

Blended Finance, Social Impact Bonds, and investments in global health

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August 5/6, 2020



Today's talk

- **Theory:** Blended Finance modalities during SDGs and COVID19
- **Proactive:** Determinants whether Blended Finance can work
- **Ways forward**
- **Takeaway:** The proof is in the pudding



Blended Finance

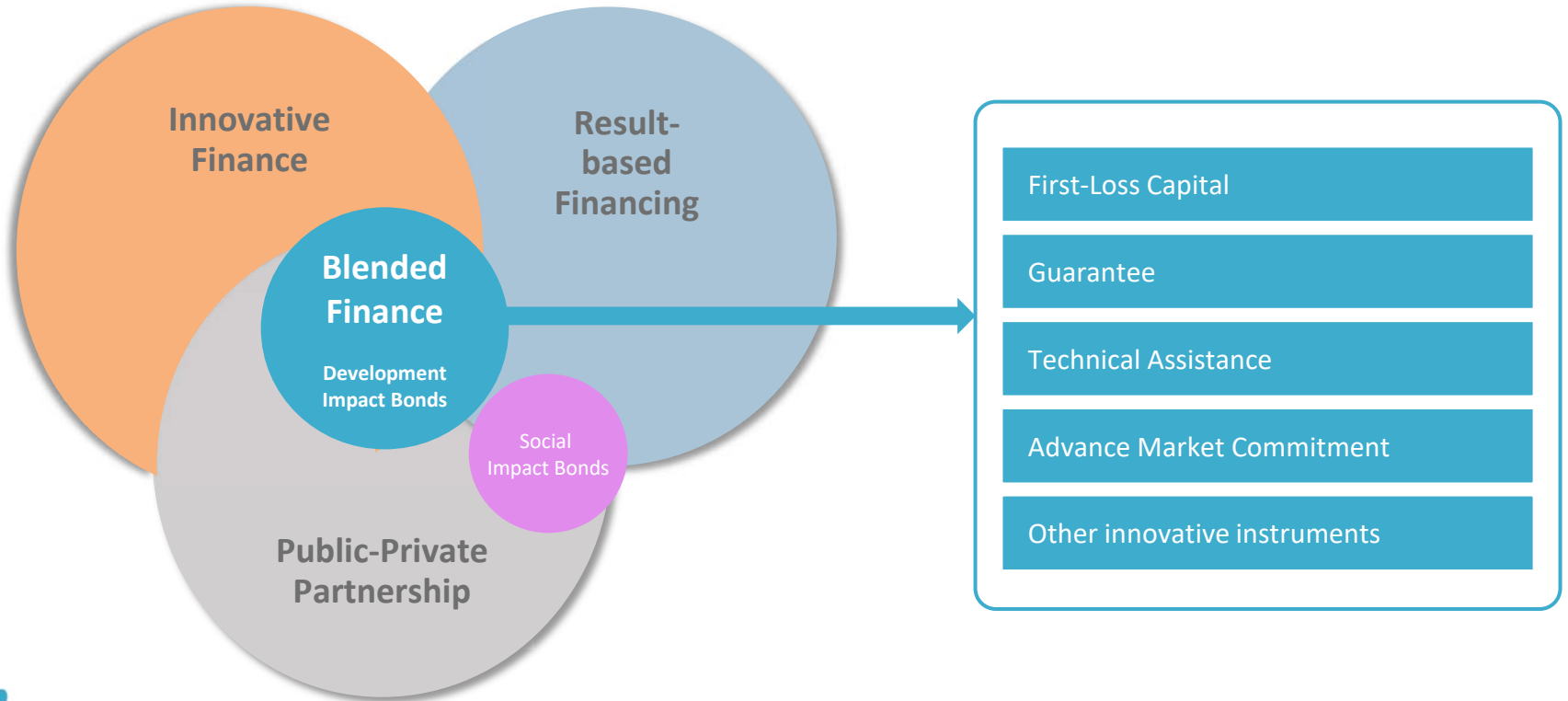
Blended finance is the strategic use of **development or public finance** for the **mobilization of additional finance** towards sustainable development in developing countries.



