

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**HAITI**

**THE HAITI IMPACT FACILITY (HIF)**

**HA-T1295**

**DONORS MEMORANDUM**

This document was prepared by the project team comprised of: Jean Emmanuel Desmornes (DIS/CHA), Christine Ternent (DIS/CCO), Adrien Dewalque (DIS/CDR), Smeldy Ramirez Rufino (DIS/CDR), Nicola Magri (SPH/CHA), Marie Tamagnan (EDU/CHA), Dulce Dias (LMK/CHA), Geraud Albaret (RND/CHA), Nastasia Keurmeur (RND/CHA), George Rogers (FML/LAB), Stefano Pereira (DSP/DVF), Alejandro Escobar (MSM/LAB)

This document contains confidential information relating to one or more of the ten exceptions of the Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. The document will be disclosed and made available to the public upon approval.

## CONTENTS

### PROJECT INFORMATION

|      |   |    |
|------|---|----|
| I.   | THE PROBLEM .....   | 1  |
| A.   | Problem Description .....   | 1  |
| II.  | THE INNOVATION PROPOSAL .....                                       | 2  |
| A.   | Project Description.....  | 2  |
| B.   | Project Results, Measurement, Monitoring and Evaluation .....       | 8  |
| III. | ALIGNMENT WITH IDB GROUP, SCALABILITY, AND RISKS .....              | 10 |
| A.   | Alignment with IDB Group .....                                      | 10 |
| B.   | Scalability.....  | 12 |
| C.   | Project and Institutional Risks.....                                | 13 |
| IV.  | INSTRUMENT AND BUDGET PROPOSAL .....                                | 14 |
| V.   | EXECUTING AGENCY (EA) AND IMPLEMENTATION STRUCTURE .....            | 15 |
| A.   | Executing Agency(s) Description .....                               | 15 |
| B.   | Implementation Structure and Mechanism .....                        | 15 |
| VI.  | COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS ..... | 18 |
| VII. | INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY.....               | 18 |

## **PROJECT SUMMARY**

### **HAITI**

#### **THE HAITI IMPACT FACILITY (HIF)**

#### **HA-T1295**

Haiti has a long history with foreign aid and development assistance to tackle pressing social/environmental issues with a yearly average of around \$900 million<sup>1</sup>. However, , the country still has nearly 60% of its population living below the poverty line of US\$2.42 per day, only 61% of the adult population is literate, and about 40% of the population lacks access to essential health and nutrition services<sup>2</sup>. To significantly improve these indicators to achieve intended results and generate robust evidence of their impact, Haiti is well positioned to explore new models tying funding to impact that could reshape how aid is provided, allow the government to ensure a results-oriented sector approach, and pave the road toward restoring public trust.

The Haiti Impact Facility (HIF) is being proposed to achieve greater efficiency and impact in the delivery of IDB development assistance and Haitian government-funded services, particularly for vulnerable populations. The HIF is designed to provide the foundational architecture for testing and learning from multiple pay-for-success financing operations and aims to scale through implemented learnings and accumulated expertise within the IDB Haiti COF. This architecture enables the rapid acquisition of experience, learning and expertise around how and when to use pay-for-success instruments across a range of policy and innovation priorities. The HIF will become a social development catalytic agent, improving the value for money and the development impact of aid to Haiti and the wider IDB Group portfolio. HIF is an initiative based on an assessment of current market needs, the IDB Group's goals and objectives, and lessons learned from the establishment of similar international facilities and similar structures in other IDB projects.

IDB Lab is committing US\$2 million to this initiative that will be split into US\$1M from the core MIF account and US\$1M from the MIF Haiti Clinton-Bush account.

---

<sup>1</sup> Average from 2017-2019, OECD DAC

<sup>2</sup> <https://www.worldbank.org/en/country/haiti/overview>

## **ANNEXES**

|           |                 |
|-----------|-----------------|
| ANNEX I   | Results Matrix  |
| ANNEX II  | Detailed Budget |
| ANNEX III | IDELTA          |

## **APPENDICES**

Draft Resolution

## **AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM**

|            |  |
|------------|--|
| ANNEX IV   | Reporting Requirements and Compliance with Milestones and Fiduciary Arrangements |
| ANNEX V    | Procurement Plan   |
| ANNEX VI   | Operative Regulations for Innovation   |
| ANNEX VII  | Suggested staffing of the support team   |
| ANNEX VIII | Framework for identifying focus areas  |
| ANNEX IX   | Funding and Information Flows  |
| ANNEX X    | Governance and Execution arrangements  |
| ANNEX XI   | Illustrative procurement process scenarios for Outcomes-contracts                |
| ANNEX XII  | Outcomes Funds   |

## ACRONYMS AND ABBREVIATIONS

|                       |  |
|-----------------------|--|
| <b>AFD</b>            | French Development Agency                          |
| <b>CGD</b>            | Center for Global Development                      |
| <b>COF</b>            | Country Office                                     |
| <b>DIB</b>            | Development Impact Bond                            |
| <b>DNA</b>            | Diagnostic of Executing Agency Needs               |
| <b>EDU</b>            | Education  |
| <b>GIIN</b>           | Global Impact Investing Network                    |
| <b>GoH</b>            | Government of Haiti                                |
| <b>HIF</b>            | Haiti Impact Facility                              |
| <b>IBWG</b>           | Global Impact Bonds Working Group                  |
| <b>IDB</b>            | Inter-American Development Bank                    |
| <b>IFC</b>            | International Finance Corporation                  |
| <b>IIC/IDB Invest</b> | Inter-American Investment Corporation              |
| <b>LMK</b>            | Labor Markets                                      |
| <b>MIF/IDB Lab</b>    | Multilateral Investment Fund                       |
| <b>PfS</b>            | Pay-for-Success                                    |
| <b>PTP</b>            | Program Technical Partner                          |
| <b>RND</b>            | Natural Resources and Rural Development            |
| <b>SECO</b>           | Swiss State Secretariat for Economic Affairs       |
| <b>SIB</b>            | Social Impact Bond                                 |
| <b>SOCAP</b>          | Social Capital Markets                             |
| <b>SPH</b>            | Social Protection and Health                       |
| <b>UNDP</b>           | United Nation Development Program                  |
| <b>UNICEF</b>         | United Nations Children's Fund                     |
| <b>USAID</b>          | United States Agency for International Development |
| <b>WSA</b>            | Water and Sanitation                               |

