						against a target of CHF 20,000,000.
Outcome 3 The ILFF model proves attractive to impact investors who increased ILFF-based deal flows	OC 3.1: Additional capital invested in ILFF-inspired programs	0	As much as possible	N/A (transactions were in structuring stage)	Was too early for proof of concept	Proof of concept was still being observed

2. HIOs have demonstrated strong performance on their individual KPIs and impact measurement systems

HIOs have demonstrated the ability to track and meet their KPIs, suggesting that the ILF has been effective in achieving its downstream results. As shown in Figure 8, 40% of HIOs exceeded all their impact metrics, while another 40% largely met their targets with only minor shortfalls. For example, Access Afya surpassed its targets, achieving 31% of Non-Communicable Diseases (NCD)/Maternal and Child Health (MCH) visits and 93% in franchise service quality. Similarly, Shamba Pride exceeded expectations for its DigiShops, achieving 162.5% growth, with 46.96% of its input sales attributed to organic products. Even though 20% of HIOs partially met their metrics (e.g., Shamba Pride underperformed in climate-smart product sales), all HIOs reported they expected these results, stemming from the first verification period, to improve as they refine their impact measurement processes. Feedback from HIOs show that ILF's financing has contributed to their positive performance on their impact indicators. Isolating the extent of ILF for ESA's precise contribution in achieving these metrics remains challenging as ILF for ESA resources are treated as a revenue line and in almost all cases deployed to HIO's entire operations alongside other financing sourced from HIOs.

Figure 8: ILF for ESA | HIOs' results table

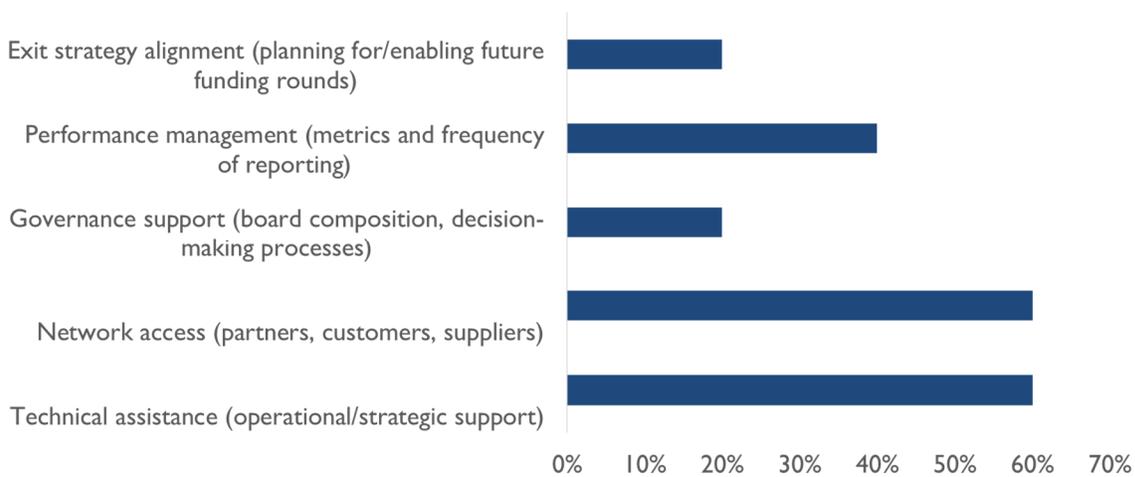
HIO	Customer Profile	Instrument & Amount	Metrics Achievement
Access Afya (Health)	• Low-income general patients	SIINC – USD 290,000	<ul style="list-style-type: none"> ● Metric 1: Percentage of chronic care visits offered by franchise clinics: Outperformed –achieving 31% of NCD / MCH visits ● Metric 2: Average score for franchises' quality of service: Outperformed –achieving 93% Company wide average AA score surpassing their 92% target
Jacaranda (Health)	• Pregnant women and new mothers seeking maternal health services	SIINC – USD 250,000	<ul style="list-style-type: none"> ● Metric 1: Targeting lower income delivery patients based on the Relative Wealth Index(RWI) : Under Performed – did not meet the target, the average RWI increased from 1.11 to 1.14 ● Metric 2: Conversion of ANC patients to delivery patients : Performed Adequately–exceeded its target by achieving 56% conversion rate ● Metric 3: Conversion of delivery patients to PNC patients: Performed Adequately – converting 64% of delivery patients into Postnatal Care (PNC) patients
Shamba pride (Agribusiness)	• Smallholder farmers • Agrodealers	SIINC – USD 250,000	<ul style="list-style-type: none"> ● Metric 1 : Percentage growth of DigiShops in ASAL counties: Outperformed by achieving 162.5% growth of DigiShops ● Metric 2: Percentage of DigiShops offering climate-smart products: Under Performed –out of 141 DigiShops only 1 has achieved the goal of selling 30% climate smart inputs ● Metric 3: Percentage of organic inputs sold: Over Performed approximately 46.96% of total input sales attributed to organic inputs
Kwanza Tukule (Fast Moving Consumer Goods)	• Food Vendors • Kiosks and wholesalers	SIINC – 200,00	<ul style="list-style-type: none"> ● Metric 1 : Percentage of Underserved Customers: Outperformed by catering to 76.47% of underserved customers ● Metric 2: Retention Rate of Food Vendors: Outperformed – managed a retention rate of 83.22%,
Kilimo Fresh (Agribusiness)	• Formal retailers • Informal retailers	ILL – USD 150,000	<ul style="list-style-type: none"> ● Metric 1: % of female farmers sourced from ● Performance pending ILL KPI reports
EFTA (Finance)	• Small scale farmers • SMEs	ILL – USD 200,000	<ul style="list-style-type: none"> ● Metric 1: % of low-income brooders ● Pending ILL KPI reports
NuCafe (Agriculture)	• Farmers • Farmer cooperatives	ILL – USD 140,000	<ul style="list-style-type: none"> ● Metric 1: % of coffee from member cooperatives that is marketed ● Pending ILL KPI reports



3. The limited structure and clarity of the TA impedes its ability to promote HIO's growth and impact

While the pro-bono technical support provided by facility managers during the indicator design process was appreciated, HIOs emphasized the need for a more structured and coherent TA. Figure 9 below provides an overview of the overall TA capacity gaps identified within the ILF for ESA I HIOs. Organizations like Access Afya and Shamba Pride highlighted the importance of clearly defining the scope, duration, and type of support they could expect throughout their engagement. Key areas requiring more focused and continuous TA include: (i) impact measurement, where HIOs sought guidance on effectively tracking and presenting their social impact to stakeholders and investors, and (ii) operational efficiency, where support was needed to optimize resource management and enhance investor readiness, particularly in preparing for future funding rounds with compelling presentations of impact metrics. See Table II in the annex for the detailed TA needs articulated by individual HIOs. Furthermore, HIOs indicated that a more structured TA model-incorporating hands-on workshops on Theories of Change (ToC) development, one-on-one mentorship, and peer-learning opportunities would enable them to better align operational growth with social impact goals across various stages of development.

Figure 9: Overview of TA capacity gaps identified in ILF for ESA I HIOs



4. Verifier recommendations are an important feedback loop but, in some cases, have been too complex to further enhance effectiveness

The complexity and technical nature of verifier recommendations presented a challenge for HIOs, particularly when these recommendations were communicated using development-centric language that did not align with the practical, business-oriented needs of the organizations. For instance, HIOs in the healthcare and agriculture sectors, such as Kwanza Tukule, struggled to interpret recommendations that were framed in terms of development tools like ToCs. These frameworks, while valuable in a development context, were less familiar to business professionals, making it difficult for them to apply the recommendations in a way that could directly improve their operational and financial performance. To enhance the effectiveness of the verification process, there is a need for recommendations to be communicated in more accessible, business-friendly language, ensuring that HIOs can easily implement the suggested changes. Simplifying the communication of verifier feedback would allow HIOs to integrate these recommendations more effectively, ensuring that they continue to meet both their operational targets and social impact goals.

5. The ILF for ESA I performance measurement system is well-structured and adaptive, with iGravity effectively managing reporting and verification processes, though there is room to improve clarity and extend detailed reporting to ILL transactions for enhanced insights.

The performance measurement system for ILF for ESA I is a well-structured and clearly articulated process, though there is an opportunity to enhance clarity by specifying the frequency of reporting and associated deliverables to fully capture the results. iGravity, the facility manager, is central to this system, acting as the link between the fund promoters



and the HIOs, ensuring the development and delivery of comprehensive performance reports. For SIINC transactions, iGravity relies on verification reports provided by Sattva, an impact verification firm, which track performance based on specific KPIs. These verification reports serve as a critical tool to measure the impact of SIINC-funded projects. In parallel, iGravity manages the ILL transactions by following up with audit reports to monitor results and overall performance. The facility managers consolidate this information into operational reports for the fund promoters, detailing each transaction's performance against the key KPIs, along with progress towards the expected outcomes outlined in the log frame and ToC for ILF for ESA I. Notably, the performance measurement system has proven effective in identifying and addressing operational challenges. For example, iGravity acted swiftly when the DCED standard used for verification was deemed too complex and time-consuming, opting instead to verify impact based on raw data—a shift that demonstrated the system's ability to adapt and improve. Despite these strengths, the process could be further strengthened by extending the scope of reporting for ILL transactions to mirror the "verification report" structure used for SIINC. This would provide deeper insights and allow for more targeted recommendations to drive improvements in both types of transactions.

3.1.5 Impact (ILF for ESA I only) – What difference did the ILF for ESA I make for the HIOs and their customers?

This analysis examines impact at two primary levels: (i) HIOs receiving funding and (ii) their customers. For HIOs, the evaluation considered changes in business models, market positioning, operational efficiency, and organizational adaptations. At the customer level, it evaluated improvements in service design, delivery, and accessibility for target populations. The overall assessment indicates that ILF funding has generated meaningful positive impacts, particularly in reaching underserved segments and enhancing impact measurement practices. The evaluation also reveals areas where impact is less definitive or where additional data would strengthen conclusions. The following synthesis presents four key insights, balancing observed outcomes with underlying assumptions and noted limitations.

I. ILF for ESA's reporting requirements drove significant enhancements in HIOs' impact measurement

The ILF for ESA's tailored indicators and reporting requirements catalysed improvements in HIOs' impact measurement systems. By tying funding to specific, structured impact reporting demands, ILF for ESA compelled HIOs to adopt either more formalized or more targeted approaches to tracking and measuring social impact outcomes. Survey data, as shown in Figure 10 reveals that ILF for ESA funding was mostly associated with the implementation of enhanced impact measurement systems for 80% of respondents, with most significant changes observed in organizations that previously solely focused on basic business metrics such as sales, customer numbers, and revenue growth. These improvements often involved adding more indicators to track (e.g., one HIO reports introducing gender disaggregation and acreage per customer household), investing in better data collection methods (e.g., Kilimo Fresh reports improving its data collection methods by adding new fields to capture farmer information and implementing weekly reporting schedules) and in some cases, adding more M&E expertise (e.g., Shamba Pride reports building a performance management system from scratch with the assistance of an M&E expert¹⁴). With these improved systems in place, HIOs gained a better understanding of their interventions' effectiveness, enabling them to articulate their impact story more clearly and use this data to inform course corrections and investment priorities. The strong association between ILF for ESA's impact reporting requirements and improved impact measurement practices suggests that external accountability can be a powerful driver for enhancing impact assessment capabilities in social enterprises. As it is too early to observe whether these enhanced measurement practices result in sustained improvements in social impact over time, future evaluations should include tracking the long-term effects of these improved measurement systems on HIOs' overall impact and decision-making processes.

¹⁴ Shamba Pride's in-house performance management system was enhanced through two annual consultations with 60 Decibels funded by a World Bank grant (USD 25,000 per engagement), with their product officer providing the main M&E expertise internally.



Figure 10: Overview of the improvements in operations reported by ILF for ESA I HIOs



2. ILF enabled strategic market expansion of HIOs into underserved customer segments

As shown in Figure 10, ILF funding has enabled HIOs to pursue strategic market expansions (product/service delivery) into high impact but high-risk customer segments, effectively reducing the financial risk typically associated with such initiatives. This risk mitigation has allowed HIOs to either pilot new products or maintain services in underserved markets, potentially securing first-mover advantages. For instance, EFTA leveraged its ILF loan to develop and test small-scale poultry farming loans for smallholder farmers and youth, a new customer segment in their portfolio. Similarly, Kwanza Tukule utilized SIINC financing to maintain delivery routes serving low-income food vendors that they would have otherwise discontinued due to significant profitability challenges, thereby reinforcing a crucial aspect of their social impact business model. These strategic moves have improved HIOs' market positioning in underserved, lower-income segments. By consistently reaching previously underserved populations, HIOs report contributing to outcomes such as job creation, increased income, and improved access to essential services. This approach assumes that these new market segments and products will achieve long-term viability, justifying the initial ILF-backed investment. Future evaluations would benefit from assessing the long-term impact and sustainability of these ILF-supported first-mover strategies in challenging markets.

3. Enhanced impact storytelling has the potential to boost HIOs' investment readiness

While most HIOs were already attractive to impact investors, ILF, with crucial support from Facility Managers, helped most of them articulate their impact stories more effectively and clearly. For example, Kilimo Fresh had a wealth of data on impact indicators (e.g., farm size and growth as a proxy for income increase, crop yield improvements over time, and reduction in post-harvest food waste), but did not know how to craft a compelling story from this information. With ILF support, Kilimo Fresh was able to articulate a clear impact narrative showing how they empowered smallholder farmers by providing consistent market access, fair pricing, and support services like training and linkages to quality input providers, resulting in improved livelihoods and agricultural practices for farmers in vulnerable regions. Similarly, Shamba Pride, which mentioned not tracking any impact indicators before ILF, reports that their newly developed impact narrative translated into increased credibility with impact investors they were previously in conversations with and broadened the HIO's access to capital beyond commercial loans. The logical progression here is that clearer impact stories could lead to greater impact investor buy-in, which in turn could translate into direct investments. This remains an assumption to be tested in future ILF evaluation including with feedback from investors on the effect of these improved impact narratives in their decisions to invest in these HIOs. Future evaluations could benefit from gathering comparative data from investors on their perceptions of an HIO before and after ILF intervention, to validate the relationship between enhanced impact storytelling and increased investment attractiveness and potentially estimate its real impact on HIOs' investment readiness.



4. ILF drove service innovation tailored to vulnerable customer segments with early signs of positive effects on customers

Survey data reveals that ILF funding catalysed innovations and service tailoring for vulnerable, underserved customer segments among the large majority of HIOs, aligning with ILF's focus on high-impact markets. These innovations spanned three key dimensions: service design, service quality, and customer engagement. In service design, most HIOs introduced new offerings tailored to their target markets. For instance, to meet its SIINC conversion rate (prenatal to delivery) target, a health-focused HIO started providing multidisciplinary care for high-risk pregnancies and expanded birth preparedness clinics. Kwanza Tukule redesigned its product range to include specific adjacent products (e.g., napkins, toothpicks) and smaller package sizes better suited to low-income food vendors' cashflow. Service quality improvements were observable across HIOs: To meet its SIINC conversion rate (delivery to postnatal) targets, an HIO increased follow-up visit frequency and introduced 24/7 WhatsApp support groups for patients, enhancing continuity and accessibility of care. Kwanza Tukule's shift to providing different, cheaper brands also aimed to improve service quality for its target segment by taking into account their preferences and need, which translated into the inclusion of cheaper brands of food into their product catalogue. In terms of customer engagement, the ILF incentivized most HIOs to enhance their approaches: for example, one HIO became more intentional about digital Customer Relationship Management (CRM), introduced digital vouchers, and expanded community events and other offered more targeted Good Agricultural Practices (GAP) and tailored agro inputs to their customers. These multi-dimensional changes yielded positive results, with customer interviews suggesting improved services facilitated positive effects such as increased incomes and income security, increased yields, in-direct employment and time and cost savings. For instance, Kilimo Fresh's customers reported increased operational capacity due to daily deliveries, which saved them time and effort in sourcing supplies themselves, and Shamba pride customers reported a 100% increase in income and yield due to improved inputs and better knowledge of GAP. However, extrapolating the early positive effects of these tailored services to all customers remains challenging due to the limited sample size of customers engaged in the evaluation. Further research with a robust sample size of customers would support to establish external validity on the impact of HIOs service innovations on customer well-being, as well as to assess the long-term effects of these ILF-driven changes.

3.1.6 Sustainability (ILF for ESA I only) – Will the impact achieved last?

This analysis examines sustainability at two primary levels: the internal systems and processes of the HIOs receiving funding, and the broader ecosystem effects. For HIOs, the evaluation considered changes reported by HIOs in strategy, operations, staffing, marketing, and internal financing that may contribute to long-term viability as well as the extent to which product/services to customers promote sustainable strategies/mechanisms. At the ecosystem level, it evaluated knowledge sharing, replication of practices, and potential for broader systemic change. The overall assessment indicates that ILF funding has catalysed several sustainable practices, particularly in operational improvements and service offerings. It also reveals areas where sustainability is less certain or where additional time is needed to determine long-term effects. The following synthesis presents four key insights, balancing observed changes with underlying assumptions and noted limitations.

I. Internal capacity building approach at the HIO-level may enhance long-term sustainability of ILF-initiated changes

ILF for ESA catalysed operational improvements and internal capacity building within HIOs, with most reportedly opting to train existing staff rather than make new hires specifically for ILF-related activities. For instance, EFTA reports that they chose not to hire new staff specifically for their chicken farming product. Instead, they trained existing staff and adjusted performance metrics to encourage work on these loans despite their smaller sizes. This approach potentially enhances the sustainability of newly skills and priorities domiciled within the organization. Similarly, Kwanza Tukule reports integrating new responsibilities into existing roles by assigning dedicated drivers and a supervisor for the SIINC-targeted routes. It is important to note that the long-term retention of these enhanced capabilities may be challenged by staff turnover or shifting organizational priorities post-ILF ESA. The sustainability of these operational improvements will likely depend on how deeply they are embedded in HIOs' core processes and culture. For example, Shamba Pride reports that changes have been incorporated into the core of their business model and will continue beyond the SIINC period, suggesting a deep integration. Future evaluations should assess whether the operational enhancements and increased internal capacities driven by ILF for ESA persist over time, and if/how they contribute to improved organizational performance and impact delivery beyond the funding period.



2. ILF for ESA - driven impact measurement improvements show potential for long-term adoption, but sustainability varies

As noted in the impact criteria above, ILF for ESA requirements led to more targeted impact measurement practices among HIOs, including those with pre-existing mature performance management systems. When asked about their intention/willingness to maintain ILF for ESA-driven changes post the ILF for ESA, all HIOs, except one¹⁵, expressed intention to continue tracking the ILF for ESA indicators beyond ILFF funding, indicating potential for long-term adoption. The probability of sustaining these enhanced impact measurement practices varies among HIOs and remains uncertain. It depends on factors such as the HIOs' ability to bear associated costs without continued external incentives, the perceived value of these practices to their operations, and their integration into core business processes. The long-term viability of these improvements, especially for more substantial investments like Shamba Pride's or another HIO whose M&E budget increased from USD 1,000-2,000 to USD 4,000-5,000, will hinge on how effectively they contribute to business decision-making and attract future investments. Future evaluations should assess the extent to which these enhanced measurement practices persist and continue to inform strategic decisions after ILFF support ends.

3. ILF for ESA-enabled market expansions to underserved segments require proven profitability for long-term sustainability

HIOs report that ILFF funding enabled them to strategically expand into high impact but high-risk customer segments. While HIOs expressed intentions to continue serving these underserved markets and customers expressed willingness to continue to use these products/services, and apply the knowledge and skills gained, HIOs acknowledge profitability as a major sustainability challenge. For instance, Kwanza Tukule reports that its commitment to maintaining delivery routes to low-income food vendors, initially supported by SIINC financing, will depend on achieving break-even without external subsidies, which they plan to do by the end of year 3 of the SIINC. They cite early positive signs: the share of revenue reported from SIINC-targeted customers increased from about 2-2.5% to 5% since the beginning of implementation. The CEO reports being pleasantly surprised by the high fidelity of that customer segment, a fidelity which was confirmed during customer interviews. Similarly, EFTA reports not yet reaching profitability with this new customer segment. These new products are associated with higher costs due to the riskier customer profile. Kwanza Tukule reports increasing its insurance premium for these routes by 20% to cover risks such as staff attacks, theft, loss of goods, and vehicle damage. EFTA reports having experienced one case of default on a loan given to a customer, amounting to approximately USD 10,000. To address these challenges, HIOs are taking various actions. EFTA indicates exploring solutions to manage this new type of loan product, characterized by smaller ticket sizes, shorter repayment periods, and higher default risks compared to their traditional offerings, and make it profitable: they report seeking additional concessional funding to reach profitability and exploring partnerships to improve efficiency in lower-income customer acquisition and monitoring. Overall, HIOs suggest that the sustainability of these expansions hinges on their ability to optimize operations, achieve economies of scale, and potentially cross-subsidize from more profitable segments. Future assessments should examine whether these ILF-supported expansions become self-sustaining parts of HIOs' business models or require ongoing external support to maintain their social impact.