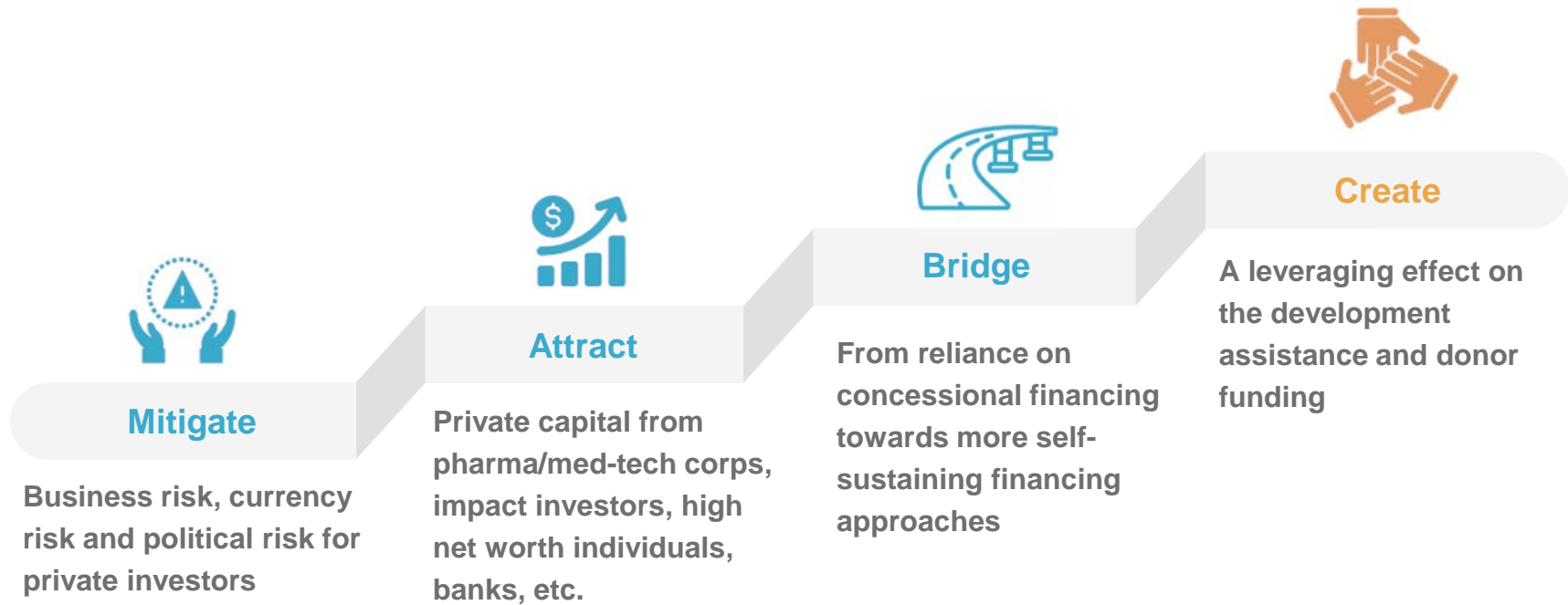
*source: OECD



Relationships of Innovative Financing Models

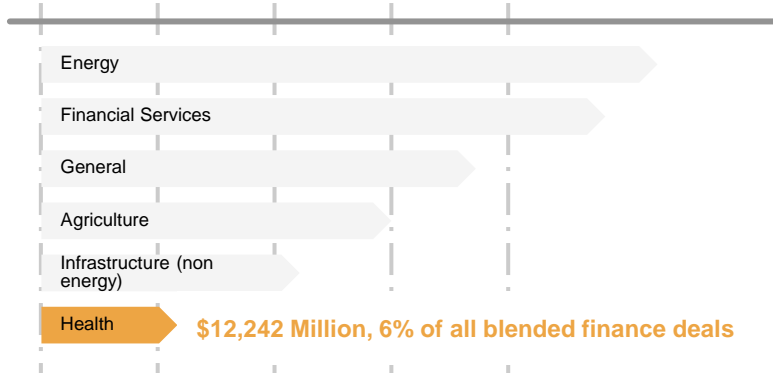


Blended Finance as a solution to attract private investment