**PROJECT INFORMATION**  
**HAITI**  
**THE HAITI IMPACT FACILITY**  
**(HA-T1295)**

|  |   |                        |       |
|--|---|------------------------|-------|
| <b>Country and Geographic Location:</b>                | Haiti<br>(Sub-geographic priorities will vary by sector)  |                        |       |
| <b>Executing Agency:</b>                               | Bank executed   |                        |       |
| <b>Focus Area:</b>                                     | Knowledge Economy   |                        |       |
| <b>Coordination with Other Donors/Bank Operations:</b> | Eligible sectors will be aligned to the IDB Country strategy for Haiti and/or innovation priorities.  |                        |       |
| <b>Project Beneficiaries:</b>                          | <p>The Facility will be implemented programmatically and contain multiple pay-for-success projects in priority IDB sectors. Consequently, beneficiaries and target populations will be rigorously defined at the sub-project level.</p> <p>Priority will be given to poor and low-income populations, vulnerable communities, youth, women, and other traditionally excluded and vulnerable groups in potential topics such as primary education, maternal health, sanitation, employment and others, which will emerge from the on-going analysis of the local context and capacity. This includes at least 5000 individual beneficiaries, a majority of which are also afro-descendants.</p> <p>Pre-pipeline targets<sup>3</sup> include WAS, Health, Education, Agriculture, Environment, Labor Markets, Gender, and MSME development.</p> |                        |       |
| <b>Financing:</b>                                      | Technical Cooperation:  | US\$ 2,000,000         | 11.4% |
|  | Equity:   | US\$ 000,000           |       |
|  | Loan:   | US\$ 000,000           |       |
|  | Other (explain):  | US\$ 000,000           |       |
|  | <b>TOTAL MIF FUNDING<sup>4</sup>:</b>   | <b>US\$ 2,000,000</b>  |       |
|  | Counterpart:  | US\$ 5,500,000         | 31.4% |
|  | Other co-financing:   | US\$ 10,000,000        | 57.2% |
|  | <b>TOTAL PROJECT BUDGET:</b>  | <b>US\$ 17,500,000</b> | 100%  |
|  | Funds committed for Phase 1:  | US\$ 2,000,000         |       |
|  | Funds to be raised for Phase 2:   | US\$ 5,500,000         |       |
|  | Funds to be raised for Phase 3:   | US\$ 10,000,000        |       |
| <b>Execution and Disbursement Period:</b>              | <p>72 months of execution and 78 months of disbursement.</p> <p>The execution period will be spread over three sequencing phases: i) assessment &amp; resources mobilization (12 months); ii) piloting (24 months); iii) scaling up &amp; knowledge dissemination (36 months).</p>  |                        |       |

<sup>3</sup> As part of a consultancy contract, a rapid appraisal of priority sectors was carried out for the IDB in Haiti. The assessment is based on a high-level literature review in-country interviews and international experience and best practices. Given the nature of this analysis and scoping exercise, technical structuring of each outcomes contract with corresponding analysis is required as is usual for operationalizing a pay-for-success project.

<sup>4</sup> MIF contribution will be split into US\$1M from the core MIF account and US\$1M from the MIF Haiti Clinton-Bush account

|   |  |
|---|--|
| <b>Special Contractual Conditions:</b>        | <p>Milestones will be established to mark the completion of each implementation phase. The project will not be allowed to move forward to the next phase without the satisfactory completion of one or a set of milestones.</p> <p>Validation of completion of milestones and approval to move to the next phase will be given by both the IDB Haiti COF Representative and the IDB Lab Discovery Unit Chief</p> |
| <b>Environmental and Social Impact Review</b> | <p>This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on October 11, 2021. Given the limited impacts and risks, the proposed category for the project is FI-3.</p>  |
| <b>Unit responsible for disbursements</b>     | IDB Lab Haiti  |

## I. The Problem

### A. Problem Description

- 1.1. On its current course, the world will not come close to achieving the Sustainable Development Goals (SDGs) by 2030<sup>5</sup>. Even before the pandemic, global development finance, philanthropic and public spending fell short of the SDGs, with an estimated USD 2.5 trillion funding gap per annum in developing countries alone. These numbers fail to convey the human costs incurred as governments struggle to deliver social outcomes during the COVID-19 contagion, a disaster impacting the entire world at once. Meanwhile, private investors find it difficult to address social and environmental problems and to reach the most vulnerable.
- 1.2. Haiti's human needs are profound. Adverse path dependence, catastrophic natural disasters, endemic political instability and the COVID pandemic have battered the life chances of the great majority of Haitians. The country is a long-time recipient of official development assistance, currently averaging around \$900 million yearly<sup>6</sup>. Yet this aid has failed to jumpstart a virtuous circle of development that improves the lives of desperately poor people in Haiti. Nearly 60% of the population lives below the poverty line of US\$2.42 per day and only 61% of the adult population is literate<sup>7</sup>. About 40% of the population lacks access to essential health and nutrition services, a critical lacuna during COVID-19. A large NGO sector in Haiti is funded by the international community, including the Haitian diaspora, and supplements government efforts in nearly every sector. Despite a strong social commitment to development impact, few of these organizations can demonstrate measurable results at the level of beneficiaries or possess the capacity to scale impact<sup>8</sup>.
- 1.3. Governments and donors across the globe are expanding their use of innovative financing instruments to help mobilize new sources of funding, stimulate innovation, forge new partnership models, and optimize the use of scarce public resources. Emerging financing instruments that 'pay based on success' play a growing role in development finance. Key reasons for their efficacy include the results and accountability that accrue when development objectives are grounded on robust data and empirics, as well as a virtuous circle of learning-by-doing and continuous improvement. These instruments are a potential tonic for the "aid fatigue" that afflicts many donors and the local partners after years of assistance that fails to produce measurable results among intended beneficiaries.
- 1.4. Evidence from the field underscores how pay-for-success financing models deliver benefits, including<sup>9</sup>:

---

<sup>5</sup> <https://www.un.org/press/en/2019/dsgsm1347.doc.htm>

<sup>6</sup> Average from 2017-2019, OECD DAC

<sup>7</sup> <https://www.worldbank.org/en/country/haiti/overview>

<sup>8</sup> Haiti Scoping Study, 2021.

<sup>9</sup> "Social impact bonds in Latin America: IDB Lab's pioneering work in the region: lessons learnt" /Alma Agusti Strid, James Ronicle; supervising editor, Christine Ternent. p. cm. — (IDB Technical Note ; 2087) Impact Bonds



- (i) Sharpened stakeholders focus on the results that matter most,
  - (ii) Greater innovation and flexibility in program delivery,
  - (iii) Incentives to optimize data, empirics, and rigorous feedback loops,
  - (iv) More effective institutional capacities around results and performance management, and
  - (v) Strong partnership with private, public, civil society and non-traditional funders.
- 1.5. The time has arrived to catalyze financing models that tie funding to demonstrable impact in Haiti. The Haiti Impact Facility is based on the reality that (i) few organizations in Haiti possess the capabilities in data and measurement needed to demonstrate the effectiveness of their development activities, (ii) data on cost, performance and impact is unavailable or of poor quality, (iii) deficiencies in measurement capabilities make comparisons of program cost and efficacy difficult, impeding the scaling of effective programs and the weeding out of underperforming operations, and (iv) short-term budget cycles, overlapping donor agendas and siloed budgets inhibit longer term funding and an examination of root causes.

