

# Following the Money:

## Where Education Impact Bond Financing Actually Flows



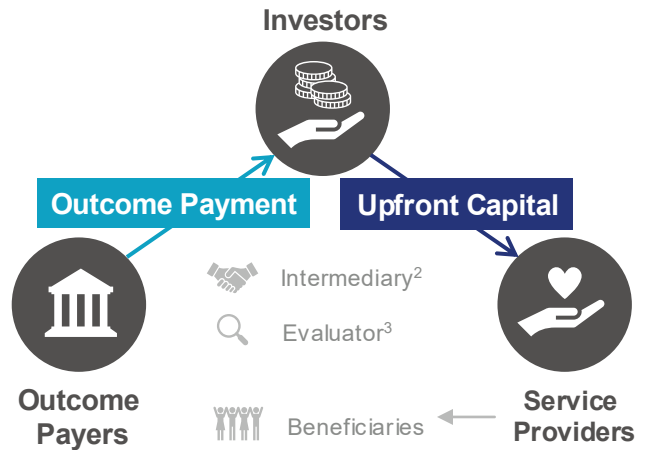
### Summary

This factsheet presents analysis of data on 140 education impact bond projects totalling USD 184 million in upfront capital and USD 445 million in maximum committed outcome payments. The data shows extreme geographic and economic concentration, with projects in high-income countries accounting for 92% of upfront capital and 73% of maximum committed outcome payments. By sector, technical and vocational training (TVET) and employment programmes account for the largest share of upfront capital, while primary education accounts for the highest maximum committed outcome payments despite comparatively lower upfront capital.

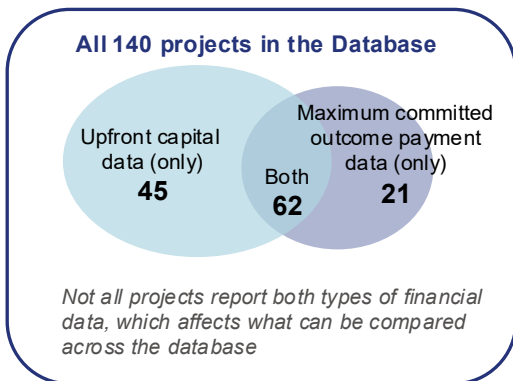
### What are impact bonds?

Impact bonds are a form of outcomes-based financing<sup>1</sup>. They bring in private investors to provide the **upfront capital** needed for a service provider to deliver an intervention. The aim is to achieve specific, measurable results. If the project achieves all targets, the outcome payer—a government or donor—makes an **outcome payment** to repay the investor with a return. If results are not achieved, the investor bears the financial loss.

This factsheet presents analysis of data in the [IFE-2: Leave No One Behind: Education Impact Bonds Database](#), which tracks 140 impact bond projects with at least one education-related targeted result, including those whose primary policy area falls outside education.



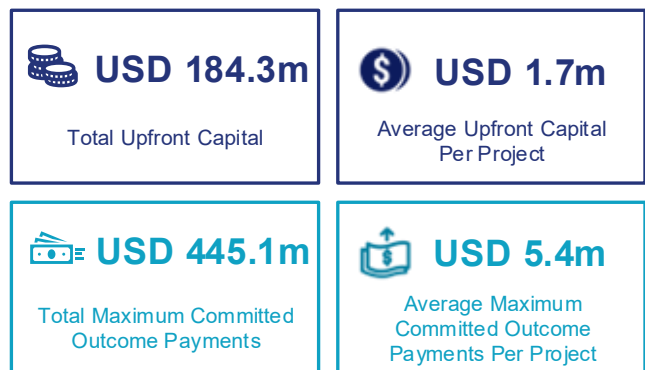
### What is the financial scale of education impact bonds?



Of the 140 education impact bonds in the database, financial data is available for 128 projects.

Education impact bonds appear typically smaller than those in other sectors such as employment, health, and criminal justice. The 107 projects reporting upfront capital total USD 184.3 million, averaging USD 1.7 million per project — roughly half the USD 3.2 million average across 259 impact bonds in all sectors tracked by Brookings ([Brookings Institution Global Impact Bond Database, 2025](#)).

