



PLENARY 3, BREAKOUT 7 – TECHNICAL BRIEF Development Impact Bonds: Early Learnings

DRAFT 03.28.19

According to the Brookings Global Impact Bond database there are only nine development impact bonds or DIBs currently being implemented globally. Despite this small sample size and the limited evidence available (only one DIB to date—Educate Girls—has ended), DIBs, and impact bonds more generally, have generated significant interest from a number of stakeholders including donors, who are looking to maximize the efficiency of their resources, focus on achieving outcomes, and catalyze new partners and resources.

Critics however, contend that high transactions costs, complexity of the instrument, the lack of scale and evidence of the “DIB effect,” e.g., risk transfer, cost-effectiveness, resource mobilization, etc., make DIBs a passing fad.

This session will convene a range of stakeholders involved in the design, implementation, funding, and evaluation of DIBs, and unpack these issues as well as discuss why DIBs are so appealing, some of the challenges they have faced working on DIBs, and discuss whether or not impact bonds have lived up to their promise thus far. In keeping with the Forum’s overall theme of resource mobilization, this breakout session will seek to examine evidence and experience related to whether or not DIBs have been successful in bringing new development financiers to the table.

The session will end with panelists reflecting on impact bonds as a resource mobilization tool, as well as what is needed to help create a sustainable and impactful market for DIBs in the future.

Key topic for discussion 1

Despite the small number of DIBs currently being implemented, there is sustained interest in development impact bonds as a blended finance and resource mobilization tool. Panelists will discuss, from their various organizational perspectives, what elements of DIBs appeal to them. Panelists will also reflect on challenges related to securing internal buy-in for the project, as well as structuring and implementation of DIBs.

Key topic for discussion 2

While social impact bonds have been around for a number of years, their application in the development context is still new. As a result, evidence and data pertaining to the “success” of DIBs in terms of helping to improve outcomes, in addition to other measures, is lacking.

However, data from the Educate Girls DIB tells an interesting story of how real time data and monitoring can be used to drive changes and improvements in program implementation and lead to remarkable results. And an initial evaluation of four development impact bonds supported by DFID starts to paint a mixed, but encouraging picture of whether DIBs can live up their potential. Panelists will discuss the available evidence on DIBs gathered thus far with particular attention related to their sustainability, and success in terms of mobilizing new sources of funding for health.