

Innovative humanitarian finance: Ethical implications of using impact bonds to fund humanitarian assistance

Amid rising global humanitarian needs and shrinking aid budgets, how do we bridge the growing humanitarian funding gap?

122 m

people forcibly displaced

25 bn

shortfall in funding

YET

donor governments are cutting aid budgets

305 m

people in need of humanitarian assistance

Trump's aid freeze sparks mayhem around the world

By Emma Farge, Maggie Fick, Poppy McPherson, Humeysa Pamuk and Jennifer Rigby

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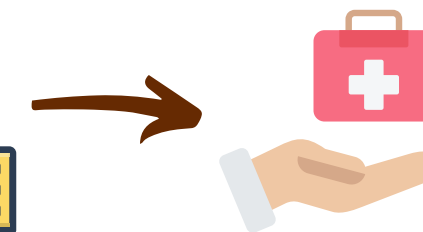


Humanitarian actors are turning to innovative financing mechanisms such as (social) impact bonds

Traditional financing

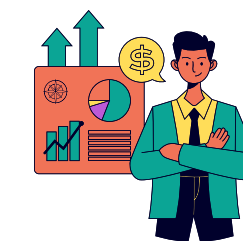


Donor gives

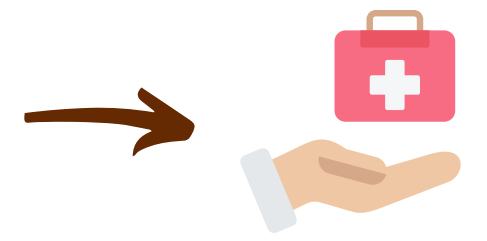


Service provider delivers aid

Impact bonds



Investor pre-finances



Service provider delivers aid



Donor

repays investor with profit upon success

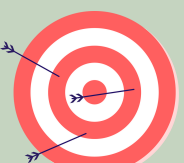
Do impact bonds deliver on their promises in a humanitarian setting?



No new money: Traditional donors still pay



Leakage: Significant transaction costs and investor premiums



Missed opportunities: Marginal innovation and risk-taking



Unclear added value: Similar benefits are achievable through other financing models

CASE STUDY



Refugee Impact Bond by the Near East Foundation in Jordan

Humanitarian Impact Bond by the Red Cross in Mali, Nigeria, and the Congo

Is the use of impact bonds in a humanitarian context ethical?

Interdisciplinary approach to researching the ethics of humanitarian impact bonds

Market ethics



Humanitarian principles



Moral philosophical approaches

