



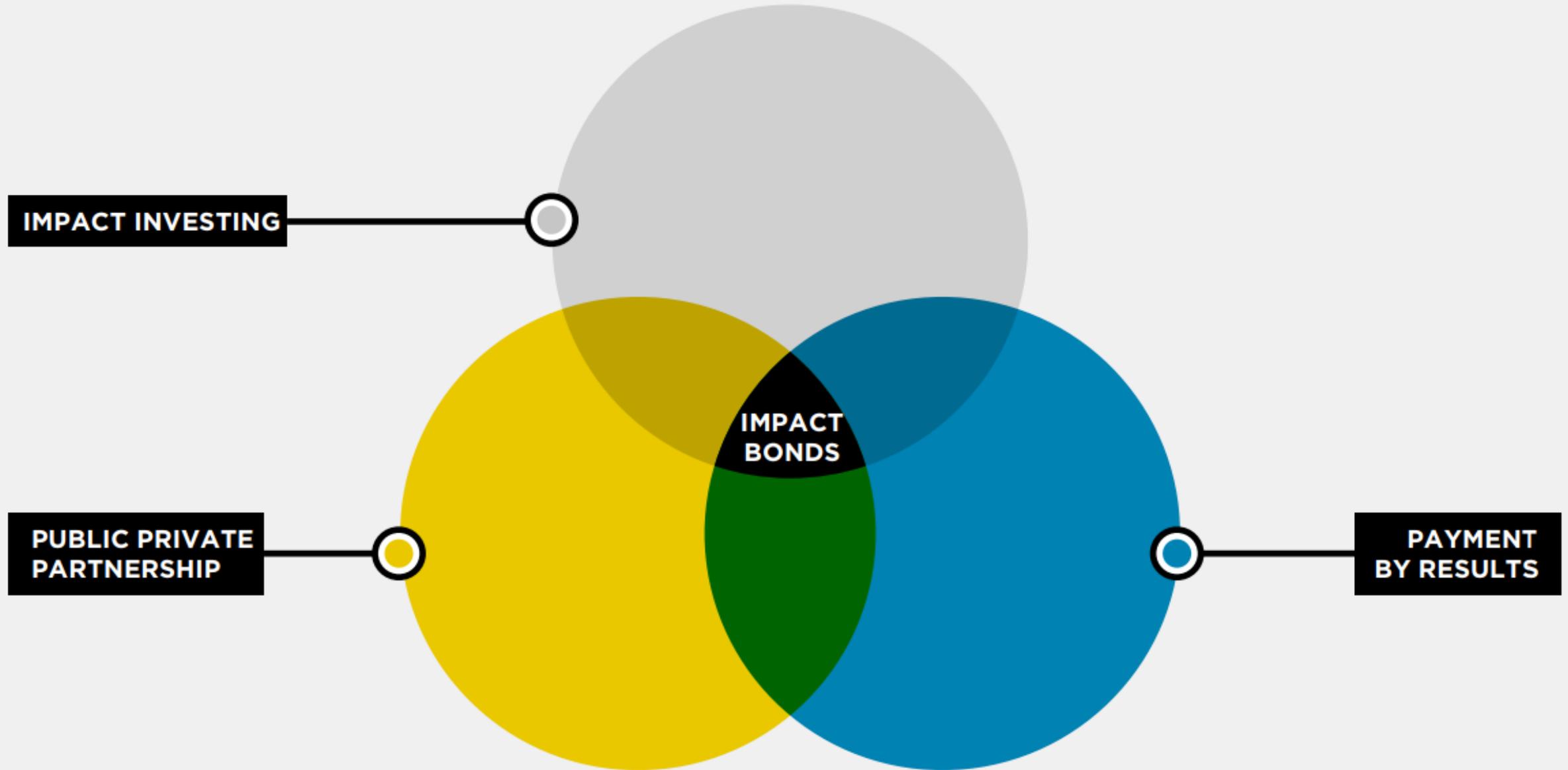
Innovative Financing for Development: Impact Bonds

