

PROJECT STATUS REPORT

JULY 2014 - DECEMBER 2014

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Social Impact Bond Pilot Program for LAC

Project number: RG-M1244 - Operation Number: ATN/ME-14332-RG

Result: Actors in the SIB ecosystem have increased capacities, knowledge and level of engagement on social impact bonds in LAC.

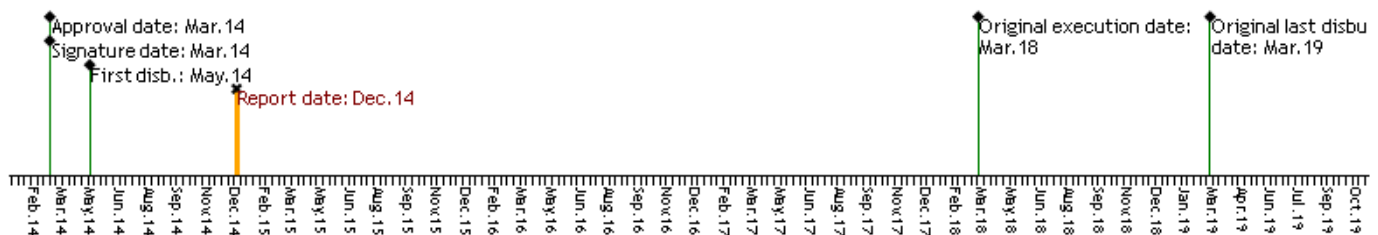
Country Administrator
UNITED STATES

Beneficiary Country
ARGENTINA, BARBADOS, BAHAMAS,
BELIZE, BOLIVIA, BRAZIL, CHILE,
COLOMBIA, COSTA RICA, DOMINICAN
REPUBLIC, ECUADOR, EL SALVADOR,
GUATEMALA, GUYANA, HAITI,
HONDURAS, JAMAICA, MEXICO,
NICARAGUA, PERU, PANAMA,
PARAGUAY, SURINAME, TRINIDAD AND
TOBAGO, URUGUAY, VENEZUELA

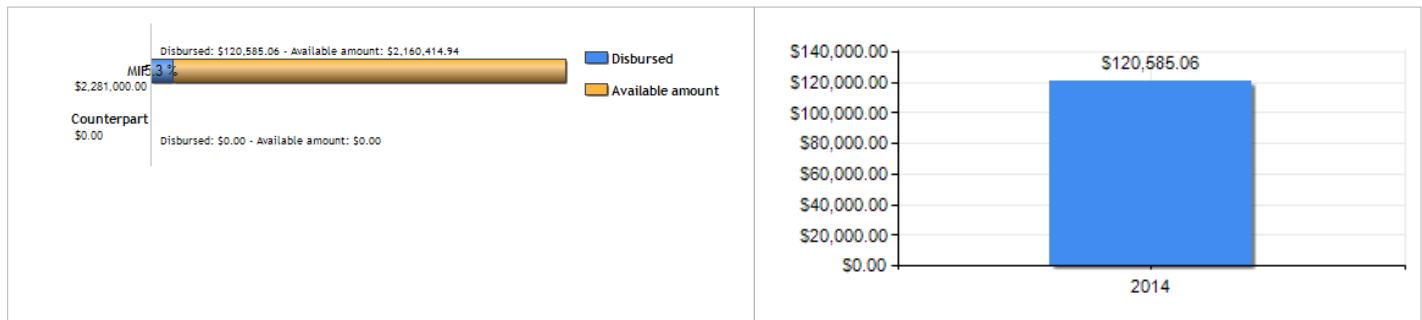
Executing agency:

