

**INTERVIEW SERIES:**

## **Insights from Impact Bond Working Group (IBWG) Conference 2022**

Tri-Sector's Founder, Kevin Tan, was recently invited to present our work on Asian-focused models to the global Impact Bonds Working Group in London. Impact Bonds Working Group is sponsored by UBS Optimus Foundation, the UK Foreign and Commonwealth Development Office, and the Swiss government. Over 70 major agencies from international development agencies, country governments, private wealth banks, and philanthropies were in attendance.

We asked Kevin for his key takeaways from the conference:

**Q: What's the latest thinking on impact bonds around the world & specifically in Asia?**

**A:** *"Overall, there's been both a validation and expansion. As stakeholders use this model across different jurisdictions, they've validated several distinct value propositions. For example, in terms of the name itself, these projects are now in the UK called "Social Outcomes Contracts". This is because stakeholders there have realized that at its core are often great ways to ensure existing social spending from all sources are better spent to achieve outcomes and need not be constrained to bonds. Furthermore, there's also been evidence of significant capability building and performance improvement to the social agencies who participate in these models.*

*In parallel, there's also been new models building on the insights of impact bonds to achieve different ends. And quite a lot of these models are being pioneered in Asia. For example, Cambodia has seen a Social Impact Incentive (SIINC) launched which seeks to internalize externalities and influence the behavior of for-profits, by providing a top-up for social outcomes that such for-profits would not otherwise have achieved.*

*From our perspective, I am also proud to share that the models we launched in Singapore such as the Social Impact Guarantee and the Outcomes Amplifier were received with some enthusiasm, as they solve the issue of risk-taking and ongoing sustainability respectively while overcoming different issues that have often held back Social Impact Bond adoption."*

**Q: How do you see the outcomes-based ecosystem growing in the next 3-5 years?**

**A:** *"I'm optimistic that the next 5 years will see an acceleration of the growth of such models, because the timing is right for both the supply and demand side. On the supply side, given the new budget realities across governments and aid agencies, there's a need to ensure that every dollar achieves outcomes. On the demand side, there's growing desire for impact investors, private banks and philanthropists to have very clear outcomes in what they do, as well as ensure that their dollars have a catalytic effect."*

**Q: What are some of the measures taken to strengthen the ecosystem for impact bonds on a global level?**

**A:** *"A new Outcomes Accelerator has just been launched out of this working group, which will help to provide some of the seed funding and matchmaking needed to grow the ecosystem in developing countries."*

*There's also been a growth of Outcomes Funds, which are centralized pools of capital to pay for success. This has radically brought down the cost and duration of launching projects. As an example of such a fund, UNICEF is hosting an Education Outcomes Fund that is trying to pool USD 1 billion in capital.*

*Finally, there's also a continuing growth of different knowledge centres to help provide thought leadership and independent data. For example, the Brookings Institute, Harvard Kennedy School, and Oxford Blavatnik School all have different centres and researchers advancing this work."*

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