

# UNDERSTANDING OUTCOMES READINESS

EXECUTIVE SUMMARY: WHAT ARE THE STRUCTURAL FACTORS INFLUENCING THE LAUNCH OF IMPACT BOND PROJECTS

Implementing impact bond (IBs) projects has often been described as challenging. More than ten years after the first contract, 283 projects have been launched. Although impact bonds are present across the globe, they are concentrated in specific regions, especially in the Global North.

The factors underpinning the success or failure in launching an impact bond have not yet been fully explored and tested. **This report aims to shed light on the factors influencing the probability of whether an impact bond is successfully launched.** Building on previous qualitative frameworks developed by practitioners, evaluators and commissioners, our original contribution is to use quantitative data to test which are the factors that influence the probability of launching an impact bond project.



## DEFINITION

*“outcomes readiness”*

A combination of the different factors which make a country more prone to working with impact bonds or, in other words, are ‘readier’ than other countries to use this model.

The report identified 277+ impact bonds that have not launched (with 283 launched). These are instances where at least two organisations came together to design an impact bond project but, to date, the contract has not been signed because of different impediments. These include structural impediments that can be observed at country-level, impacting the outcomes readiness of a given country.

## Key findings



### Data availability

Data availability plays a key role in increasing the chances of launching impact bond projects.

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### Government demand

The availability of outcome funds increases the chances of countries launching more impact bonds. These outcome funds are usually indicative of government demand. *Read more about this on page 22*



### Experience with previous IBs

Having experience with a previous impact bond significantly increases the probability of a country launching additional projects.

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### Government frameworks & capabilities

Governments with strong legal frameworks and strong capabilities are more likely to have successfully launched impact bonds.

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