Design Team Leader: Levey, Zachary
Supervision Team Leader: Levey, Zachary

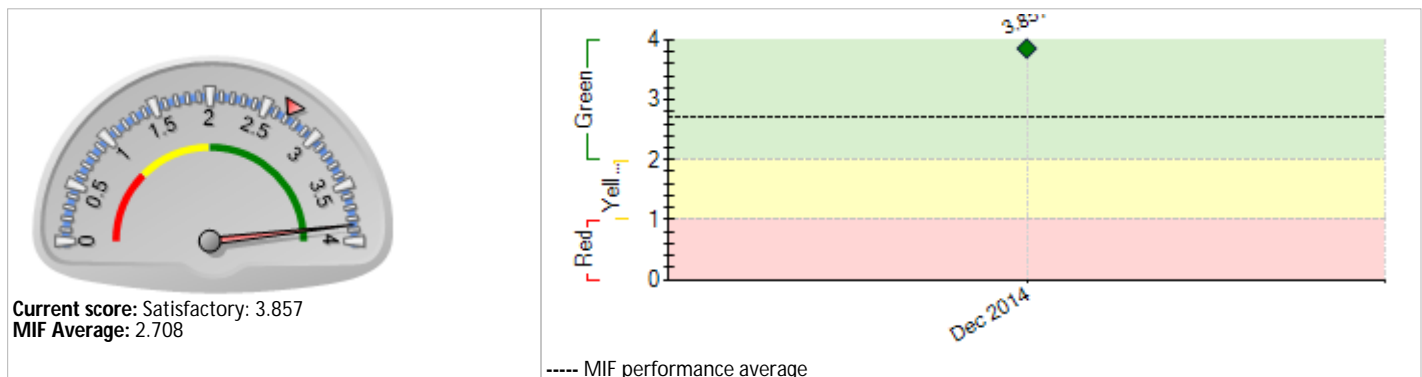
TIMELINE



FUNDS



PERFORMANCE SCORE

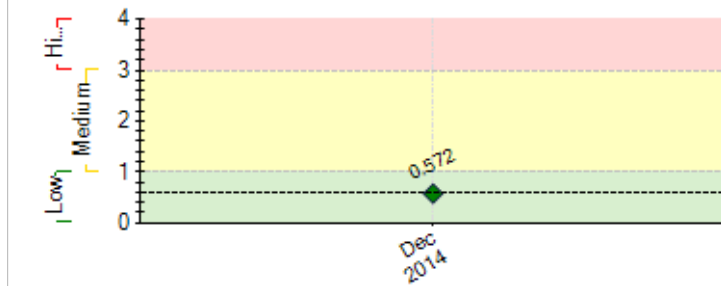


EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: High
Procurement: High

Technical Capacity: High



---- MIF risk average: 0.605

SECTION 2: PERFORMANCE

Summary of project performance in the last six months

The project for the period of July to December 2014 made important advances in implementing the first phase of the program. Efforts centered around raising awareness in Brazil, Mexico and Chile and exploration of issue areas. The program organized two missions to the region - Mexico and Chile. In Chile the MIF organized an introductory workshop with 70+ participants representing foundations, NGOs, investors, academics/researchers and social business. A hands-on workshop on three potential SIB topics was also organized in partnership with the Universidad Catolica with 60+ participants.

In Mexico, mission agenda was carried out with meetings and workshops organized for key Mexican actors. These included a large convening of 100+ participants and workshop with Foundations organized with CEMEFI - the association of private foundations. Several individual meetings were held with the government the State of Mexico and the State of Puebla. Exploration of individual issue areas for SIBs have also gotten underway. These include at-risk youth in Mexico, education in Brazil, recidivism in Chile, Child Maltreatment in Chile and Female Ninis. In addition, partnership with the Bank was strengthened.

Political timing and cycles caused some delays with government engagement in Chile and Brazil but is now on course.

The program will focus this next semester on deepening engagement with key stakeholders on specific issue areas and engagement with the government.

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Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: Actors in the SIB ecosystem have increased capacities, knowledge and level of engagement on social impact bonds in LAC.	R.1 Number of SIBs that reach financial closure with MIF support	0				3 Mar 2018	0 Feb 2015	
	R.2 Number of governments or other outcome payers engaging SIBs and pay for success programs	0				5 Mar 2018	0	
	R.3 Number of media mentions of SIBs and pay-for-success in LAC	0				7 Mar 2018	4 Feb 2015	
	R.4 SIB ecosystem actors strengthened to engage in SIBs or pay-for-success contracts	0				20 Mar 2018	0	
Component 1: Ecosystem development and building proof-of-concept Weight: 70% Classification: High Satisfactory	C1.11 Market landscape analysis completed	0				2 Mar 2016		On Course
	C1.12 Scoping studies produced and disseminated on at least 3 SIB topics for LAC	0				3 Mar 2017		On Course
	C1.13 At least two agreements or MoU's signed related to SIB development	0				2 Mar 2018		On Course
	C1.14 At least 4 service providers that have received training and advisory support to implement pay for success	0				4 Mar 2018		On Course
	C1.15 Number of MIF organized workshops, panels, and convenings	0	12 Mar 2015			20 Mar 2018		On Course
	C1.16 At least 5 organizations with core skills to promote and develop pay-for-success and social impact bonds operating in LAC	0				5 Mar 2018		On Course
Component 2: Investment in SIB Pilot Projects Weight: 20% Classification: High Satisfactory	C2.11 Number of SIBs with committed investment	0				3 Mar 2018		On Course
	C2.12 Number of investors engaging in SIBs	0				5 Mar 2018		On Course
	C2.13 Financing mobilized for SIBs	0				9000000 Mar 2018		On Course
Component 3: Knowledge Management and Communications Strategy	C3.11 Communications strategy produced and implemented	0				1 Mar 2016		On Course

