



Educate Girls' students are taught through games; (Below) The NGO conducted a door-to-door survey of 34,000 homes in Bhihlwara to monitor its progress

First DIBs on happiness

In a global first, Safeena Husain and her NGO took advantage of a financial instrument called Development Impact Bond (DIB) to not only change lives, but also deliver a return to its funders

| Anjana.Vaswani@timesgroup.com

TWEETS @MumbaiMirror

In 2015, Juhu resident Safeena Husain's Educate Girls, an NGO she founded a decade ago, entered into a complex and ambitious agreement, in which it committed to both improving learning outcomes in literacy and numeracy (in Grades 3-5) and increasing the enrolment of female students in Bhihlwara, in Rajasthan, between the ages of seven and 14. Then, for the first time in the country, her NGO entered into an agreement with its funders that linked returns on their money to Educate Girls' performance.

About a week ago, Educate Girls announced that it had surpassed both its targets. Working with 166 schools in 140 villages in Bhihlwara, the NGO achieved 160 per cent of its final learning target and 116 per cent of its final enrolment target. That translated into an internal rate of return of 15 per cent for the NGO's funder, UBS Optimus Foundation. The instrument Husain used to achieve this outcome is called a Development Impact Bond (DIB) — these are results-oriented investment instruments which involve a contract between investors (large philanthropic entities or governments) and NGOs. The returns on these instruments are pegged to pre-decided goals.

Here's how it worked

"The DIB spelled out that UK's Children's Investment Fund Foundation (CIFF) would pay our funders the principal of \$270,000 plus extra returns if Educate Girls met the targets," says Husain. The multi-stakeholder contract, she says, took months to create as it had no precedent. It was also expensive. Including the pay-out and setting up of templates, which

other NGOs are now free to use, the project cost CIFF \$1 million, Husain tells us. "NGOs are now seeing it [DIB] as an interesting way to improve outcomes and also as a source of funding," says Maya Ziswiler of UBS. "The investor's motivation is the ability to generate financial as well as social returns."

Learnings and snags

The process was complex. "We started by conducting a door-to-door survey of 34,000 households. A third-party evaluator then did an in-depth survey of a sample of the villages. If the difference between their list and ours had been more than 10 per cent, we would have had to redo the survey," says Husain.

Every enrolment in the schools made after the list was validated was counted as a result. "We enrolled 768 girls or 92 per cent of the out-of-school girls, while the target they set for us was 79 per cent," Husain says. "Plus, 70 per cent of the students (boys and girls) were assessed annually with ASER tests. If our kids moved up two units and students in regular government schools moved up one unit, UBS would be paid for just the difference. On that, we achieved 23 per cent of our target in year one, 50 per cent in year two and by the third year it was 160 per cent," says Husain. She feels the project has evidenced the need to fund development work on a multi-year basis. "Nothing changes in just one year," she says.

That the product allowed for flexibility was also central to their success. "Our 'Team Balika' volunteers (18 to 25-year-olds from within the communi-



ty) could gauge their progress and identify problems in real time, thanks to a process mapping system. For example, though some kids were reading in front of us, they couldn't perform during assessment — we realised they were thrown off by some fonts. So, we could course correct and guide volunteers to tweak the programme accordingly."

Similarly, when they recognised that village meetings and the screening of gender sensitisation videos was not translating into enrolment, they could direct resources to 'mohalla' meetings and individual parent counselling sessions, which were more effective.

This was possible because the funder, who would benefit from the NGO's success, was, naturally, working hand-in-hand with them — if EG did not meet its targets, UBS would get nothing back, not even its principal. "In the case of a grant, you make a budget and a donor tracks it. Here, they [UBS] brought in resources and helped us build our per-

formance management system. Everyone was helping problem solve."

Implications for India

Ujwal Thakar, former CEO of Pratham, who is on the board of several non-profits including EG, believes, "thanks to the success [of the DIB], big overseas funders won't shy away from committing funds to Indian DIBs." Thakar hopes the government, too, will step up to act as investor in DIBs. Luis Miranda, Chairman of Centre for Civil Society, feels that would indeed be a game-changer. "Private investors will have the assurance that their money will be utilised properly, and for the government, things would be clear from an audit point of view," says the former private equity fund manager who expects DIBs will evolve over time.

Kartik Kilachand, the man behind ITIans for Influencing India's Transformation, a group that aims to help efficient local NGOs to scale up, believes innovative financing tools like DIBs and SIBs (social impact bonds) are the need of the hour. It helps that the architects of future DIBs, like the British Asian Trust, which will announce an \$11 million DIB with four domestic NGOs on Tuesday, can rely on the learnings of Educate Girls. The Trust's investors include Tata Trusts, the Lakshmi Mittal Foundation and British Telecom.

Kilachand says that funding in the social impact sector was about \$1.1 billion in the last decade. "Now, in October, in one fell swoop, Global Steering Group (based in UK) is raising two impact funds of \$1 billion each for India, and McKinsey expects DIBs to raise \$5 to \$8 billion annually by 2023." Husain will be paying close attention. After all, Educate Girls, which impacted 7,300 children through the DIB, now aims to reach 16 million children over the next five years.

"In the case of a grant, you make a budget and a donor tracks it. Here, they [UBS] brought in resources and helped us build our performance management system—Safeena Husain"



NILESH WAIRAKAR