For the 83 projects reporting maximum committed outcome payments data, payers have committed up to USD 445.1 million if projects achieve all targets—nearly 2.5 times the upfront capital provided by investors. These maximum payments represent best-case scenarios—actual returns depend entirely on whether projects achieve their targets.



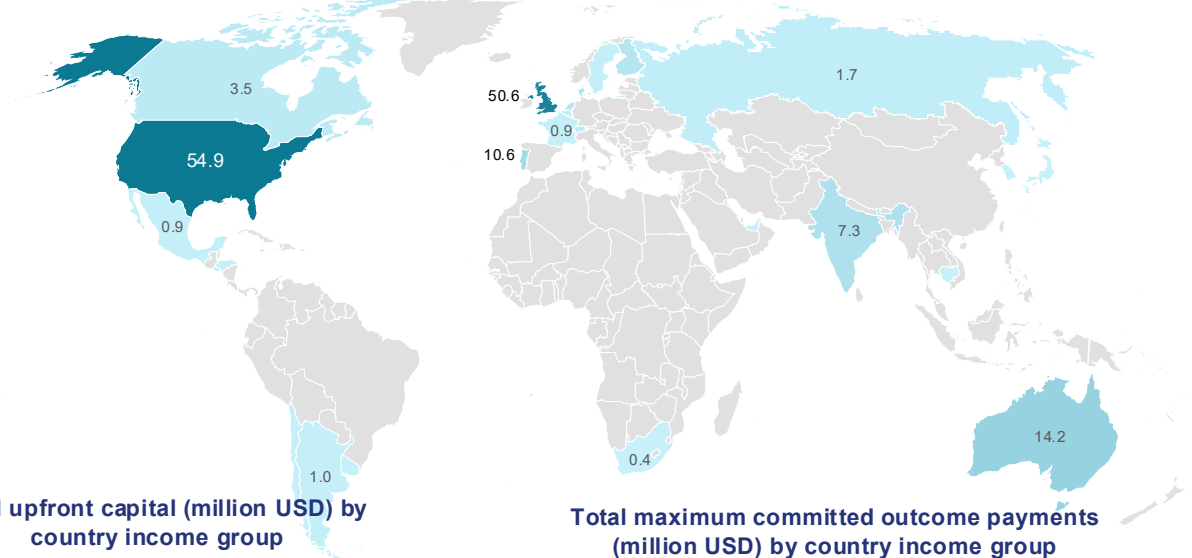
1. Outcome-based financing ties the disbursement of funds to the achievement of pre-defined, independently verified results. ([World Bank Group, 2020](#))
2. Specialised organisations that manage impact bonds by coordinating between investors, service providers, and government, while handling contracts, performance monitoring, and fund management. ([GO Lab, 2025](#))
3. Independent third parties who verify whether the education programme achieved its promised goals, determining if and how much investors get paid back. ([GO Lab, 2025](#))

## Where is education impact bond financing concentrated?

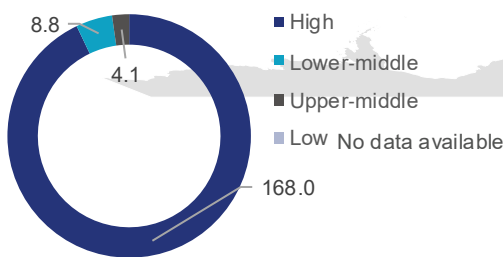
Education impact bond financing is concentrated in high-income countries, a pattern evident in both upfront capital and maximum committed outcome payments. All upfront capital figures reflect where funds are deployed, not where they originate. High-income countries account for 91.2% of total upfront capital deployed in education impact bonds (USD 168 million) and 72.0% of the total maximum committed outcome payments (USD 320.4 million). Within high-income countries, concentration is pronounced: the United States and United Kingdom alone account for 57% of global upfront capital and 56% of maximum committed outcome payments.