Dr. Emily Gustafsson-Wright
March 2018

[#impactbonds](#)

B | Global Economy and Development
at BROOKINGS

IMPACT BOND PRIMER



IMPACT BOND PRIMER

3. The outcome funder repays the investor if the metrics are achieved.

1. The investor provides upfront capital to the service provider to deliver services to a population in need.

INVESTOR

2

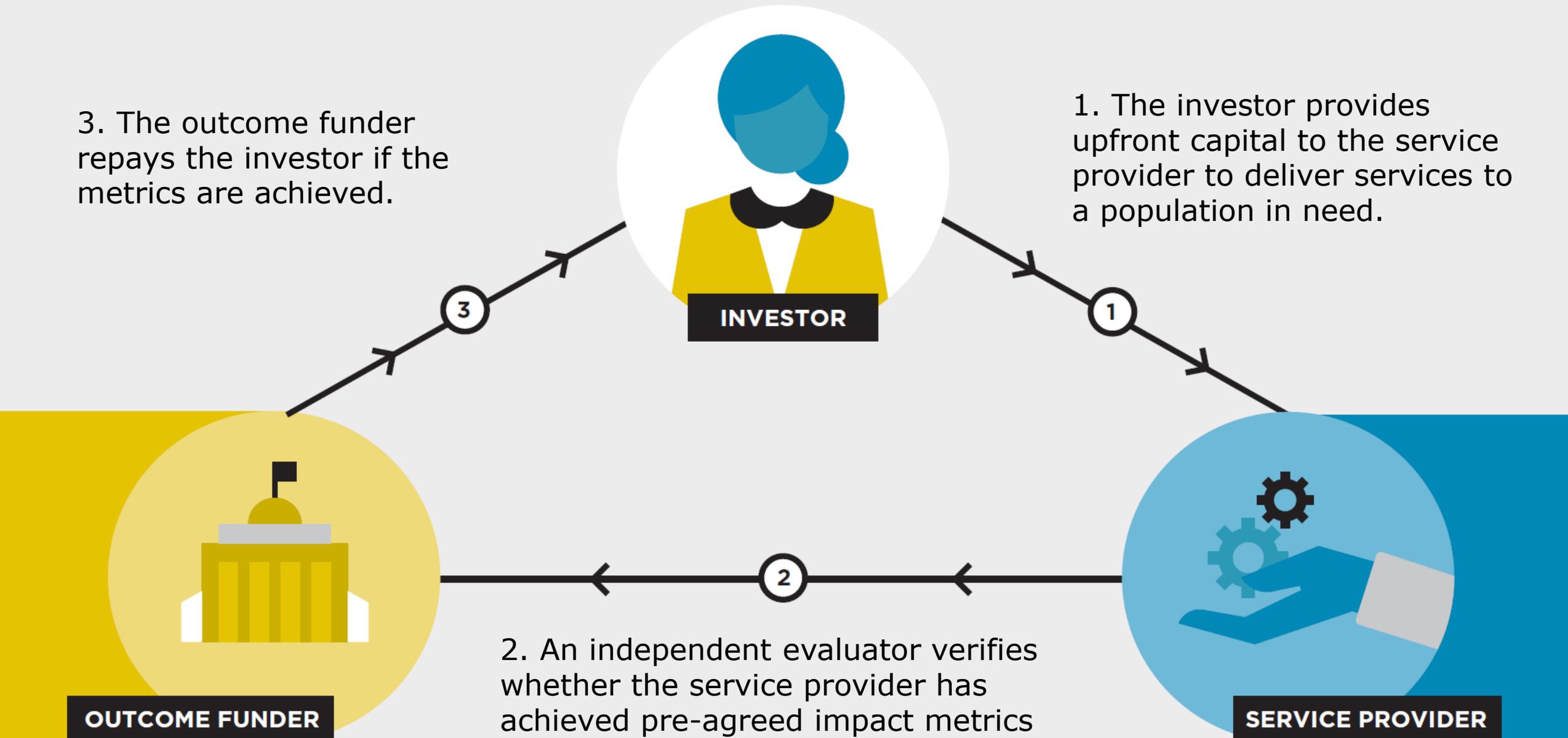
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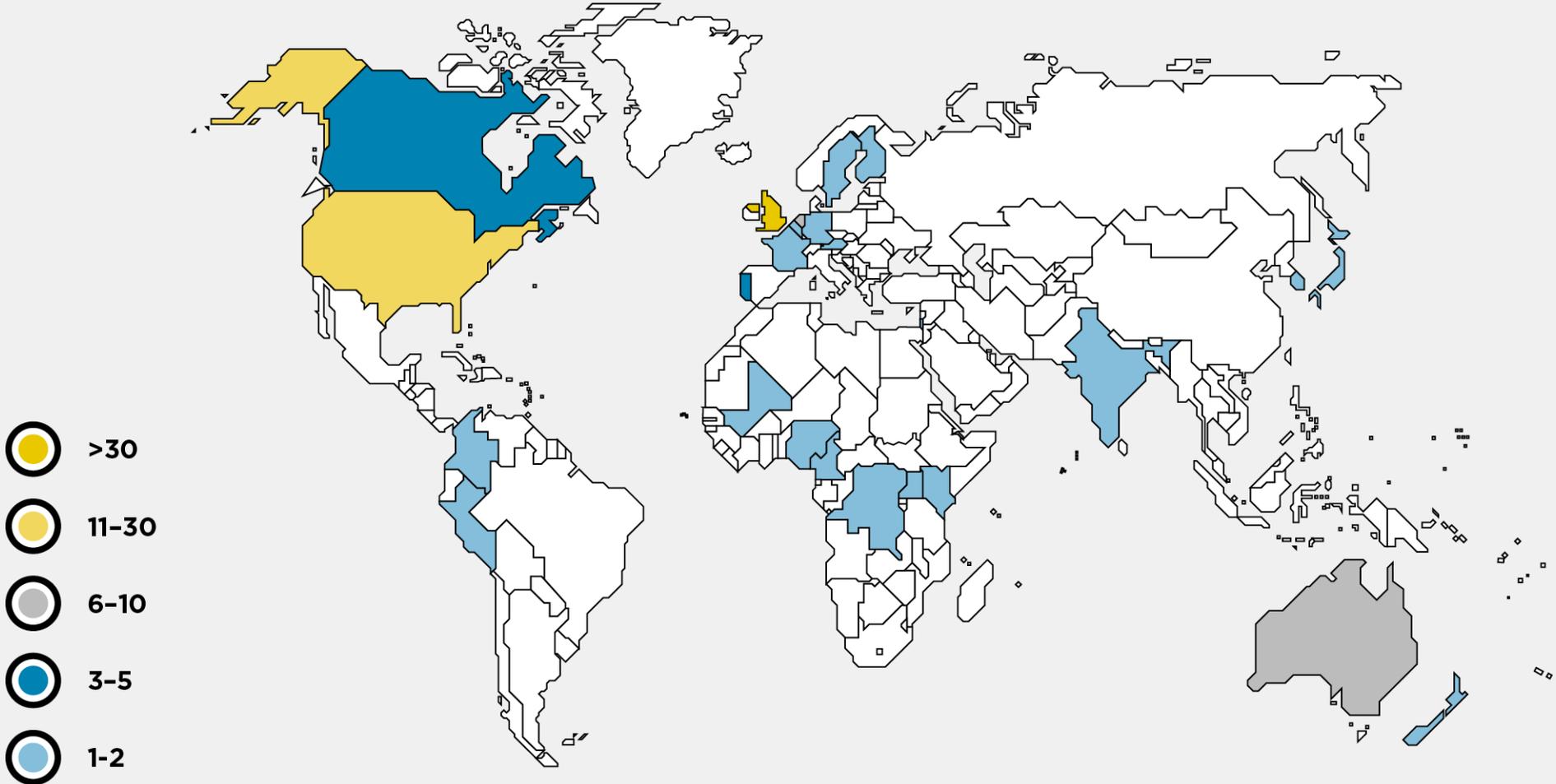
OUTCOME FUNDER

