Management Response

Outcome Accelerator Inaugural Phase Evaluation

By SEEK Development Strategic and Organizational Consultants GmbH

May 2025

1) Background

The Swiss State Secretariat for Economic Affairs (SECO) together with FCDO and UBS Optimus Foundation, has retained the services of SEEK Development for the External Review Mission of the Outcomes Accelerator.

The Outcomes Accelerator ("OA") is a global initiative led by public and private donor organizations with a shared mission to mainstream outcomes-based financing (OBF) approaches. The Outcomes Accelerator is funded by SECO, FCDO and the UBS Optimus Foundation (the "Governing Committee" or "GovCo") and managed by Levoca LLC in its role as the Secretariat ("the Secretariat"). The inaugural phase of the OA was announced in July 2022. This inaugural phase has begun to test and validate the OA's central hypothesis—that targeted support can help advance the OBF market toward maturity, drive country-level results, and bring more OBF projects to market.

During this inaugural phase, the OA has selected two project cohorts, facilitated two major international convenings, collected and published market intelligence on the OBF pipeline, and facilitated the entrance of new strategic partners, such as the OECD.
These activities have generated operational learnings, as well as important market insights that can help shape the future of the OA's offering.

The third and final call for proposals of the inaugural phase of the OA was announced in June 2024, and the initial term of Secretariat's contract for managing the OA expired in August 2024. An extension was approved for the Secretariat to complete activities of the first phase by December 2025. The Governing Committee has expressed interest in exploring a second phase of the OA and requested an evaluation of the first phase of the OA.

It is important to note that since the evaluation was conducted while the second cohort was still underway and the third cohort had not been selected, the timeframe may not have adequately captured all intended higher-level outcomes and impacts. The evaluation therefore prioritized assessing the OA's effectiveness from its inaugural phase (June 2022 – August

2024), stakeholder perceptions regarding the potential benefits of the OA, and any related lessons learned.

SEEK Development was engaged to provide an independent, retrospective evaluation of the effectiveness of OA's activities conducted during the inaugural phase and draw out key lessons learned to inform a potential second phase of the OA.

The stated objectives of the evaluation in the terms of reference included the following:
To carry out a mixed method, retrospective evaluation to understand:

1. To what extent did OA offerings and operational processes from the inaugural phase achieve their objectives?
2. How do stakeholders within the outcomes-based financing ecosystem perceive the OA's ability to contribute to the development of the OBF market?
3. To what extent did OA activities respond to market needs and complement other initiatives seeking to grow the market of OBF transactions?

The assignment had a contract duration period of 6 months starting in December 2024 and lasting until the end of May 2025. (CHF 30,000.00)

2) Appreciation of the Report: Structure, Methodology & Process

General feedback and appreciation regarding the evaluation: Comments on the structure, the methodology of the report and the process of the evaluation.

The GovCo welcomes the evaluation as a timely input to decisions on a second phase of the OA.

The evaluator, SEEK Development, followed the structure proposed by the OA Governing Committee which included the following questions:

1. Effectiveness: To what extent did OA offerings and operational processes from the inaugural phase achieve their objectives?
2. Effectiveness: How do stakeholders within the outcomes-based financing ecosystem perceive the OA's ability to contribute to the development of the OBF market?
3. Relevance and coherence: To what extent did OA activities respond to market needs and complement other initiatives seeking to grow the market of OBF transactions?
4. Sustainability: Is the OA a sustainable model for future scaling?

Data collection methods included an online survey completed by key market stakeholders at the beginning of the evaluation, composed of closed option quantitative and short qualitative questions, to gather insights on stakeholder perceptions of OA effectiveness and market needs.

The survey was complemented by qualitative follow-up discussions. These discussions explored trends identified through the online survey and tested views on evolving market needs and gaps.

The survey included 54 participants and interviews were conducted with 18 stakeholders. It is important to note that while the survey and interviews provided valuable insights, it did not necessarily provide a representative sample or fully comprehensive perspectives of the entire OBF market.

As the selection process for the third pipeline acceleration cohort was still underway at the time of the evaluation, the majority of stakeholders shared their experience from engaging in the first and/ or second cohort, meaning reflections on the most recent developments or improvements of the OA may not be reflected in the evaluation report, such as the launch of outcomes-based projects by OA cohort members, the development and support for OECD OBF guidance, and support for raising the visibility of OBF in the UN Fourth International Conference on Financing for Development (FfD4).

