

This activity seeks to leverage private sector capital to expand access to KG1

### CHALLENGE



#### **Few children in Jordan have access to KG1 and KG2 services**

- Enrollment in KG licensed providers is limited (18% for KG1 and 59% in KG2)
- Services are almost exclusively provided by private sector and community-based organizations

### POTENTIAL SOLUTION



#### **A Development Impact Bond (DIB) could provide up-front financing for KG sector expansion**

- Providers tend to be small and have very limited liquidity for investments
- DIB could provide a flexible implementation modality to pilot new expansion routes

# Project Timeline and Key Activities

- KG1 Market Analysis in East Amman
- Identify KG quality measurement tool
- Indicative payment mechanism & financial model

## **Phase II: In-Depth Market Analysis & Indicative DIB Design** *(Ongoing)*

- Testing the market & building the evidence base for potential roll-out in other localities / countries

## **Phase III: Pilot of DIB in East Amman** *Q3-Q4 2021*

## **Phase I: Scoping Study for DIB on ECE in Jordan** *(Completed)*

- Assessment of suitability of DIB instrument, based on a review of the Jordanian KG sector & initial consultations with private KG providers

## **Phase IIb: Detailed DIB Design**

*Q1-Q2 2021*

- Intensive engagement with investors/outcome funders and consultations with legal experts on legal & governance structure
- Identification of baselines & targets for results
- Finalization of financial model

# Development Impact Bonds provide a mechanism to leverage up-front financing from the private sector and only repay if agreed results are achieved