## **II. The Innovation Proposal**

### **A. Project Description**

- 2.1. The overall objective of the Haiti Impact Facility (HIF) is to achieve greater impact and efficiency in the delivery of IDB development assistance and Haitian Government-funded services, particularly for vulnerable populations. The HIF offers a foundational architecture for testing the simultaneous execution of multiple pay-for-success financing operations. The HIF will operate through a central commissioning platform that provides funding, operational support, technical services, and integrated learnings for IDB and the Government of Haiti. This architecture is designed to promote the acquisition of experience, learning and expertise in the use of pay-for-success instruments across a range policy and innovation priorities. The aim of the HIF is to become a catalytic agent in improving the value for development money and increasing the impact of such aid to Haiti and the wider IDB Group portfolio.
- 2.2. The HIF incorporates early learnings and challenges identified by IDB Lab in its work with Impact Bonds, particularly around transaction costs and scale as well as

---

in Developing Countries: Early Learnings from the Field, Gustafsson-Wright et al, the Brookings Institution and Convergence, 2017; Evidence report: Building the tools for public services to secure better outcomes; Government Outcomes Lab, University of Oxford; Levoca LLC and Social Finance, “Impact Bonds Working Group Workshop 1 briefing paper.” May 2018; Summary of DFID Impact Bonds Pilot Evaluation – first insights on the ‘DIB effect’. Ecorys, 2019. El Bcheraoui C, Palmisano EB, Dansereau E, Schaefer A, Woldeab A, Moradi-Lakeh M, et al. (2017) Healthy competition drives success in results-based aid: Lessons from the Salud Mesoamérica Initiative. PLoS ONE 12(10): e0187107. <https://doi.org/10.1371/journal.pone.0187107>

lessons learned from other IDB results-based finance operations (see work cited in footnote 6).

- 2.3. The IDB Group has been a global leader in developing and testing pay-for-success models, including social impact bonds<sup>10</sup>, social impact incentives and results-based aid, such as the Mesoamerica Health Initiative<sup>11</sup>. More recently, the IDB launched a ‘Results-based Loan’ for sovereign guaranteed lending after an early version, known as the Performance Driven Loan, was suspended in 2009 due to a lack of demand related to the terms of the instrument.<sup>12</sup>
- 2.4. An independent evaluation of the IDB Lab impact bond program (2021)<sup>13</sup> and the Global Impact Bonds Working Group<sup>14</sup> recently highlighted important lessons learned and emerging best practices of pay for results projects:
  - (i) Pay-for-success contracts and impact bonds are not viable options where the probabilities of eventual deployment at scale are low. A big enough scale spread over a long enough period is necessary to pursue an adaptive and evolutionary response to changing conditions. Learning feedbacks will help to course correct and maximize the roles of stakeholders, which is critical for achieving scale to meet the needs of more people in Haiti.
  - (ii) Programmatic approaches, such as Outcomes Funds, can improve efficiency and learning; but they need to be tested at sufficient scale.
  - (iii) Correctly pricing outcomes in terms of incentives does not automatically lead to better results. A significant amount of technical assistance is needed to support results-based design and implementation.
  - (iv) Government “ownership” of the pay for results program should be a central objective. But Government participation first requires experience and learning in-country as a means of breaching the legal, regulatory, and capacity barriers that can constrain public action in such new and untested areas.
- 2.5. Taking these lessons learned into account, the project will be designed as a Bank-executed Facility, where it expects to support multiple sub-projects and activities under the facility mandate. Key features of this proposed model include:
  - (i) Change management: A “mindset shift” from specifically defining and funding activities without knowing results, to setting outcomes targets and paying an agreed price, only when they are reached. This focuses all actors on learning about outcomes and innovating in service delivery to ensure improved results are reached and tracked.

<sup>10</sup> See operations RG-M1244 & CO-T1434.

<sup>11</sup> See: <http://www.iadb.org/en/salud-mesoamerica-initiative/salud-mesoamerica-initiative-home,1904.html>

<sup>12</sup> More information on the challenges with this instrument is available in OVE’s 2013 review of IDB lending instruments:

<https://publications.iadb.org/bitstream/handle/11319/5865/IDB-9%3A%20Lending%20Instruments.pdf?sequence=1>

<sup>13</sup> <https://publications.iadb.org/publications/english/document/Social-Impact-Bonds-in-Latin-America-IDB-Labs-Pioneering-Work-in-the-Region-Lessons-Learnt.pdf>

<sup>14</sup> Formed in 2018, the objective of the Impact Bonds Working Group (IBWG) is to design a strategy that will help members use impact bonds and related pay-for-success instruments effectively at scale and contribute to launching quality development projects. Various organizations actively participate in the Group’s meetings most notably AFD, IDB, Global Affairs Canada, SECO, USAID, UNDP, IFC, UBS Optimus Foundation, UNICEF and others. ([www.IB-WG.com](http://www.IB-WG.com))

- (ii) Integrated learning and knowledge development: The HIF provides an institutional structure to capture and scale knowledge beyond one-off projects.
  - (iii) Price and Impact Discovery: The Facility supports price and impact discovery by testing interventions, building a knowledge base and benchmarks for a more transparent and informed market.
  - (iv) Infrastructure for commissioning: The Facility will centralize contracting expertise, support new design and measurement tools, and streamline the costs of project timelines.
  - (v) Improved data capture: A main goal is to share robust data and evidence with policy makers and other donors on “what works”, “what may not work” under the Haitian context and “what does work” but must be adjusted to the context.
  - (vi) Technical services and operational support: The HIF will build the capacities in the impact economy<sup>15</sup> needed to deliver more efficient and impactful projects.
  - (vii) Sustainable funding: To demonstrate the impact and efficiency of pay-for-success projects, the funding needs to be certain. The certainty of IDB funding may open the door to a demand for projects which may spur additional funding and private investment in PfS projects; paving the road to improved achievement of SDGs.
- 2.6. The project establishing the HIF will have six components to be implemented in three sequencing phases.
- 2.7. **Phase 1 – Component 1 & 2 (12 months)**
- 2.8. ***Component I: Technical services to lay the groundwork [\$475,000]***
- 2.9. The objective of Component I is to provide the IDB the necessary support to establish the proper legal and institutional framework and structure that will enable the Bank to design and launch PfS projects. An external firm will be hired as the “Program Technical Partner” (PTP) to support the Bank to build pipeline and capacities in the IDB team and to foster knowledge transfer to local Haitian stakeholders.
- 2.10. Key activities include:
- (i) Pipeline readiness support, for short-listed delivery organizations, including assistance in financial modeling, investment structuring, theories of change, service models, data analysis, revenue and sustainability strategies and transaction intermediation.
  - (ii) Capacity building for on boarding and right skilling the support team.
  - (iii) Institutional framework for the Facility’s business plan and operational model, and the design of key processes and templates needed for launch the PfS contracts.