4. Limited knowledge sharing hinders broader ecosystem-level sustainability of ILF impact

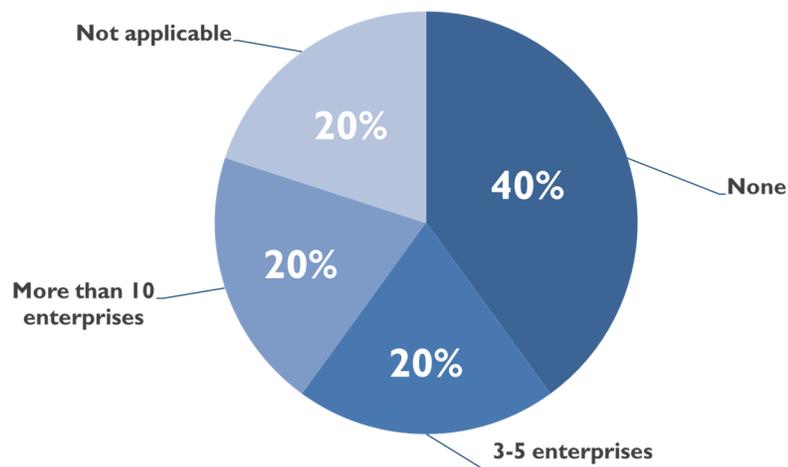
While ILF has driven significant innovations within individual HIOs, HIOs did not observe as much pick-up of impact-linked finance within their ecosystem as they would have liked, indicating an opportunity to further enhance ILF's broader advocacy and influence goals through increased and targeted knowledge sharing. Currently, when HIOs are invited to external knowledge events, it tends to focus on HIO product innovations rather than the ILF program itself. For instance, Shamba Pride reports sharing insights about their agricultural products with two enterprises in Zambia, and EFTA reports participating in a government-requested panel about their new chicken farming product, but neither report discussing the ILF funding structure. This product-centric sharing may limit the potential for broader ecosystem impact and replication of the ILF model itself. The sustainability of ILF's ecosystem-level impact could potentially be enhanced through more intentional knowledge-sharing mechanisms that do not burden HIOs with associated transaction costs: Creating platforms where HIOs could share their ILF experiences with potential funders could foster replication but requires careful consideration of incentives. Potential HIO motivators to be explored could include being shortlisted for upcoming SDC funding or recommendations to other internal Swiss funders and external funders. Furthermore,

¹⁵ The exception plans to revert to their initial indicator to measure the same outcome as the ILFF was tracking, but with a different metric.



empowering HIOs to create private sector-friendly descriptions of ILF, with support from Facility Managers, could resonate better with similar enterprises than more traditional program explanations. Interestingly, HIOs report peer crowding in effects as shown in Figure 11 - their innovative products and initiatives (such as pricing models and customer engagement initiatives) are naturally spreading in the ecosystem through adoption by competitors, who wait for proof of concept before replicating, allowing HIOs to maintain their first-mover advantage. Regarding government involvement, HIOs consistently expressed a preference for minimal government interaction, with EFTA reporting feeling "used" by an opportunistic government when asked to participate in a panel. While increased government interest can be an effective sustainability tool in many contexts including through policy support for HIOs, in this particular setting, careful consideration is needed to not overburden HIOs with government engagement given their operational realities. The ILF can define suitable stakeholders within its ecosystem with the reach, scale, and resources to drive meaningful government advocacy and support in alignment with the ILF social impact and development goals. More broadly, future ILF initiatives could benefit from considering these ecosystem dynamics to enhance knowledge sharing and sustainable impact while taking into account HIOs' operational realities and preferences.

Figure 11: Percentage of ILF for ESA | HIOs who have observed other enterprises replicating their impact-linked business model



3.1.7 Additionality – Was the impact achieved additional to what would have happened without ILF?

This analysis examines additionality across three dimensions: value, impact and financial. Value additionality evaluates ILF's ability to promote social and environmental standards, promote or catalyse knowledge and expertise, foster good governance, and generate innovations and evidence for ecosystem adoption. Impact additionality focuses on the expansion of services to underserved populations and employment creation directly attributable to ILF. Financial additionality is assessed at both the program and HIO levels, considering the fund's ability to attract additional investments and its impact on HIOs' financial performance and investment readiness. While the evaluation indicates that ILF funding has contributed to various additional outcomes across these dimensions, precise quantification remains challenging as the ILF funding is not ring fenced. The following synthesis presents three key insights, balancing observed changes with underlying assumptions and limitations, while considering opportunities for more robust measurement in future evaluations.

I. Value Additionality: ILF supports new and existing impact-focused improvements

ILF has shown its capacity to enhance impact-oriented operations and innovations in HIOs. In some instances, ILF directly catalyses new focus areas, as seen with one HIO's shift towards climate-smart and organic products. It catalyses knowledge and expertise as seen in HIOs who build internal knowledge and expertise to drive product/service innovation. It also drives stronger attention to impact measurement as reported by all HIOs as one of the most observed changes due to their ILF participation. In others, it reinforces existing impact strategies, such as another HIO's intensified efforts around patient retention and care quality. These qualitative experiences reported by HIOs shows that ILF can play both transformative and supportive roles in fostering impact-focused improvements, depending on each HIO's



preexisting strategies and market positioning. Considering that the ILF funding is not ring-fenced and exists among other HIO financing sources, it is difficult to quantify the magnitude of its influences on HIOs. Future assessments could systematically gauge the degree of ILF's impact on strategic changes, which could allow for more nuanced comparisons across HIOs and over time, provide a clearer picture of how ILF shapes impact-oriented practices in different contexts.

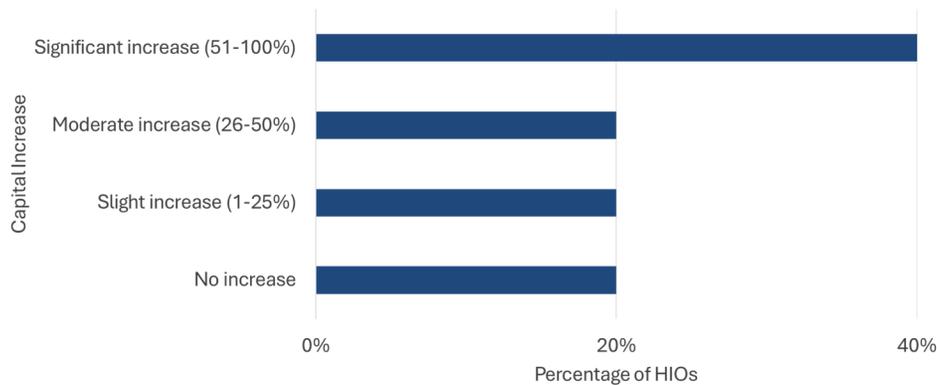
2. Impact Additionality: HIOs expand reach and employment, with varying levels of contribution from ILF funding

During ILF financing, HIOs generally report expansion in services and employment, particularly in underserved markets as well as improved customer engagement techniques, primarily because the ILF supports them to absorb the risk associated with these investments. The extent to which the ILF for ESA support contributes to this expansion varies across organizations. For instance, Access Afya credits ILF for ESA with improving customer engagement techniques that has increased demand for maternal and childcare from underserved communities. Kwanza Tukule, credits ILF for ESA with maintaining services to about 300 customers in low-income areas, while Shamba Pride reports substantial expansion without explicitly attributing it to ILF for ESA. This variance in level of contribution reflects the complex interplay of factors contributing to HIO growth as well as the complex financing environment the ILFF operates in.

3. Financial Additionality: ILF for ESA plays a supportive role in HIOs' financial growth

HIOs generally report positive financial developments during ILF participation. For example, Shamba Pride reports raising significant additional funding and substantial revenue growth during the ILF for ESA period, while EFTA sees ILF for ESA as potentially attracting future impact-focused investments rather than immediately catalysing additional funding. These diverse experiences suggest that while financial growth often accompanies ILFF participation, its specific influence is typically seen as complementary within the HIOs' overall financial trajectories. The mid-term evaluation provides valuable insights into HIOs' financial progress during ILF involvement, but establishing a causal relationship between ILFF support and financial outcomes remains challenging including due to HIOs' reluctance to share more sensitive financial data. Future assessments could benefit from a more detailed examination of HIOs' financial trajectories, perhaps including comparisons with similar organizations that did not receive ILFF funding. This could help clarify the specific ways in which ILFF contributes to HIOs' financial growth and investment readiness, providing a more nuanced understanding of its role in enhancing financial additionality.

Figure 12: Overview of capital increase reported by ILF for ESA | HIOs since participating in the ILF program



3.2 Impact-Linked Fund for Education

Insights on ILF for Education are focused on relevance, coherence, efficiency, effectiveness, early signs of impact, sustainability, and additionality.



3.2.1 Relevance – Did ILF for Education do the right things?

Similar to ILF for ESA, relevance refers to how well the ILF for Education and its financial instruments-such as SIINCs, ILPs and ILLs-are aligned with the specific needs and goals of the HIOs and, most importantly, the customers they serve. ILF for Education utilized the learnings from ILF for ESA I in ensuring that incentives were designed with a reasonable amount of flexibility and adaptability to the operational realities of HIOs. The following synthesis presents two key insights on ILF for Education relevance.

1. The design of the ILF for Education responds to systemic financing challenges faced by HIOs in the education sector

Achieving the Sustainable Development Goal (SDG) 4 in low- and lower-middle-income countries by 2030 requires a significant funding gap estimated at USD 148 billion¹⁶. To address this funding gap, commitment, resources as well as innovative approaches are required from both public and private actors to strengthen learning outcome. Impact-linked finance is an innovative way to leverage private sector engagement and support social enterprises (HIOs) to achieve inclusive education and quality learning especially for vulnerable groups while scaling their businesses. This entails provision of affordable and accessible learning-focused goods and services by HIOs to improve education outcomes for customers. However, for many HIOs, achieving this focus on impact and accessibility particularly for vulnerable groups often leaves them with lower growth opportunities, resources, and capacity to innovate, respond to crisis, or to invest in long-term sustainability and commerciality. ILF for Education has been appropriately designed to overcome these financial challenges faced by HIOs. It offers a catalytic capital focused on impact with reasonable amount of flexibility and adaptability, incorporates both absolute and proportional terms in structuring its instruments (metrics and targets) to allow for adjustments if the business environment or the enterprises' needs change over the course of the transaction.

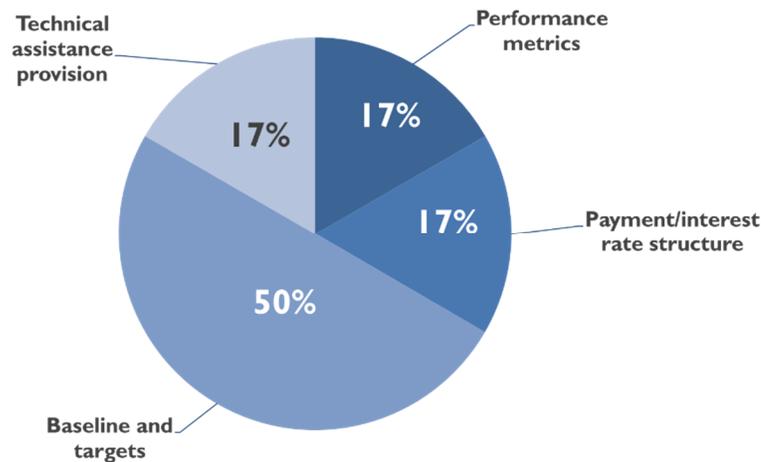
2. Enhanced customisation of funding instruments improves relevance for HIOs seeking to meet both impact goals and their financing needs

ILF for Education created relevant incentives to enhance HIOs focus on impact alongside commercial returns through building in impact-focused customisations. This was done through a largely collaborative structuring process that included successfully leveraging baseline information to develop ambitious yet achievable impact targets. For example, one HIO reported the customized ILP they received as the most optimum funding type to meet their impact and growth goals- SMART metrics and targets were defined to reflect their customer base and operational challenges. For another HIO, the customized SIINC was structured such that they received a portion of their incentive linked to Metric #1 as an advance payment which unlocked their ability to synchronise the timings of future disbursements and impact measurement with the annual school calendar. This directly addressed their liquidity constraints linked to the school holidays and annual closures and allowed for better sequencing with project implementation. Another HIO applied for ILF for Education financing as a direct result of its desire to drive impact creation through innovative and impactful business models rather than a Non-Governmental Organization (NGO) structure reliant on grant-based funding. ILF for Education met this need, through a customised SIINC that aligned with their business model and provided a revenue line to support them in their mission to increase skills and employability of graduates. An additional customization element that stood out for all ILF for Education HIOs was the development and use of context-specific definitions of vulnerable and low-income groups which opened opportunities for HIOs to improve their business models. For some HIOs who started off as traditional NGOs before transitioning into social business models and have an overly programmatic approach due to their previous reliance on grant funding, this customization element presented opportunities to improve their business models to take on a more commercial approach that supports their growth needs. For example, one HIO highlighted that components of their existing programmatic support they had perceived as critical to vulnerable students were identified by ILF as being supplementary to the commercial, school-specific focus. This motivated them to review and improve their social business model, to recognize these distinctions and balance their growth and impact mission. Figure 13 below shows elements of ILF for Education instruments most customized to the HIOs needs.

¹⁶ <https://unesdoc.unesco.org/ark:/48223/pf0000374163>



Figure 13: Aspect of funding instrument mostly customized to ILF for Education HIOs' needs



3.2.2 Coherence – How well did the ILF for Education programme fit internally and externally?

Internal coherence considered the synergies and linkages between ILF for Education and SDC impact financing strategies and goals. External coherence examined the consistency and complementarity of ILF for Education with other existing support mechanisms provided by other ecosystem players. ILF for Education demonstrated internal coherence with SDC's financings objectives and externally complements HIOs financing sources and national education priorities and needs. The following synthesis presents two key insights on coherence.

Internal Coherence

I. ILF for Education is strongly aligned with ILFF's objectives and SDC's broader strategies and goals

Similar to ILF for ESA I and ILF for ESA 2, ILF for Education's financial instruments, such as SIINCs and ILLs and ILPs, are catalytic instruments directly provided to HIOs (social enterprises) to strengthen and scale their operations while staying aligned with education impact outcomes, particularly for vulnerable populations. This approach not only ties into ILF's goal of making impact-linked financing accessible to HIOs but also resonates with SDC's financing strategy to utilize alternative strategies such as innovative financial instruments to increase the volume of public-private cooperation and directly support social enterprises who place an emphasis on the return to society as their main objective. Geographically, HIOs benefitted from on-going engagements with Jordan-based SDC colleagues which supported HIOs to complement the efforts of SDC's existing education projects in Jordan.

External Coherence

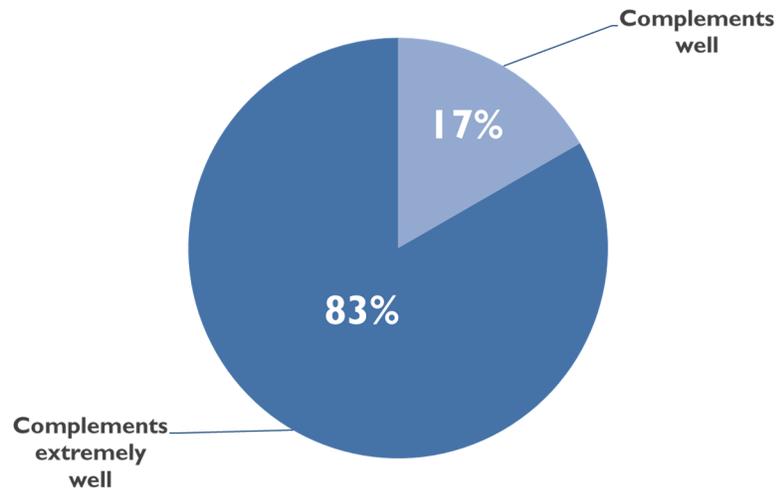
I. The ILF for Education strongly complements HIO's existing financing sources

As illustrated in Figure 14, and similar to ILF for ESA, HIOs expressed strong complementarity between ILF for Education and their existing financing sources, such as equity, convertible debts, and grants. Within this, there is a nuance- the business approach of HIOs shaped their view of ILF's complementarity with their other financing sources. For ILF for Education HIOs with programmatic rather than commercial approaches due to them starting off as NGOs and transitioning to social enterprises, ILF for Education with its impact-linked financing lens is a first step towards attracting more commercial and international finance to fill in gaps not fully covered by grants and help them align with their long-term growth and sustainability goals. For the HIOs who are already commercially oriented, ILF complements their existing financing sources (equity, debt, and grant) and enabled them to balance the expectations of both commercial and non-commercial investors, ensuring that social impact objectives were preserved alongside financial goals. One HIO's SIINC enabled them to expand their reach and services to underserved populations perceived by their commercial investors to have a higher risk profile. By working alongside other HIOs' capital sources, the ILF for



Education reinforces its external coherence within the broader financial ecosystem and demonstrates its capacity to strengthen the financial resilience of HIOs, allowing them to scale while maintaining their social missions.

Figure 14: How well ILF complements other funding support that ILF for Education HIOs receive (including government funding)



2. HIOs have a strong alignment to national educational priorities and gaps

HIOs have strongly aligned with national educational priorities and built strong relationship with governments- Ministries of Education (MoEs) in their operating countries. 83.3% of HIOs identified governments as their customers or strategic partners with formal Memoranda of Understanding (MOUs) with various MoEs. Also, HIOs plug into existing gaps across skills development, vocational training, post-education opportunities continuum pre-identified by the local governments or private sector actors. For example, one HIO has collaborated with private sector players (employers) to develop a customised and market-driven curriculum that ensures that skills and vocational training meets market needs and demands. Where novel approaches such as curriculum-agnostic language solutions exist, HIOs have placed an emphasis in cascading these solutions into grade-level tailored packages that enable teachers to seamlessly integrate their solutions into existing pedagogy and national learning standards.

3.2.3 Efficiency – Were the results achieved in a cost-effective way?

The ILF for Education has leveraged ILF for ESA’s institutional knowledge and processes to have a robust governance structure and implementation strategy with well stipulated management and decision-making processes that ensure the sourcing and selection of impact focused HIOs aligned with ILF for Education’s goals. It also utilized learnings from ILF for ESA 1 to improve clarity of expectations to HIOs and reduce the timelines for selection and structuring albeit with wide variance across the cohort. Similar to ILF for ESA 1, operational challenges persist, such as relatively high transaction costs, underscoring the need to explore avenues to optimize efficiency without compromising quality. The following synthesis presents two key insights, balancing observed changes with underlying assumptions and noted limitations.

1. Improvement in set up timelines (selection and structuring) with wide variances across the cohort

The ILF for Education has an average set up timeline of 9 months, which is slightly lesser than ILF for ESA 1 (9-12 months) and ILF for ESA 2 (11 months). However, there is a wide variance in timelines across instruments with ILPs averaging 3 months, ILLs averaging 10 months and SIINCs taking approximately 13 months to set up. For the 3-month set-up timeline, the HIO highlighted that the time required for the ILF engagement was significantly less compared to other funding sources with which they have received. This process was characterised by structured and clear processes, strongly complemented by the availability and responsiveness of the Facility Manager. Furthermore, the HIO highlighted that the funding requirements were less burdensome. On the other hand, the HIO who received an ILL, reported the



setup process as very lengthy and time consuming, taking 10 months from initial application to final contracting. The due diligence process in this case required a significant amount of documentation and information, which was challenging to gather due to the local regulatory environment. Whilst ILLs can be better compared with other types of debt instruments, when compared to this HIO's experience with grant applications, the ILF process was five times more time consuming, rigorous and resource intensive. Future ILF for Education windows would benefit from efforts to broadly streamline the ILF's internal processes and steps in pipeline building, selection, and structuring.

2. High perceived transaction costs driven by donor quality and rigour requirements (similar to ILF for ESA)

The ILF has standardized transaction costs across all windows: ILF for Education's transaction costs amount to 28% of the total funding budget, similar to the ILF for ESA (24%) which includes the cost for TA, research, and advocacy activities, seen as valuable components of ILF for Education. This breaks down to an average cost of CHF 68,760 for each SIINC (8 SIINCs between USD 280,000 and USD 1,000,000) and CHF 92,360 for the ILL (1 ILL USD at USD 400,000). While donors perceive these transaction costs to be high, there is important context. Fund management costs at 5% of the total budget are not excessive and highlighted by Jacobs Foundation as lower than what the Foundation would typically pay for a fund based in the United States or Europe. Similar to ILF for ESA I, these costs stem from applying the set-up steps required by donors to instil high confidence in the transactions structured and ensure rigour, and accountability in line with the ILF goals. For example, for SIINCs, selection required a first long list of 3 times the target number of HIOs. This was narrowed down to a second short list of 2 times the target number of HIOs, each of which underwent a cost-benefit analyses during the screening phase. This depth of evaluation on such a long list of prospects is both costly and time intensive. Further impacting transaction costs, ILF for Education seems to have a higher level of involvement from donors heavily affected by staff turnovers within the donors themselves. While this involvement is positive and critical for the donor learning journey, it needs to be balanced with the ILF need for overall fund efficiency.

3.2.4 Effectiveness – Did the ILF for Education achieve its objectives?

ILF for Education is in its first year of implementation: most transactions launched in 2023 and a few in 2024 with HIOs currently undergoing their first cycle of verification to assess, validate and report progress on their metrics. In assessing effectiveness, the evaluation examined how well the ILF for Education TA is structured to support the HIOs on their growth and impact journey and elevate ILF for Education's financial investments. The following synthesis presents one key insight balancing observed changes with underlying assumptions.