SERVICE PROVIDER

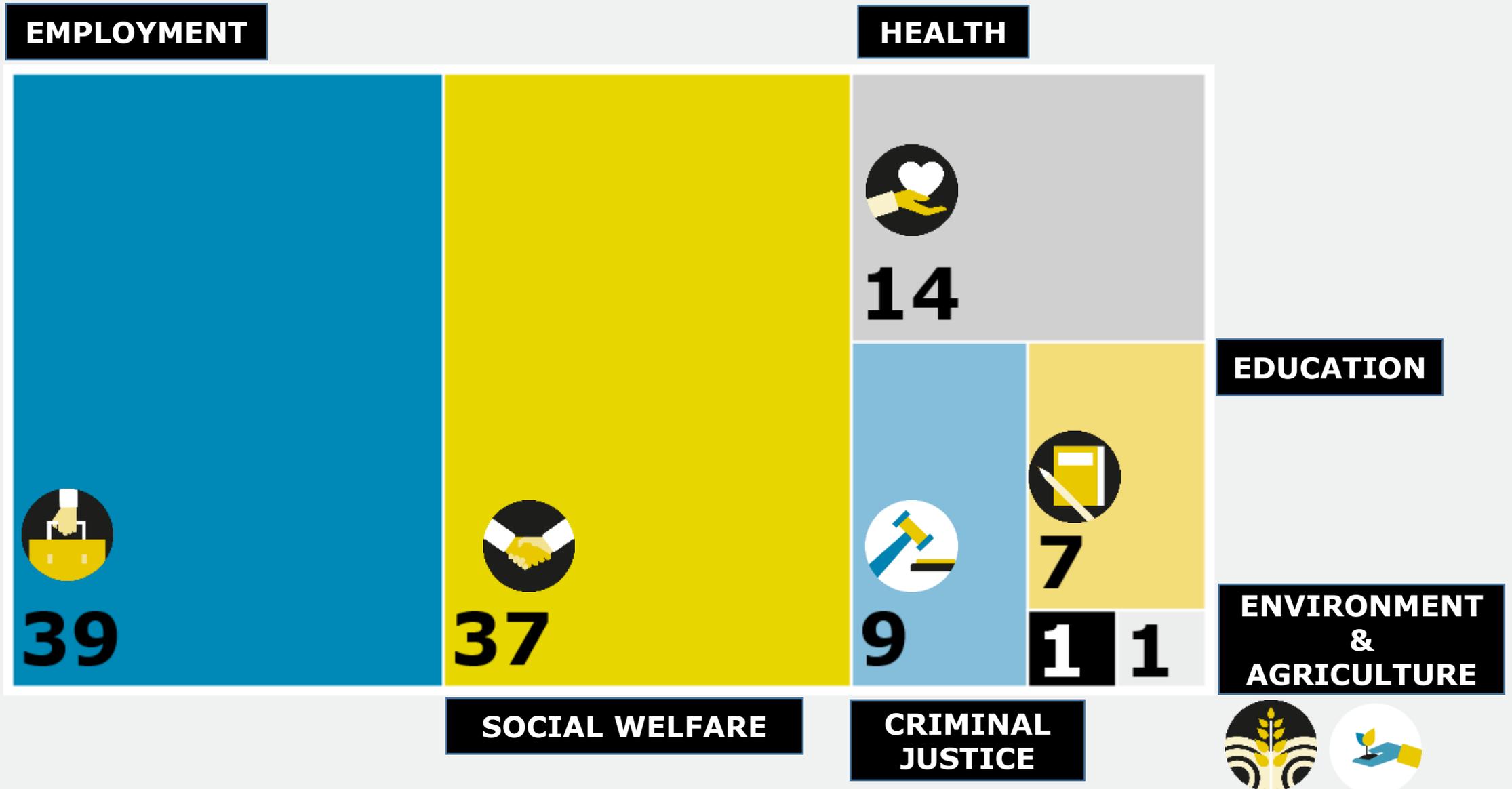
2. An independent evaluator verifies whether the service provider has achieved pre-agreed impact metrics



