
PRESS RELEASE

Africa's first Development Impact Bond for poverty alleviation cuts poverty for 95,000 people in East Africa during pandemic

'Poverty graduation' program helps 14,000+ people, 75 % women, start small businesses, transform families' prospects

Pilot shows potential for innovative results-based financing to drive impact, accountability in era of shrinking aid

(San Carlos, CA) March 8, 2022 – The first ever development impact bond for tackling extreme poverty in Africa exceeded its targets, sustainably improving the livelihoods of 95,000 East Africans and shielding them from the worst of the pandemic's economic impacts, according to [results released today](#).

Launched in 2017, the [Village Enterprise Development Impact Bond](#) (DIB) funded a 'graduation out of poverty' program run by the non-profit [Village Enterprise](#), enabling more than 14,000 first-time entrepreneurs, 75 percent of them women, in Kenya and Uganda to start small businesses and form business savings groups. Under the impact bond model, investors provide upfront funding for the work, with 'outcome payers' repaying the investment according to the results achieved.


An independent randomized controlled trial of the program found that "six months to 2.5 years after the conclusion of the program, the Village Enterprise program continued to have a positive, statistically significant, and meaningful impact on the livelihoods of its ultra-poor recipients," according to the report.

Jeff McManus, Senior Economist at [IDinsight](#), a research and advisory organization, said: "We found that families who participated in the program were eating more food and spending more money on things like mobile airtime and healthcare, relative to families who did not participate in the program. They also had more wealth, such as livestock, household furniture, savings, and business supplies."

Based on the recorded increases in consumption and spending of around six percent IDinsight estimated the program would generate lifetime impacts for the communities of over US\$21 million, roughly four times the overall costs of the project.

These positive economic impacts were observed despite major challenges brought on by COVID-19 with lockdowns restricting the movement of entrepreneurs and program staff alike.

Village Enterprise's VP of Africa Operations, Taddeo Muriuki said the DIB model had a catalytic effect in helping the households to achieve higher incomes and savings.



“Using the results-based approach instead of delivering set activities, our field team worked closely with our business owners to set savings and business health targets. We trained teams to use powerful adaptive management tools and dashboards to track the entrepreneurs’ progress and problem-solve in real-time to ensure their businesses were profitable and they achieved their saving goals,” he said.

Village Enterprise’s CEO Dianne Calvi said: “Before the DIB, we thought we were focused on results and innovation but not enough to achieve our ambitious mission of ending extreme poverty in rural Africa. The DIB helped us foster a results-driven culture, drove digital innovations and contributed significantly to increasing our impact at scale.”

The success of the program validates Village Enterprise’s existing poverty graduation model and means the non-profit and the original impact investors in this development impact bond received the maximum amount possible as an ‘outcome payment’ (US\$4.28 million) that can now be reinvested into other social impact programs.

Michele Giddens, Partner and Co-CEO at [Bridges Fund Management Ltd](#), and trustee for the [Bridges Impact Foundation](#), one of the upfront investors in the DIB, said: “ Village Enterprise’s outcomes-based delivery model has proven to be an incredibly powerful tool for alleviating poverty in Kenya and Uganda. I was lucky enough to visit some of the entrepreneurs in Kenya, and see first-hand their passion for their businesses and the transformative impact it was having on their families. The program is a great example of how this more collaborative, more flexible and more accountable approach to delivery – coupled with a passionate, high-quality team – can help to improve more lives and achieve value for money within vital public services.”

The results add to the evidence base showing how results-based financing can offer a more effective and accountable model for development funders in a time of shrinking aid budgets, giving them more confidence that their dollars are being used for maximum impact, and in the longer term, potentially attracting new kinds of investments into development programs.

Avnish Gungadurdoss, managing partner and co-founder of [Instiglio](#), the firm that sourced the DIB partners, fundraised outcomes funding, designed the DIB structure, and managed the DIB, said: “In addition to contributing rigorous evidence of the transformative power of results-based finance, the DIB enabled the participation of major aid funders USAID and FCDO, which we hope will pave the way for mainstreaming right-fit results-based finance in the billions of aid dollars spent on development programs annually.”