---

<sup>15</sup> Definition as per “DC Economic Strategy”: *Organizations and private entrepreneurs in the ecosystem of private companies, non-profits, and foundations whose missions involve addressing social challenges and other issues pertaining to the public good* (<https://dceconomicstrategy.com/opportunityareas/impact-economy/>). It is different than social innovation in that it requires and demands measurable impact.

- (iv) Investment and funding mobilization, support for strategic engagement with investors, foundations, diaspora networks and related outreach, including design of new financing products tailored to the Haitian diaspora.
- (v) Development of a scaling strategy for transferring the project to the Government of Haiti.
- (vi) Contracting a legal study to assess key barriers for the Haitian Government and to provide legal road map and recommendations.

2.11. ***Component II: Operational Support for Pay-for-Success Approaches for Haiti [\$1.22 million]***

2.12. The objective of this component is to provide operational support for the design and oversight of pay-for-success projects, and to improve the non-financial additionality provided by the HIF (e.g., to ensure that learning is shared with the Government and other actors within the ecosystem).

2.13. A lean team that focuses on rapid collection and dissemination of learning and demonstrations will be hired by the IDB Haiti Country Office as the unit responsible supporting project execution, as outlined in ***Annex VII***. This team will drive strategy, program administration, coordination with IDB sector specialists and will foster the integration of horizontal learnings across the portfolio. The team will ensure alignment with IDB priorities and ensure coordination areas that complement the work of sector specialists. The Facility may nominate Senior Fellows of Practice from relevant divisions of the IDB to develop pay-for-success projects, tools or knowledge products based on their expertise. The Program Technical Partner will provide capacity building to the team.

2.14. Key activities include:

- (i) Designing streamlined processes and procedures - Building internal processes, standardizing terms, ensuring standard procurement practices are used (according to the source of funding), capturing legal/contractual best practices (in coordination with LEG and an External Advisory), identifying legal and regulatory barriers and alternatives to overcome them so that effective pay-for-success contracting can be carried out by the Government
- (ii) Strategy and Oversight - Creating learning and innovation agendas with IDB specialists, coordinating with internal and external experts on strategy reviews and developing strategy for building relevant Government capacity.
- (iii) Outcomes Contract Design and Supervision - Drafting Expressions of Interest and RFPs for pay-for-success contracts, including with the Program Technical Partner to design pay-for-success contract terms. Participating in key meetings and committees, reviewing results, and invoices submitted and triggering payments. Hiring and developing support actors/experts including evaluation specialists and law firms.
- (iv) Knowledge-sharing - Building impact and performance management systems, analyzing impact and cost data, commissioning process evaluations and coordinating learning agenda with the Haitian Government.

2.15. ***Phase 2 – Component 3 & 4 (24 months)***

2.16. ***Component III: Piloting first set of Pay-for-Success Demonstration Projects focusing on one IDB Priority Topic/Sector [\$2.1 million]***

- 2.17. To undertake this first round of testing, the project will have funding commitments from other Donors willing to share the risks of first movers. Initial talks have taken place with international organizations such as the European Investment Bank and the Swiss Agency for Cooperation and Development. During phase 1, the team will keep engaging all potential partners to raise the necessary funding in non-reimbursable grants.
- 2.18. The first priority is to test 2 catalytic pilot projects as minimum viable products (MVPs) to build a track record and support learning. This will require co-design with strong implementers, aligned on priority sectors that reach MVPs (See section on procurement). These projects will be implemented by non-state actors and payments will be disbursed in whole or in part based on the achievement of outcomes. The specific topic of these first-round pilot projects will be decided after the sector readiness study during phase 1.
- 2.19. ***Component IV: Integrated learnings and piloting second set of Pay-for-Success Demonstration Projects focusing on one IDB Priority Topic/Sector [\$3.37 million]***
- 2.20. The objective of this component is to use key lessons learned to jumpstart a virtuous cycle of continuous improvement in project implementation.
- 2.21. For this second round of testing, the project will also have funding commitments from other Donors to raise the necessary resources. These will support 3 pilot projects in a specific topic to be decided after the sector readiness study during phase 1. These projects will be implemented by non-state actors and payments will be disbursed in whole or in part based on the achievement of outcomes.
- 2.22. **Phase 3 – Component 5 & 6 (36 months)**
- 2.23. ***Component V: Scaling up of Pay-for-Success Demonstration Projects [\$9.3 million]***
- 2.24. At this stage, the risk will be much lower as previous piloting would have been successfully completed. Thus, the team will have data and better evidence to seek funding from the IDB public sector in Haiti to scale up efforts and transition these instruments from privately mobilized funds to sovereign funds.
- 2.25. The Facility will work in multiple sectors and topic areas aligned to priorities of the Government of Haiti and IDB. With accumulated experience in diverse thematic areas, the portfolio will evolve into “Thematic project clusters,” or project verticals that enable the Bank to learn more deeply in specific areas and to support standardized outcomes and pricing frameworks. Thematic clusters may eventually develop into thematic funds that can be transferred to and executed by the Haitian Government.

**FIGURE 1: ILLUSTRATIVE PIPELINE**

| Pipeline                          | Alignment with |   |                    |   |
|-----------------------------------|----------------|---|--------------------|---|
|                                   | IDB Sectors    | IDB Haiti Strategy  | IDB Lab Priorities | Government Priorities (PREPOC)                                  |
| Soil – Container Based Sanitation | WASH           | Widening access to water and sanitation services              | IC                 | Development of basic infrastructure and energy services         |
| Access to drinking water          | WASH           | Widening access to water and sanitation services              | IC                 | Development of basic infrastructure and energy services         |
| Primary school improvement        | EDU            | Enhancing access and quality of education                     | IC                 | Human capital development and social inclusion                  |
| Girls education                   | EDU            | Enhancing access and quality of education                     | IC                 | Human capital development and social inclusion                  |
| Economic inclusion for ultra-poor | SPH, RND       | Improve the business climate to enhance productivity          | IC                 | Diversification and structural transformation of the economy    |
| Regenerative agriculture          | RND            | Enabling conditions for increased productivity in agriculture | CSA                | Development of basic infrastructure and energy services         |
| Employment in PIC                 | LMK            | Improve the business climate to enhance productivity          | KE                 | Support for small and medium-sized enterprises and job creation |
| Youth Employment                  | LMK            | Improve the business climate to enhance productivity          | KE                 | Human capital development and social inclusion                  |
| 21 <sup>st</sup> Century skills   | LMK            | Improve the business climate to enhance productivity          | KE                 | Human capital development and social inclusion                  |
| Maternal and child health         | SPH            | Improving maternal and early childhood health                 | IC                 | Reinforcement of local capacities                               |
| Access to primary health          | SPH            | Improving maternal and early childhood health                 | IC                 | Reinforcement of local capacities                               |