Weight: 10%	C3.12 Downloads of SIB knowledge products	0				200		On Course
	C3.13 MIF speaking engagements on SIBs	0				15		On Course
	C3.14 Cases studies produced	0				3		On Course
						Mar 2018		

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M1 Conditions Prior	1	Sep 2014	1	Sep 2014	Achieved
M1 Number of media mentions	3	Dec 2016			
M2 Market landscape analysis completed	1	Dec 2016			
M3 Scoping studies produced and disseminated on at least 3 SIB topics for LAC	3	Apr 2018			

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] National political changes

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. SIB Intervention Model Risk. If the selected intervention is not carefully vetted, it may fail to produce the expected social outcomes. The due diligence process should provide an understanding of the intervention model, project cash flows, and the capacity of the nonprofit providers. This step is critical to an SIB's success.	Medium	Consideration: The MIF will undertake a careful due diligence process to understand the intervention model, project cash flows, and assess the capacity nonprofit prov	Project Guest
2. First Mover Risks – A key objective of the project is to support the early stage development of a market place for SIB and an initial pipeline of bankable social impact bonds in the region. There are still major knowledge gaps of sectors and interventions that will be feasible for social impact bonds. In addition, there is no guarantee that there will be sufficient interest and action from LAC governments to participate in social impact bond structures. Consideration: The project will provi	Medium	Consideration: The project will provide comprehensive support to develop the knowledge base and increase local demand for social impact bonds in LAC. The project will also work in multiple countries to provide diversification to reduce this risk.	Project Guest
3. Social impact bonds are a next generation public-private partnership. Government participation is critical in many elements of the SIB structure – as the commissioner of bonds, as the outcome payer, and as the legislative body that can facilitate and create barriers for private investment or provide incentives for the development of the market. This presents the potential risks around the timing of social impact bonds and changes in political administrations	Low	Consideration: The facility will provide support for specific social impact bonds but also for the ecosystem of actors that will endure beyond political administrations. The Facility will also only target countries initially that have strong PPP framework, such as Colombia, Uruguay, Brazil, Chile and Mexico. SIBs are instrument that can easily appeal to different ends of the political spectrum and there are also a number of legal structures that can be explored to mitigate the risks around payment of SIB outcomes by subsequent administrations.	Project Guest
4. –Investments in social impact bonds will entail financial risks. As new asset class, the assessment of these risks and of the risk-return profile of the underlying intervention will be challenging. Considerations: All investments in social impact bonds will be subject to MIF's full financial and project due diligence. Because the financial outcomes of an SIB transaction depend directly on successfully achieving social outcomes, MIF's expertise in evaluating proposed intervention mod	Low	Considerations: All investments in social impact bonds will be subject to MIF's full financial and project due diligence. Because the financial outcomes of an SIB transaction depend directly on successfully achieving social outcomes, MIF's expertise in evaluating proposed intervention mod	Project Guest

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 4 **IN EFFECT RISKS:** 4 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0**SECTION 5: SUSTAINABILITY****Likelihood of project sustainability after project completion:** P - Probable**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY****Issue**[X] Lack of **cost recovery** mechanisms or **external financing sources** (government, donors and/or**Comments**

private sector) to continue the activities of the project once MIF resources are expended

[X] A **market** is not generated for the project's services and/or activities (low payment capacity or low demand for those services)

[X] Relevant actor's **opposition or lack of interest** to continue with the project's activities or services

Actions related to sustainability which will be or have been implemented:

Sustainability is an important consideration. The project is approaching sustainability along the follow lines: (i) engagement and mobilization of philanthropy around SIBs; (ii) advancing high value SIBs to demonstrate proof of concept; (iii) building the capacity of local market ecosystem

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author Levey, Zachary <i>[MIF]</i>
1. Lessons learned over the last 6 months include the following: (i) political cycles need to be factored in and can create major set backs; (ii) the sooner you can engage with government, the better to make the a partner and stakeholder; and (iii) bringing local partners is critical for moving the issue forward.		