In contrast, upper-middle-income countries account for just 2.2% of total upfront capital (USD 4.1 million) and 1.2% of total maximum committed outcome payments (USD 5.4 million). At the other end, lower-middle-income countries represent 4.8% of upfront capital and 15.7% of outcome payments. Low-income countries account for 9.9% of maximum committed outcome payments but have no reported upfront capital data.

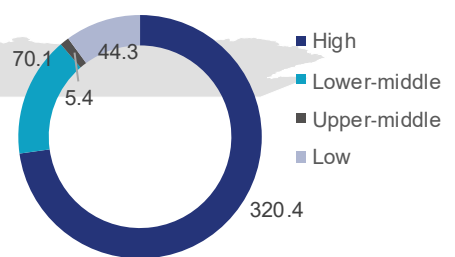
Total upfront capital (million USD) by country



Total upfront capital (million USD) by country income group



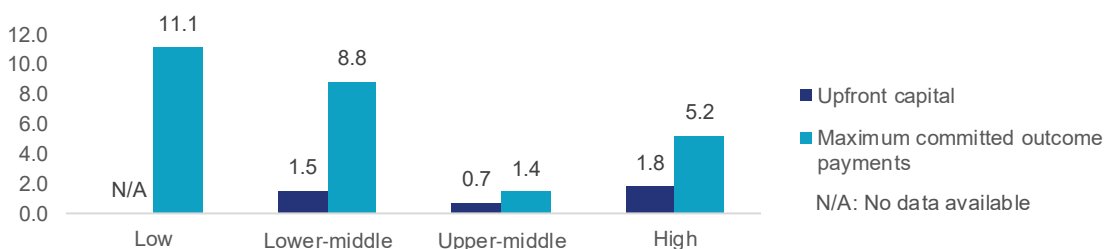
Total maximum committed outcome payments (million USD) by country income group



Social Impact Bonds (SIBs)—outcomes-based contracts where at least one outcome payer is a domestic government entity—are concentrated in high-income countries, where projects average USD 1.8 million in upfront capital and USD 5.2 million in maximum committed outcome payments. Upper-middle-income countries have the smallest SIB projects, averaging USD 0.7 million in upfront capital and USD 1.4 million in maximum committed outcome payments.

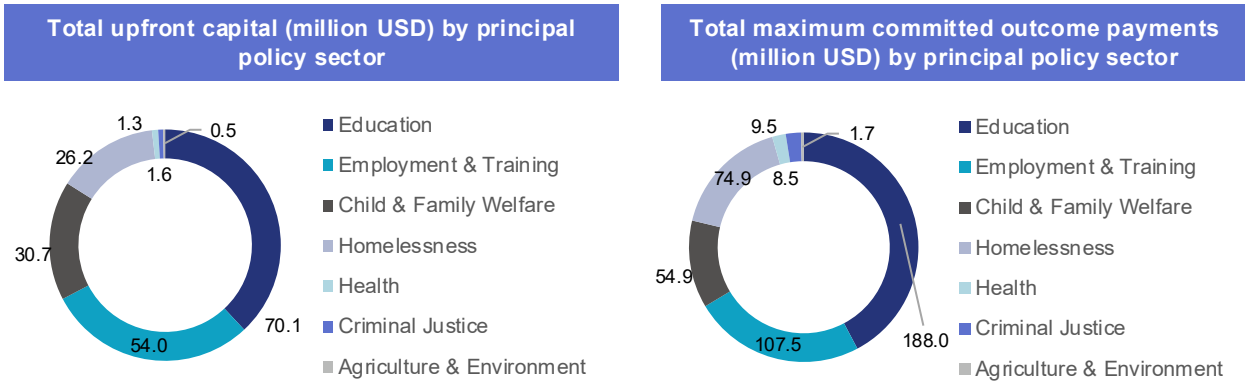
In contrast, Development Impact Bonds (DIBs)—where international donors or foundations pay for outcomes—are concentrated predominantly in low and lower-middle-income countries, though these countries also host some SIBs. Lower-middle-income countries average USD 1.5 million in upfront capital and USD 8.8 million in maximum committed outcome payments.