- 2.26. Low capacity in the Haitian impact ecosystem necessitates a flexible approach until robust benchmarks are built. This will include dynamic and adjustable pricing strategies that link a small portion of payment to outcomes in early pilots (See pricing below), thereby fostering the use of financial products that foster improved flexibility and accountability.
- 2.27. Further, external support will be needed to provide the IDB, the Haitian Government and local organizations and other actors of the ecosystem with

- expertise for the launch of high-quality pay-for-results projects. Key activities of this external support include:
- (i) Transaction advisory services, for support to the IDB Group in the design, scoping, negotiation and intermediation of pay-for-success transactions and projects.
  - (ii) Technology-based performance management, including KPI tracking, performance dashboards and data analytics.
- 2.28. ***Component VI: Optimization of the model over time (learning and knowledge dissemination, replenishment, replicability, expansion and sustainability) [\$342,000]***
- 2.29. The objective of this component is to systematize and share knowledge generated by the program by helping key stakeholders in Haiti and in international development to engage in more informed policy discussions on pay-for-success finance in aid and development.
- 2.30. The learning and knowledge agenda should be updated annually through a advisory board involving the IDB, IDB Lab, the Haitian Government, the Program Technical Partner, and external knowledge partners (e.g., Haitian, and international researchers). Knowledge and information should be shared through stakeholder roundtables with relevant stakeholders.
- 2.31. Activities include:
- (i) Development of market research, studies, learning and knowledge products on new areas and priorities of IDB.
  - (ii) Processing learning evaluations to analyze impact and cost data and to capture lessons learned.
  - (iii) Building an impact and performance management system for the Facility.
  - (iv) Undertaking a market assessment of opportunities in other Latin American countries and the potential for knowledge transfer to other regions (e.g., Africa) in partnership with the “Global Outcomes Accelerator” of the Global Impact Bonds Working Group and other international partners.
  - (v) Participation in international fora to share learnings and raise the profile of the Bank, the Global Impact Bonds Working Group, the Diaspora Network, the GIIN<sup>16</sup>, Government Outcomes Lab at the University of Oxford, SOCAP<sup>17</sup>, and the Global Steering Group on Impact Investing, among others.
  - (vi) A final project evaluation summarizing the experience and its results in an independent external publication.

## **B. Project Results, Measurement, Monitoring and Evaluation**

- 2.32. The Facility will be open to several thematic areas and will employ an adaptive, flexible strategy to respond to changing conditions, new learnings, and emergent

---

<sup>16</sup> The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world (<https://thegiin.org/about/>).

<sup>17</sup> Social Capital Markets (SOCAP) is the thought leadership platform for the accelerating movement towards a more just and sustainable economy (<https://socapglobal.com/about-us/>).

data. Rather than a rigid focus on granular definitions of target groups, themes, or geographies, the Facility will operate around a set of guiding principles, as outlined in **Annex VIII**. This approach allows for more innovation and flexibility in developing pipelines and expanding critical experience and track records.

- 2.33. KPIs should be set to enable the team to focus on measurable performance more than just donor reporting, which ideally transcends a typical log frame model. The project will make use of the performance reports designed by the Bank and IDB Lab and may develop a dashboard to easily visualize progress and generate an early alert system. Some KPIs to consider for the results matrix of the Facility are as follows:
- (i) Ten pay-for-success projects launched.
  - (ii) Five pay-for-success projects achieving their predetermined outcomes targets.
  - (iii) US\$15 million in outcome funding committed.
  - (iv) Four key development areas targeted.
  - (v) Five thousand direct beneficiaries from pilot projects.
  - (vi) US\$2 million dollars of private investment mobilized into Pay-for-Success Contracts in Haiti.
  - (vii) Government participation in pay-for-success contracts.
  - (viii) 20 organizations involved in pay-for-success ecosystem.
  - (ix) Learning evaluations processed and integrated into the Facility's portfolio.
  - (x) Legal road map for Haitian Government.
- 2.34. At the pilot project level, target populations will need to be rigorously defined at a highly granular level, and in some cases payment structures can be set up to segment target populations and incentivize targeting projects for those with the greatest needs, such as paying more for outcomes for women or people with disabilities. The pre-pipeline sectors are all focused on poor and vulnerable populations such as small farmers, unemployed or underemployed, populations that lack access to health, education, water and sanitation.
- 2.35. PfS contracts have a strong correlation with SDGs and usually work on improving results of social and environmental programs. Also, as these are PfS contracts, very clear metrics will be set in place to be able to verify outcomes before payments are made. Therefore, the impact is usually targeted at improving the access of poor and vulnerable populations to services such as health, education, employment, other income generating activities and mitigating and/or preventing the effects of climate change.
- 2.36. Monitoring: The locus for monitoring activities will be in the IDB country office in Haiti, which will monitor and supervise the implementation of the HIF. The team with technical support from third-party consultants will use monitoring activities to collect data on pilot projects from verifiable sources to determine if early success indicators are on-track to be achieved or if innovative action is needed. The IDB should establish a performance dashboard with the program technical partner to monitor the portfolio and to capture data and learnings for future contracts.
- 2.37. Impact Evaluations: Projects in component 1 will use an independent evaluation to assess if outcomes were achieved. These evaluations may be experimental



(Randomized Control Trial) and/or observational depending on the project. Evaluation methodologies and sources of information will be defined ex-ante.

- 2.38. Learning Evaluations: In addition to evaluations of metrics tied to payments, the Bank may commission learning evaluations to (i) measure impacts of metrics that are not tied to payments (for example: populations addressed, how investment worked out, which innovations in service provision were most useful for better results, or anything that is not an outcomes metric); (ii) to carry out more rigorous evaluations when direct observational studies alone are used for payment; or (iii) to carry out process evaluations on operational learnings in order to adjust program targets, costing and/or designs (see learning agenda above).
- 2.39. Program evaluation: The IDB should arrange for an independent end-of-project evaluation of the HIF. Sources of information required to conduct the evaluation will be determined ex-ante. This evaluation should be used to inform the Bank, the Haitian Government, and external stakeholders and should be published in French and English.
- 2.40. Reporting. Progress reports on the HIF will be made annually to IDB Lab and Bank management. These will provide updates on development objectives and the Results Framework, along with an annual workplan. Reports will include trends in pay-for-success financing, lessons learned and proposed innovations in strategy and plans for the next year. The IDB may provide periodic informational briefs to the Bank's Board of Directors and IDB Lab Donors Committee.
- 2.41. Coordination with other partners. The HIF will also play an important role in coordinating and mobilizing the efforts of other units in the IDB, as well as other development partners, toward developing scalable solutions to advance outcomes.