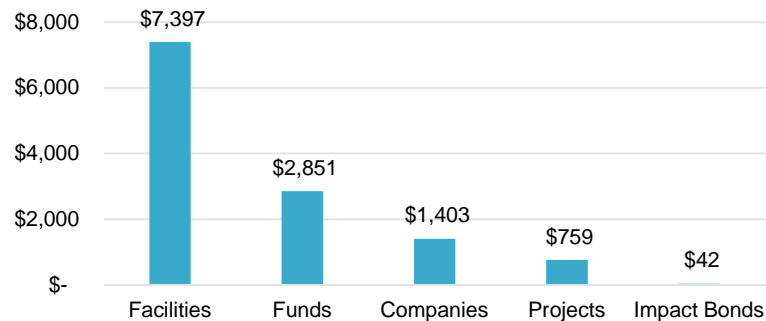


Blended finance transactions in the health sector

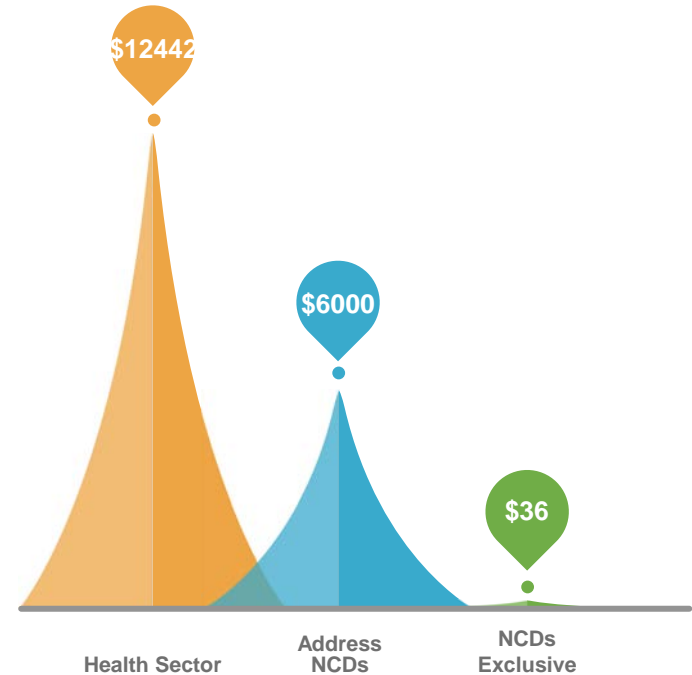
Blended finance transactions by sector



Health related transactions by instrument (US \$m)



