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DEVELOPMENT CO-OPERATION DIRECTORATE

Cancels & replaces the same document of 1 June 2026

Towards shared OECD Guidance for outcomes-based financing (OBF)

Annotated outline of the Principles Brief and Playbook

Working draft for consultation (June 2026)

Information Note: This document presents the working architecture of the proposed OECD Guidance on Outcomes-Based Financing (OBF), comprising a Principles Brief for senior decision-makers and a Playbook for outcome commissioners, technical teams and practitioners. The annotated outline describes the intent, indicative content and approximate length of each section. It has been shaped by the OECD Advisory Council on OBF (March 2026), the Outcomes Finance Alliance Summit in Cape Town (March 2026) and the first session of the OECD Peer Learning Circle on OBF (April 2026).

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About this document

This annotated outline describes the current working architecture of the proposed OECD Guidance on Outcomes-based Financing (OBF), as discussed with the OECD Advisory Council (March 2026), at the Outcomes Finance Alliance (OFA) Summit in Cape Town (March 2026), and at the first session of the OECD Peer Learning Circle on OBF (April 2026).

The Guidance is being co-developed with the OFA Secretariat, OECD Advisory Council members, OECD Peer Learning Circle participants, and the wider OFA practitioner community. It will comprise two complementary documents:

- **a Principles Brief** (≈7 pages) for senior decision-makers, articulating what "good OBF" looks like;
- **a Playbook** (≈45–50 pages) for outcome commissioners, technical teams and practitioners, with practical guidance on adopting, mainstreaming and deploying OBF.

Each section below is annotated to explain its intent, indicative content and approximate length. Feedback prompts are flagged under each major section.

What we are asking from you

This is a working draft, not a finished product. We would welcome your written views particularly on:

- whether the overall structure is fit for purpose;
- where sections are too thin, too detailed, or could be consolidated;
- what is missing; and
- where the guidance needs to flex more to reflect different sectors, and country or institutional contexts.

How to provide feedback:

- in-document comments or tracked changes;
- by reply to the accompanying email; or
- via the companion form (here).

Part A: Principles Brief (≈7 pages)

Audience: senior decision-makers, including ministers, directors-general, agency leadership, MDB leaders and funders.

Purpose: a stand-alone strategic "why and what" of OBF; sets ambition, boundaries and minimum expectations, provides a shared language for the OBF field.

Format: short, leadership-facing, accessible language.

A.1 Why OBF now (≈0.5 page)

Intent: open with the strategic case for guidance, including fiscal pressure, declining ODA, the widening SDG gap, and the need to improve the impact and effectiveness of all financing flows, including ODA, domestic resources and private capital. Anchor in the Sevilla Commitment/FfD4 as political context. Then the operational rationale: OBF has grown substantiality, but practice is fragmented, the field lacks a shared language, and the demand for coherence and guardrails. We expect to frame OBF from the outset as an approach within a broader financing toolkit, not a universal solution.

A.2 What OBF is (≈0.5 page)

Intent: define OBF as a family of arrangements, not a single instrument; building on the definition established in the 2025 OECD study, anchored in three core features: outcomes defined up front, some share of payment tied to outcomes, and independent verification. Position OBF within the broader financing toolkit and avoid jargon.

A.3 What value OBF can bring (≈1 pages)

Intent: provide an evidence-based value proposition drawing on the OECD study. Likely themes include stronger focus on results, stronger incentives for impact, performance management, value for money, transparency and accountability, learning, additional finance (where relevant) and partnership, and broader institutional and ecosystem spillovers. We intend to distinguish intervention-level value from institution-level value, as well as added value compared to traditional/input-based financing, and to acknowledge evidence limits.

A.4 Conditions for effective use – and red flags (≈0.5 page)

Intent: an honest treatment of risks and limits, including the conditions under which OBF is more likely to add value, and the red flags under which it should be avoided or might be less suitable; emphasising that OBF is not a silver bullet and is only useful where it fits the context and is designed well; stressing that readiness is something that can be built over time, rather than requiring perfect enabling conditions before starting.