I. Technical assistance is targeted, well-structured and additive in achieving the objectives of the ILF for Education

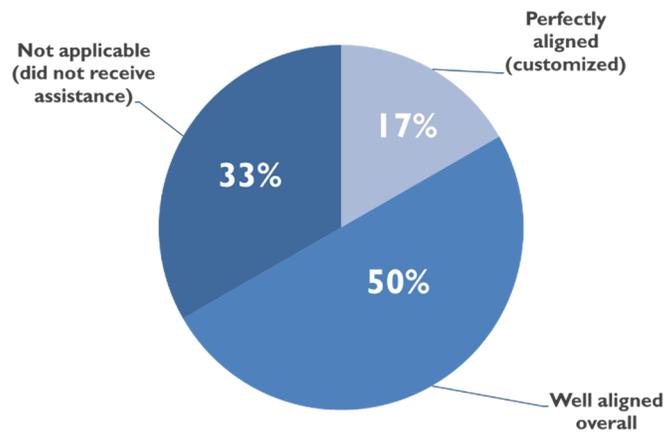
The provision of TA is bespoke and ad-hoc in nature, with ILF for Education taking a needs-based approach (informed by consultative needs assessments) to the modality delivered to each HIO. Figure 15 provides an overview of alignment of TA to HIO's needs. TA activities included readiness bootcamps, independent impact assessments and post-survey assessments to support HIOs to take a deeper dive into the quality of data they derive to evidence the depth of their impact. HIOs have used insights from these activities to refine their approach to impact planning and measurement, with the impact metrics now embedded across all aspects of their operations, including, product development and teacher training and customer feedback. For example, one HIO through the TA support, realized that the initial metric for measuring learning outcomes, based solely on platform usage data, did not fully capture the reality in vulnerable schools where teachers were using content in hybrid or offline formats. This prompted them to develop a more comprehensive and composite indicator to better assess learning gains in their operating context. Furthermore, HIOs report that the TA support has strengthened their customer monitoring, analysis, and feedback mechanisms. One HIO is now implementing robust feedback loops that allow them to gather input from teachers, parents, and learners regularly to inform ongoing adjustments to their project design, ensuring they remain relevant, effective, and aligned with their customer needs and challenges.

While targeted and well-structured TA has been provided by ILF on a needs basis, 33.3% of HIOs did not identify the modality of support received as TA-although its utility and efficacy were already yielding positive results. This is largely a result of the understanding of TA as a form of grant-based support and therefore, development-centric in nature, rather than as a form of non-financial capital or support intrinsically associated with impact-linked financing. More



broadly, feedback from the HIOs indicates that when the catalytic nature of impact linked financing is combined with well-structured and targeted TA as in the case of ILF for Education, it elevates the financing effects and introduces another tranche of capital (non-financial) without additional reporting requirements that support HIOs to strengthen their impact planning and operational capacity as they scale.

Figure 15: Overview of TA alignment to ILF for Education HIOs specific needs



3.2.5 Early signs of impact and additionality

General feedback from HIOs indicated that it is too early to observe in-depth impact and additionality effects. Early improvements reported from HIOs from their ILF participation are presented in the following synthesis as early signs of impact and additionality. Future evaluations (after a suitable ILF for Education implementation timeline) would benefit from assessing the extent to which these early signs have remained or deepened to improve HIOs operational capacity and customer wellbeing over time.

1. Strengthened impact measurement and management (IMM) systems

ILF for Education has strengthened and enhanced existing operational and impact measurement processes to enable HIOs to integrate learnings into their solutions on an on-going basis. This has supported the optimisation of product and service costs and to introduce tailored financing instruments to be more inclusive of underserved communities. In other cases, this has allowed HIOs to invest in customization and partnership efforts to enhance relevance and integration of programs. For example, for two HIOs, participation in the ILF for Education highlighted critical gaps in their organization's internal documentation and knowledge management systems, which they are now working to address. Another HIO reported that participation in the ILF for Education has driven substantial improvements in their impact and measurement reporting which has triggered positive quality changes in product delivery-delivering a rich learning environment for deaf learners in Kenya, Malawi, and Rwanda. Another HIO has utilized its improved data system to enhance training programs to educators, parents, and community member-making it more structured, comprehensive, and focused on building sustainable skills that can be passed on within communities. Future evaluations would benefit from assessing the extent to which these improved impact systems support long term operational and impact benefits for HIOs and their customers.

2. Incentive and support for strategic impact focused investments

Feedback from HIOs indicate that the ILF participation has supported and incentivized operational investments focused on impact by reducing the financial risk associated with such investments. HIOs were able to make strategic operational and process investments aimed to improve their businesses and strengthen their impact goals. This includes building infrastructure, improving data quality processes and systems, and product scaling into new geographic contexts. For example, one HIO reported investments in its core business, to increase reach and improve data systems to track student enrolment and attendance, although it is too soon to observe the impact of these investments on their business

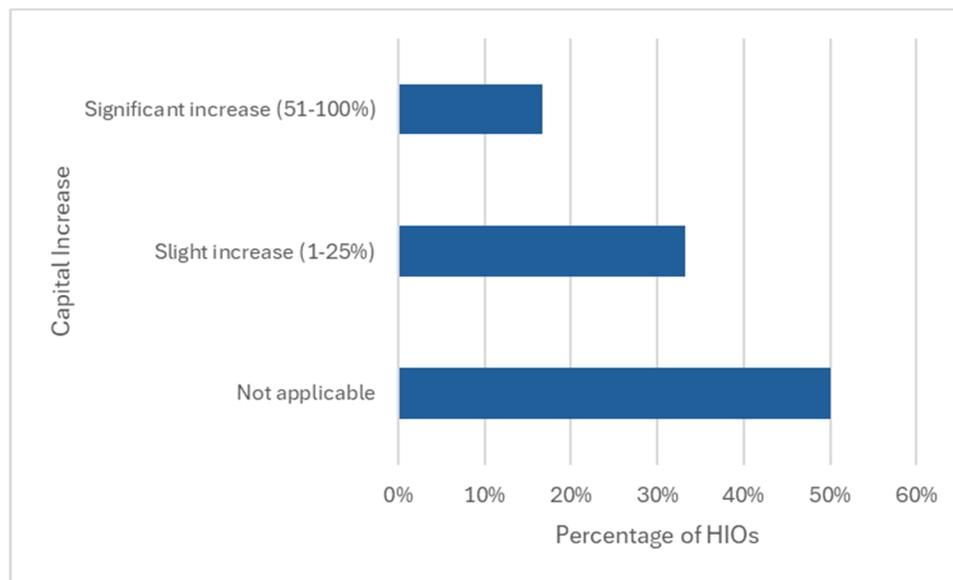


and impact goals. Future evaluations would benefit from assessing the extent to which these operational investments catalysed by the ILF realise operational and impact benefits for HIOs and their customers.

3. Follow-on financing from external donors

Feedback from HIOs indicate that they have raised additional financing from other external donors since their participation in ILF for Education. Figure 16 provides an overview of this feedback. 33% of HIOs indicate slight increases in the total capital raised, and 16.7% of HIOs indicate that there has been a significant increase in total capital raised since the ILF programme. The ILF for Education SIINC requires HIOs to be raising or planning (in the immediate future) to raise a repayable (equity, debt) investment in parallel to the SIINC. 33% of the HIOs that reported capital increases are SIINC investees while ILP and ILL investees reported the most traction in raising follow-on financing, however this does not take into consideration the HIOs record and previous history of raising capital prior to their participation in the ILF. These reports indicate positive financial developments during ILF participation to be examined in future evaluations to clarify the extent of these financial developments and the specific catalytic effects of ILF for Education therein.

Figure 16: Overview of capital increase reported by ILF for Education HIOs since participating in the ILF program



3.2.6 Early efforts towards sustainability

ILF for Education is in its first year of implementation, and not enough time has passed to observe in-depth impact and the ability of HIOs to sustain observed effects, as well as the broader systems changes influenced by ILF for Education. Linked to early signs of impact reported by HIOs, HIOs reported early steps they are taking to maintain ILF initiated effects and encourage broader knowledge replication with their peers. Future evaluations (after a suitable ILF for Education implementation timeline) would benefit from assessing whether the operational enhancements and increased internal capacities driven by ILF persist over time, if/how it contributes to improved organizational performance and impact delivery beyond the funding period, as well as the extent to which ILF for Education influences broader systems change. The following synthesis presents two key insights on early efforts towards sustainability.

1. Early investments from HIO indicate a willingness to maintain ILF initiated changes

HIOs have been intentional in making investments to maintain the focus on impact planning and management. For example, some HIOs have created dedicated impact departments to oversee implementation, monitoring and learning where needed, while others have focused on integrating impact metrics into their regular reporting and decision-making processes as a pathway to improving their services to vulnerable learners. This indicates that HIOs recognize the ILF initiated focus on impact measurement as core to their long-term business and impact goals and are therefore keen to

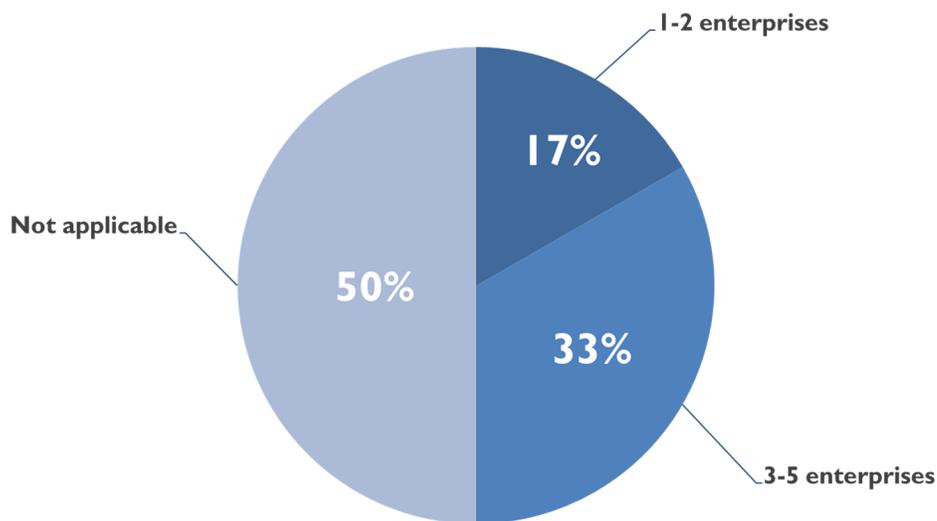


retain this improved focus. It is important to note that long-term retention of these enhanced capabilities may be challenged by staff turnover or shifting organizational priorities post-ILF. Future evaluations should assess whether the operational enhancements and increased internal capacities driven by ILF persist over time, and if/how they contribute to improved organizational performance and impact delivery beyond the funding period.

2. HIOs: Early efforts of knowledge sharing and partnerships to foster learning

While nascent, HIOs reported early efforts to share knowledge and foster ecosystem learning. This mostly includes peer-to-peer learning initiatives and leveraging strategic relationships such as government partnerships, to integrate individual and novel approaches into national education systems (where relevant). Through these early efforts, as shown in Figure 17, 50% of HIOs have observed 1-5 enterprises replicating their approaches or adapting their business models.

Figure 17: Percentage of ILF for Education HIOs who have observed other enterprises replicating their business model



4 Lessons learned and conclusions

This section summarizes the learnings on the performance of the ILF (for ESA 1, ESA 2, and Education) based on the DAC criteria.

- **Relevance**

All three of the ILFF windows have been designed in a way that addresses systemic barriers to the growth of HIOs. The three financial tools used (SIINC, ILL and ILP) are directly relevant to HIOs, providing customised terms that incentivise them to scale their impact while building financial sustainability—a critical need that is often unmet by traditional funding sources. In some cases, however, HIOs suggested that larger or more flexible ticket sizes would have enabled them to accelerate their growth. For less commercially focused enterprises, the ILFF also introduces HIOs to forms of finance that are more commercial than traditional grants. In combination, this suggests that the ILFF is structured to improve both the financial and non-financial performance of HIOs in the long run.

- **Coherence**

Internally, the ILFF has demonstrated coherence, through alignment with SDC's financing and development objectives and ability to successfully leverage institutional systems, processes, and learnings across funds. However, there are



challenges with staff turn-over which limit knowledge sharing and institutionalisation within SDC. Externally, the ILFF financing is complimentary to other types of finance received by HIOs while filling a distinct gap between grant finance and commercial finance. However, some limitations were noted in accessing multiple SDC funding streams simultaneously, potentially limiting operational synergies for HIOs. Within the ILF for Education, HIOs were directly contributing to, or indirectly supporting, national priorities for education.

- **Efficiency**

The ILFF windows demonstrate rigorous governance with clear systems and established roles and responsibilities for involved stakeholders including funders and Facility Managers. These systems prioritise risk reduction and result in high confidence levels of the selected investments. However, the implementation of these systems is slow and leads to high transaction costs. For HIOs, this means a significant amount of time to go through due diligence and onboarding and can also mean delays in disbursements. Improving efficiency has been a priority for Facility Managers, and there has been progress to lead times within the ILF for Education window.

- **Effectiveness**

The ILFF windows have shown measurable progress against their objectives with the majority of HIOs meeting or exceeding targets across all windows. This is particularly visible in ILF for ESA I, with the most advanced implementation timeline and where most data have been reported. This is key, and demonstrates that despite concerns around efficiency, the results being achieved are in-line or above expectations. The effectiveness of other elements of the ILFF windows are also positive. The TA provided to HIOs has evolved through the iterations of the ILFF windows, with no original provision under ILF for ESA I. Where available TA was originally unclear to HIOs, donors and Facility Managers have developed frameworks to mature the approach, and TA is now adaptive and effective in ILF for Education. This is most clearly seen in the success in increasing HIOs capacity for data capture and reporting and the potential contribution of this to their future investment readiness. HIO's ability to attract follow on finance, however, could still be improved, with more evidence of successful fundraising because of HIOs' engagement with the ILFF.

- **Impact**

There is early but strong evidence that the ILFF has materially impacted the way HIOs are run, although this will need to be continuously monitored in future evaluations. The financing tools of the ILFF windows have led ILF for Education HIOs, many of which are building their capacity to attract commercial finance. Across ILF for ESA I and ILF for Education, the terms of finance provided through the ILFF have enabled HIOs to expand their operations into new areas, in a way that would not have been possible with riskier forms of finance. TA provided through the ILFF has strengthened the capacity of HIOs to operate effectively, as well as their ability to capture and report impact. ILFF's focus on impact has also meant that investments in growth have been inclusive of vulnerable customer segments, incentivising HIOs to achieve both financial and non-financial performance as they grow. In combination, this has made HIOs increasingly ready for follow-on investment. At the community level, there is evidence that more communities are benefitting from better quality services, although it remains unclear how much of this impact can be attributed directly to the ILFF in light of other initiatives.

Sustainability

The ILFF funding windows have each led to real changes within HIOs, and there is early evidence that many of these positive changes will be maintained. The way TA has been delivered through the ILFF windows has contributed to this. TA has been customised to meet HIOs needs, and implemented in partnership with them, meaning internal capacity has been built to maintain positive changes. The sustainability of investments and the expansion of services in underserved areas has seen early indicators that services will continue in these communities with HIOs able to operate profitably in these areas. The sustainability of the increased focus on impact measurement, for some HIOs, however, is less certain and dependent on continued demand from funders. In addition, long-term sustainability of both will only be known once ILFF funding has discontinued.



- **Additionality**

The analysis of the additionality of the ILFF windows shows the programme has been additional in a number of ways. There is clear additionality in the operations of HIOs, with numerous examples of operational changes being made, and some early signs these will be sustained. Additionality has been increased here due to targeted TA support provided by the implementors. There are also clear measurable impacts associated with financing that would not have been likely to happen without ILFF financing, including the provision of services in under-served communities. Finally, the ILFF seems to have contributed to HIOs growth, by enabling investment in areas that have increased expected long-term revenues and profits. Across each of these areas of additionality, degree of contribution is difficult to measure, with ILFF funding complimenting other forms of finance and investment for HIO growth.

In summary, the mid-term evaluation has found that the ILFF demonstrates strong potential in catalysing positive change across HIOs and their customers, with clear improvements seen from ILF for ESA I to ILF for Education in terms of relevance, coherence, and effectiveness; as well as areas of improvement for the ILFF in efficiency and sustainability. The mechanism's unique value proposition (i) addresses critical funding gaps, while its rigorous due diligence process (ii), though time-consuming, results in tailored financial instruments and stronger HIO capacities. The evolution of TA across the windows, particularly in ILF for Education, highlights the potential of sector-specific, integrated support in building sustainable impact measurement and management capabilities. Despite challenges in assessing the magnitude of contribution, the ILFF's effectiveness and impact are evident in improved HIO performance and service expansion to underserved populations. Balancing efficiency with thorough vetting, and fostering greater knowledge sharing, will be crucial for maximizing the ILFF's long-term value and sustainability across diverse sectors and geographies.

5 Recommendations

This section offers actionable recommendations to address challenges identified in the evaluation and are aimed at improving the ILFF's interventions including current and future contributions of SDC and other donors to the ILFF. These suggestions are intended to **serve as a guidance and starting point for discussion** for ILFF stakeholders and partners (SDC, other donors, facility managers, ILFF etc) and should be given adequate consideration based on their feasibility, cost-effectiveness, and alignment with organizational priorities as next steps in the ILFF planning process. The timelines are defined as follows: immediate term (< 2 years), medium term (2-5 years) and long term (> 5 years).

Recommendation 1 (ILFF donors and Facility Managers): Explore opportunities to optimize fund efficiency without compromising quality

ILFF donors could explore ways to optimize fund efficiency without compromising their quality and rigour requirements and that of the ILFF. This should be guided by the recognition that ILFF differs from the more traditional forms of grant financing typical to development donors and its existing rigorous systems prioritise risk reduction and result in high confidence levels of the selected investments. Optimization includes avenues to carefully streamline (i) its internal processes and steps in pipeline building, selection, due diligence, structuring and associated costs (ii) the involvement and requests of multiple funders in the set-up phase balancing participation and donor learning with efficiency gains and (iii) opportunities to leverage complementary funds and its networks for a speedier and less cost intensive pipeline sourcing and building. For instance, SDC could leverage data and insights from other funds within its impact financing ecosystem such as the Daraja Fund, to identify promising HIOs that align with ILFF's criteria. Doing this could enhance internal coherence across SDC's impact initiatives and offer broader efficiency gains to the ILFF that improve HIOs operational pain points during the structuring and disbursement phase, reduce transaction costs in the long run, and improve overall expectations and perceptions of fund efficiency from ILFF donors particularly as more donors potentially come onboard the ILFF. To implement this recommendation, ILFF donors and Facility managers could explore:

- **(Immediate term)** A more concise pipeline building and screening process: Leveraging on the ILFF learnings, partners, and networks over time across its multiple windows as well as complementary ILFF donor impact funds, the set-up steps in selection can be optimized by a more concise screening process that limits the number of shortlists. For example, selection of 3 HIOs could be built from a targeted sourcing and screening of 6 HIOs



made even more efficient by utilizing a credible pipeline from complementary SDC impact funds e.g., Daraja Fund, to enhance pipeline synergies and generate additional internal coherence gains within the SDC impact financing ecosystem. The implementation of this recommendation would require SDC's explicit authorization to enable information sharing between different asset managers.

- **(Immediate term)** Improving coherence and communication to HIOs on the due diligence and structuring process: This could include upfront communication to clarify timeline expectations from the outset, helping HIOs to manage resources and plan operational milestones more effectively. To reduce administrative strain and timelines of the due diligence, data gathering should include an ex-ante “defined and consolidated documentation request” that incorporates technology for speed gains e.g. simplified online impact due diligence questionnaires, complemented with key interviews the growth and impact leads within the HIOs. Where HIOs have interacted with complementary ILFF donor impact funds, the ILFF can leverage on the data and learnings from these sister funds to optimize due diligence steps and reduce costs of due diligence. For structuring, ILFF could consider offering structuring option templates with guidance to HIOs. This includes a standard sector impact matrix for comparable HIOs that can be adjusted to needs and company specific targets and help speed up engagements on metric design while balancing the need for rigor and quality.
- **(Medium to long term)** Streamlining the involvement of multiple ILFF actors for faster decision making: At the time of fund creation, ILFF donors can agree on and lay out the general investment guidelines and criteria on what to fund, the terms of that funding, the level of analysis and documentation needed. Afterwards, the day-day set up steps- RFP process, pipeline building, selection and structuring is managed and driven by the Facility Manager who brings relevant agenda points to the TIC for decision making, streamlining approval and decision making towards a shorter turn-around time.