The evaluation approach followed, as proposed by the Governing Committee, was a pragmatic one that balanced scope with available resources. Because OBF is not yet widely mainstreamed, the review did not include additional respondents - such as outcome funders unfamiliar with the OA or OBF - even if their insights might have added value. Therefore, as noted above, the views of participants in evaluation survey and interviews do not provide representative or fully comprehensive perspectives of the full current and future OBF market. A further limitation included the reliance of participants' self-reported views.

The GovCo would like to express our appreciation for the thoughtful and well-executed evaluation presented in the *Evaluation*. The report offers valuable insights into the design, implementation, and early outcomes of the OA, and we commend the evaluation team for delivering this work within a compressed timeline. Given the complexity of the initiative and the pace at which it has evolved, we are pleased with the quality and depth of the analysis.

The evaluation reflects a strong commitment to learning and transparency of the OA, and provides a solid foundation for refining our approach going forward. It captures both the strengths and the challenges of the OA, and we particularly value the effort to contextualize findings within the broader outcomes-based financing landscape.

We also acknowledge several limitations noted above. These include the limited availability of outcome-level data at this stage, the evolving nature of the theory of change, and the need for more structured stakeholder feedback. These constraints are understandable given the early phase of implementation, and we appreciate the evaluators' efforts to navigate them thoughtfully.

One area that warrants further reflection, upon the review of this evaluation (and potentially more broadly) is the role of intermediaries. While intermediaries play an important role in facilitating outcomes-based financing, their prominence particularly in early stages of program design, scaling and acceleration – but also in evaluation- stands as a challenge to large scale adoption and mainstreaming of such concepts- at which points such intermediation may no longer be required. This presents a nuanced challenge—which can unintentionally influence how their contributions are framed. We encourage future evaluations to approach this aspect with a balanced lens, ensuring that the role of all actors is assessed objectively and proportionately.

Overall, the GovCo is grateful for the work done and look forward to using the findings to strengthen the OA and its contribution to innovative financing for social impact.

3) Key Findings and Lessons learnt

The main results achieved are summarized as follows:

- The evaluation provides important insights and relevant considerations for future activities and offerings of the OA.
- The evaluation findings showed strong appreciation of OA services among stakeholders, reflecting a high level of relevance, effectiveness and coherence across OA offerings.
- The evaluation further showed that during the inaugural phase, the OA – as a small initiative with lean structures and effective processes – helped to grow interest in adopting OBF. Evidence includes the growing OBF ecosystems in countries such as Colombia, India, Kenya, Sierra Leone, South Africa and Türkiye.
- The growing breadth and depth of organizational engagement in OBF and OA activities—such as the pipeline acceleration cohorts and OFA summits—provides further evidence of the OA's impact in shaping and strengthening the outcomes-based finance market.

Main findings of the evaluation according to DAC criteria

The evaluation assessed the OA according to OECD DAC criteria, per findings outlined below:

<u>Relevance:</u>

- *Stakeholders consulted highlighted that the OA remains highly relevant despite the changing political environment.*
- *The Pipeline Acceleration offering is especially widely recognized as addressing a critical market gap by providing catalytic funding for OBF projects.*
- *Stakeholders also value the OA's role as convener through the Outcomes Finance Alliance (OFA) Summit, but noted more can be done to attract broader range of stakeholders, especially funders and investors.*
- *There is a perception that OA is mostly focused on generating a supply of OBF projects; stakeholders were not fully aware of the OA's role and ongoing work to facilitate demand for OBF.*

<u>Management response:</u>
The GovCo concurs that the OA remains highly relevant, especially in light of the current political focus on delivering measurable results and ensuring accountability. The GovCo appreciates that the OA is considered highly relevant by stakeholders, with a particular emphasis on pipeline acceleration and market facilitation activities. The GovCo would also note that the respondent sample over-represented intermediaries and advisers, with governments and donors under-represented, likely amplifying calls for direct demand creation for outcome funding. By design, the OA does not itself commit outcomes funding or act as a broker for governments or donors; its mandate is to facilitate with tools, evidence, and technical support. That said, we acknowledge and concur with the need to

continue to strengthen outreach to funders, particularly to low- and middle-income country governments, and recommend incorporating this into the next phase of the OA.