“With 700+ million people living in extreme poverty, being able to reach the maximum households with cost-effective approaches is critical,” Village Enterprise’s Dianne Calvi said.

The [UK Foreign, Commonwealth & Development Office](#) (FCDO)’s Minister for Africa, Vicky Ford, said: “The FCDO is committed to supporting innovation and using evidence to drive positive and sustainable change for people living in extreme poverty. We are proud to have contributed USD \$2million (~GBP £1.6m) in support of this project, which has helped 95,000 people in Kenya and Uganda improve their livelihoods and remain resilient to future



economic shocks. The success of the project demonstrates that the private sector can, and does, play a vital role in our pursuit of the Sustainable Development Goals. We hope that it can be a blueprint for similar programmes across Africa and beyond.”

Notes to Editors:

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About the Village Enterprise Development Impact Bond

The project was a partnership between several stakeholders:

- The impact investors — [Delta Fund](#), [Bridges Impact Foundation](#), [King Philanthropies](#), Laidir Foundation, [Skees Family Foundation](#), [Silicon Valley Social Venture Fund - SV2](#), [Excelsior Impact Fund](#) (those latter three investing via [ImpactAssets](#)) and private impact investors — put in the up-front capital for Village Enterprise to roll out the program.
- [IDinsight](#) conducted the randomized controlled trial to evaluate the program’s results.
- The ‘outcome payers’ – [USAID Development Innovation Ventures](#) (DIV), the [UK’s Foreign, Commonwealth and Development Office](#) (FCDO), and an anonymous fund - paid back Village Enterprise to the maximum amount as Village Enterprise had met all the agreed targets. Village Enterprise then repaid the investors.
- [Instiglio](#), a global advisory organization focused on results-based approaches and government effectiveness, sourced the DIB partners, fundraised outcomes funding, designed the impact bond structure, and managed the DIB.
- The [Global Development Incubator](#) (GDI) served as the trustee of the outcome fund.

About Village Enterprise

Village Enterprise equips and empowers first-time entrepreneurs in Africa with resources and skills to start sustainable businesses, build savings, and lift themselves out of extreme poverty. Our evidence-backed poverty ‘graduation’ model offers training and mentoring, seed funding, and business saving groups to people living on US\$1.90 a day or less. To date, Village Enterprise has started over 58,000 businesses, trained over 214,000 new small business owners, and positively impacted the lives of over 1,240,000 people in rural Africa. Village Enterprise is one of the only nonprofits in the world that has received top ratings across all five of these rigorous charity evaluators: Charity Navigator (4 star), Guidestar (Platinum), ImpactMatters (5 star), The Life You Can Save (recommended), and Great Nonprofits (highest rating). Village Enterprise currently operates in Uganda, Kenya, Rwanda, the Democratic Republic of Congo, and Mozambique. Through partnerships with governments and other NGOs, we plan to continue to expand throughout sub-Saharan Africa with the goal of lifting 20 million inhabitants out of extreme poverty by 2030.

About Instiglio



Instiglio is a global advisory organization that empowers social and public leaders to improve the impact of social programs in developing countries through innovative financing mechanisms, such as Results-Based Financing (RBF). For ten years, Instiglio has helped clients tie funding to results, so that every cent spent on delivering social services has the greatest possible impact, as well as has worked with social and public leaders to promote results-oriented mindsets. Instiglio has worked with over 40 organizations, encompassing governments, development agencies, multilateral organizations, foundations, and high-impact service providers. Instiglio's work has spanned over 20 low- and middle-income countries in Latin America, Africa, and South-East Asia, designing and launching over 60 RBF projects aimed to improve outcomes in diverse sectors, including education, workforce development, health, conservation, and institutional strengthening.

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