A.5 Principles (≈4 pages: ½ page each)

Intent: a focused set of principles (likely no more than eight) grouped under a small number of pillars. Each principle would set ambition, boundaries and minimum expectations, with a short "do / don't" and a link to the corresponding Playbook content. This architecture is proposed based on consultation and research conducted so far and will be co-shaped further through the ongoing consultation.

Working draft of pillars (subject to your comments and revision):

- **Strategic fit, ownership and institutional readiness;**
- **Design, pricing, and risk-sharing;**
- **Verification, transparency, safeguards and beneficiary voice;**
- **Learning, mainstreaming, scaling and sustainability.**

A.6 Next steps and stewardship (≈0.5 page)

Intent: brief note on co-stewardship with the OFA, pilot-testing arrangements, early endorsement, future extensions and how the Guidance will be kept current; including a short link to the Playbook architecture (pillars + principles = why and boundaries; steps = workflow; nodes = hard choices).

✉ Feedback we are seeking on the Principles Brief

OVERALL CONTENT: Does the Principles Brief cover what matters most, particularly for senior policymakers and decision makers? What is missing? What should be de-prioritized?

OPENING: The first 1–2 pages of the Brief will likely have the most visibility with senior decision-makers. What would they most need to take away from the first two pages of this Brief? Is the current opening (A.1–A.3) the best way to deliver that?

RED FLAGS: What are the most important red flags or "not yet" conditions we should name explicitly (A.4)? Are there contexts (sectors, country settings, institutional types), according to evidence and experience, where you would expect OBF to be less suitable?

PILLARS: Do the four proposed pillars (A.5) cover what matters most? What should be added, removed or merged?

Part B: Playbook (≈45–50 pages)

Audience: outcome commissioners (primary), with content also useful to other partners and practitioners.

Purpose: a practical "how-to" that opens with the same principles and translates them into institutional and operational guidance.

Format: two modules, supported by lifecycle steps, decision nodes, instrument and sector and country content, and possible kits.

Getting started (≈2–3 pages)

Intent: short navigation chapter; explain who the Playbook is for; how to use it via three navigation modes (institutional pathways; step-by-step operational deployment; or a selective decision-node route for hard choices); a short note on the maturity axis (from pilot to systemic) and the spectrum of OBF instruments.

Module I: Adopting and mainstreaming OBF: institutional pathways (≈13–17 pages)

Intent: address the institutional side of OBF, including why and how organisations adopt, embed and scale OBF in their systems, explains that institutionalising OBF does not mean using it everywhere; it means having the systems, culture and capabilities in place to use it well where it fits, and to recognize where it does not. The Module is intended to draw on real institutional experience, including near-failure moments, and to distinguish legal barriers from perceptual or procedural ones.

I.1 When institutionalising OBF makes sense (≈1-2 page)

The case for framing institutionalisation as a conditional, deliberate choice, and treating OBF not only as a financing mechanism but as part of an outcomes-oriented institutional culture. Set out what institutionalisation involves and what value it can add – when used well; while establishing that the goal is fit-for-purpose use of OBF within a broader financing toolkit, not a universal solution.

I.2 Diagnose and build readiness (≈4-5 pages)

A structured approach to readiness, treated not as one-off diagnostic but as a continuous process of assessment and strengthening. Covers different readiness clusters (possibly including leadership commitment; enabling policy and regulatory frameworks – with key considerations differentiated by organisation type including governments, MDBs, bilateral agencies and implementing partners; monitoring, evaluation and data systems; stakeholder alignment, trust and clear roles; flexible and adaptive programme design and execution). Potential structure for each cluster: what to assess; what "ready enough" looks like at different maturity levels, practical actions to close gaps. Includes "legal, procedural and cultural" diagnostics – distinguishing legal barriers from perceptual and procedural ones; links to a "Lite / Core / Advanced" readiness diagnostic tool in the annexes.