Recommendation 2 (SDC): Explore strengthening the SDC CoP to support institutional learning and capacity building on ILFF

SDC could examine opportunities to fully leverage its ILFF CoP by strengthening its transformation into a vibrant, dynamic platform that not only shares insights but also incubates new ideas, contributing to the long-term success and innovation within the SDC ILFF and broader within the donor cooperation ecosystem. This should include providing it with the right resources and support to unlock its full potential. To implement this recommendation, SDC could explore:

- **(Immediate term)** Anchoring the CoP with a well-structured framework backed with resources to capture, share, transfer and preserve ILFF institutional knowledge. This could include a focal point to coordinate consistent engagements (e.g. quarterly), and resources for knowledge management including an SDC internal knowledge repository to preserve tacit and explicit knowledge built within the SDC. Doing this will enable the CoP to support continuity and smooth implementation of ongoing ILFF projects including through the provision of historical context and critical support for new ILFF projects and or new programme officers. Also, SDC leadership can empower collaborators within the CoP by recognizing and designating time for them to drive efforts and participate in the CoP. This will further signal learning as a priority, improve substantive participation, internal coordination, and division of labour among CoP collaborators and overall enhance SDC institutional learning on ILFF.
- **(Medium term)** More sustainable knowledge and learning products: Given the high turnover of staff where postings last for 2-4 years, it is critical to support the CoP with the right resources to build and host knowledge and learning products that utilize tacit and explicit ILFF knowledge to build internal SDC capacity in a more sustainable way, particularly for when new programme officers take on ILFF projects. These products could include a comprehensive tool kit built and expanded over time to accommodate different levels of ILFF expertise across staff e.g. minimum curriculum for ILFF and blended finance, self-paced trainings, documented case studies and articles, simple checklists and guidelines around the key steps of engagement of the ILFF as well as podcasts and short stories that help staff visualise and more strongly connect to the catalytic goals and impact of the ILFF.
- **(Immediate to medium term: SDC and the ILFF stakeholders)** The CoP has the potential to amplify knowledge-sharing and evidence dissemination from ILFF investments beyond SDC. To achieve this, it should be resourced and supported to facilitate three levels of interaction:
 - (i) internal learning and sharing within SDC,
 - (ii) peer learning and collaboration among HIOs (as outlined in Recommendation 5), and



- (iii) establishing a simple, prioritized learning agenda among core funders that is integrated across all windows and serves as the primary basis for engaging other partners. This learning agenda could focus on evaluating ILFF instruments (such as SIINC and ILL) against funder expectations, assessing investment readiness for businesses progressing from seed to growth stages, sharing consistent impact data aligned with a common measurement framework (Recommendation 6), and comparing ILL experiences with and without TA or independent measurement reporting and verification. ILFF donors could support the learning agenda by defining a streamlined format and allocating resources to document these insights as part of regular monitoring by the facility manager.

Recommendation 3 (ILFF stakeholders): Explore strengthening partnerships and enhancing market positioning strategies to support HIOs' sustainable growth and investment readiness

The ILFF could explore ways to strengthen partnerships between HIOs, public entities, and private investors while simultaneously promoting robust market positioning strategies. This dual approach is likely to enhance sustainable scaling by bridging the gap between pilot-phase funding and larger investment flows, enabling HIOs to expand their impact and maintain long-term competitiveness. For many HIOs, particularly in education and health sectors, a major challenge is transitioning from early-stage support to attracting substantial private sector capital that fuels growth beyond pilot programs. The ILFF might consider playing an instrumental role in facilitating this specific shift by fostering partnerships that connect social enterprises with private investors, helping to unlock additional capital essential for scaling. To implement this recommendation, the ILFF could explore:

- **(Medium term)** Organising sector-specific investor roundtables and networking events to connect HIOs with potential investors. These events could be structured as quarterly forums, each focusing on a specific sector such as education or healthcare. ILFF could curate a list of impact investors, venture capitalists, and philanthropic organizations interested in each sector. The events might include pitch sessions where HIOs present their models and impact, followed by networking sessions for more in-depth discussions. This approach could help HIOs build relationships with potential funders or at least gain insights into investor expectations, while investors could discover promising opportunities aligned with their impact goals.
- **(Long term)** Developing co-investment structures that strategically reduce risk for HIOs, making them more appealing to private funders. This could involve creating blended finance models where the ILFF leverages its experience in first-loss capital to complement existing structures like the Build Fund and N3F. By strategically aligning these models, the ILFF could enhance risk-sharing for HIOs while maximizing synergy between its structured funds and TA provisions. For example, the ILFF might establish a guarantee fund that covers a portion of potential losses for private investors funding early-stage education HIOs. This structure could be coupled with TA (see Recommendation 2) to help HIOs meet investor due diligence requirements. By reducing risk for private investors, this approach could unlock significant additional capital for HIOs, enabling them to scale their impact more rapidly.

Recommendation 4 (ILFF stakeholders): Consider implementing a structured, sector-specific TA program within the ILFF

ILFF might consider integrating a more structured, sector-specific model for TA. This proposed sector-specific TA component within ILFF would complement existing ILFF support by providing more targeted, structured assistance tailored to HIOs' sector-specific needs. Given the need for a larger sample of HIOs per sector for cost-efficiency considerations, this could be implemented at a programmatic rather than individual window level, potentially through multi-donor partnerships to maintain favourable cost-benefit ratios for ILFF investments. By tailoring TA to the unique challenges and opportunities within each sector, ILFF could help HIOs develop the specific skills and knowledge they need to succeed. This might involve conducting comprehensive needs assessments to identify sector-specific challenges and growth trajectories for HIOs, and then developing targeted programs based on these findings. For instance, in the education sector, facility managers might focus on areas such as edtech integration, curriculum development, or learning outcome measurement. A structured TA program could also include a tiered approach, where the level and type of support provided is tailored to the HIO's stage of development and specific needs. This approach aims to create a dedicated resource within the ILFF that aligns with and promotes its current focus, rather than establishing an entirely separate initiative outside of ILFF. To implement this recommendation, the ILFF could explore:



- **(Medium term)** Establishing partnerships with existing platforms (such as Bridges4billions, Africa Management Institute) to provide targeted support to eligible HIOs that have passed the due diligence process and demonstrated alignment with ILFF's goals, in areas critical to HIO success, such as finance, operations, and digitalisation. HIOs could access expert profiles, request consultations based on their specific needs and provide feedback on the support received. By leveraging existing platforms and expertise, ILFF could ensure that HIOs receive high-quality, relevant advice tailored to their specific challenges and growth stages while maintaining cost-effectiveness. The funding structure could be designed through partnerships with other development organizations interested in similar capacity building.
- **(Medium term)** Collaborating with existing Business Development Service (BDS) providers to adapt and utilize their sector-specific toolkits or guides that HIOs can use to improve their operations, coupled with a series of workshops or webinars to guide HIOs in implementing these tools. These toolkits could include templates, best practices, case studies, and step-by-step guides on key operational areas such as financial management, impact measurement, and scaling strategies. For the education sector, this might include guides on curriculum development, student assessment methods, or edtech implementation. Facility managers could then collaborate with these providers to organize interactive workshops or webinars led by industry experts, where HIOs learn how to effectively use these tools in their specific contexts. These sessions could include practical exercises, peer discussions, and Q&A segments, ensuring that HIOs not only receive the tools but also understand how to apply them effectively in their operations. This approach would leverage existing BDS expertise and resources rather than creating new ones, ensuring cost-effectiveness.

Recommendation 5 (ILFF stakeholders): Examine opportunities for fostering peer learning and knowledge sharing among HIOs supported by the ILFF.

ILFF could investigate establishing structured peer learning opportunities to foster knowledge sharing and collaboration among its HIOs. This approach is likely to create a supportive ecosystem where HIOs learn from each other's experiences and best practices, potentially leading to accelerated growth and innovation across the ILFF portfolio. By facilitating connections between HIOs at various stages of development and across various sectors, ILFF donors and facility managers could enable the transfer of valuable insights and strategies that have been already proven effective. This peer learning framework could offer a distinct complement to the work done by associations and Enterprise Support Organizations (ESOs) by focusing specifically on sector-aligned technical expertise that directly addresses operational and strategic needs of HIOs within the ILFF. For instance, unlike traditional incubators or accelerators that often provide general capacity-building or broad mentorship, the ILFF's sector-specific TA would dive into more specialized topics like impact measurement integration, advanced sector-specific regulations, and scaling strategies tailored to HIO growth stages and long-term sustainability in line with ILFF's unique objectives. This approach complements the formal TA mentioned above (Recommendation 2), which aims to fill gaps by focusing on operational resilience and sustainability challenges particular to ILFF-funded HIOs, thereby expanding ILFF's current focus without duplicating existing services from other associations. To implement this, ILFF could consider:

- **(Medium term)** Establishing a CoP where HIOs can share experiences and insights. This CoP could be structured as a multi-faceted platform including regular virtual meetups, an online forum for ongoing discussions, and an annual in-person conference. Virtual meetups could be held monthly, focusing on specific themes or challenges relevant to HIOs. The online forum could be a moderated space where HIOs can post questions, share success stories, and discuss common challenges. The annual conference could serve as a capstone event, featuring keynote speakers, workshops, and networking opportunities. For the education sector, facility managers and donors could organize dedicated sessions on topics like innovative teaching methodologies or scaling educational interventions in low-resource settings.
- **(Medium term)** Implementing a mentorship program that pairs more experienced HIOs with newer ones, fostering knowledge transfer within sectors. This program could be structured as a 6-month engagement where mentors and mentees meet regularly (e.g., bi-weekly) to discuss specific challenges and strategies. Facility managers could provide a framework for these mentorship relationships, including suggested discussion topics, goal-setting templates, and progress-tracking tools. In the education sector, this could involve pairing established educational organisations with emerging edtech startups to share insights on navigating regulatory environments or engaging with public school systems. The program could culminate in a joint presentation by mentor-mentee pairs at the annual conference, sharing key learnings and outcomes from their collaboration.



Recommendation 6 (ILFF stakeholders): Consider developing a comprehensive, sector-aligned impact measurement framework

ILFF might explore investing in the development of a comprehensive, sector-aligned impact measurement framework that applies across all funding windows. This framework could equip HIOs with the tools needed for holistic long-term impact tracking, potentially strengthening the quality of reporting and appeal to future investors, while contributing to broader impact investment industry transparency. By providing standardised yet flexible metrics and methodologies that can be adapted to different sectors and contexts, ILFF could help HIOs demonstrate their lasting impact more effectively, while also enabling aggregation of impact data across the ILFF portfolio. As these tools would be relevant beyond ILFF to results-based finance and impact investment more broadly, key industry stakeholders like impact investors and development finance institutions might be engaged as potential co-promoters of the initiative. This approach is likely to not only enhance the ability of individual HIOs to attract further investment but also provide ILFF stakeholders with valuable insights into the overall impact of the ILFF program. The implementation could be considered both at ILFF window level and as a broader standalone initiative to drive systemic change in results-based finance, potentially through multi-donor collaboration. To implement this, ILFF could explore:

- **(Medium term)** Partnering with impact measurement experts and existing industry initiatives like 60 Decibels' Signal program¹⁷ (which has successfully demonstrated standardized impact measurement at scale) to develop a suite of tools tailored to the specific needs of ILFF-funded HIOs that are comprehensive, user friendly and simple to apply. This collaboration could involve working with organizations specializing in impact measurement to create a comprehensive toolkit that builds on ILFF's existing high IMM standards. The toolkit might include standardized metrics for common impact areas, guidance on developing custom metrics for unique interventions, and tools for data collection and analysis. For the education sector, this could include metrics for learning outcomes, student retention rates, and teacher effectiveness, as well as tools for measuring longer-term impacts such as employment rates or income levels of program graduates. The development process could involve piloting the toolkit with a select group of HIOs, gathering feedback, and refining the tools before full implementation.
- **(Medium term)** Establishing a data collection and analysis system that allows for aggregation of impact data across ILFF HIOs, potentially in partnership with existing impact measurement platforms. This system could be a user-friendly digital platform where HIOs can input their impact data regularly. The platform could offer features such as automated data validation, visualization tools, and the ability to generate custom reports. Facility managers could provide initial training to HIOs on using the system, followed by ongoing support. Regular workshops and webinars could be organized to train HIOs on using these tools effectively and interpreting the resulting data. This system would not only help individual HIOs track and communicate their impact more effectively, keep potential investors informed (see Recommendation 1) but also allow Facility managers to analyse trends across the portfolio, identify particularly successful interventions, and report on the aggregate impact of the ILFF program, contributing to broader industry transparency and learning.

Recommendation 7 (ILFF stakeholders): Examine the possibility of tailoring funding windows to HIOs growth stages

ILFF could assess the feasibility of creating separate funding windows tailored to different HIO sizes and growth stages. This approach might allow for more targeted support, with early-stage HIOs accessing flexible and low risk funding, while more mature HIOs can leverage structured financial products to scale sustainably. By aligning funding mechanisms with the specific needs and capacities of HIOs at different stages, ILFF could potentially enhance the effectiveness of its support and improve outcomes across the ILFF portfolio. This tailored approach could also help HIOs build a track record of success and prepare them for larger, more complex funding arrangements as they grow. To implement this, ILFF could explore:

- **(Immediate term)** Developing a comprehensive matrix for categorizing HIOs based on their growth stage and financial needs. This matrix could consider factors such as operational history, revenue stability, market penetration, and scalability potential. ILFF could engage with financial experts and HIOs to define clear, quantifiable criteria for each category. For example, early-stage HIOs might be defined by less than two years

¹⁷ <https://60decibels.com/>



of operations and annual revenue under USD 500,000, while growth-stage HIOs could be those with 2-5 years of operations and revenue between USD 500,000 and USD 2,000,000. This matrix could be used to objectively assess which funding window is most appropriate for each HIO, ensuring they receive the most suitable type of support.

- **(Medium to long term)** Creating tailored financial products for each growth stage, coupled with appropriate capacity-building support. For early-stage HIOs, this might involve grant funding combined with intensive capacity-building support in areas like business model refinement and pilot testing. Growth-stage HIOs could access a mix of grants and loans, along with support in areas like operational scaling and market expansion. More mature HIOs might benefit from ILLs or other innovative financing mechanisms that incentivize both financial sustainability and social impact. In the education sector, this could mean providing grants to early-stage edtech startups for product development and pilot testing, while offering ILLs to established educational organizations for scaling their operations. Each financial product could be paired with a customized package of TA and peer learning opportunities, ensuring that HIOs receive holistic support tailored to their stage of development. Given the ILFF focus on innovative instruments, it could explore opportunities to partner with traditional programs-grant financing offered by ILFF donors- to create these tailored financial products tailored to HIOs growth stages. This could be particularly useful for HIOs looking to access simultaneous financing from funds sponsored by SDC and other ILFF donors.

6 Annexes

6.1 List of stakeholders interviewed during the evaluation period

Table 7: List of stakeholders interviewed

Funding Window	Name	Organisation	Date
ILF for ESA 1	Daphne Ngunjiri & Mercy Mukoya	Access Afya	August 14, 2024 & August 19, 2024
	Sawan Shah	Jacaranda	August 19, 2024 & August 21, 2024
	Samuel Munguti	Shamba Pride	August 22, 2024 & August 27, 2024
	Customers	Shamba Pride	August 28, 2024
	Khadija Mohamed Churchill	Kwanza Tukule	August 29, 2024 & September 3, 2024
	Customers	Kwanza Tukule	September 4, 2024
	David Muwonge & Margret Nanyonjo	NuCafe	August 29, 2024 & September 6, 2024
	Jacqueline Mboya	EFTA	August 21, 2024 & September 10, 2024
	Jeremie Baraka	Kilimo Fresh	August 28, 2024 & September 10, 2024
	Customers	Kilimo Fresh	September 10, 2024
	Richa Shivhare & Ambika Jugran	Sattva Consulting	August 20, 2024
	Daniella Kwayu & Frederique Weyer	Swiss Agency for Development and Cooperation (SDC)	August 30, 2024
ILF for ESA 2	Alex Chetkovich	Upendo Honey	August 16, 2024 & August 23, 2024
	Simran Bindra	Kokoa Kamili	August 21, 2024 & August 29, 2024
	Arnaud Alt	Aqua for All	July 8, 2024



	Elodie Dewarlincourt	Swiss Re Foundation	July 9, 2024
	Lena Gamp	FourFold Foundation	July 9, 2024
ILF for Education	Eugenia Cobbina	SOS Children's Villages	August 23, 2024 & September 20, 2024
	Hamdi Tabbaa & Bayan Al-Mohtaseb	Abwaab	August 22, 2024 & August 29, 2024
	Nisrine El Makkouk & Nour Zeidan	Kamkalima	August 16, 2024 & August 26, 2024
	Allan Onyango & Georgine Auma	eKitabu	August 20, 2024 & August 29, 2024
	Youssef Darwish & Heba Ibrahim	Sprints	August 22, 2024 & August 26, 2024
	Steph Dobrowolski	Rising Academies	September 2, 2024 & September 9, 2024
	Steve McCallum	Roots of Impact	August 26, 2024
	Peter Beez & Annalena Flury	Swiss Agency for Development and Cooperation (SDC)	September 2, 2024
	Hinah Mian & John Soleanico	Jacobs Foundation	July 9, 2024

6.2 Evolution of performance management systems' readiness for ILF for ESAI HIOs

Table 8: Evolution of Performance Management systems' readiness for ILF for ESAI HIOs

HIO	Impact Monitoring system <u>before</u> ILF	Impact Monitoring system <u>after</u> ILF
Kilimo Fresh	<p>Kilimo Fresh had data on the number of smallholder farmers they were buying from, but they were not telling a cohesive story or systematically measuring impact.</p> <p>They had information on the farmers, such as location, phone numbers, and quantities purchased, but it was not well-organized or used for performance monitoring.</p>	<p>Kilimo Fresh improved their data collection and reporting systems to better track key performance indicators.</p> <p>They started recording more detailed information on the farmers they work with, including gender, acreage, and other relevant data.</p> <p>Kilimo Fresh built upon the template provided by ILF to report on metrics like number of smallholder farmers, percentage of women farmers, and revenue growth.</p>
EFTA	<p>EFTA had a robust performance management system in place prior to the ILF program.</p> <p>The company tracked key indicators such as revenue, job creation, and hectares farmed on a regular basis.</p> <p>EFTA used a combination of customer surveys, field visits, and data collection from its branch</p>	<p>Included additional indicators, specifically:</p> <ul style="list-style-type: none"> - Gender-disaggregated data (male/female) - Age-disaggregated data (youth) <p>The company continued to use the same tools and methods, such as customer surveys and field visits, to collect the necessary information.</p>



	<p>network to gather the necessary performance information.</p> <p>This data was compiled and reported to EFTA's management and lenders on a quarterly basis.</p>	<p>The reporting frequency to the ILF lender remained quarterly, aligned with EFTA's standard practices.</p>
Kwanza Tukule	<p>Kwanza Tukule had "robust systems" in place for performance management and monthly reporting prior to receiving the SIINC funds.</p> <p>They had an internal IT team and finance department responsible for tracking key performance indicators (KPIs) and generating regular reports.</p>	<p>Integrated SIINC-specific KPIs into their existing performance management system and monthly reporting.</p> <p>They assigned customer relationship officers to specifically focus on the routes and customers targeted by the SIINC program and provided them with specialized training.</p> <p>The finance department continued to generate monthly reports that included the SIINC KPIs, allowing Kwanza Tukule to track their progress.</p>
Shamba Pride	<p>Prior to the ILF program, Shamba Pride had a relatively basic performance monitoring system, primarily focused on tracking the number of stores (Digi shops) they had.</p> <p>They were not systematically tracking detailed impact indicators or disaggregating data by gender, vulnerability, and other key metrics.</p> <p>The key informant interview indicated that Shamba Pride's performance monitoring was limited.</p>	<p>Shamba Pride built a comprehensive performance management and monitoring system, including:</p> <ul style="list-style-type: none"> - A tech platform and data tracking capabilities to monitor progress against the ILF program's key indicators. - A network of "Digital Champions" who interact with the Digi shops and help them onboard the tech platform. - Real-time data visibility and the ability to track key metrics like the number of Digi shops, uptake of climate-smart products, and organic input sales. <p>The system allowed Shamba Pride to identify challenges, such as falling short on the climate-smart products indicator, and course-correct in a timely manner.</p> <p>The performance data was also used to report to the ILF program's administrators and inform the verification process.</p>
Access Afya	<p>They had some level of performance monitoring and data collection processes in place before the SIINC.</p>	<p>SIINC implementation has led to more robust performance management systems for Access Afya:</p> <ul style="list-style-type: none"> - They are now closely monitoring the key SIINC metrics and outcomes.