### **III. Alignment with IDB Group, Scalability, and Risks**

#### **A. Alignment with IDB Group**

- 3.1. The HIF should operate around a core setup of principles that guide strategy during implementation - one of which is the alignment with IDB Lab Verticals and the IDB country strategy for Haiti. All sectors reviewed and early pipeline that has been identified have been done in close consultation and collaboration of the COF specialists and following the priorities of the COF leadership.
- 3.2. The project is directly aligned with IDB's mission of improving the lives of poor and vulnerable populations in the region. It is a result of expansion efforts for results-based-financing within the Group and a continuation of IDB Lab's innovation agenda following the projects RG-M1244 Social Impact Bond Pilot Facility (SIBLAC) and CO-T1434 Pay-for-Success Financing for Innovations in Urban Workforce Development.
- 3.3. The pre-pipeline of 10 projects listed above covers a wide variety of sectors and sub-sectors. During phase 1 of the project, further analysis will take place to

evaluate the sectors' readiness and ecosystem maturity. This exercise will reveal the priority sectors for which various pilot projects will be tested in the same topic to ensure learnings to be passed on the next sectors. IDB Lab's vertical and horizontal thematic areas will be taken into consideration when defining the topic in Phase 1 and other potential topics in subsequent phases.

- 3.4. Alignment with Country Strategy and SDGs: The project is aligned with the IDB Group's Haiti country strategy (2017-2021) GN-2904 for:
  - (i) rendering key services more accessible to enhance human development by enhancing access and quality of education. Importantly, some of the initial topics aim to support SCL's innovative 21st Century Skills Initiative which is spearheaded by EDU (HA-L1102) by putting an emphasis on providing young people with non-traditional skills needed to face the globalized and digitized world.
  - (ii) improving maternal and early childhood health by outlining it as a priority area.
  - (iii) focusing on workforce development. The Labor Market sector will also be highly involved and explore potential synergies with stakeholders of the LMK project HA-T1270 "Support to Strengthen Services to Youth of the Public Labor Intermediation Service of Haiti".
- 3.5. Alignment with the country's covid-recuperation plan: PREPOC 2020-2023. While the PREPOC aims at stabilizing the macroeconomic context and changing the dynamic of low rates of economic growth, the project seeks to tackle similar challenges at the microeconomic level. The challenges to be addressed by the subprojects are aligned with the PREPOC's "Actions Pillars" such as economic diversification and acceleration of growth. Furthermore, the project is also aligned with the following intervention axis of the PREPOC: reinforcement of local capacities.
- 3.6. The project is also aligned with the Update to the Institutional Strategy 2016-2019 based on its contribution to two of the three major development challenges in the region: (i) social exclusion and inequality; and (ii) low levels of productivity and innovation. The project is also aligned with the IDB Group's cross-cutting themes of promoting gender equality and diversity and supporting small and vulnerable countries.
- 3.7. In addition, depending on final topic definition, it is expected to be aligned with one or more of SDGs 3, 4, 5, 6, 8, 10, 13 and 17:
  - (i) SDG 3 of Good Health and Well-being as it targets to improve maternal health and access to primary care. Haiti is committed to achieve the United Nations' Sustainable Development Goal on maternal mortality, which aims to reduce maternal deaths to less than 70 per 100,000 live births by 2030.
  - (ii) SDG 4 of Quality Education with initiatives aiming at improving girls' education and primary schools.
  - (iii) SDG 5 of Gender Equality by including components that encourage women's participation and specifically targeting women in some subprojects.
  - (iv) SDG 6 of Clean Water and Sanitation in the container-based sanitation program.

- (v) SDG 8 of Decent Work and Economic Growth, by increasing job placement and retention and by providing youth with the necessary tools and support to increase their opportunities to access the job market and formal employment.
- (vi) SDG 10 of Reduced Inequality by supporting a fragile country and by targeting vulnerable populations.
- (vii) SDG 13 of Climate Action for targeting a subproject on regenerative practices in agriculture and for including specific climate metrics across the pipeline.
- (viii) SDG 17 of Partnerships for the goals as it strengthens the means of implementation by increasing and leveraging their wide partnership network.

## **B. Scalability**

- 3.8. The sustainability of the HIF is a function of how the pay-for-results program methodology seeks a better use of IDB resources, donor resources and government resources. The HIF should provide a mechanism and platform for these groups to tie more resources to impact, as well as support evidence-based innovations that allow for better spending and mainstreaming lessons learned into public policy. Notwithstanding significant donor commitment in aid per year, social indicators suggest that , Haiti can innovate in new ways to optimize the use of development assistance - i.e., tying spending of existing funds to improved indicators as well as providing proof of success for mobilizing additional funding.
- 3.9. Outcomes funding is a relatively new topic in Latin America and the Caribbean, as well as in other less developed countries. IDB Lab's mission is to test new ideas to reach better results, like Pay for Success. Therefore, given the lack of knowledge regarding this innovative financing mechanism and the difficulties facing government spending around the world given Covid and other challenges, IDB will incubate the Facility within the Haiti Country Office with a view to install capabilities and knowledge and a key long-term strategy for the Facility to:
  - (i) transfer administrative and contracting learning, best practices and skill building of Pay-for-Success aspects to the GoH around thematic clusters,
  - (ii) establish a practice that enables IDB to tie a larger part of portfolio to results,
  - (iii) provide evidence to a highly fragmented donors' landscape in Haiti to be able to pool resources around impacts that matter most, and
  - (iv) provide new opportunities for mobilizing private finance and non-traditional funding into Haiti around impact.
- 3.10. Beyond Haiti, the project will demonstrate key learnings to potentially be used in other countries in LAC. Other PfS projects have demonstrated that the evidence provided by PfS projects, as to improved results and more efficient and effective use of funds, is a strong motivator for a government to incorporate PfS in social programs and policies. This is termed "mainstreaming" and is one of the usual paths for scale in governments.
- 3.11. For the financial sustainability of the project, there is an interest in this facility playing a role in the COF's operation where its lessons learned, and proven instruments could be used in the delivery of some IDB COF's programs. Other potential paths include co-financing or counterpart financing for the Facility from

other international donors<sup>18</sup>. Initial conversations with donors on PfS in Haiti have had a very positive response. Demonstration effects and learnings from the first PfS contracts will be shared with Haiti's very robust international donor group.