I.3 Getting started: Adoption pathways (≈4-5 pages)

Different routes into OBF, including incremental adoption, hybrid financing models (where only a portion of funds are linked to outcomes), sector-led entry points, grassroots experimentation, top-down mandates, with possibly "choose-if" logic, barriers to adoption and how to address them, 'ready to adopt' checklist; geographically diverse cases from Global South and Global North.

I.4 Going deeper: Mainstreaming pathways (≈4-5 pages)

Diverse vision of "mainstreamed"; main objectives institutions pursue when moving from isolated pilots to repeat use; mainstreaming pathways with possibly "choose-if" logic, structured options for learning architectures, risks and red flags in mainstreaming, 'ready to mainstream' checklist; geographically diverse cases from Global South and Global North.

✉ Feedback we are seeking on Module 1

CONTENT: Does Module I address the institutional questions that matter most when adopting or mainstreaming OBF? What is missing? What could be shorter?

ARCHITECTURE: Is the proposed flow (diagnose readiness → build readiness → adopt → learn → mainstream) the right logic?

OPENING: If you opened this Playbook for the first time, would you know where to start? Is anything missing for a first-time user – for example, a front-door decision tree, an MDB-specific entry point, or a quick self-assessment?

CASES AND COMPLEMENTARITY: Are there institutional or country cases from your context that should be reflected? Do you have internal guidance, tools or templates that should complement this Module? Would you or your institution be willing to contribute, for example by co-authoring a country note?

Module II: Using OBF effectively: operational deployment (≈30 pages)

Intent: structured around the lifecycle of an OBF initiative, with explicit decision nodes for the "hard choices" practitioners face. To be structured as a logical lifecycle recognizing that steps may run in parallel, not a strict chronology.

II.1 Lifecycle steps (≈14 pages)

Approximately 2 pages (maximum) per step. The internal structure of each step is subject to refinement, may include: what the step is for; why it matters; link to the relevant principle(s); questions to reflect on; core guidance with minimum standards; red flags and common failure modes; and links to relevant decision nodes. The current working list of lifecycle steps is below; this is a draft structure, to be refined through consultation (subject to your comments and revision):

- **Assess suitability:** whether OBF is the right approach for this problem and context, and whether the conditions for it to add value are in place.
- **Identify, align, and continuously engage stakeholders:** from funders and government to beneficiaries – whose voice needs to be considered and included; how alignment is built and sustained through implementation.
- **Define outcomes, evidence base and measurability:** what outcomes matter; what evidence supports them; whether they can be measured credibly.
- **Assess provider market capacity and financing needs:** whether qualified providers exist or need to be developed; who bears financial risk during delivery; and whether working capital, pre-financing or blended payment structures are needed to sustain providers and avoid barriers to entry.
- **Define metrics, pricing, and risk-sharing:** how outcomes are translated into payable metrics; how outcome prices are set to reflect true delivery costs; and how financial and performance risks are allocated fairly among parties.
- **Design verification and measurement:** how outcome achievement will be independently verified; what data systems and pipelines are needed; and how verification rigour is calibrated proportionately to contract size, sector complexity and data availability.
- **Establish governance and safeguards:** what governance structures, contractual provisions, transparency requirements, equity safeguards, beneficiary grievance mechanisms and accountability arrangements are needed to protect all parties – especially beneficiaries.
- **Manage performance, learn and adapt:** how performance is monitored during implementation; how data and feedback (including from beneficiaries) inform course correction; and how lessons are captured and shared.
- **Plan scale, sustainability and mainstreaming:** whether and how a proven OBF approach can be sustained beyond the initial contract, scaled responsibly, or integrated into mainstream public systems and institutional practice.