108 IMPACT BONDS CONTRACTED GLOBALLY

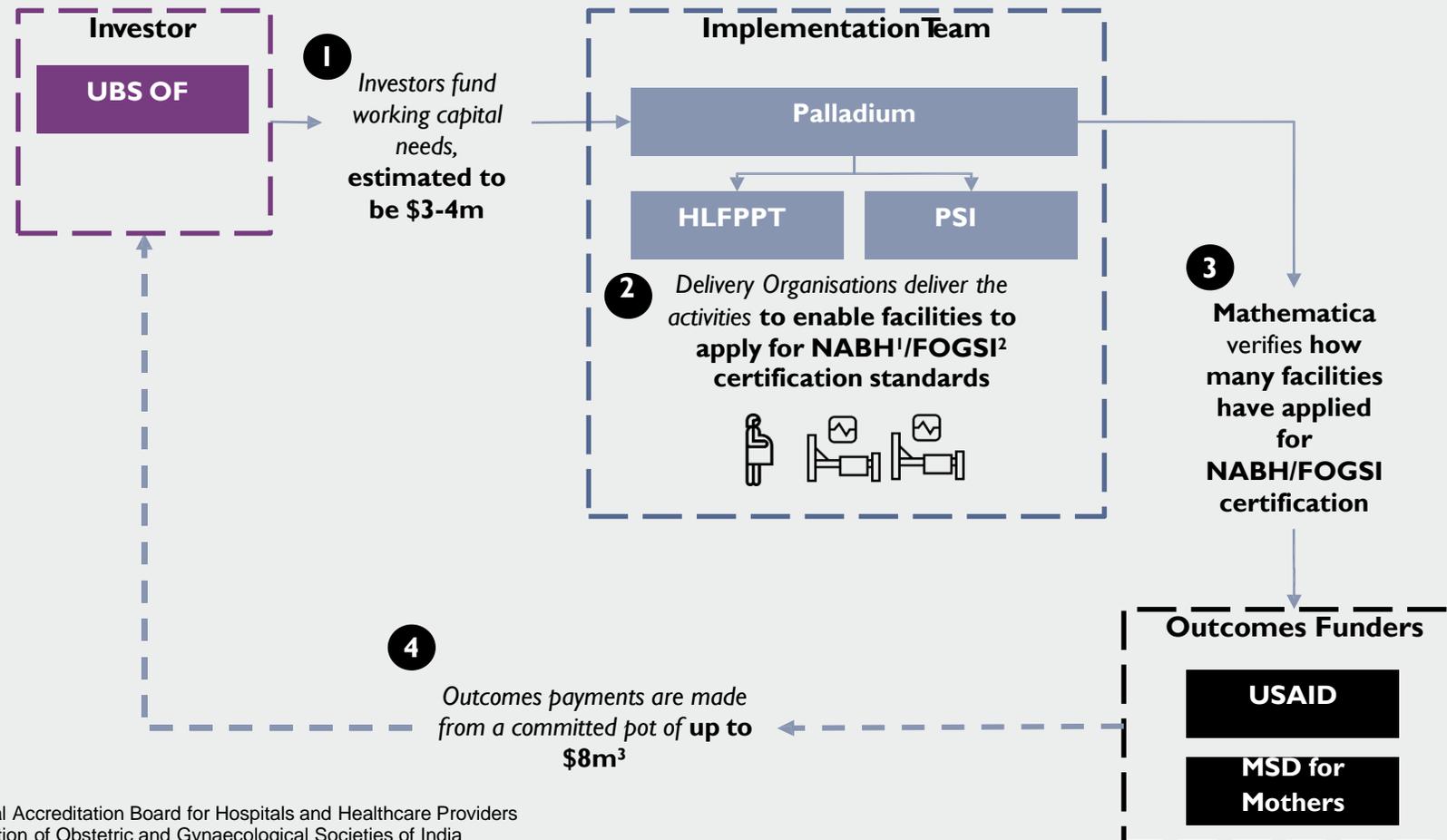


SECTORS: IMPACT BONDS CONTRACTED GLOBALLY



AN EXAMPLE: THE UTKRISHT IMPACT BOND FOR MATERNAL AND NEWBORN HEALTH

Development Impact Bond Mechanism – Partnership structure



Notes:

(1) National Accreditation Board for Hospitals and Healthcare Providers

(2) Federation of Obstetric and Gynaecological Societies of India

(3) \$9m gross outcomes pot committed less \$1m for non-discretionary DIB costs including independent assessor

MULTILATERALS AND BILATERALS

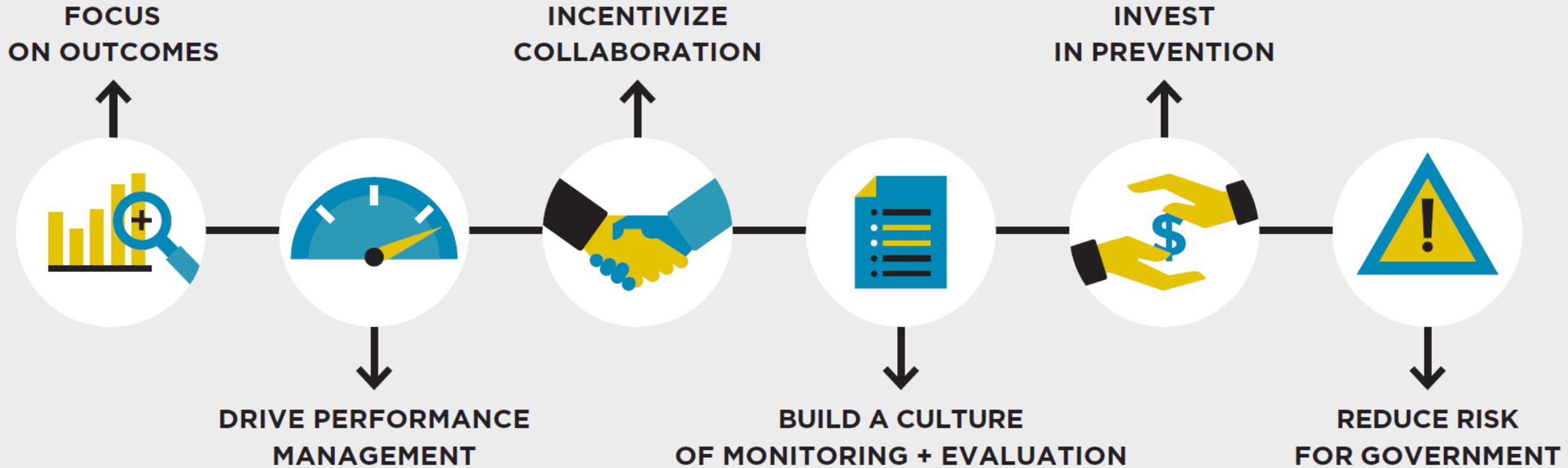
Multilateral/Bilateral		SIB/DIB name	Role
DFID		ICRC Programme for Humanitarian Investment (PHII)	Outcome Funder
		Kenya and Uganda Graduation Model DIB	Outcome Funder
Inter-American Development Bank		Brazil Secondary Education SIB	Investor
		Colombia Workforce SIB	Conduit of funds
		Mexico The Future in My Hands SIB	Investor
		Peru Climate-Smart Agriculture DIB	Outcome Funder
USAID		Kenya and Uganda Graduation Model DIB	Outcome Funder
		India (Rajasthan) Maternal and Newborn Health DIB	Outcome Funder
World Bank Group		Cameroon Kangaroo Mother Care DIB	Outcome Funder
		Palestine (West Bank and Gaza) Employment DIB	Outcome Funder