***Effectiveness*:**

- *Stakeholders considered OA's offering overall very effective, especially the pipeline accelerator. Outcome funders placed the highest value on pipeline acceleration and market facilitation.*
- *Across cohorts, the OA raised interest in OBF from new stakeholders, including domestic governments, while implementers raised a lack of outcomes funding as barrier to scale.*
- *Stakeholders acknowledged the Secretariat's professional support as part of pipeline acceleration.*
- *Stakeholders appreciated the ease of the call for proposal process, but some highlighted interest in more personalized feedback for unsuccessful proposals.*
- *Some stakeholders also highlighted longer than expected waiting periods for announcements of winners and administrative processing.*
- *OFA Summits were recognized as valuable high-quality events offering opportunities for networking and knowledge-sharing*

Management response: The GovCo appreciates this finding that the OA's offerings are considered highly effective. Pipeline acceleration and market facilitation activities have supported key gaps in the OBF ecosystem – and have helped grow and expand the number of organizations engaged in OBF. OFA summits are very valuable gatherings and across the various summits we have seen the clear development and adoption of OBF, particularly by domestic governments.

We acknowledge the processing of pipeline acceleration grants has slowed down due to increased international scrutiny on know-your-client (KYC) and money-laundering activity. The non-profit sector has been an area of potential risk and whilst we see improvements possible in processing time, this is also a new reality that grantees need to accept when partnering with donors with higher fiduciary requirements.

***Coherence** with other offerings in the OA landscape:*

- *The OA's offerings are seen complementary to other initiatives like OECD's OBF policy guidance and the World Economic Forum's (WEF) private-sector focus; pipeline acceleration was especially viewed as unique within the ecosystem.*
- *Some stakeholders were not aware of OA's collaboration and data-sharing with Oxford GoLab on project pipeline data collection, and therefore perceived the OA pipeline database and GoLab's INDIGO database as overlapping.*

Management response: The GovCo appreciates the evaluation's findings that the OA complements other significant initiatives in the OBF ecosystem. While some stakeholders viewed the Pipeline Dealbook as overlapping with the activities of other knowledge partners, it is worth noting that the pipeline database and dealbook, whilst useful, was not a core activity of the OA. The main objective is to make this information available for third parties such as the GoLab, given the OA is well positioned to collect this information on the pipeline as a byproduct of its interactions with the ecosystem. If this activity continues in a second phase, management would seek to address this perception of overlap.

Efficiency:

- *The evaluation found that the lean structure of the OA is a key value-add and brings multiple benefits, including staying responsive to market dynamics and being more cost effective than larger organizations.*
- *Efficiency concerns regarding processing times for grants have been acknowledged above under Effectiveness.*

<u>Management response:</u> The GovCo concurs that the lean structure of the OA has enabled it to operate efficiently and deliver results effectively, all within a relatively short period of time. The GovCo remains further committed to enhancing internal processes and informing grantees clearly about administrative expectations.

<u>Impact and Sustainability:</u>

- *The evaluation noted that because it was conducted at the end of the inaugural phase, it did not allow for a full assessment of long-term outcomes, impacts, or sustainability. It further recognized that benefits or challenges may only emerge in later phases.*

<u>Management response</u>: The GovCo appreciates that assessing impact and sustainability were beyond the scope of the evaluation. We would note that during its inaugural phase, the OA has demonstrated meaningful influence in reshaping donor and government practices towards outcomes. Evidence includes the growing OBF ecosystems in countries such as South Africa and India, but also those emerging in other countries such as Kenya, Sierra Leone, and Türkiye. The example of Colombia shows that this can become a more self-sustaining approach over time, particularly in an environment of declining Official Development Assistance (ODA) as domestic governments seek to maximize effectiveness of public resources. The widening and deepening participation in OA activities – such as the pipeline acceleration cohorts and OFA summits - is further evidence of the impact the OA is having in facilitating the market.

<u>The GovCo appreciates and concurs with the lessons learnt captured by the evaluation:</u>

1. *The OA cannot do everything nor should it. The OA is most effective as a market facilitator, rather than trying to meet all market demands.*
2. *The OA's non-financial impact is key and for that it requires capacity to provide a clear offering of non-financial support. This not only attracts new partners but also strengthens ecosystems—delivering greater value without simply increasing spending. Capacity building and knowledge sharing are essential. Countries and organizations new to OBF need extra support with concept development and awareness*
3. *Market building requires innovation and calculated risk-taking balanced with supporting success stories for demonstration effects.*
4. *Ongoing process innovation and feedback loops drive the OA's success.*

4) Shortcomings and other Important Considerations

- The approach followed, as proposed by the Governing Committee, was a pragmatic one that balanced scope with available resources and time.

- As the third pipeline acceleration cohort was only recently launched, most stakeholders shared their experience from engaging in the first and/ or second cohort, meaning reflections on most recent developments or improvements of the OA may be underrepresented. In addition, the OA Secretariat’s support to the OECD on drafting policy guidance on OBF had not yet begun, as well as the OA’s support in raising visibility of OBF in the FfD4 process.
- As donor aid flows decline, the pressure on local governments to deliver measurable results is intensifying. This shift creates a fertile ground for adopting Outcomes-Based Financing (OBF), which aligns incentives with impact and can accelerate the scaling of OA Acceleratees. The growing receptiveness to OBF offers a strategic opportunity to drive systemic change and unlock sustainable funding pathways for a next phase for the OA .