### C. Project and Institutional Risks

- 3.12. **External Risks** – this project is exposed to a variety of external risks that can have a medium to high impact on project implementation.
- 3.13. Socio-political and macro-economic risks are high due to the high volatility of the in-country context and the fact that the world is still living in a pandemic reality. These risks will be monitored throughout the program to ensure timed adjustments. Significant flexibility has been incorporated to facilitate pay-for-success financing in politically fragile ecosystems. Key provisions include sectorial flexibility and dynamic and negotiated pricing. HIF may also target key sectors impacted by COVID. In addition, 2020 has provided important learnings on “Pandemic-proofing” pay-for-success contracts in Colombia and elsewhere.
- 3.14. Another high external risk is that the legal frameworks inhibit Government long-term engagement with results-based contracting. To mitigate that risk, the HIF will commission in the first year a legal assessment and roadmap for the Haitian Government, designed in conjunction with legal specialists in PfS contracting and specialists in Haitian law.
- 3.15. A medium risk relevant to mention is the readiness of the ecosystem--as local partners and service providers lack the capacity for pay-for-success financing. Technical assistance will be provided in this area via a program technical partner.
- 3.16. As with the external risks, the project faces various medium to high **institutional risk** to its implementation. Most notably:
- 3.17. Financial sustainability risk – The IDB or the Haitian Government may lack funding for financing and scaling projects developed by HIF. Changes in donor and Government funding priorities will be mitigated by regular donor consultation and on-going fund-raising to diversify funding pool. Haiti's Donor Community keeps close contact and coordination among its members. ORP can also play an important role in the fund-raising efforts.
- 3.18. Funding risk – Investment resources may not be available for pre-financing pay-for-success projects. Pre-financing for PfS is a key element to its success, as it was showcase during IDB Lab's experience in Colombia where Fundación Corona played a critical role as an investor in the SIB in Colombia. To mitigate this risk, the HIF will collaborate with investor networks and pay-for-success groups, such as the IBWG, to seek steady support to the investment in projects that, if

---

<sup>18</sup> Note that this will probably require some structure that either channels funds through IDB (as SECO does in the Colombia project) or sets up a trust under joint donor control especially by project, which is how the SIBsCO works in Colombia.

successful, will be paid with IDB or other funds. The preliminary study carried out has identified a group of local and international foundations active in Haiti that could be potential investors in the sub-projects.

- 3.19. Operational risk – IDB may have difficulty to source adequate pipeline executing agencies for new PfS project designs. The HIF will utilize networks from IBWG and other key market stakeholders to broaden reach for pipeline proposals.
- 3.20. Execution risk – Pay-for-Success projects do not achieve expected results, or contention arises in measurement and confirmation of results. The HIF will seek to ensure that viable designs are funded, where risks are subject to information sharing. As presented in the Governance and Execution arrangements in **section 5** and **Annex X**, the proposed structure includes both an operational committee and an advisory board comprise of members from all stakeholders (IDB, IDB Lab, Technical Partners and Government Agencies). These governance structures will review project designs and provide input to seek the most successful design to projects.

#### **IV. Instrument and Budget Proposal**

- 4.1. The project has a total cost of US\$17,500,000, of which US\$2,000,000 (11%) will be provided by the MIF<sup>19</sup>, and US\$15,500,000 (89%) counterpart funding will be targeted through the fund-raising and resource mobilization efforts during Phase 1. Potential financing sources include the IDB public funds in consultation with the Haitian government, the European Investment Bank and Swiss Agency for Cooperation and Development. The team will also engage other parties from Haiti's large Donors' network and diaspora.
- 4.2. The proposed structure is an innovative facility that has the flexibility to leverage and mobilize additional funding from counterparts at any stage of implementation.
- 4.3. The Haiti Impact Facility will work primarily with non-state actors (NGOs, foundations, and for-profit enterprises). The Facility will support them through a range of pay-for-success instruments including impact bonds, pay-for-success contracts, social impact incentives and others. The choice of instrument should be defined by the goals and objectives of the IDB for specific projects and by the needs of delivery partners. Legal and outcomes verification costs have been accounted for and built into the contract structure of PfS. The project expects these costs to decrease overtime with the continued growth and maturity of the ecosystem.

---

<sup>19</sup> MIF contribution will be split into US\$1M from the core MIF account and US\$1M from the MIF Haiti Clinton-Bush account.

| Project Categories                             | MIF              | Counterpart       | Co-financing       | Total             |
|--|------------------|-------------------|--------------------|-------------------|
| <b>Phase 1</b>                                 |                  |                   |                    |                   |
| Component 1: Legal and Institutional Framework | 475,000          | -                 | -                  | <b>475,000</b>    |
| Component 2: Building the Support team         | 1,225,000        | -                 | -                  | <b>1,225,000</b>  |
| <b>Phase 2</b>                                 |                  |                   |                    |                   |
| Component 3: First Pilot                       | -                | 2,100,000         | -                  | <b>2,100,000</b>  |
| Component 4: Second Pilot                      | -                | 3,375,000         | -                  | <b>3,375,000</b>  |
| <b>Phase 3</b>                                 |                  |                   |                    |                   |
| Component 5: Scale up                          |                  |                   | 9,300,000          | <b>9,300,000</b>  |
| Component 6: Knowledge & Dissemination         |                  |                   | 342,000            | <b>342,000</b>    |
| Project Administration                         | 200,000          | -                 | -                  | <b>200,000</b>    |
| Final Evaluation                               | 100,000          | -                 | -                  | <b>100,000</b>    |
| Contingencies                                  | -                | 25,000            | 358,000            | <b>383,000</b>    |
| <b>Grand Total</b>                             | <b>2,000,000</b> | <b>5,500,000*</b> | <b>10,000,000*</b> | <b>22,000,000</b> |
| <b>% of Financing</b>                          | <b>11.4%</b>     | <b>31.4%</b>      | <b>57.2%</b>       | <b>100%</b>       |

\* Funding to be raised/mobilized

## V. Executing Agency (EA) and Implementation Structure

### A. Executing Agency(s) Description




- 5.1. The IDB will be the executing agency of the program and will conduct fiduciary and administrative functions. The Bank has a commitment and strong track record implementing interventions in Haiti similar to those in the pipeline for the HIF. This will enable the Bank to develop its own internal expertise and to transfer learnings to the Haitian Government.
- 5.2. A Program Technical Partner (PTP) will be hired to provide technical services to the Bank to support implementation.
- 5.3. Additional ecosystems actors will also be engaged, including bilateral and multilateral donors, foundations, investors, Diaspora networks, evaluators, research organizations and think tanks, international and local consulting firms, and local Government officials (e.g., Mayors and other public authorities), and international actors such as Global Impact Bonds Working Group (IBWG) and the Global Steering Group on Impact Investing.

### B. Implementation Structure and Mechanism

- 5.4. The proposed structure is a unique collaboration between IDB Lab, IDB, and the Haitian government to leverage their respective funding, expertise, and networks to incubate and transfer a sustainable, cost-effective, viable and scalable pay-for-success mechanism to improve social outcomes and generate data and evidence for Haiti (as outlined in **Annex IX**). It is based on an assessment of current market needs, on the goals and objectives of the IDB Group, on lessons from the IDB Lab

SIB Facility and best practices cited by the IBWG and other global working groups active in the topic<sup>20</sup>.

