Skill Impact Bond

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Skill Impact Bond Latest News

Recently, the Minister of State for skill development and entrepreneurship cited that Skill Impact Bond (SIB) as delivering measurable social impact.

About Skill Impact Bond

- It is an innovative financing tool aimed at **improving employment outcomes for young people.**
- Under this initiative**, first skilling is provided** to young people, and then provide them jobs or making them perform better within their current jobs.
- India's Skill Impact Bond (SIB) was **launched in November 2021.**
- It is the country's first development impact bond focused on employment.
- It is backed by the **Ministry of Skill Development and Entrepreneurship** through the **National Skill Development Corporation**,
- Its objective is to **benefit 50,000 young Indians over four years**, with 60% of the beneficiaries **being women.**

- This innovative outcomes-based financing tool uses **private sector capital and expertise**, focusing on job placement and retention rather than merely on training and certification.

How does it Work?

- There **are 'risk investors'** usually from the private sector who provide funding to service providers (organisations that deliver skills training and support job placement).
- Then there **are outcome funders** who repay the **'risk investors' if** the programme has met its employment targets. There is also a third-party evaluator who verifies employment outcomes.

Source: TOI