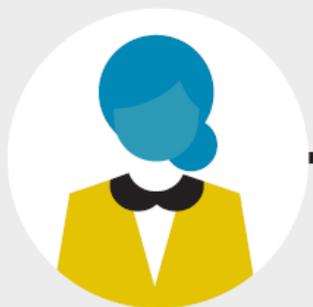
FOREIGN GOVERNMENTS

Government	SIB/DIB name	Role
Government of Belgium Government of Italy Government of Switzerland	ICRC Programme for Humanitarian Investment (PHII)	Outcome Funder
SECO (Swiss State Secretariat for Economic Affairs)	Colombia Workforce SIB	Outcome Funder

POTENTIAL AND LIMITATIONS

DEMONSTRATED EVIDENCE





**CROWD IN
PRIVATE FUNDING**



**ACHIEVE
SCALE**



**SUPPORT EXPERIMENTAL
INTERVENTIONS**



**SUSTAIN
IMPACT**

LACKING EVIDENCE



Results so far: *Measuring success*



MEASURING SUCCESS: FIVE KEY QUESTIONS

- 1. Is there a demand for impact bonds/outcome based contracting?**
- 2. Are impact bonds reaching the populations in need?**
- 3. Are the contracts achieving outcomes?**
- 4. Are impact bonds achieving something besides outcomes?**
- 5. Are the deals efficient (ie cost-benefit analysis)?**

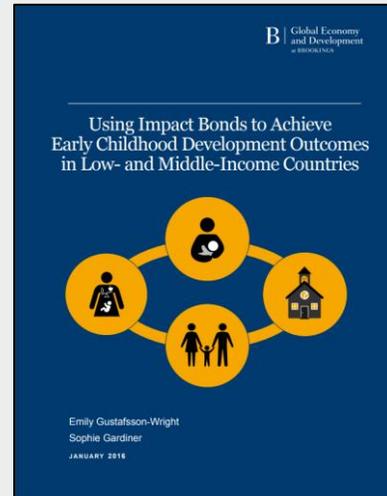
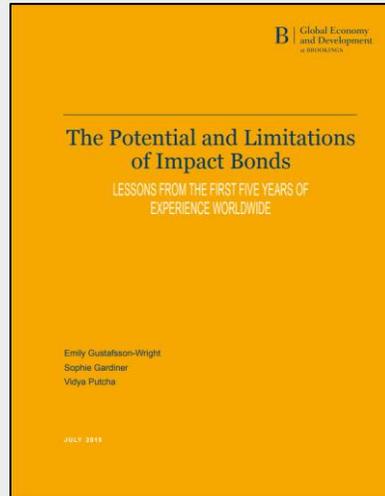
CRITICAL CONSIDERATIONS FOR IMPACT BONDS IN DEVELOPING COUNTRY CONTEXTS



- 1. Is it the right tool?**
- 2. Legal feasibility**
- 3. Political feasibility**
- 4. Outcome funder administrative capacity**
- 5. Service provider capacity**
- 6. Data availability**
- 7. Presence of committed champions**



OUR IMPACT BONDS RESEARCH



Merci!

**For more information on Brookings
impact bonds research:
[www.brookings.edu/series/impact-
bonds/](http://www.brookings.edu/series/impact-bonds/)**

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