

The DIB Black Box unpacked

What are Development Impact Bonds, and what do they achieve?

What do these components lead to?

What are the core components of a DIB?

- ▶ **Payment by Results**, with funding tied to clear outcomes.
- ▶ **Financial risk shared between stakeholders**, where donors commit to paying for development results; service providers deliver activities; investors provide up-front financing and are repaid based on results.
- ▶ **Broad range of stakeholders**, including intermediaries and performance managers in some cases.

Findings based on the FCDO DIBs evaluation undertaken by Ecorys, covering:

- ▶ ICRC HIB
- ▶ Quality Education India DIB
- ▶ Village Enterprise DIB
- ▶ Cameroon Cataract Bond

What is a DIB?

For more information on DIBs please click here.



Stronger focus on outcomes

Clarity on outcomes and the approach to verifying outcomes meant projects had *a greater focus on delivering what was needed to achieve these outcomes.*



Heightened performance management

Strong approaches to measurement and external scrutiny and support meant projects were able to *more quickly identify and rectify issues.*



External perspectives and expertise

New partners, such as investors and advisors, helped *strengthen project design, solve problems and introduce new approaches.*



High-stakes environment

DIB creates heightened scrutiny and reputational risk. This and the financial risk of non-performance *increases focus on outcomes and speeds up course-corrections.*

What does this achieve?

- ▶ Stronger adaptive management and course correction.
- ▶ Greater collaboration between stakeholders (though this varied depending on DIB structure).

Increased efficiency and effectiveness, leading to increased number of beneficiaries supported and outcomes achieved

There are promising signs that the DIBs are leading to greater outcomes, but it is too early to say.