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# Resources Get a New Tool: Development Impact Bonds



Beth Braverman

Developing countries often struggle to get the healthcare resources they need. Development impact bonds may provide support.

Development impact bonds, or DIBs, are a financial instrument through which investors front funding for specific public projects and are repaid based on the projects' results. They have already proven useful in [education](#) and [agriculture](#). Now, impact investors have brought the innovative funding model to another field: healthcare.

## Breaking New Ground

November 2017 marked the launch of the world's first healthcare DIB, aimed at decreasing maternal and newborn deaths in Rajasthan, India. Called the [Utkrisht bond](#), it's designed to improve access to and quality of care at nearly 450 private facilities in the region.

Under the program, the UBS Optimus Foundation will provide up to \$3.5 million in initial capital to service providers in private facilities in Rajasthan. The US Agency for International Development (USAID) believes that the program could provide improved care for up to 600,000 pregnant women and save the lives of up to 10,000 mothers and babies over the next five years.

In a report entitled *Investing for Impact*, USAID highlighted DIBs as a tool that could push progress on [global health goals](#), including increasing the availability of healthcare resources. DIBs work best when proven interventions are applied to achieve clearly measurable results, according to the report.

## Investment and Outcomes

DIBs remove the risk from agencies and leave it with the investors. If the project does not meet the agreed-upon goals, in other words, the agency does not have to repay the investors.

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In the case of the Utkrisht Bond, healthcare providers must meet a set of outcome targets, including achieving certification by the National Accreditation Board of Hospitals and Healthcare Providers and the Federation of Obstetric and Gynaecological Societies of India.

The Utkrisht bond is a landmark not only because it's the first DIB in the healthcare space, but also because its implementation partners are also coinvestors, contributing more than a fifth of the required capital. Having implementation providers participate in the funding may make the project more appealing to investors.

### Broader Benefits

Beyond the immediate benefits of increased longevity, [improving healthcare worldwide](#) has broader societal benefits, including reducing poverty and contributing to overall economic growth. It's no wonder that ensuring healthy lives and promoting well-being is a UN [sustainable development goal](#).

To that end, social impact bonds—which differ from DIBs because the results-based payout is coming from governments rather than from donors—have proven a crucial source of funding to broaden and improve healthcare access. For example, social impact bonds have been used to improve [mental health outcomes](#) in Australia.

DIBs may prove more useful than social impact bonds in developing nations, where local governments may not have the funds available to pay for outcomes or the credit ratings necessary to inspire confidence in investors.

DIBs are so new that there has been little opportunity for research into their long-term impact or the type of return ultimately provided to investors. That said, they represent one more way that investors who are looking to make a tangible difference in the world can put their money to work.



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