		<p>- There is a collaborative review process between Access Afya and the SIINC team to review progress, identify challenges, and make adjustments.</p> <p>- Access Afya has expanded their data collection and quality measurement processes, particularly around ensuring data completeness across the franchise network.</p>
Anonymo us HIO	<p>Had an established performance management system that tracked key indicators monthly.</p> <p>The core indicators included financial metrics, as well as operational metrics like conversion rates from prenatal to delivery, and delivery to postnatal care.</p> <p>These indicators were tracked using an internal intranet system and were reviewed monthly by the lead teams within each of their branches.</p>	<p>Did not have to make major changes to their core performance management system and processes after receiving the SIINC funds.</p> <p>The only addition was incorporating the specific indicators required for the SIINC program.</p> <p>Continued to track their pre-existing performance indicators monthly, using their internal intranet system and review processes.</p>
Anonymo us HIO	<p>Only used to track the basic customer details including gender since gender equity was already a key focus for them, and the basic financial management indicators such as sales.</p>	<p>Developed and improved the monitoring system to capture more disaggregated indicators, which now enables them to see the actual impact they create at the farmers' household level.</p>

6.3 Evaluation matrix

Table 9: Evaluation matrix

Strategic Objectives	Criteria	Research Questions	Assessment Area/Indicator	Sub-research Questions	Data collection method	Respondents where applicable
*The processes at the intervention level, including pipeline building, selection, structuring, and verification, as well as the interactions between	Relevance: Are we doing the right things?	*How consistent are the achieved effects with the needs of the target groups (high impact organisations and customers) *To what extent do the targeted	(I) Assessing how successfully the ILFF interventions developed a detailed view of the challenges faced by high-impact organisations and their customers including vulnerable, lower-income populations, including women and children, in the initial design of the programme.	I.1. What were the processes and tools used at the start of the intervention to understand the needs of high-impact organisations and their customers including vulnerable, lower-income populations, including women?	Document reviews & key informant interviews	Facility Managers and Verifiers
				I.2. How successful were these processes at the initial stage and how could have they been improved? i.e. To what extent did these processes and tool provide valid and reliable information on the needs of the HIOs and their customers?	Document reviews & key informant interviews	



<p>different stakeholders are relevant.</p> <p>*Assess relevance of Technical Assistance needs across selected HIOs.</p>	<p>high impact entrepreneurs have the potential to reach significant impact at scale?</p>		1.3. How did the information gathered impact intervention design decisions?	Document reviews & key informant interviews		
			1.4. What processes have since been used to continue to improve the intervention's understanding of needs? Were these processes successful why or why not? How have new insights influenced the window designs, targeted orgs, etc.?	Document reviews & key informant interviews		
		(2) Determining if the selection of high-impact organisations was done in line with the Theory of Change of the ILFF programme (i.e. impact logic articulating connection between activities, outputs, and outcomes) and is likely to achieve the target outputs and outcomes of the ILFF programmes.		2.1. What are the theories of scale of the selected enterprises and where are they at in their growth stages (testing, replicating, scaling up, etc.)? Are the financial instruments introduced at a stage when the organisations are mature enough to effectively utilise them?	Document reviews	Facility Managers
				2.2. Are the instruments customised to meet the specific needs of each organisation? If yes, what customization was done, how was it done and was the customization effective in meeting the needs of the HIO and their customers?	Surveys	Facility Managers
		(3) Determining if the design of the funding windows (i) is in line with the Theory of Change of the ILFF programme and (ii) currently reflect the needs of high-impact organisations and customers including vulnerable, lower-income populations, including women.		3.1. Are the selected performance indicators SMART, closely related to the intended impact, minimise perverse incentives, and are within the control of the organisations? Are there gender/equity disaggregated indicators that measure differential performance and impact on vulnerable groups?	Document reviews	Donors and Facility Managers
				3.2. Are the incentives (e.g., funding size) sufficiently attractive to motivate the desired behaviour changes?	Document reviews & key informant interviews	HIOs and Facility Managers
				3.3. Are the targets realistic and achievable given the context and capabilities, including each organisation's impact at scale?	Document reviews, key informant interviews & surveys	HIOs and Facility Managers
				3.4. Are the disbursement timelines responsive to the organisations' needs and aligned with their operational cycles?	Document reviews, key informant interviews & surveys	HIOs and Facility Managers



				3.5. What are the processes and tools which continue to be used to understand the needs of high-impact organisations or vulnerable, lower-income populations, including women?	Document reviews, key informant interviews & surveys	Facility Managers
				3.6. How are changes in identified needs integrated into future implementation of the programme?	Document reviews, key informant interviews & surveys	Facility Managers and Donors
				3.7 To what extent did HIOs adjust financial or operational plans to the ILFF design at the onset and were these successful?	Document reviews, key informant interviews & surveys	HIOs and Facility Managers
<p>*The processes at the program level, including pipeline building, selection, structuring, and verification, as well as the interactions between different stakeholders are coherent.</p> <p>*Assess how coherent the evidence on the purposes of transactions are?</p> <p>*Assess the potential distortion of ILFF on the market.</p>	<p>Coherence: How well does the intervention fit?</p>	<p>*Completeness and synergies: To what extent is the intervention compatible with interventions of SDC and other actors in the region and in thematic fields?</p>	1. Internal Coherence	1.1 To what extent are the programmes' strategies aligned with the objectives of the SDC?	Key informant interviews	Donors
				1.2 What processes are in place to ensure the ILFF programmes complement other SDC initiatives in their respective locations? To what extent do the existing processes enable the ILFF programme to complement other SDC initiatives?	Key informant interviews	Donors and Facility Managers
			2. External coherence	2.1 What processes are in place to ensure the ILFF programmes complement other externally funded initiatives?	Key informant interviews	Donors
				2.2 To what extent do the existing processes enable the ILFF programme to complement or compete with other external initiatives (landscape analysis of other initiatives), including of local governments? Specifically: Does the ILFF duplicate existing efforts? To what extent does the ILFF fill a clear gap in the ecosystem Is this value-adding and differential compared to other external initiatives in the space? *How does this impact the focus on vulnerable, lower-income populations? *How does this impact enterprises' ability to strengthen and scale their business models, ensuring they continue to be or become economically sustainable and profitable over time, especially during the Covid-19 crisis?	Key informant interviews	HIOs, Facility Managers, Donors



				*How does this impact professional, independent, and efficient fund management services to high-impact organisations?		
<p>*The actual and foreseeable impact of the programme on customers (ILF for ESA I)</p> <p>*The first findings on possible additionality of the programme for the high-impact enterprises that are being financed (ILFF ESA I and ILF for Education), including on their systems, investment readiness strategy and standing in the market;</p>	<p>Effectiveness: Is the intervention achieving its objective?</p>	<p>*To what extent are the intended results of the intervention likely to be achieved at the levels of output, outcome, and the overall goals of the intervention?</p>	ILF for ESA 1	1.1 How effective have the ILFF programmes been in achieving their respective outputs and outcomes so far?	Document reviews- Surveys & Key Informant Interviews	SDC/ Facility Managers /Verifier
				1.2 Are the ILFF programmes likely to miss / achieve / surpass their respective outputs and outcomes?	Surveys & key informant interviews	SDC/ Facility Managers /Verifier
				1.3 Do the ILFF programmes have effective performance management systems to track outputs and outcomes, identify challenges/gaps, and inform relevant course correction measures?	Document reviews, key informant interviews & surveys	SDC/ Facility Managers /Verifier
				1.4 If so, are the relevant course correction measures implemented, and if not why?	Document reviews, key informant interviews & surveys	SDC/ Facility Managers /Verifier
				1.5 Is the nature and/or the delivery of the technical assistance provided supporting the overall effectiveness of the program?	Survey	HIOs
			ILF for ESA 2	2.1 Are the designs of the performance management systems likely to achieve their goals to track outputs, outcomes, and impact?	Document reviews, key informant interviews & surveys	SDC/ Facility Managers /Verifier
			ILF for Education	2.2 What are the theory of change and planned designs and activities of the technical assistance - research and advocacy measures (for ILF for Education only)? Are they likely to lead to impact?	Document reviews, key informant interviews & surveys	SDC/ Facility Managers
<p>*The processes at the SDC level, including capacity building of involved collaborators, internal coordination, division</p>	<p>Efficiency: Were the results achieved in a cost-effective way?</p>	<p>*To what extent does management, monitoring and steering mechanisms support efficient implementation?</p>	I. SDC	1.1 Has SDC's institutional organisation and management practices (division of labour amongst different teams, coordination systems, and communication, etc.) enabled economic, timely, and effective design and implementation of the funding windows (noting that ILF for ESA 1, 2 and Education are at different stages of implementation)?	Key informant interviews	SDC/ Facility Managers



of labour, knowledge sharing, and institutional learning are efficient.	*Where can potential for simplification be realised without compromising quality?		1.2 Particularly reflecting on your involvement with the newly established Community of Practice (CoP), what specific skills or knowledge have you gained so far, or do you hope to gain as the CoP matures?	Document reviews Key Informant Interviews	SDC and Facility Managers	
			What other drivers of improved efficiency existed beyond the CoP?			
			Considering the skills and knowledge you aim to develop, what specific resources, tools, or activities provided by the CoP have been or do you anticipate being most effective in supporting these goals?			
				1.3 Based on the above, what are SDC's internal strengths and potential for growth to simplify its practices without compromising quality?	Document reviews Key Informant Interviews	SDC and Facility Managers
		2. Project processes	2.1 What are the key steps of engagement around the fund:	Document reviews, key informant interviews & surveys	Facility Managers and Donors	
			2.2 How much time, effort and cost are required to deliver these engagements steps-from the intermediary and all stakeholders involved? Are there particular aspects that were costly? Were resources redirected as needs changed? Were decisions taken which			Document reviews, key informant interviews & surveys



				helped to enhance efficiency in response to new information?		
				2.3 How does the speed, cost and effort required for these engagement steps compare to other funds and instruments?	Document reviews, key informant interviews & surveys	SDC and Facility Managers
			3. Project management	3.1 Which core competencies and skills did the facility managers bring to pipeline building, selection, due diligence, structuring financial terms, disbursements, monitoring, and reporting (noting that ILF for ESA 1, 2 and Education are at different stages of implementation)? How did they complement SDC's internal capabilities (especially in light of the capacity building programs in place)?	Document reviews, key informant interviews & surveys	SDC, Donors, HIOs, and Facility Managers
				3.2 What is the cost of fund management and how does this compare to other facility managers' services offer and pricing?	Document reviews, key informant interviews & surveys	SDC, Donors, and Facility Managers
				3.2 Were the above-mentioned steps achieved for a similar cost, within a similar timeline, and at the required high-level quality when compared to other similar funds (this question will be linked to the additionality criterion)?	Data analysis	SDC, Donors, and Facility Managers
				3.3 Were coordination systems (governance committees, risk monitoring and mitigation, knowledge management, communication, and project management tools) effective in ensuring (a) clarity on roles and responsibilities amongst the different stakeholders (b) timeliness of decision-making processes and (c) effective implementation of approved decisions?	Surveys & key informant interviews	SDC, Donors, and Facility Managers
				3.4 On all the above, which opportunities exist for simplification and savings without compromising quality?	Data analysis	SDC, Donors, and Facility Managers
* The actual and foreseeable	Impact: What differenc	*Which positive, lasting	I. Impact at HIO level	1.1 To what extent has participation in the ILFF strengthened the organisation's	Surveys & key	HIOs, Facility Managers, and Verifiers



<p>impact of the programme on customers (ILF for ESA I)</p>	<p>Does the intervention make?</p>	<p>effects can be identified?</p> <p>*To what extent were the intended (planned and, where applicable, revised) 'higher-level effects' (i.e. lasting changes in the lives of beneficiaries) of the intervention achieved?</p> <p>*Were there unintended (positive or negative) effects for the target groups and/or society?</p> <p>*To what extent can impact-linked finance sustainably make business models more impactful?</p>		<p>business model (including its ability to access financing), investment readiness and standing in the market and increase its potential for positive impact for its customers?</p> <p>1.1.1 Have the financial instruments been supportive or disruptive to the HIO's growth journeys? Why/how have they been supportive or disruptive?</p>	<p>informant interviews</p>	
				<p>1.2 To what extent has the programme led to process, system, and organisational adaptations for high-impact enterprises? If changes occurred, how did they impact their economic and operational efficiency? Could the enterprises have achieved the same results more efficiently through other types of support?</p>	<p>Document reviews, key informant interviews & surveys</p>	<p>HIOs, Facility Managers, and Verifiers</p>
				<p>1.3 In contrast, has program participation led to unintended consequences that reduced the organisation's impact? If so, of which nature, and how did they affect the business model (e.g., increased reporting time leading to decreased focus on service quality)? Are there examples of the ILFF programme negatively distorting the local markets for enterprise finance?</p>	<p>Surveys & key informant interviews</p>	<p>Facility Managers</p>
				<p>2. Impact at the end user level</p>	<p>2.1 Service design: In what ways have HIOs evolved their ToCs to focus their service on impact due to incentives from ILFF? Are there significant changes to the goal/services on compared to what they usually do? Are these easier to achieve and easier to measure services rather than the more fundamental changes that they would usually work on?</p>	<p>Focus Group discussions, Document reviews, & Key Informant Interviews</p>
				<p>2.2 Service quality of HIOs to customers: To what extent has the service delivery improved due to participation on the ILFF? What are these improvements to service delivery? e.g. In what ways is the service more user centred, in what ways has the service tackled the root causes/issues that the customers are facing? In what</p>	<p>Focus Group Discussions, surveys, and Key Informant interviews</p>	<p>HIOs, Facility Managers and Verifiers</p>



				ways did they invest in their staff and quality of frontline service providers?		
				2.3 Service measurement: How are HIOs measuring and reporting data and performance of service delivery to customers? Are there efforts to measure differential services delivered to customers? To what extent is differential data used to inform/improve service delivery and user engagement techniques? In what ways are they performance assessing/managing and adapting their service delivery to meet user needs.	Surveys, Focus group discussions and Key informant interviews	HIOs, Facility Managers and Verifiers
				2.4 User engagement techniques: In what ways do HIOs engage users including user intake/selection, user participation and retention? To what extent is that different from the way they usually do business? Are there incentives to customers and for what purposes? In what ways are they working differently with the end user in terms of style and intensity of engagement, to what extent is that different from the way they usually do business?		
				2.5 Are these changes in line with the expected targets for the program (nature and magnitude of the changes)?		HIOs, Facility Managers and Verifiers
				2.6 Has the program led to unintended consequences for customers? If so, of which nature, and for which category of customers (e.g., in particular for your vulnerable population and women)? Are these effects reversible or bear long-term consequences for the challenge the social enterprises seek to address (do no harm principles)?	Focus Group discussions , Document reviews, & Key Informant Interviews	HIOs, Facility Managers and Verifiers



<p>*The actual and foreseeable impact of the programme on customers (ILF for ESA I).</p> <p>*The first findings on possible additionality of the programme for the high-impact enter-prises that are being financed (ILF for ESA I and ILF for Education), including on their systems, investment readiness strategy and standing in the market;</p>	<p>Sustain ability: will the benefits last?</p>	<p>*To what extent are the selected high-impact organisations supported by the intervention expected to be creating impact sustainably beyond project completion?</p> <p>*How sustainable are livelihood improvements at the level of the end beneficiaries?</p>	<p>1. High impact organisation level</p>	<p>1.1 Which systems, processes, and initiatives (e.g., capacity building and knowledge transfer) have been deployed to ensure sustainability of changes beyond the lifetime of the ILFF programme? This will include: *changes in strategy, operations, staffing, marketing, and financing that indicate long-term changes built on commercial sustainability; *changes in planning, service design and components of these that are particularly focused on sustainability outcomes including build capabilities of beneficiaries to sustain changes from the program.</p>	<p>Document reviews, key informant interviews & surveys</p>	<p>HIOs and Facility Managers</p>
			<p>1.2 To what extent is the HIO ready to invest/has plans to invest to continue some of the changes observed at both organisation and service level? This includes assessing readiness/plans to do this, willingness, to what extent they can afford it (financially, skills and knowledge, leadership capabilities)</p>	<p>Key informant interviews & surveys</p>	<p>HIOs, Verifiers, and Facility Managers</p>	
			<p>2. System level</p>	<p>2.1 Is the system changing as the result of the programme? Dimensions of the study will include: *To what extent services provided is promoting sustainable strategies/mechanisms in customers including vulnerable, lower-income populations and women. *Extent of knowledge sharing to other actors in the ecosystem for them to replicate these models; *Extent of adoption of knowledge, expertise and impact generated by other actors in the ecosystem *Increasing financing from other institutions into high-impact organisations to increase positive impact in communities. *Extent of interest/appetite of government to engage and support the HIOs/customers and take the changes forward e.g. through direct support or policy changes. *Extent the HIOs have been elevated in a way that has gotten</p>	<p>Document reviews, key informant interviews & surveys</p>	<p>HIOs, Donors Verifiers, Facility Managers</p>



				<p>them interests from other donors/financiers? *Extent to which the ILFF model proves attractive to impact investors with increased ILFF based deal flows?</p>		
<p>*Initial findings on potential additionality of the program for the high-impact enterprises being financed, focusing on their systems, investment readiness strategies, and market positioning.</p>	<p>Additionality</p>	<p>*What is the additionality of the impact-linked finance-instruments compared to a classic grant-based project? (“more impact/sustainability for less money?”) *How is impact additionality within each single transaction assessed and assured? *How much financial additionality can be observed or created?</p>	<p>1. System & processes</p>	<p>1.1 What were the processes to ensure and assess additionality at the SDC and programme level?</p>	<p>Document reviews, key informant interviews & surveys</p>	<p>SDC and Facility Managers</p>
				<p>1.2 What were the baseline scenarios for impact of each high-impact organisation? Notably focusing on their systems, investment readiness strategies, and market positioning.</p>	<p>Surveys & key informant interviews</p>	<p>HIOs, Facility Managers and Verifiers</p>
			<p>2.1 How did additionality occur, or not, for the following areas? *Financial additionality: Assessing whether the ILFF programme has led to high-impact organisations being able to attract additional financial resources beyond what would have been available without the programme or a traditional grant-based intervention. This includes evaluating the leverage effect of funding, whether the program has mobilised new sources of finance, and/or whether the enterprise has observed increased income.</p>			



			<p>*Impact additionality: Examining whether the ILFF has generated social/programmatic benefits beyond what would have occurred in the absence of the program, or through a traditional grant-based programme. This may involve assessing changes in the number of beneficiaries, geographical coverage, service offering, etc.</p>	<p>Impact additionality: HIO: Non-experimental approach, pre and post with no control data: *Target market who receive services: Number of additional total and low-income clients reached due to ILFF intervention disaggregated by gender and geographic coverage, service offering *Direct employment created (Full-time equivalent using DCED definition) within the HIO and indirect jobs created for customers</p>	<p>Key Informant Interviews and Surveys</p>	<p>HIOs, Facility Managers and Verifiers</p>
			<p>Value additionality: specific role and comparative advantage the ILFF to HIOs and the ecosystem assessed through nonfinancial contributions such as provision of knowledge and expertise, innovation and evidence, links to local networks etc</p>	<p>Value additionality: Program level: ability of HIOs to attract non-financial investment with similar terms or quantities to the ILFF and for similar developmental purposes from the private capital markets (local or international);</p> <ul style="list-style-type: none"> • set up parameters for non-financial investments e.g., ILFF providing or catalysing knowledge and expertise, promoting social or environmental standards or fostering good corporate governance, ILFF generating innovations, evidence to the ecosystems for actors to utilize and adopt-see system sustainability questions above. 		

