

Lessons Learned on the DIB effect

Where are DIBs most applicable?

How can we increase the benefits of using DIBs?

Where are DIBs most applicable

Emerging evidence is that a DIB may be most appropriate where:

- performance could be enhanced through a stronger focus on outcomes buttressed by performance management;
- the system/culture needs an external 'disruption' to bring about change;
- service providers would not be able to tolerate high levels of financial risk; and/or
- providers would benefit from external expertise and support.

However, a DIB is not always necessary

The DIB appeared to be the catalyst for change. However, some of the desired effects could also be achieved through a well-designed grant or PbR.

The benefits are the strongest when the DIB adds particular value or resolves a specific challenge, not possible through other funding mechanisms, for example:

- enabling outcome funders to pay on outcomes;
- enabling service providers without access to upfront capital to deliver outcome-based contracts;
- incentivising collaboration between stakeholders.

How can we increase the benefits of using DIBs?

1 The DIB effect varies across DIBs depending on the stakeholders involved, their motivations for using the DIB, and the structure of the DIB. Hence, when designing a DIB, stakeholders should consider why they want to use a DIB. They should then structure the DIB to support these objectives.

2 A DIB can be an effective change management tool. In these pilot DIBs, the DIBs have been a catalyst for change, driving stronger use of data to inform delivery.

3 The added advantage of the DIB, in comparison to PbR, is that it brings together different stakeholders, such as outcome funders, investors and intermediaries. In the pilot DIBs, there has been more flexibility in terms of the roles played by different stakeholders and greater collaboration between stakeholders.

4 Transitioning to an outcome-based contracting model requires outcome funders and service providers to shift their perspectives. To maximise the benefits of the model, it is important to focus on outcomes, rather than inputs.

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.