Average upfront capital (million USD) per project by country income group



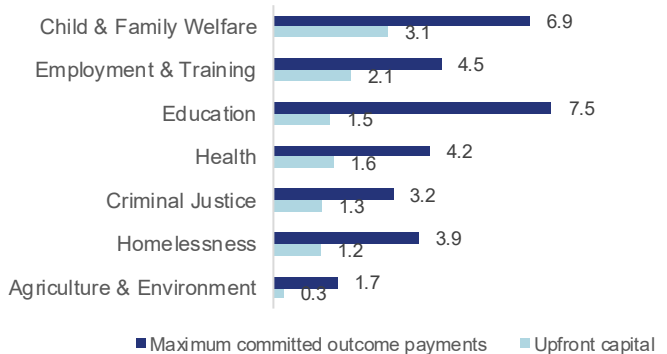
# What types of education programmes attract impact bond financing?

**Education impact bond financing is concentrated in three principal policy sectors** that together account for 84% of upfront capital and 78% of maximum committed outcome payments. Education (projects primarily focused on formal schooling) leads both metrics with USD 70.1 million in upfront capital (38% of total) and USD 188.0 million in maximum committed outcome payments (42%). Employment & Training follows with USD 54.0 million (29%) and USD 107.5 million (24%) respectively. Child & Family Welfare accounts for USD 30.7 million (17%) in upfront capital and USD 54.9 million (12%) in maximum committed outcome payments.



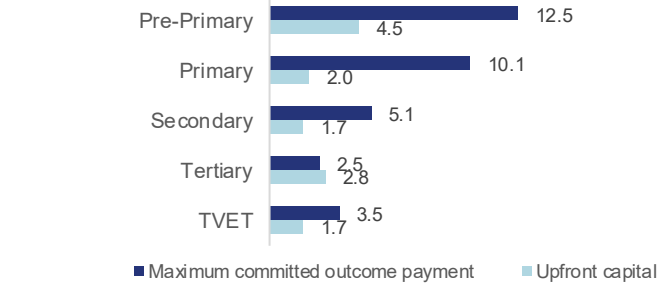
**Project size varies across sectors:** Education projects average USD 1.5 million in upfront capital (range: USD 0.05–16.9 million) and USD 7.5 million in maximum committed outcome payments (range: USD 0.3–34.0 million), while Child & Family Welfare shows the highest per-project upfront capital at USD 3.1 million (range: USD 0.4–16.4 million) and USD 6.9 million in maximum committed outcome payments (range: USD 0.06–21.3 million).

**Average maximum committed outcome payments and upfront capital (million USD) per project by principal policy sector**



Within Education Subsectors<sup>4</sup>, **capital concentrates in programmes targeting older learners.** Technical and Vocational Education and Training (TVET) leads with USD 69.7 million in upfront capital across 42 projects, followed by secondary education at USD 62.3 million (37 projects). Together, these two subsectors account for more than twice the combined total for primary and pre-primary education.

**Average maximum committed outcome payments and upfront capital (million USD) per project by Education Subsector**



**Early years of schooling shows higher per-project averages despite lower totals.** Pre-primary averages USD 4.5 million in upfront capital and USD 12.5 million in maximum committed outcome payments—the highest of any subsector. Primary averages USD 2.0 million in upfront capital but USD 10.1 million in maximum committed outcome payments. In contrast, TVET and tertiary subsectors attract more projects but with smaller average commitments per project.

**Methodology Note:** This factsheet analyses 140 education impact bonds from the [IFE-2-Leave No One Behind: Education Impact Bonds Database](#), with financial data available for subsets of projects: **107** report upfront capital, **83** report outcome payments, and **62** report both metrics. The analysis standardises financial values to 2024 USD using [IMF official exchange rate](#) and applies World Bank country income group classifications.

4. Due to non-mutually exclusive categorisation methodology of education subsectors, projects with multi-level educational components are counted in each relevant sub-sector.