6.4 List of documents reviewed

Table 10: List of documents reviewed

Documents reviewed	
ILF for ESA I	ILF for ESA Independent Audit Report (2022)
	ILF for ESA Independent Audit Report (2023)
	Financial Report Signed (2021 Audit Report)
	Impact Linked Financing for High Impact Organisations Suffering from the Covid 19 Crisis Credit Proposal (2020)
	Contract between SDC and Stitching Impact Linked Finance Fund (2021)



	Project Document Private Sector Engagement Impact-Linked Financing for high-impact organisations in Eastern and Southern Africa suffering from the Covid-19 crisis (2020)
	Annex 1B Specific Investment Guidelines (2021)
	Annex 2B Budget ILF for ESSA Final (202-24)
	Budget for Amendment Old and Revised (2020-26)
	ILF for ESA Operational Report (2021)
	ILF for ESA Operational Report (2022)
	ILF for ESA Operational Report (2023)
	ILF for ESA Application Leaflet
	Access Afya Final Impact Verification Report (2022-23)
	Access Afya Final Impact Monitoring Plan (2022-23)
	Jacaranda Final Impact Monitoring Plan (2022-23)
	Jacaranda Final Verification Report (2022-23)
	Kwanza Tukule Final Impact Monitoring Plan (2022-24)
	Kwanza Tukule Impact Verification Report (2022-23)
	Shamba Pride Final Impact Monitoring Plan Shamba (2022-24)
	Shamba Pride Business Plan (September 2024)
	Shamba Pride Presentation Deck
	Shamba Pride Impact Verification Report (2022-23)
	Shamba Pride Operations & Impacts KPIs (2024)
	EFTA Modification to Loan Agreement Signed (May 2023)
	EFTA Signed Loan Agreement (Oct 2022)
	EFTA Modification to Loan Agreement (October 2023)
	EFTA ESG Assessment Form
	EFTA Arusha Budget for Training of Brooding Units in Mwanza Cluster (June 2023)
	EFTA Chicken Leasing Report
	Kilimo Fresh Cost Benefit Analysis (2022-25)
	Kilimo Fresh Investment Memo (2021)
	Kilimo Fresh Impact Monitoring Plan
	Kilimo Fresh Rationale for Impact-Linked Loan
	Kilimo Fresh Follow-Up Questionnaire
	Kilimo Fresh Document Request
	Kilimo Fresh Due Diligence Schedule (October 2021)
	Kilimo Fresh Final List of Indicators
	Kilimo Fresh Initial Loan Schedule (2022)
	Kilimo Fresh Revised Loan Schedule (2024)
	ILFF learning journey (2024)
ILF for ESA 2	Technical backstopping to the Tanzania Catalytic Innovation Fund Progress Report (2023)
	Technical backstopping to the Tanzania Catalytic Innovation Fund Progress Report (2023–24)
	Project Document Private Sector Engagement Impact-Linked Fund for Eastern & Southern Africa Funding Window Extension for Climate Change Mitigation and Adaptation in Tanzania (2023)
	Annex: Log frame ESA Climate extension
	Independent Auditors Report (2022)
	Independent Auditors Report (2023)
	Roots of Impact Budget (2023)
	SDC Tanzania First Financial Report
	SDC Tanzania Second Financial Report
ILF for Education	ILF for Education Financial report (2022)
	ILF for Education Financial report (2023)
	ILF for Education Operational report (2021)
	ILF for Education Operational report (2022)
	ILF for Education Operational report (2023)



Impact-Linked Financing for Education to accelerate inclusive quality education through private sector engagement (ILF for Education) SDC and ILFF contract (2021)
Impact-Linked Financing for Education to accelerate inclusive quality education through private sector engagement (ILFF Education) credit proposal (2021)
Mathematica Review Impact Linked Financing for Education Findings and Suggestions (2023)
Abwaab SIINC Cost Benefit Analysis
Abwaab SIINC Impact Monitoring Plan
Abwaab SIINC Rationale
Abwaab SIINC Scorecard Assessment
Rising Academies Sierra Leone SIINC Cost Benefit Analysis
Rising Academies Sierra Leone SIINC Rationale
Rising Academies Sierra Leone SIINC Scorecard Assessment
Sprints SIINC Scorecard Assessments
Sprints SIINC Impact Monitoring Plan
Sprints SIINC Rationale
Sprints Impact Monitoring Plan
Kamkalima Case Study
Kamkalima External Impact Evaluation Final Report (2024)
Kamkalima Impact Report (2022)
Kamkalima Theory of Change Log frame (2024)

6.5 ESA HIOs' technical assistance needs

Table 11: Technical assistance needs identified during KIs for ILF for ESA HIOs'

Funding Window	HIO	Reported technical assistance needs
ESA I	Access Afya	<ul style="list-style-type: none"> Strengthening M&E capabilities, particularly around tracking and measuring the impact of the SIINC activities
	Shamba Pride	<ul style="list-style-type: none"> Benchmarking within industry Peer learning with other impact-focused enterprises Ongoing support and guidance on integrating ESG and impact measurement into operations
	Kilimo Fresh	<ul style="list-style-type: none"> Market entry strategy and financial management
	EFTA	<ul style="list-style-type: none"> Benchmarking within industry Peer learning with other ILFF participants
	Kwanza Tukule	<ul style="list-style-type: none"> Strengthening M&E capabilities Ongoing support and guidance on impact measurement Strategic planning, particularly around business model development, growth & expansion planning, and organizational capacity building.
	Anonymous HIO	<ul style="list-style-type: none"> Market analysis and adaptation support Networking Peer learning/cross learning workshops. Targeted support for compliance with new EU deforestation regulations and standards (EUDR)
	Anonymous HIO	<ul style="list-style-type: none"> Comprehensive digital transformation support, including assistance with current digitization efforts, development of in-house data analytics capacity, and creation of a strategic digital



		roadmap to guide scaling and operations as the organization grows
ESA 2	Upendo Honey	Not specified
	Kokoa Kamili	Not specified



7 Assessment grid for project/programme evaluations of the SDC interventions

This assessment grid is a mandatory annex to external evaluations (and internal assessments in the case of SECO) of SDC and SECO financed projects and programs (hereinafter referred to as an 'intervention'), be they commissioned by SDC, SECO or external partners. It is based on the OECD Development Assistance Committee evaluation criteria and guidance.¹⁸ Its purpose is to help make results of evaluations more transparent and quantify them (transform the qualitative information in the evaluation reports into quantitative scores) in a standardized manner. This serves accountability purposes and helps for the aggregate reporting, steering and learning.

How to use this assessment grid:

- Evaluators should provide the filled assessment grid in **Word**.
- All *applicable* sub-criteria should be scored and a short explanation provided. If the evaluation ToRs explicitly exclude some DAC criteria, they should not be filled in the assessment grid. To guarantee coherence, it is advised to match each evaluation question in the ToRs to a sub-criterion in the assessment grid.
- The 20 sub-criteria shall not be modified, however additional sub-criteria may be added to reflect specific objectives and learning interests of the commissioner.
- If specific results are not yet measurable at the time of the assessment, it requires analysing the likelihood of achieving those results (in particular for the criteria effectiveness, impact and sustainability). Please mention this in the dedicated section (evaluability assessment on p. 2).
- There are hyperlinks on each evaluation criterion in the assessment grid, which lead to the [OECD guidance](#) on each specific criterion. The guidance also includes information on the interlinkages and differences between the DAC criteria.
- When applying a gender and climate lens, evaluators are expected to use the relevant guidance.¹⁹
- To rate each sub-criterion, select your rating (0-4, kindly only use integers) in the column “score”:

¹⁸ Two guiding principles were set out by the OECD DAC Network on Development Evaluation alongside the definitions of the six criteria. These are:

- a. Principle One: The criteria should be applied thoughtfully to support high-quality, useful evaluation.
- b. Principle Two: Use of the criteria depends on the purpose of the evaluation.

The OECD guidance [Applying Evaluation Criteria Thoughtfully](#) (2021) explains these principles and provides advice as well as examples for the use of the criteria.

¹⁹ See for instance [Applying a Human Rights and Gender Equality Lens to the OECD Evaluation Criteria](#)



	Relevance / coherence / efficiency	Effectiveness	Impact	Sustainability
1= Highly satisfactory	There were no shortcomings in relation to the intervention's relevance/ coherence/ efficiency.	Objectives at outcome level were (or are likely to be) fully achieved or exceeded.	The intervention had (or is likely to have) a significant positive impact.	All of the intervention's benefits (will) last. <i>Note: for this rating, clear evidence is required (not only assumptions).</i>
2= Satisfactory	There were moderate shortcomings in relation to the intervention's relevance/ coherence/ efficiency.	Objectives at outcome level were (or are likely to be) largely achieved.	The intervention had (or is likely to have) an overall positive impact.	A majority of the intervention's benefits (will) last.
3= Unsatisfactory	There were important shortcomings in relation to the intervention's relevance/ coherence/ efficiency.	Objectives at outcome level were (or are likely to be) only partially achieved (at a rather low level). <i>Note: if outputs are achieved, but do not result in the expected outcomes, consider rating effectiveness as unsatisfactory.</i>	The intervention had (or is likely to have) no impact.	A minority of the intervention's benefits (will) last.
4= Highly unsatisfactory	There were very severe shortcomings in relation to the intervention's relevance/ coherence/ efficiency.	Objectives at outcome level were not achieved (or are unlikely to be achieved).	The intervention had (or is likely to have) an unexpected negative impact.	None of the intervention's benefits (will) last.
0= Not assessed	The criteria statement cannot be assessed. Please explain in the justifications section.			

Along with the assessment grid, please also fill in this table with data on the evaluation, on the evaluated intervention and on the evaluability of the intervention.



Evaluation data			
Title of the evaluation report	Mid-term Evaluation of the Impact-Linked Finance Fund for Eastern & Southern Africa and the Impact-Linked Fund for Education		
Evaluation mandated by	SDC	Evaluation dates (start – end)	19 June 2024 – 31 Oct 2024
Evaluation carried out by Name of lead evaluator (if relevant) Name of company	Instiglio Inc; Innovest Advisory Instiglio Inc	For external evaluations: Total evaluation budget (including all fees and costs) and currency	Evaluation budget USD 89,334
Has any member of the evaluation team been involved in the intervention?	No	If yes, how?	Briefly explain the type of involvement here
Evaluated intervention data			
Intervention title (including phase number)	ILF for ESA I, ILF for ESA II, & ILF for Education		
Intervention internal number (if available) (e.g. 7F-..., UR_...)	7F-10611.01.02	Dates of the evaluated phase (start – end)	ESA 2020 - 2027 Education 2021 - 2025
Is it the final phase?	No	Total budget for the evaluated phase; SDC/SECO contribution if applicable	CHF 12,000,000 CHF 7,000,000
Evaluability ²⁰ assessment by evaluator			
To which extent do you consider that the intervention can be evaluated in a reliable and credible fashion?	2 - reliable		
If applicable, please select the type of limitation(s) to the evaluation and provide a brief explanation <i>Note: when assessing evaluability also consider the representativeness and participation of specific</i>	<input type="checkbox"/> Objectives are not adequately defined (e.g. weaknesses in intervention design, lack of baselines and targets) <input type="checkbox"/> Results are not verifiable (e.g. too early to tell, lack of sufficiently robust data and evidence) <input checked="" type="checkbox"/> Other limitation(s)		

²⁰ See definition of evaluability in OECD (2023), Glossary of Key Terms in Evaluation and Results Based Management for Sustainable Development (Second edition), OECD Publishing, Paris <https://www.oecd-ilibrary.org/docserver/632da462-en-fr-es.pdf?expires=1690787009&id=id&accname=guest&checksum=ED10CC16AE8370653438B9C7A52688E0>



<p>stakeholders/groups involved in the evaluation as well as the influence of conflict/fragile context on the quality and validity of the data and access to target groups (if applicable)</p>	<p>Time constraints: While the mid-term evaluation offers valuable insights on the immediate and short-term effects on HIOs and customers, the time frame of ILF implementation was not sufficient to observe long terms effects as well as the sustainability of the short-term effects. This includes establishing whether observed ILF-driven operational improvements and capacity-building efforts to HIOs would persist beyond the funding period as well as the sustainability of the enhanced measurement practices. Data constraints: The absence of a control group limits using experimental/quasi experimental approaches in estimating a counterfactual and a causal relationship of the ILF observed effects on HIOs and their customers. Quantifying and extrapolating the aggregate magnitude of the actual and foreseeable impact (pre- and post-comparison) of the programme on customers (ILF for ESA 1) was further limited by a small sample of end users and the informal record keeping and documentation of customers who are largely small-holder farmers and food vendors. Specifically for ESA 2, there was a small sample of HIOs available for primary data collection which limits the extent to which findings can be extrapolated to the entire ESA 2 cohort.</p>
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DAC criteria and SDC/SECO sub-criteria	Score	Justification
<p>I Relevance: Is the intervention doing the right things?</p> <p>Summary: The extent to which the intervention's objectives <u>and</u> design (at the time of design and at time of evaluation) respond to beneficiaries' and involved stakeholders' needs and priorities, and continue to do so if circumstances change.</p> <p>Note: Understanding gendered power dynamics and reflecting on the SDG commitment to "leave no one behind" are crucial in understanding relevance.</p>	<p>Please do not write anything here. The DAC criteria score will automatically be calculated as the arithmetic mean of sub-criteria.</p>	<p>(Please provide a short explanation for your score</p> <p>or explain the reason why a criterion was not assessed)</p> <p>The intervention demonstrates a high degree of relevance by addressing the financial needs of HIOs across ILF for ESA and Education sectors. The flexible funding instruments, such as SIINCs and ILLs, were specifically designed to cater to the unique challenges faced by HIOs in accessing capital. In ILF for ESA, these instruments were crucial in enabling HIOs to reach underserved groups and scale their operations, while in ILF for Education, the structuring processes emphasized customized impact targets that aligned with the business models of the HIOs. Furthermore, the instruments were tailored to respond to the evolving needs and financial contexts of the HIOs, ensuring both impact and financial sustainability.</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
<p>1.1 Responsiveness to needs, policies and priorities: the extent to which the objectives (at output, outcome and impact levels) of the intervention respond to the needs and priorities of the beneficiaries (target group), involved stakeholders (involved in funding, implementing and/or overseeing the intervention) and, when relevant, to indirectly affected stakeholders (e.g. civil society, etc.).</p> <p><i>Note: A particular emphasis should be placed on beneficiaries. If there are trade-offs, please describe them in the justification.</i></p>	1 - highly satisfactory	<p>The ILFF's funding instruments (SIINCs and ILLs) were highly responsive to the needs and priorities of the HIOs in both ILF for ESA and ILF for Education contexts. ILF for ESA I HIOs, such as Kilimo Fresh and Shamba Pride, benefited from flexible capital that allowed them to address specific operational challenges, such as post-harvest losses and expanding rural distribution networks. Education-focused HIOs received financial solutions that supported their education-related impact goals while addressing systemic challenges like liquidity constraints and the need to align with school calendars. These instruments were designed to support impact-focused initiatives that are traditionally unattractive to commercial lenders, demonstrating their responsiveness to the unique needs of the target beneficiaries and stakeholders.</p>
<p>1.2 Sensitiveness and responsiveness to the context and capacities of the beneficiaries and involved stakeholders: the extent to which the context was considered in the design of the intervention (e.g. economic, environmental, equity, social, cultural, political economy and last but not least capacity considerations).</p> <p><i>Note: Evaluators are encouraged to describe which contextual factors are most pertinent to the intervention.</i></p>	1 - highly satisfactory	<p>The ILFF's design processes were notably sensitive to the specific contexts and capacities of the HIOs. For ILF for ESA, detailed need assessments and feedback mechanisms were employed to ensure that the financial instruments aligned with the cultural and operational realities of HIOs and their customers. For example, Access Afya's tailored metrics on service quality directly supported its goals of improving healthcare delivery in franchise clinics. In ILF for Education, the intervention recognized the unique operational calendars of education providers and embedded liquidity-focused customizations, such as aligning disbursements with school term cycles. This context-driven customization ensured the intervention was</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		responsive to the HIOs' specific economic, social, and operational contexts.
<p>1.3 Quality of design: the extent to which core design elements of the intervention (such as objectives and their related indicators, logframe, theory of change including related assumptions, choice of services and intervention partners, exit strategy) reflect the needs and priorities of the target group, are appropriate, realistic, clearly defined, measurable and feasible (technical, organisational and financial feasibility).</p> <p><i>Note: the exit strategy should be planned from the outset of the intervention to ensure the continuation of positive effects as intended, whilst allowing for changes in contextual conditions.</i></p>	I - highly satisfactory	The intervention's design quality is reflected in the careful customization of instruments to ensure they are appropriate, measurable, and feasible. For ILF for ESA, impact metrics were SMART and tailored to the specific business models of the HIOs, such as tracking geographical expansion in ASAL regions or improving service quality in healthcare settings. Similarly, ILF for Education HIOs received instruments that included context-specific definitions of vulnerable groups, enabling them to better tailor their business models for impact while maintaining financial sustainability. The intervention also incorporated flexibility for adjustments in response to operational challenges, demonstrating foresight in ensuring the continuity of positive effects post-intervention.
<p>1.4 Adaptation over time: the extent to which the intervention has meaningfully adapted to changes over the course of its lifespan (e.g. evolving policy and economic contexts, change of funding, new opportunities, outbreaks of conflict or pandemic, etc.).</p>	I - highly satisfactory	The ILFF for ESA I provided impact linked financing to HIOs and local communities to battle the COVID 19 crisis. The ILFF has also demonstrated meaningful adaptation to evolving circumstances. For example, ILF for ESA I HIOs like Kilimo Fresh and Shamba Pride used the flexible capital provided to scale operations and address risks associated with underserved populations. ILF for ESA 2, which is still in the structuring stage, already shows adaptability by focusing on climate-sensitive business models, exemplified by the proposed funding for an apiculture centre. In ILF for Education, flexible disbursement schedules that align with school term calendars have adapted to HIOs' operational needs.



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		The evolution of Technical Assistance (TA) from an initial absence to a well-structured support system for HIOs is another sign of ILFF's responsiveness. Additionally, the ILFF team is actively working to streamline onboarding and reduce disbursement timelines. Following the first round of impact verifications for ILF for ESA I SIINC organisations, the ILFF further simplified the impact verification process by replacing the DCED structure with a focus on impact and raw data verification rather than checks on the Theory of Change (ToC) and Logframe. These adaptations have ensured that the intervention remains relevant and effective throughout its lifespan.
If an additional sub-criteria is relevant please formulate it here	select	Click here to enter text.
<p>2 <u>Coherence</u>: How well does the intervention fit?</p> <p>Summary: The compatibility of the evaluated intervention with other interventions in a country, sector or institution, i.e., the extent to which other interventions (in particular policies) support or undermine the intervention and vice versa.</p>	<p><i>Please do not write anything here. The DAC criteria score will automatically be calculated as the arithmetic mean of sub-criteria.</i></p>	<p>The ILFF aligns well with the SDC strategies across its ILF for ESA and ILF for Education windows by utilizing innovative financial instruments to support HIOs in achieving social impact goals, particularly for vulnerable populations. While the ILF for ESA window benefits from internal synergies and lessons learned from other SDC initiatives, challenges remain in coordination among various SDC financing sources, which can limit HIO growth opportunities. Externally, the ILFF complements other financing sources, enabling HIOs to balance commercial and social objectives effectively. Overall, while there are areas of operational synergy, opportunities for improved coordination and compatibility within the broader funding ecosystem still exist.</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
<p>2.1 Internal policy alignment: the extent to which the intervention aligns with the wider policy frameworks of the Swiss Development Cooperation, including the most recent Swiss international cooperation strategy overall and at country level, as well as to relevant international norms and standards to which Switzerland adheres (international law, international agreements, etc.).</p>	<p>1 - highly satisfactory</p>	<p>The ILFF, particularly in its ILF for ESA and ILF for Education windows, aligns closely with the SDC's broader strategies. ILF for ESA's financial instruments, such as SIINCs and ILLs, directly support HIOs to scale operations while focusing on social impact, particularly for vulnerable populations, matching SDC's strategy of using innovative finance to foster public-private cooperation. ILF for ESA 2's emphasis on addressing climate change further supports SDC's goals of reducing poverty, promoting economic self-reliance, and improving access to essential services like healthcare. ILF for Education's financial instruments also reinforce SDC's mission by promoting educational outcomes, with involvement from SDC colleagues in Jordan complementing SDC's regional educational efforts.</p>
<p>2.2 Internal compatibility: the extent to which the intervention is compatible with other interventions of Swiss development cooperation in the same country/region and thematic field (consistency, complementarity, synergies, avoiding duplication of efforts, subsidiarity).</p> <p><i>Note: if feasible, evaluators are encouraged to also take into account compatibility with the interventions of different levels / departments of the Swiss government in the same operating context (e.g.: development, diplomacy, trade, security, etc.)</i></p>	<p>2 - satisfactory</p>	<p>The ILFF shows a mixed level of internal compatibility across its windows. In the ILF for ESA windows, internal synergies have been achieved by applying learnings from other SDC funds such as the Daraja Impact Fund. For example, ILF for ESA 2's integration into ILF for ESA 1's structure has helped avoid duplicating efforts by utilizing existing processes such as due diligence frameworks and budgeting structures. However, challenges persist in terms of (i) HIOs limitations in accessing simultaneous SDC sponsored funds streams, which may limit their growth opportunities, (ii) internal turnover within SDC which has posed challenges, and inefficiencies in knowledge sharing, especially through the sporadic CoP meetups, limiting the ILFF's full integration across SDC's programs. In the ILF for Education window, while</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		there are synergies with SDC engagements in Jordan, evidence of similar internal alignment and process harmonization within other regions is less pronounced. Overall, while there are clear areas of operational synergy and compatibility, there remain opportunities to improve coordination and compatibility across ILFF and SDC's broader funding ecosystem.
2.3 External compatibility: the extent to which the intervention is compatible with interventions of other actors in the country and thematic field (complementarity, synergies, overlaps and gaps, value-added, use of existing systems and structures for implementing activities, harmonization, coordination, etc.).	2 - satisfactory	The ILFF intervention is complementary to other financing sources available to HIOs, enhancing external coherence. For example, in both ILF for ESA and ILF for Education windows, HIOs have utilized ILFF resources alongside equity, convertible debts, and grants to balance the expectations of commercial and non-commercial investors. This complementarity allows HIOs to scale operations while maintaining their social missions. For instance, Access Afya used ILFF funding to enhance impact initiatives, while other external funding supported their expansion efforts. In the ILF for Education window, HIOs transitioning from NGOs to social enterprises find ILFF a valuable step toward attracting commercial and international financing, aligning with their long-term sustainability goals. However, alignment with the specifications of the multiple donors involved on the ILFF can be sometimes challenging where some funders prioritizing business outcomes and advocating for more ILLs, while others favour impact-focused approaches, seeking SIINCs that align more closely with grants. Furthermore, HIOs in the ILF for Education window have aligned their interventions with national educational priorities and formed strong partnerships with governments,



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		ensuring their services address identified gaps in skills development and vocational training. These efforts reinforce ILFF's capacity to integrate into the broader financial and operational ecosystem, contributing to both sectoral and national goals.
If an additional sub-criteria is relevant please formulate it here	select	Click here to enter text.
<p>3 Effectiveness: Is the intervention achieving its objectives?</p> <p>Summary: The extent to which the intervention achieved, or is expected to achieve, its objectives and its results, including any differential results across groups.</p>	<p><i>Please do not write anything here. The DAC criteria score will automatically be calculated as the arithmetic mean of sub-criteria.</i></p>	<p>The ILFF has made notable progress in achieving its objectives, particularly in the ILF for ESA window, surpassing its client outreach target by reaching over 8,300 low-income clients. However, challenges remain in resource mobilization and achieving financial sustainability, with only half of the HIOs reaching this goal. The well-structured TA support has benefited many HIOs, although a third of the HIOs did not recognize it as such. The ILFF has shown responsiveness to unintended results, though feedback mechanisms need simplification for more effective implementation. Additionally, there is a strong commitment to inclusivity, with a balanced gender representation in leadership and among beneficiaries, although improvements in communication and access to support are needed to further promote equitable outcomes.</p>
<p>3.1 Achievement of objectives: The extent to which the intervention achieved or is expected to achieve its intended objectives (outputs <u>and outcomes</u>) as originally planned (or as modified to cater for changes in the environment), including its transversal objectives (e.g. gender, climate)</p>	<p>2 - satisfactory</p>	<p>The ILFF has made significant progress in achieving its intended objectives, particularly in the ILF for ESA window. Notably, it surpassed its target of reaching 6,000 low-income clients by reaching 8,342. However, challenges remain, particularly in achieving resource mobilization targets and ensuring the long-term viability of all</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
<i>Note: If some – but not all – of the objectives were achieved the evaluators will need to examine their relative importance to draw conclusions on the effectiveness.</i>		HIOs. While financial sustainability has been reached by only 4 out of 8 HIOs, additional funding commitments have fallen short of overall targets. The ILF for Education window has similarly benefited from well-structured technical assistance (TA), aiding HIOs in refining their impact measurement and operational strategies, although 33.3% of HIOs did not recognize the support received as TA.
3.2 Unintended effects: The extent to which the intervention has responded adequately to the potential benefits/risks of the positive/negative unintended results.	3 - unsatisfactory	The feedback mechanisms provided by verifiers, particularly the recommendations in verification reports, are valuable tools for improvement, yet their complexity often limits HIOs' ability to implement them effectively. HIOs have expressed a need for clearer, more accessible feedback that aligns with their business-oriented practices, facilitating operational improvements. The development-focused language used in these reports can be overly complex for HIO decision-makers, many of whom come from a business background.
3.3 Differential results: the extent to which the intervention results (outcomes) were inclusive and equitable amongst beneficiary groups and the extent to which key principles such as non-discrimination, accountability and leave-no-one-behind were taken into account during the implementation.	1 - highly satisfactory	The ILFF demonstrates a commitment to inclusive and equitable outcomes among beneficiary groups. A good mix of gender representation was evident in the C-suite roles of the evaluated HIOs in the ILF for ESA region, contributing to diverse leadership. Furthermore, there was strong gender representation among the end users, with both men and women benefitting equitably from the HIOs' services, as demonstrated by the emphasis on KPIs aligned with gender equity.