**FIGURE 2: PARTICIPANT BY ROLE AND RESPONSIBILITY**

| Actor   | Roles  |
|---|--|
|                                | <ul style="list-style-type: none"> <li>• Non-reimbursable funding for external market building and technical assistance</li> <li>• Funding for internal support team of consultants in IDB COF</li> <li>• Oversees program strategy and administration</li> </ul>  |
|                                | <ul style="list-style-type: none"> <li>• Primary focal point with Government of Haiti</li> <li>• Pays for outcomes, legal, evaluation and transaction-specific costs and capacity building</li> <li>• Provides technical inputs on pay-for-success contract design</li> </ul>  |
| <b>Government of Haiti</b><br> | <ul style="list-style-type: none"> <li>• Represented by the Ministry of Finance</li> <li>• Participates in advisory committee</li> <li>• Facilitates data access for program design and implementation</li> <li>• Responsible for sharing and mainstreaming learning in relevant line ministries</li> <li>• Supports sharing project results with other donors and international community</li> </ul>              |
| <b>The Program Technical Partner</b>  | <ul style="list-style-type: none"> <li>• Provides technical services for market building</li> <li>• Technical advisor to IDB Lab team, supports upskilling of new team</li> <li>• Transaction advisor and intermediary for initial contracting rounds</li> <li>• Provides expertise to project implementers for contract readiness</li> <li>• Facilitates knowledge transfer for local ecosystem actors</li> </ul> |

5.5. **Execution Arrangements:** The Facility will be implemented programmatically and contain multiple pay-for-success projects in priority IDB sectors. Consequently, beneficiaries and target populations will be rigorously defined at the pilot project level. Priority will be given to poor and low-income populations, vulnerable communities, youth, women, and other traditionally excluded and vulnerable groups in potential topics such as primary education, maternal health, sanitation, employment and others, which will emerge from the on-going analysis of the local context and capacity.

5.6. PfS projects can be developed as a) market-initiated concepts, through a process of co-creation using a directing contracting/sole-source selection, or b) as IDB-initiated concepts, in which partners may be engaged via a competitive selection process. Key considerations will be:

<sup>20</sup> Other organizations and literature that should be cited:

- CGD: [www.cgdev.org/working-group/development-impact-bond-working-group](http://www.cgdev.org/working-group/development-impact-bond-working-group)
- Development Impact Bonds Working Group – report (2014) [Investing in Social Outcomes: Development Impact Bonds \(usaidlearninglab.org\)](https://www.usaidlearninglab.org/publications/development-impact-bonds)
- [Development Impact Bonds - Social Impact Investing, Queensland \(siiq.com.au\)](http://www.siiq.com.au)
- Brookings publication (2020) and those related to the UK government projects: [Impact Bonds-Brief\\_1-FINAL.pdf \(brookings.edu\)](https://www.brookings.edu/publications/impact-bonds-brief-1-final/) & [Impact bonds \(ox.ac.uk\)](https://www.ox.ac.uk/impact-bonds)

- (i) The degree of consultation, collaboration, and co-creation with implementors during the design of the contract and service models.
  - (ii) The capacity of the market to engage with tenders or bidding processes that incorporate cost and impact estimates.
  - (iii) The capacity of the Bank to design effective service terms and specifications.
  - (iv) The role of investors and/or intermediaries in the design and selection of service providers.
  - (v) The amount of technical support to delivery partners to facilitate contract readiness.
- 5.7. **Governance:** The IDB Country Office in Haiti will be responsible for the overall management, oversight, and implementation to incubate or start the Haiti Impact Facility (HIF). During the incubation period, the HIF will be executed by the IDB, which will retain full fiduciary responsibility, performing Program Management and Administration activities. A Project Management Unit will be established for implementation activities, will be comprised of Bank staff and consultants, and will be based at the Bank country office in Haiti. However, a central goal should be the eventual transfer or spin off of the HIF to the Government once the learnings and best practices better inform the required technical, legal, and fiscal capacities and commitments. The process by which the project would be transferred will be outlined in a document which should be agreed upon with IDB Lab.
- 5.8. The project will be guided by one operational committee and an advisory board to facilitate coordination and strategic input from external partners and stakeholders as outlined in **Annex X**. The standard operating procedures of the advisory board and committee will be set up as the legal and institutional framework is defined in Phase 1. Individual projects may also require their own governance bodies to facilitate decision-making among the project specific stakeholders.
- 5.9. **Implementation Roadmap:** The Haiti Impact Facility is designed to be implemented and rolled out over extended lifecycle to allow for learning, discovery and innovation over sequential funding rounds.
- 5.10. Central to this strategy is a three-phase implementation that allows for the IDB to build track record and deepen scope and breadth of the Facility. In phase 1, the initial HIF program years, the focus should be on establishing the facility, finalizing the business plan and carrying out core hiring. In addition, phase 1 should include and prioritize a legal feasibility study related to the laws and regulations and public procurement of Haiti necessary to facilitate PfS structures.
- 5.11. The design of phase 2 should begin after activities in phase 1 have been successfully implemented. A key part of phase 2 will be to test out the instruments by launching at least two pay-for-success contracts in one sector to build track record and learnings. Once this first round of testing is completed, the team will gather lessons and start a second pilot phase in the thematic area of phase 1 (once the first PfS are well underway) through re-contracting and expanding into a new topic area.
- 5.12. In phase 3, new partners should be engaged, and the HIF should begin to function as a unique program leveraging the existing infrastructure of the Bank. As multiple sectors will likely have already undergone more than one PfS contracting rounds,



thematic-focused ecosystems will have begun to emerge, and the Bank should consider how these thematic clusters of projects should have taken form, such as being incorporated into thematically focused outcomes funds--managed by the corresponding Haitian line ministries if already involved in the process. In addition, the Bank will have built a unique body of knowledge and expertise that will be relevant for the donor community in Haiti and in other countries.

- 5.13. The Bank may wish to expand this program as a 'pooling mechanism' for other donors to pool resources into a single trust or fiduciary platform focused on outcomes for Haiti (as well as other LAC countries). This would be new learning on how to not only structure, launch and obtain outcomes and learning, but also how to pool resources of other donors and reduce transaction costs to better understand the best structure to spin off to government.
- 5.14. The strategy should remain flexible and adaptive and be updated on an annual basis.

## **VI. Compliance with Milestones and Special Fiduciary Arrangements**

- 6.1. **Disbursement by Results, Fiduciary Arrangements.** The Executing Agency will adhere to the standard MIF disbursement by results, Bank procurement policy<sup>21</sup> and financial management<sup>22</sup> arrangements as specified in Annex IV and V.

## **VII. Information Disclosure and Intellectual Property**

- 7.1. **Information Disclosure.** No project information is deemed confidential according to the Bank's Access to Information policy.
- 7.2. **Intellectual Property.** Intellectual property right arrangements will be developed in respect of sub-projects, so as to incentivize as much learning and information sharing as possible.

---

<sup>21</sup> Link to the Policy: [Procurement of Works and Goods Policy](#)

<sup>22</sup> Link to the document [Financial Management Operational Guidelines](#)