5) Recommendations

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<tr><th>RECOMMENDATIONS</th><th colspan="3">MANAGEMENT RESPONSE</th><th>RESPONSIBILITY</th><th>TIMING</th></tr>
<tr><td colspan="6">A – Strategic</td></tr>
<tr><td rowspan="2">Recommendation 1

The Outcome Accelerator should continue beyond the inaugural phase”

There is a clear recommendation for the OA to continue beyond its inaugural phase, and the evaluation suggests it should clarify its role. It is well respected and valued by its stakeholders and its offering is mostly considered relevant and effective in building the supply of OBF projects. The evaluation suggests the OA should focus on</td><td>Fully agree</td><td>Partially agree</td><td>Not agree</td><td rowspan="2"></td><td rowspan="2"></td></tr>
<tr><td colspan="3"><u>Response</u>

We agree with the evaluator's recommendation for the OA to continue and move into a new phase. We appreciate the findings that it is a valued addition to the OBF ecosystem. We also agree OA’s relationship with the Outcomes Finance Alliance merits explicit articulation.

Regarding the suggestion that the OA must further clarify its market role and generate demand from funders, we do not fully agree with the evaluator’s recommendation. The OA’s mandate is to provide tools, evidence, technical support, and strategic advocacy that catalyze OBF. Its remit does not extend to directing the funding decisions of governments or private foundations, a boundary that maintains both neutrality and credibility. The evaluation indicates that the OA occupies a strategic gap with minimal duplication. Preserving the initiative’s agility and opportunistic posture is therefore essential to sustaining its relevance and scaling its impact. That said, we acknowledge and concur with the need to continue to strengthen outreach to funders,</td></tr>
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<tr><td rowspan="2">generating demand from funders.”</td><td colspan="3">particularly to low- and middle-income country governments, and recommend incorporating this into the next phase of the OA.</td><td colspan="2"></td></tr>
<tr><td colspan="3">Measures
• Begin preparations for the next phase of the OA, incorporating lessons and considerations from the first phase
• Add language on OA website clarifying OA relationship to the OFA</td><td>Governing Committee and Secretariat</td><td>By Q4 2025</td></tr>
<tr><td rowspan="2">Recommendation 2
“For the potential expansion of its services in a future phase, we recommend considering the level of funding and effort the OA is able to invest. Depending on this, there are three scenarios, which build upon each other, we propose considering.”
OA</td><td>Fully agree</td><td>Partially agree</td><td>Not agree</td><td colspan="2" rowspan="2"></td></tr>
<tr><td colspan="3">Response
We appreciate the scenarios outlined by the evaluator as an important first step. However, we also recognize that experience from the first phase of the OA shows that the link between funding, service scope, and impact is not strictly linear; in most cases, it is essential to follow the theory of change logic and assess market needs to identify the most strategic interventions - rather than beginning with funding availability as a primary driver.
To convert these high-level scenarios into actionable options, we recommend that the Secretariat, in close consultation with the Governing Committee, refine them into a more detailed analysis. This exercise would align market needs, prospective service packages, and indicative budgets, enabling the GovCo to determine the most appropriate configuration for the next phase.</td></tr>
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RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPONSIBILITY	TIMING
	Measures GovCo assessment of more detailed phase 2 scenarios prepared by Secretariat, integrating, where relevant, an analysis of implications on costs, operational modalities, administration and governance.			Governing Committee and Secretariat	By Q4 2025
Recommendation 3 The OA should focus on addressing the most pressing market needs to continue facilitating the adoption of OBF approaches**.**	Fully agree	Partially agree	Not agree		
	Response The GovCo concurs that the next phase of the OA should continue to be responsive to the most pressing needs of the OBF market. This aligns with a key lesson learned from the first phase: the OA can't do everything, nor should it. While demand for the OA's offerings has exceeded expectations, the OA is most effective as a market facilitator, rather than trying to meet all market demands. It should continue to foster collaborations and expand strategic partnerships with new and non-traditional OBF stakeholders and partners .				
	Measures Further analysis of lessons and results of the first phase of the OA to inform design of the next phase Incorporate, where relevant, additional input from the OBF ecosystem to help shape the next phase of the OA			Governing Committee and Secretariat, with input from the OBF ecosystem	By Q4 2025

RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPONSIBILITY	TIMING

Place, Date

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