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
If an additional sub-criteria is relevant please formulate it here	select	Click here to enter text.
<p>4 Efficiency: How well are resources being used?</p> <p>Summary: The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.</p>	<p><i>Please do not write anything here. The DAC criteria score will automatically be calculated.</i></p>	<p>The ILFF faces challenges that impact its overall economic, operational, and timeliness efficiency, primarily due to high transaction costs, delayed setup and disbursement timelines, and complex verification processes. Transaction costs, which account for 24% and 28% of the funding budget for the ILF for ESA and ILF for Education windows respectively, reflect the necessary due diligence required by donors to ensure effective resource allocation, although optimizing these processes could enhance economic efficiency. Timeliness has been a significant concern, with ILF for ESA I experiencing setup delays extending from the original five-month target to between 9 and 12 months due to unclear selection criteria and prolonged due diligence. While improvements in the ILF for Education window have resulted in an average setup timeline of 9 months, inconsistencies across different instruments remain. Furthermore, operational efficiency is hindered by complex verification protocols, which have been flagged by HIOs as sources of delay, emphasizing the need for streamlined management mechanisms. Addressing these issues through clearer communication, simplified verification processes, and effective knowledge-sharing platforms is crucial for enhancing the responsiveness and efficiency of the ILFF, thereby better supporting its intended beneficiaries.</p>
<p>4.1 Economic efficiency: The extent to which the intervention delivered the results (inputs <input type="checkbox"/> outputs; inputs <input type="checkbox"/> outcomes) in the most cost-efficient way possible (including allocation of</p>	<p>2 - satisfactory</p>	<p>Economic efficiency within the ILFF is impacted by perceived high transaction costs, which some donors attribute to the rigorous quality and accountability</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
resources between target groups and time periods; available options for purchasing inputs according to market conditions, etc.).		measures in place. For ILF for ESA, transaction costs represent approximately 24% of the total funding budget, while ILF for Education's costs rise to 28%. Although these figures may seem steep, they reflect the necessary due diligence and comprehensive selection processes required by donors, which ensures effective resource allocation among target groups. Nevertheless, optimizing these processes could enhance economic efficiency by reducing transaction costs without compromising quality.
<p>4.2 Timeliness: The extent to which the intervention delivered the results (outputs, outcomes) in a timely manner (within the intended timeframe or reasonably adjusted timeframe) and the extent to which efforts were made to mitigate delays.</p> <p><i>Note: in case timeliness was unsatisfactory for reasons outside of the intervention's control, the rating should still be unsatisfactory, and explanation provided in the justification field.</i></p>	2 - satisfactory	Timeliness in the ILFF's operations has been a significant concern, especially regarding the setup and disbursement timelines. ILF for ESA 1 experienced delays extending from the original five-month target to between 9 and 12 months, primarily due to unclear selection requirements and prolonged due diligence stages. In contrast, while the ILF for Education shows improvement with an average setup timeline of 9 months, variability across different instruments persists, with SIINCs taking significantly longer. Timeliness issues underline the need for clearer communication and streamlined procedures to enhance the responsiveness of the ILFF to HIOs' operational needs.
4.3 Operational efficiency: The extent to which management, monitoring and steering mechanisms supported efficient implementation (resource allocation, spending and redirection, risk management, logistics and procurement decisions, etc.)	2 - satisfactory	Operational efficiency in the ILFF is constrained by the complexity of its verification processes and the need for improved management mechanisms. While robust governance structures exist, HIOs have flagged the verification process as a source of inefficiency, often leading to delays due to extensive data collection and physical site visits. Simplifying these verification protocols



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		and enhancing data collection methods could improve operational efficiency, allowing HIOs to focus more on achieving their impact targets. Additionally, addressing the limitations of the CoP is vital to ensure that it serves as an effective platform for knowledge sharing and capacity building, ultimately contributing to the overall operational efficiency of the ILFF.
If an additional sub-criteria is relevant please formulate it here	select	Click here to enter text.
<p>5 <u>Impact:</u> What difference does the intervention make?</p> <p>Summary: The extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. Impact addresses the ultimate significance and potentially transformative effects of the intervention. It seeks to identify social, environmental and economic indirect, secondary and potential consequences of the intervention that are longer term or broader in scope than those already captured under the effectiveness criterion. It does so by examining the holistic and enduring changes in systems or norms, and potential effects on people’s well-being, human rights, gender equality, and the environment.</p> <p><i>Note: depending on the timing of the evaluation and the timescale of intended benefits, evaluators can assess for both actual impacts (i.e. already evident) and foreseeable impacts.</i></p>	<p><i>Please do not write anything here. The DAC criteria score will automatically be calculated as the arithmetic mean of sub-criteria.</i></p>	<p>The ILFF has generated significant positive impacts across HIO by enhancing their impact measurement systems and enabling strategic market expansions into underserved customer segments. ILF for ESA data reveals that 80% of HIOs reported improvements in impact measurement practices due to ILFF's tailored reporting requirements, fostering better understanding and articulation of their social impact. This, combined with the development of strategic market offerings—like small-scale poultry loans by EFTA—has improved market positioning and contributed to job creation and increased income among vulnerable populations. Similarly, ILF for Education highlights that strengthened impact measurement processes have allowed HIOs to optimize service delivery and enhance their relevance, particularly for underserved communities. For instance, one HIO improved its impact reporting, resulting in better learning environments for deaf learners in multiple countries. These enhancements in measurement and operational practices collectively support HIOs in creating holistic and enduring changes that positively affect</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		beneficiaries' well-being and systemic drivers of inequality.
<p>5.1 Intended impacts: The extent to which the intended (planned and, where applicable, revised) 'higher-level effects' (i.e. lasting changes in the lives of beneficiaries) of the intervention were (or are expected to be) achieved.</p> <p><i>Note: also consider the extent to which the intervention contributed to “holistic and enduring changes in systems or norms” and transformational change (addressing root causes or systemic drivers of poverty, inequalities, exclusion and environmental damage).</i></p>	1 - highly satisfactory	<p>ILFF's interventions are expected to yield intended higher-level effects, including lasting improvements in HIOs' operational effectiveness and social impact. The ILF for ESA context shows that HIOs have adopted more rigorous measurement practices, enabling them to capture and report on meaningful changes in beneficiaries' lives, while ILF for Education indicates that participation has led to operational improvements and customized solutions that cater to the specific needs of underserved populations, such as tailored financing instruments and enhanced training programs. These strategic enhancements contribute to transformational change by addressing root causes of poverty and exclusion. However, future evaluations should assess whether the operational enhancements and increased internal capacities driven by the ILFF persist over time, and if/how they contribute to improved organizational performance and impact delivery beyond the funding period.</p>
<p>5.2 Contribution to intended impacts: The extent to which the intervention actually contributed (or is expected to contribute) to the intended higher-level effects.</p> <p><i>Note: results of contribution analysis, etc.</i></p>	2 - satisfactory	<p>The ILFF has significantly contributed to achieving intended impacts, as evidenced by HIOs' enhanced capacity to articulate their impact narratives and make strategic investments. In ILF for ESA, improved storytelling could potentially increase HIOs' attractiveness to impact investors, leading to greater investment, while in ILF for Education, HIOs have made operational investments with a clear focus on enhancing impact, such as</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		<p>building infrastructure and improving data quality systems. Many businesses identified ILFF financing as filling a crucial gap that enabled their expansion into new areas. This convergence of enhanced impact measurement and operational focus demonstrates the ILFF's effective contribution toward achieving higher-level outcomes. The absence of a control group limits using experimental/quasi experimental approaches in estimating a counterfactual and a causal relationship of the ILF observed effects on HIOs and their customers. Quantifying and extrapolating the aggregate magnitude of the actual and foreseeable impact (pre- and post-comparison) of the programme on customers (ILF for ESA I) was further limited by a small sample of end users and the informal record keeping and documentation of customers who are largely small-holder farmers and food vendors.</p> <p>Despite challenges in assessing the magnitude of contribution, the ILFF's effectiveness and impact are evident in improved HIO performance and service expansion to underserved populations.</p>
<p>5.3 Unintended impacts: Has the intervention brought about (or is it expected to bring about) any unintended (positive and/or negative) higher-level development results? If yes, to what extent have these higher-level effects been positive (or are likely to be positive)?</p> <p><i>Note: consider here any kind of unintended effects such as escalating or deescalating effect on a conflict or context of fragility, effect on the legitimacy of the state or non-state actors, effect on the inclusion or exclusion of vulnerable groups, unintended pollution, etc.</i></p>	0 - not determined	<p>While the ILFF has primarily driven positive intended impacts, the evaluation does not indicate noteworthy unintended impacts that might warrant attention. This aspect should be continuously monitored in future assessments to ensure any unforeseen consequences are identified and addressed.</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
<i>If there wasn't any noteworthy unintended impact (higher-level effect), mark this question as non-applicable (n/a) and do not give a rating.</i>		
<p>5.4 Differential impact: the extent to which the intervention's intended and unintended higher-level results (impacts) were (or are expected to be) inclusive and equitable amongst beneficiary groups and the extent to which key principles such as non-discrimination, accountability and leave-no-one-behind were taken into account during the implementation.</p> <p><i>Note: Keep in mind that positive impacts overall can hide significant negative distributional effects.</i></p>	2 - satisfactory	<p>The ILFF has aimed to ensure that its impacts are inclusive and equitable by promoting key principles such as non-discrimination and accountability. This commitment is further highlighted by the balanced gender representation in C-suite roles among the selected HIOs as seen in the effectiveness section. Additionally, in the ILF for ESA region, HIOs have strategically expanded into underserved markets to address the needs of lower-income segments. Likewise, in the ILF for Education window, HIOs have tailored their operational strategies to enhance inclusivity, particularly through improvements in training programs and impact measurement, which have directly benefited marginalized communities. Moving forward, future evaluations should examine whether these impacts continue to reflect equitable outcomes across all beneficiary groups, ensuring that no one is left behind.</p>
Additionality	2 - satisfactory	<p>ILFF has demonstrated value additionality by enhancing impact-focused operations and innovations in HIOs, catalysing shifts toward climate-smart products and fostering internal expertise, though quantifying its influence remains challenging due to the absence of ring-fencing. HIOs report expansion in services and employment in underserved markets during ILFF financing, with Access Afya noting improved customer engagement and Kwanza Tukule maintaining services for 300 low-income customers; however, some, like Shamba Pride, have achieved</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		growth without explicit ties to ILFF, reflecting the complex factors at play. Financially, HIOs have generally seen positive developments, with Shamba Pride reporting significant revenue growth, while EFTA views ILFF as a potential future investment catalyst. In the ILF for Education context, HIOs have raised additional funding from external donors, with 33% reporting slight increases and 16.7% significant increases in total capital raised, although these figures do not account for prior fundraising history. The evidence suggests positive financial trajectories during ILFF participation, highlighting the need for further evaluation of ILFF's catalytic effects.
<p>6 Sustainability: Will the benefits last?</p> <p>Summary: The extent to which the net benefits of the intervention continue or are likely to continue. Includes an examination of the enabling environment for sustainable development, i.e. financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time. Involves analysis of resilience, risks and potential trade-offs.</p> <p><i>Note: depending on the timing of the evaluation and the timescale of intended benefits, evaluators can assess for both actual sustainability (i.e. the continuation of net benefits created by the intervention that are already evident) and prospective sustainability (i.e. the net benefits for key stakeholders that are likely to continue into the future)</i></p>	<p><i>Please do not write anything here. The DAC criteria score will automatically be calculated as the arithmetic mean of sub-criteria.</i></p>	<p>The sustainability of benefits from ILFF interventions in both the Eastern and Southern Africa (ESA) and Education contexts shows promising prospects but is contingent on several factors. In the ILF for ESA context, the internal capacity-building approach at the HIO level, such as that employed by EFTA and Kwanza Tukule, enhances long-term sustainability by training existing staff rather than hiring new personnel. However, this progress may be threatened by staff turnover and shifting organizational priorities after the funding period. Similarly, in the ILF for Education context, HIOs have been intentional in creating dedicated impact departments and integrating impact metrics into regular decision-making processes, indicating a commitment to sustaining the ILFF-initiated focus on impact measurement, though concerns about long-term retention due to organizational changes remain. Future evaluations should assess whether the operational enhancements and</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		increased internal capacities driven by the ILFF persist over time, and if/how they contribute to improved organizational performance and impact delivery beyond the funding period
<p>6.1 Capacity and resilience development: The extent to which the beneficiaries and development partners have strengthened their capacities (at the individual, community, or institutional level), have the resilience to overcome future risks and external shocks that could jeopardise the intervention's results and have improved their ownership or political will.</p>	2 - satisfactory	<p>In both ILF for ESA and ILF for Education contexts, the extent to which beneficiaries and development partners have strengthened their capacities is evident through various initiatives. For instance, ILF for ESA HIOs like Kwanza Tukule have reported that they integrated new responsibilities into existing roles, potentially enhancing their operational resilience. In the ILF for Education context, the establishment of dedicated impact departments signifies a proactive approach to managing and learning from their interventions. While these developments suggest improved capacity and ownership, future evaluations will need to assess how well these enhanced capabilities persist over time and contribute to organizational performance post-ILFF.</p>
<p>6.2 Financial sustainability: The extent to which development partners have the financial resources to maintain the intervention's net benefits over time (e.g. increased national, and where applicable subnational, financial or budgetary commitments).</p>	2 - satisfactory	<p>Financial sustainability remains a crucial factor for both ILF for ESA and ILF for Education HIOs. In the ILF for ESA context, organizations like Kwanza Tukule have acknowledged that their commitment to serving low-income markets hinges on achieving profitability without ongoing external subsidies. Similarly, in the ILF for Education context, HIOs have expressed a willingness to maintain focus on impact planning and management, yet the long-term financial resources necessary to support these enhancements depend on their ability to generate sufficient revenue. Future assessments should examine how effectively these</p>



DAC criteria and SDC/SECO sub-criteria	Score	Justification (Please provide a short explanation for your score or explain the reason why a criterion was not assessed)
		organizations can optimize their operations to ensure ongoing financial viability.
<p>6.3 Contextual factors: The extent to which the context is conducive to maintain the intervention's net benefits over time (e.g. policy or strategy change; legislative reform; institutional reforms; governance reforms; increased accountability for public expenditures; improved processes for public consultation in development planning).</p> <p><i>Note: It includes assessing the trade-offs associated between instant outcomes and potential longer-term effects as well as the trade-offs between financial, economic, social and environmental aspects.</i></p>	3 - unsatisfactory	The contextual factors influencing sustainability in both ILF for ESA and ILF for Education contexts highlight the importance of conducive environments for maintaining intervention benefits. In the ILF for ESA setting, HIOs have identified limited knowledge-sharing as a barrier to broader ecosystem-level sustainability, which suggests that more intentional collaboration could enhance replication of successful models. In the ILF for Education context, HIOs have begun early efforts to share knowledge and foster partnerships, indicating a growing recognition of the need for ecosystem learning. However, both contexts require supportive policies, governance reforms, and increased accountability measures to create an environment conducive to sustaining net benefits over time.
If an additional sub-criteria is relevant please formulate it here	select	
7 General comments Summary: this section is only for free text (no score). The evaluator may provide an overall assessment of the evaluated intervention, explore and reflect on relationships and synergies between different criteria (this includes considering if and how they are causally related).		Click here to enter text.



Management response to the Mid-Term Evaluation of the Impact-Linked Fund for Eastern & Southern Africa and the Impact-Linked Fund for Education

Management Response

The Management Response (MR) states the position of the SDC on the recommendations of the Mid-Term Evaluation of the Impact-Linked Fund for Eastern & Southern Africa (ILF for ESA) and the Impact-Linked Fund for Education (ILF for Education). The MR provides a solid basis for strategic decision-making. Relevant stakeholders have been consulted: Facility managers IGravity and Roots of Impact have been involved at different stages of the evaluation process. Their feedbacks to the recommendations are included in the MR. Funders have been interviewed by the evaluation team and have been invited to the presentation of the draft version of the report. Their inputs have been taken into account for the final version. The list of High Impact Organizations (HIOs) and end users interviewed by the evaluators is available in the evaluation report.

Assessment of the evaluation

The evaluation was mandated by SDC to a team of independent experts, selected through a competitive procurement process and was conceptualized in accordance with international standards. The evaluation process was well managed and included close involvement of the SDC's reference group comprising the regional advisor for inclusive economic development, senior advisors from the Thematic Section Economy and Education, as well as the team of the Embassy of Switzerland in Tanzania.

The main objectives were to critically look at the activities and first achievements of the two windows of the ILF for ESA and of the ILF for Education, and provide elements aiming at improving their results and impact, as well as the steering and management of the programmes. The evaluation also aimed at drawing lessons for the design of future programmes and inform SDC's decisions on future funding for impact-linked finance. These objectives have been met by the evaluators. The SDC appreciates the comprehensiveness of the evaluation report and the sound analysis of key elements of the SDC's performance in the ILF for ESA and the ILF for Education.

The report's analysis and resulting recommendations are considered to be useful for strengthening the strategic orientation of the ILF for ESA and the ILF for Education. Nevertheless, while SDC agrees with the diagnosis on HIOs needs where several recommendations stem from, it believes that the ILFF should not significantly expand its activities but rather stay focused on the types of support that it is currently providing to HIOs. Many recommendations can be addressed through other SDC funded projects and networks, as well as through other existing initiatives.

Main findings

Relevance: Funding mechanisms of the Impact Linked Finance Fund (ILFF), Social Impact Incentives (SIINC), Impact-linked Loans (ILL), Impact linked Payments (ILP) were well-aligned with the operational challenges and social impact goals of HIOs. The instruments addressed crucial needs, such as promoting gender equity, supporting revenue generation, and financing underserved sectors like agribusiness and healthcare as well as vulnerable learners. While the financial structures were highly relevant, HIOs suggested that larger and more flexible ticket sizes would better support their ability to scale and generate transformative impact.

Coherence: Internally, ILFF demonstrated strong coherence with SDC's broader objectives, including fostering public-private partnerships and supporting social enterprises with

a social impact focus. Externally, ILFF funding complemented other financing sources, helping HIOs balance commercial and impact-driven goals. However, some limitations were noted in accessing multiple SDC funding streams simultaneously, potentially constraining operational synergies for HIOs.

Efficiency: While ILFF exhibited a robust governance structure and rigorous management processes, there were notable delays in fund disbursement, extending beyond the originally planned timelines in a number of cases. These delays affected HIO operations, and transaction costs were considered high by donors, although they recognized that this was driven by the thorough selection and due diligence processes. Efficiency has improved throughout the ILFF, with delays reduced significantly.

Effectiveness: ILFF was effective in helping HIOs meet key performance indicators (KPIs), including expanding services to underserved populations and creating sustainable job opportunities. However, challenges remain in mobilizing additional capital, with only CHF 3,900,000 secured against a target of CHF 20,000,000 (ILF for ESA). The technical assistance (TA) provided has been tailored to the needs of HIOs and has improved their financial and non-financial performance. However, the tailored approach has meant a lack of structure with some HIOs finding it difficult to understand what support is available.

Impact: The ILFF enabled HIOs to expand into high-impact but high-risk market segments, enhance their operational efficiency, and improve their impact measurement systems. HIOs made significant progress in reaching underserved populations, improving service quality, and enhancing income opportunities for vulnerable groups such as smallholder farmers (ILF for ESA) and marginalized children and young people (ILF for Education). However, the long-term sustainability of these impacts requires further assessment, especially regarding profitability and market expansion and will be better informed by the end-line evaluation.