II.2 Design-decision nodes (≈16 pages)

Approximately one page per node. The internal structure of each node is subject to refinement, may include: what choice is being made; why this decision matters; link to relevant principle and lifecycle step; "choose-if" options; minimum standard or safeguard; red flags/risk/potential pitfalls and "don'ts;" links to additional resources. Each node could possibly include an example using different instrument types or

sector to show how the same choice plays out across variants. The current working list of nodes is below; this is a draft structure, to be refined through consultation (subject to your comments and revision):

- **Outcome type and level**: output vs. outcome; where it sits in the theory of change.
- **Indicator selection and target setting:** which specific indicators; how ambitious; against what baseline.
- **Beneficiary engagement and voice**: how beneficiaries shape outcome definition and validation.
- **Payment structuring and pricing methodology:** share at risk, who bears risk; payment formulas.
- **Equity and safeguards in outcome design**: differentiated pricing, harder-to-reach populations; safeguards against cream-skimming and perverse incentives.
- **Delivery model and provider requirements:** who delivers; qualifying standards; provider market engagement.
- **Working capital and pre-financing:** whether providers require upfront liquidity for outcome delivery.
- **Verification approach and proportionate assurance**: how outcomes are measured and verified; intensity matched to stakes.
- **Data sources and verification feasibility:** what data is available, credible and timely enough for the chosen approach.
- **Privacy, consent and safe-data access:** legal and ethical decisions on beneficiary data.
- **Governance structure and stakeholder coordination**: decision rights, committees, escalation, multi-funder coordination.
- **Procurement approach and contract vehicles** (including uniform vs. tiered contracts): legal form of the arrangement; how providers are selected and contracted.
- **Performance management approach and cadence:** review rhythm, learning loops, triggers for adaptive management.
- **Transparency baseline and disclosure**: what gets disclosed, when, to whom.
- **Replicability, scale path and country adaptation:** plans for repeating, scaling, or adapting the design across contexts.
- **Exit and sustainability plan:** how funding winds down; how outcomes persist after the program ends.

✉ Feedback we are seeking on Module 2

LIFECYCLE STEPS: Are these the right steps, in the right logical order? Would you add, remove, merge or re-sequence any?

DECISION NODES: Are these the design choices you face in practice? Which nodes would you add, remove or merge? Should any be elevated to cross-cutting commitments (e.g. beneficiary voice, transparency) rather than standalone nodes? Which nodes need to flex the most to reflect different contexts (sector, country setting, or institutional type)?

CASES AND COMPLEMENTARITY: Are there specific cases (positive, mixed or negative) from your work that should be reflected? Do you have tools, internal guidance or templates that should be referenced in Module II as complementary materials?

Additional modules and annexes (under consideration)

The following components are under consideration and may be developed as part of the Guidance or as companion pieces. Their scope, format and placement are subject to refinement through consultation and may be only part of future editions of the Guidance.

Instrument-specific guidance: short, optional modules describing how design choices play out across different OBF instruments, such as performance-based grants, outcomes funds, impact-linked finance and payment for results / performance transfers. An alternative under consideration is to embed instrument-specific examples within the decision nodes rather than develop standalone modules.

Sector guidance: short guidance notes recognising that OBF design must adapt to sectors with different outcome timeframes, measurement challenges and beneficiary contexts. Candidates include education, employment, health, climate/energy and possibly nature/biodiversity. These may take the form of examples within Module 1 and 2 rather than standalone modules.

Other practical tools and annexes: A set of practical tools to support use of the Guidance, expandable over time. Working candidates include: a readiness diagnostic (with lite, core and advanced tiers); a suitability screen (go / no-go / not yet); a pre-financing options menu; tiered verification protocols; model clauses; and a transparency and safeguards checklist.

✉ Feedback we are seeking on additional modules and annexes

PRIORITIES: Which of the components listed above would be most valuable in the first edition?

FORMAT: Would you prefer short standalone modules and companion notes, or worked examples and "spotlights" embedded throughout the Playbook?

CONTRIBUTIONS: Would you or your institution be willing to contribute, for example by co-authoring a sector note, sharing tools or templates, or providing case studies?