Sustainability: ILFF-driven changes showed potential for long-term sustainability, especially in terms of internal capacity building and improved impact measurement practices. However, maintaining expanded services in underserved markets will depend on the financial viability of these initiatives without continued external support. Additionally, broader replication of the ILFF model within the ecosystem remains limited, underscoring the need for enhanced knowledge-sharing mechanisms.

Additionality: The ILFF demonstrated strong additionality by providing funding that filled critical financing gaps, enabling HIOs to pursue high-impact initiatives that conventional financing would not typically support. Through concessional terms linked to social outcomes, ILFF's instruments incentivized HIOs to prioritize underserved, high-risk markets and enhance their social impact. While ILFF funding catalysed impactful initiatives, further efforts to attract co-investors could strengthen additionality and broaden the reach of these high-impact interventions.

In summary, the mid-term evaluation has found that the ILFF demonstrates strong potential in catalysing positive change across HIOs and their customers, with clear improvements seen from ILF for ESA 1 to ILF for Education in terms of relevance, coherence, and effectiveness; as well as areas of improvement for the ILFF in efficiency and sustainability. The mechanism's unique value proposition (i) addresses critical funding gaps, while its rigorous due diligence process (ii), though time-consuming, results in tailored financial instruments and stronger HIO capacities. The evolution of TA across the windows, particularly in ILF for Education, highlights the potential of sector-specific, integrated support in building sustainable impact measurement and management capabilities. Despite challenges in assessing the magnitude of contribution, the ILFF's effectiveness and impact are evident in improved HIO performance and service expansion to underserved populations. Balancing efficiency with thorough vetting, and fostering greater knowledge sharing, will be crucial for maximizing the ILFF's long-term value and sustainability across diverse sectors and geographies.

Overall, the evaluation findings were positive and rated between satisfactory and highly

satisfactory on all DAC criteria with two exceptions. The first relates to the unintended effects under effectiveness. It refers to the recommendations provided by the verifiers to the HIOs, which were deemed too complex, limiting HIOs ability to implement them effectively. The second is linked with the contextual factors under sustainability and highlights the importance of knowledge sharing for broader ecosystem level sustainability.

Out of the seven recommendations, two are ‘fully agreed’ (green), five are ‘partially agreed’ (orange) and none are not agreed (‘disagree’ - red) – see table below. The SDC agrees to seize this opportunity to improve its results by taking specific measures in line with the recommendation.

1. Explore opportunities to optimize fund efficiency without compromising quality	Partially agree
2. Explore strengthening the SDC Community of Practice to support institutional learning and capacity building on ILFF	Fully agree
3. Explore strengthening partnerships and enhancing market positioning strategies to support HIOs’ sustainable growth and investment readiness	Partially agree
4. Consider implementing a structured, sector-specific technical assistance program within the ILFF	Partially agree
5. Examine opportunities for fostering peer learning and knowledge sharing among HIOs supported by the ILFF	Partially agree
6. Consider developing a comprehensive, sector-aligned impact measurement framework	Partially agree
7. Examine the possibility of tailoring funding windows to HIOs growth	Fully agree
Fully agree	Partially agree Disagree

Overview of recommendations, management response and measures

Recommendation 1		
Explore opportunities to optimize fund efficiency without compromising quality (ILFF donors and facility managers). This should be guided by the recognition that ILFF differs from the more traditional forms of grant financing typical to development donors and its existing rigorous systems prioritise risk reduction and result in high confidence levels of the selected investments.		
a) Streamline internal processes, including pipeline building, selection, due diligence, and structuring.		
b) Improve communication with HIOs on timelines and document requests to reduce delays and costs.		
c) Leverage complementary funds and networks for more efficient pipeline sourcing.		
d) Streamlining the involvement of multiple ILFF actors for faster decision making		
Management response		
Fully agree	Partially agree	Disagree
SDC partially agrees. We agree with the need to constantly improve efficiency as suggested. We agree as well very much that ILF is different from regular grant making pro-		

grammes. The ILF system has been built to choose high impact/value for money transactions with a kind of build-in satisfaction guarantee: donors only pay if impact is achieved. So, we think it is important to keep the focus on finding the right transaction, discuss less about the absolute or relative amount spent on transaction costs, but stay focused on the multiple of impact per money spent (or social return on investment). More details from the facility managers below.

iGravity: We partially agree with the recommendations. Since inception of the ILFF a lot of progress has already been made to optimize fund efficiency, for example through early pipeline building studies and streamlined internal processes. We are obviously committed to make the whole process even more efficient and simpler, for example by streamlining decision points, further leveraging our network of impact investors or building on our lessons learnt across almost 30 impact-linked transactions over the past years. However, we need to be mindful of the high-quality requirements and in-depth assessments required by some of our key funders throughout the investment process (for example the cost-benefit analysis - CBA) which require a lot of resources and time to execute but eventually generate the expected quality. Therefore, larger efficiency gains are only possible by lowering certain requirements and expectations. Still, bearing in mind the overall funders' objectives of impact additionality, crowding in private sector finance and business sustainability, requires for a hands-on and comprehensive engagement by the facility manager to generate a high confidence level with the selected investees, as pointed out by the evaluators, highlighting that the tailor-made aspects of the transactions to their business and funding needs was very highly appreciated.

With regards to the overall sequence and investment process, we agree that efficiency gains are possible. For ILF Education 2.0, we already decided to merge the due diligence and structuring approach, resulting in one large step, which will allow us to define impact KPI's more efficiently with the companies (and also reducing the number of TICs to one per transaction).

We would also like to highlight, that our current impact-linked finance set-up and process can be viewed as generating a strong 'value for money' promise, especially compared to other initiatives that use results-based finance (for example impact bonds).

Roots of Impact (ROI): As backstopper of iGravity in the first phase of their ILF practice (ILF for ESA 1.0), we are very pleased that the effectiveness of ILF implementation has been confirmed by the independent evaluation. We are excited to have been able to support iGravity during the implementation. As we are only responsible for selected ILF transactions in ILF for ESA 2.0 and ILF for Education, we leave the commentary on this evaluation to iGravity, which as ILFF facility manager has overall responsibility for the evaluated programs.

On recommendation 1: We fully agree that it is important to optimize efficiency and implementation costs while maintaining high quality. We are in the process of creating a digital ILF platform with standardized processes for this very purpose and will offer it soon to ILF implementers. However, it is important to point out that ILF not only differs from traditional forms of grant financing, but is a completely different practice. Not only are the methods not comparable, but the effectiveness and results of SIINC and impact-linked loans differ significantly. Therefore, we argue for a cost-effectiveness perspective that focuses on value for money (while optimizing efficiency).

Measures	Responsibility	Timing
a) Update investment process: merging the impact & business due diligence step with the structuring step and have one TIC approval before entering into this phase	iGravity	Immediately

a) Rediscuss deliverables and depth of required assessment for ILF transactions with SDC based on findings from other funding windows	iGravity	Medium-term
b) Improve communication with HIOs on timelines and document requests to reduce delays and costs.	iGravity	With implementation next funding window
c) Collaboration encouraged – normally share pipeline, some exceptions	iGravity, All	Ongoing
d) Create and run platform with standardized processes open for implementers (and other stakeholders)	ROI (with financial support from SDC), part of separate project Scaling Up ILF)	Operational in Q.1 or 2 latest 2025

Recommendation 2		
<p>Explore strengthening the SDC CoP to support institutional learning and capacity building on ILFF (SDC). SDC could examine opportunities to fully leverage its ILFF CoP by strengthening its transformation into a vibrant, dynamic platform that not only shares insights but also incubates new ideas, contributing to the long-term success and innovation within the SDC ILFF and broader within the donor cooperation ecosystem. This should include providing it with the right resources and support to unlock its full potential.</p> <p>a) Revitalize the CoP by providing resources and a structured framework to facilitate knowledge-sharing, learning products, and collaboration.</p> <p>b) Enhance its role in driving internal learning,</p> <p>c) and HIO peer interactions, and external dissemination to donors and investors.</p>		
Management response		
Fully agree	Partially agree	Disagree
SDC fully agrees with this recommendation.		
Measures	Responsibility	Timing
a) & b) The section E+E will dedicate at least one responsible person to lead the CoP. Additional external resources may be mobilized as well (backstopping).	Section E+E	Immediately
c) There is a synergy with the E+E ILF Scaling Up project. In the context of this project, there are different activities that connect with different categories of stakeholders in ILF. However, the outreach to HIO will stay limited due to lack of time the HIO themselves can allocate and resources/specialisation for this kind of work.	Section E+E	Immediately

Recommendation 3		
<p>Explore strengthening partnerships and enhancing market positioning strategies to support HIOs' sustainable growth and investment readiness (ILFF stakeholders). The ILFF could explore ways to strengthen partnerships between HIOs, public entities, and private investors while simultaneously promoting robust market positioning strategies. This dual approach is likely to enhance sustainable scaling by bridging the gap between pilot-phase funding and larger investment flows, enabling HIOs to expand their impact and maintain long-term competitiveness.</p> <p>a) Organize sector-specific investor events.</p>		

b) Develop co-investment structures to attract private funding, reducing risk and supporting HIO scaling.

Management response

Fully agree	Partially agree	Disagree
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SDC partially agrees with this recommendation. SDC sees the value of this recommendation. However, the ILF projects are specialized and focussed and should not spread too thin. SDC has other projects that are complementary, in particular the ILF Scaling Up project and projects to promote social and impact enterprises at regional and national level. The section E+E is in close contact with different impact first investment funds and connects them with the ILFF and other initiatives where opportunities arise. These are synergies resulting from a team within the Section E+E working on the investment credit as well as other SDC CoP members and Regional Thematic Advisors (RTAs) participating in conferences or being solicited by investors.

See as well for more details in iGravity comments below, which we generally share.

iGravity: These recommendations are in principle reasonable, but we would like to point out the following:

- The ILFF provides catalytic financing to local enterprises which means it is often the first institutional investor in these companies; only once they have proven themselves and built a track record these companies will become attractive for other investors.
- We know for a fact, that the main mission of these companies is to ‘survive’ and generate enough revenues and profits to scale and growth. There’s very limited appetite to engage in large ecosystem discussions, especially when the public sector is involved.
- iGravity is already in close contact with many impact investors in our target regions/sectors, and we exchange regularly on and share respective pipelines and will continue to do as part of our role in the impact investment ecosystem. In fact, for many transactions (especially impact-linked loans) in ILF ESA 2.0, we have engaged early on with co-investors such as elea, UBS Optimus Foundation and the U.S. International Development Finance Corporation (DFC) to align on timeline, terms and processes.
- This recommendation beyond the normal activities impact investors like iGravity do, may likely require some additional funding from SDC/donors to be put in place – raising the question whether this funding is more effective than financing a few additional social enterprises?

Roots of Impact: On recommendations 3-6: The report makes good recommendations on how to provide comprehensive support to high-impact organizations. However, these measures would require a market system development program and many times the budget to implement them. There are numerous organizations working on such initiatives and we believe that targeted support for high-impact enterprises through ILF and TA can complement these very well. In general, we greatly appreciate the results of the evaluation and strive to continuously learn and optimize.

Measures	Responsibility	Timing
Be in regular contact and exchange with other “peer” impact investors to exchange market knowledge, potential pipeline and referral of investees.	iGravity	Immediately
Investment credit E+E team and RTAs connect the dots, i.e. connecting impact first investors with ILFF and other initiatives.	E+E team and RTAs	Ongoing

Section E+E and RTAs assure coordination between ILF and other relevant projects, in particular promoting social and impact enterprises.	E+E team and RTAs	Immediately
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Recommendation 4

Consider implementing a structured, sector-specific TA program within the ILFF (ILFF stakeholders). This proposed sector-specific TA component within ILFF would complement existing ILFF support by providing more targeted, structured assistance tailored to HIOs' sector-specific needs. Given the need for a larger sample of HIOs per sector for cost-efficiency considerations, this could be implemented at a programmatic rather than individual window level, potentially through multi-donor partnerships to maintain favourable cost-benefit ratios for ILFF investments. By tailoring TA to the unique challenges and opportunities within each sector, ILFF could help HIOs develop the specific skills and knowledge they need to succeed.

- a) Establishing partnerships with existing platforms to provide targeted support to eligible HIOs that have passed the due diligence process and demonstrated alignment with ILFF's goals, in areas critical to HIO success, such as finance, operations, and digitalisation.
- b) Collaborating with existing Business Development Service (BDS) providers to adapt and utilize their sector-specific toolkits or guides that HIOs can use to improve their operations, coupled with a series of workshops or webinars to guide HIOs in implementing these tools.

Management response

Fully agree	Partially agree	Disagree
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SDC agrees that there is need to increase resources for TA for Impact Management and Measurement (IMM) in ILFF programmes compared to the past. This is already the case for ILF Education. However, we do not think that ILFF should extend to general BDS as this is taken into account by more specific projects (BDS, work on ecosystems, TA facilities for impact investors, etc.).

More details in iGravity comments below, which we generally share.

iGravity: So far, when we were able to negotiate TA budget for the funding windows (which was the case for ILF ESA 2.0 and ILF Education), the scope of the provided TA was to supporting the HIOs in designing, implementing and assessing their IMM systems. The ILFF windows did not provide other, more BDS type of TA, despite heavy needs from the enterprises. This was heavily driven by the early design principles of ILFF as well as SDC and their budget allocations which were mostly focused on the financing (SIINC, ILP, ILL) and IM-related TA. The reception of this standpoint driven by SDC from non-SDC funders was mixed, some of the funders agree on the IM scope, other disagree and also were sceptical on the benefit and relevance for enterprises on the structured delivery of IM TA (e.g. through the ILF bootcamp).

Based on our strong track record in investing through different impact investment facilities across multiple geographies, we know for a fact that most SMEs across developing countries would significantly benefit from access to business and operational TA. It is also correct that a narrower thematic/sectorial focus (within a specific geography) would allow to build out more streamlined and efficient TA offering for those companies as their non-financial needs may be similar. However, this narrower investment focus (within the same geography) usually also comes with a reduction in quality pipeline as the funnelling will be more delimited, unless the geographical scope is global (as in the case of ILF Education 2.0), which however also means that the companies needs may differ significantly across regions.

Measures	Responsibility	Timing
Explore the possibility of designing a structured, sector-specific IMM TA program for upcoming ILF funding windows	iGravity	Mid-term

Recommendation 5

Examine opportunities for fostering peer learning and knowledge sharing among HIOs supported by the ILFF (ILFF stakeholders). This approach is likely to create a supportive ecosystem where HIOs learn from each other's experiences and best practices, potentially leading to accelerated growth and innovation across the ILFF portfolio. By facilitating connections between HIOs at various stages of development and across various sectors, ILFF donors and facility managers could enable the transfer of valuable insights and strategies that have been already proven effective. This peer learning framework could offer a distinct complement to the work done by associations and Enterprise Support Organizations (ESOs) by focusing specifically on sector-aligned technical expertise that directly addresses operational and strategic needs of HIOs within the ILFF. The ILFF's sector-specific TA would dive into more specialized topics like impact measurement integration, advanced sector-specific regulations, and scaling strategies tailored to HIO growth stages and long-term sustainability in line with ILFF's unique objectives. This approach complements the formal TA mentioned above (Recommendation 2), which aims to fill gaps by focusing on operational resilience and sustainability challenges particular to ILFF-funded HIOs, thereby expanding ILFF's current focus without duplicating existing services from other associations.

- a) Establishing a CoP where HIOs can share experiences and insights.
- b) Implementing a mentorship program that pairs more experienced HIOs with newer ones, fostering knowledge transfer within sectors.

Management response

Fully agree	Partially agree	Disagree
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SDC partially agrees with this recommendation. Although we clearly see the value of peer learning and knowledge sharing amongst HIOs, ILFF windows do not yet have a critical mass of HIOs and budget is probably better spent on ILFF-support to more HIOs. However, this will be at least partly addressed by the ILF Scaling Up project where communities of practice will include as well some HIOs. Also, with the ILF Scaling Up project, a so-called ILF collaborative will as well increasingly use case studies and results from HIOs to advocate for ILFF. There may be opportunities to give HIOs the floor in events, webinars, conferences, but this would be rather within the context of other projects like Promoting Social and Impact Enterprises, ILF Scaling Up, collaboration of SDC and partners with Impact Europe, GIIN, Sankalp, AVPA, AVPN, Building Bridges and similar. ILFF is supposed to stay focused on the kind of support it is currently providing to HIOs.

iGravity: We are not fully convinced by the idea of creating additional platforms and this would come at an additional cost for the funders. After all, the universe of HIOs that have received ILFF is still very small and in countries like Tanzania these HIOs are anyways already connected and in some cases are even competing with each other. Showcasing ILFF and giving HIOs the opportunity to share their learnings at industry events (such as AVPA, GIIN, Impact Europe) may be a better idea.

The mentorship component is interesting, but here again it may be more beneficial to connect local enterprises with successful entrepreneurs elsewhere who have already gone through this learning curve (rather than connecting them with local peers in similar situations).

Measures	Responsibility	Timing
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a) HIOs to be included in communities of practices under the ILF Scaling Up	Section E+E	Medium-term
a) Create opportunities for HIOs to share their learnings on ILF at industry events	iGravity, SDC, other partners	Ongoing

Recommendation 6		
<p>Consider developing a comprehensive, sector-aligned impact measurement framework (ILFF stakeholders). This framework could equip HIOs with the tools needed for holistic long-term impact tracking, potentially strengthening the quality of reporting and appeal to future investors, while contributing to broader impact investment industry transparency.</p> <p>a) Partnering with impact measurement experts and existing industry initiatives like 60 Decibels' Signal program (which has successfully demonstrated standardized impact measurement at scale) to develop a suite of tools tailored to the specific needs of ILFF-funded HIOs that are comprehensive, user friendly and simple to apply.</p> <p>b) Establishing a data collection and analysis system that allows for aggregation of impact data across ILFF HIOs, potentially in partnership with existing impact measurement platforms.</p>		
Management response		
Fully agree	Partially agree	Disagree
<p>SDC partially agrees with this recommendation. We fully agree with the paramount importance of IMM and that more needs to be done: every HIO should be able to measure and manage impact. However, we are sceptical about a one-size-fits-all model. We agree with what is written by iGravity below. The SDC E+E section considers IMM as a general priority and would like to allocate more resources to it.</p> <p>iGravity: In principle, this sounds like a good idea, however there are existing industry-wide initiatives which should not be replicated (e.g. IRIS). In the case of ILF Education 2.0, we are going this route by partnering with an external education evidence partner who is supposed to support the facility manager in the selection and appraisal of impact KPIs grounded in evidence and probably also provide IMM TA to the HIOs.</p>		
Measures	Responsibility	Timing
The E+E section will prioritize general work on how to improve and promote IMM, i.e. support initiatives from specialized organizations, add-ons in existing and new ILFF windows.	Section E+E	2025
Collaborate with evidence partner in ILF Education 2.0	iGravity	2025

Recommendation 7		
<p>Examine the possibility of tailoring funding windows to HIOs growth stages (ILFF stakeholders). This approach might allow for more targeted support, with early-stage HIOs accessing flexible and low risk funding, while more mature HIOs can leverage structured financial products to scale sustainably. By aligning funding mechanisms with the specific needs and capacities of HIOs at different stages, ILFF could potentially enhance the effectiveness of its support and improve outcomes across the ILFF portfolio. This tailored approach could also help HIOs build a track record of success and prepare them for larger, more complex funding arrangements as they grow.</p> <p>a) Developing a comprehensive matrix for categorizing HIOs based on their growth stage and financial needs.</p> <p>b) Creating tailored financial products for each growth stage, coupled with appropriate capacity-building support.</p>		
Management response		
Fully agree	Partially agree	Disagree
<p>SDC agrees with this recommendation. It will clarify expectations and make the choice of HIO and instruments easier, e.g. early stage rather impact-linked loans, TA for IMM, and impact readiness matching funds (IRMF). It will however then need to take into account that neither geographic nor thematic focus can be too narrow. One of the new ILFF windows in the planning, is going into this direction: growth stage, bigger deals, gender and clean energy access global.</p> <p>In addition, we agree with the idea to pilot bigger transactions in upcoming windows as suggested by iGravity, which needs to be supported by all donors, and this in view of setting up new windows exclusively for bigger companies.</p> <p>iGravity: We agree with this recommendation. In principle it makes sense to tailor financial support to the respective stage, size and needs of the enterprises. There is certainly also space to work with much larger ticket sizes and support larger enterprises shifting towards more inclusive business models. However, there seems to be different opinions within SDC with regards to the 'ideal' stage of a HIO to receive ILFF. If too early stage, support is highly additional but the impact track record might not yet be proven and scale unsure. On the other side, if too mature, the additionality aspect is often questionable.</p> <p>However, it is our belief that we need to be pragmatic and not dogmatic on the application of ILFF and broadening the scope of potential eligible HIOs will have more up- than down-sides. After all, incentivizing a large company with many customers and employees to do (slightly) better, is more powerful than incentivizing a small company to do (significantly) better. This might also make the case for larger donors and DFIs to join the ILFF journey.</p>		
Measures	Responsibility	Timing
Discuss pilot transaction of larger enterprises in upcoming ILFF windows.	<u>iGravity</u>	Short-term