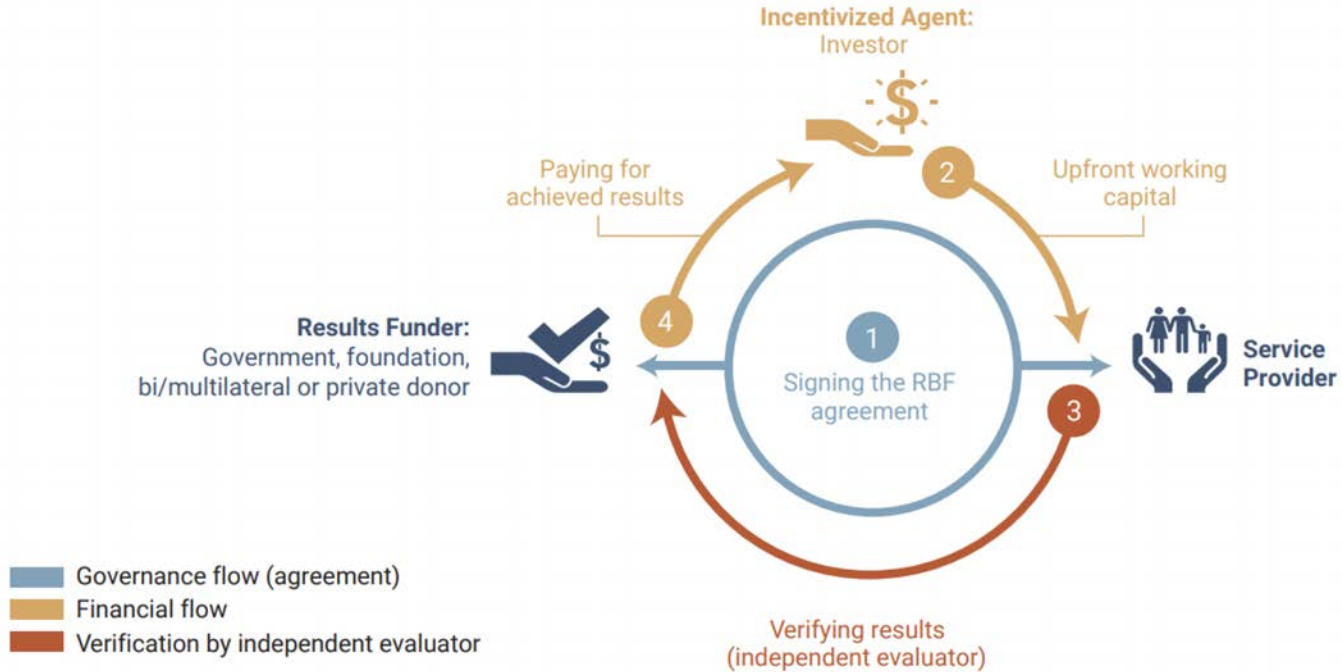
Health related blended finance transactions (US \$m)



Data Source: Convergence, 2011-2019 blended finance transactions

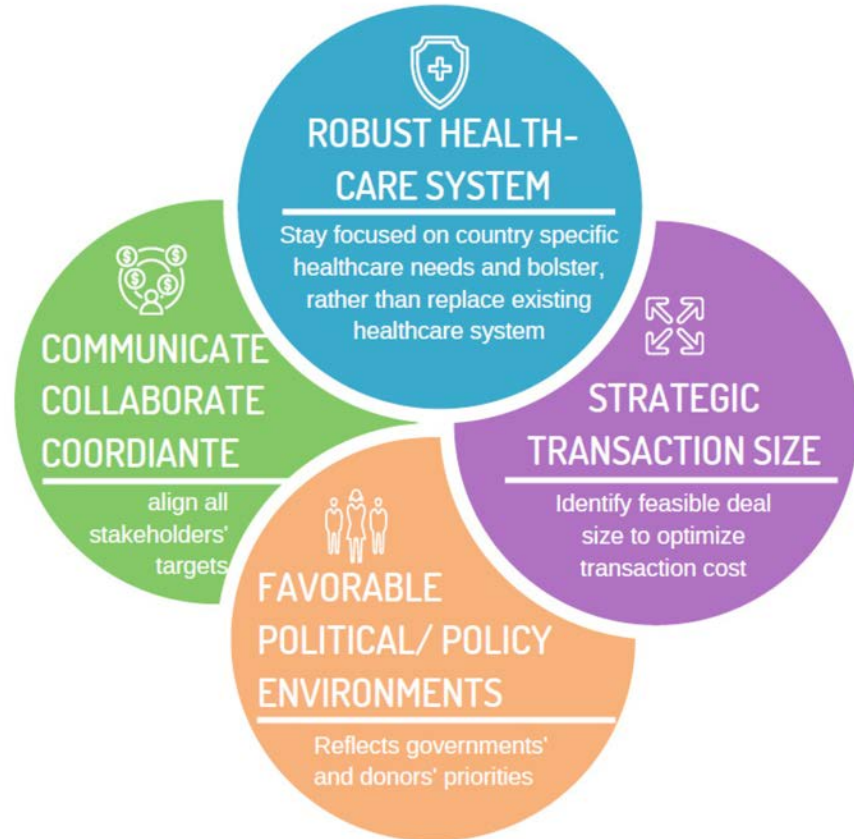


Social Impact Bonds and Development Impact Bonds



Key determinants that favor blended finance

HFI identifies four determinants that guide blended finance solutions for NCDs



Challenges & Opportunities for Blended Finance



Challenges:

- High **upfront and administrative costs**
- Requires **high-quality data** to support outcomes payments
- Still **lacks awareness** in most low- and middle-income countries

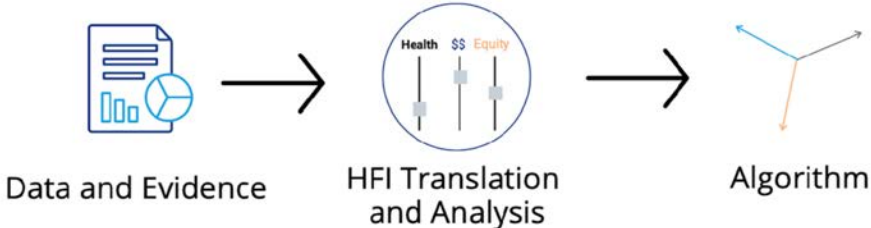


Opportunities:

- Ideal mechanism **to de-risk large scale investments in health** where investors may be wary of cause & effect
- **Emerging market friendly** - Most blended finance initiatives are targeted towards EMs
- Strategic shift of investment risk can **offset transaction costs**
- Clear **shared value** between public & private sector



HFI's role as Bespoke Broker



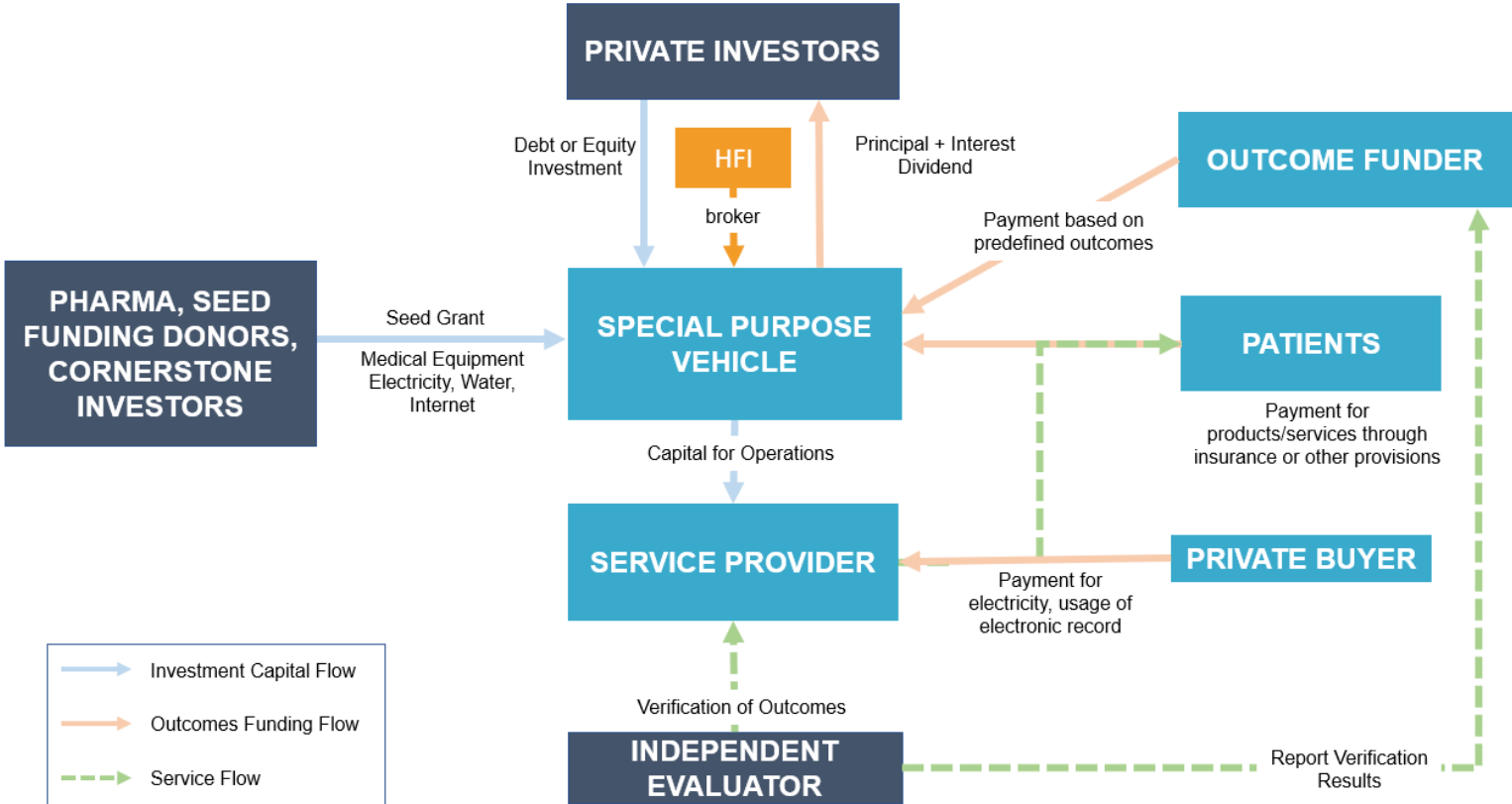
Investment and Business Case Algorithm



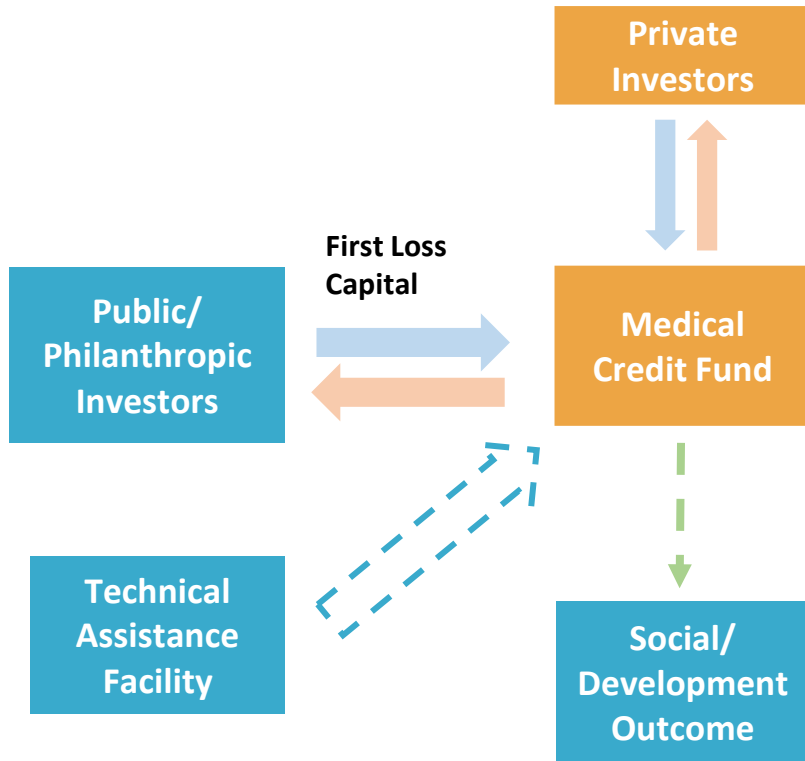
Brokerage of Investments



The HFI Expand Bond (A Pay-for-outcome Development Impact Bond)



Medical Credit Fund (MCF) : A First Loss + TA Example



Source:
Convergence

Size & Location:

\$50 Million, Sub-Saharan Africa

Fund Objective:

Build private healthcare value chain to enable healthcare companies to increase and improve quality, scale and efficiency of patient service

Structure:

MCF has an innovative 'layered capital' structure, blending catalytic first-loss capital, technical assistance grants, and debt financing

Impact:

- 1,760 SMEs financed
- 2,400 staff trained
- 79% improved quality of care
- 58% of patients are from low-income category
- Only 5% default rate

Thank You

Please reach out to us at
andrea@healthfinanceinstitute.org
to discuss partnership opportunities



www.healthfinanceinstitute.org



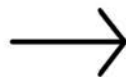
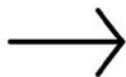
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Appendix

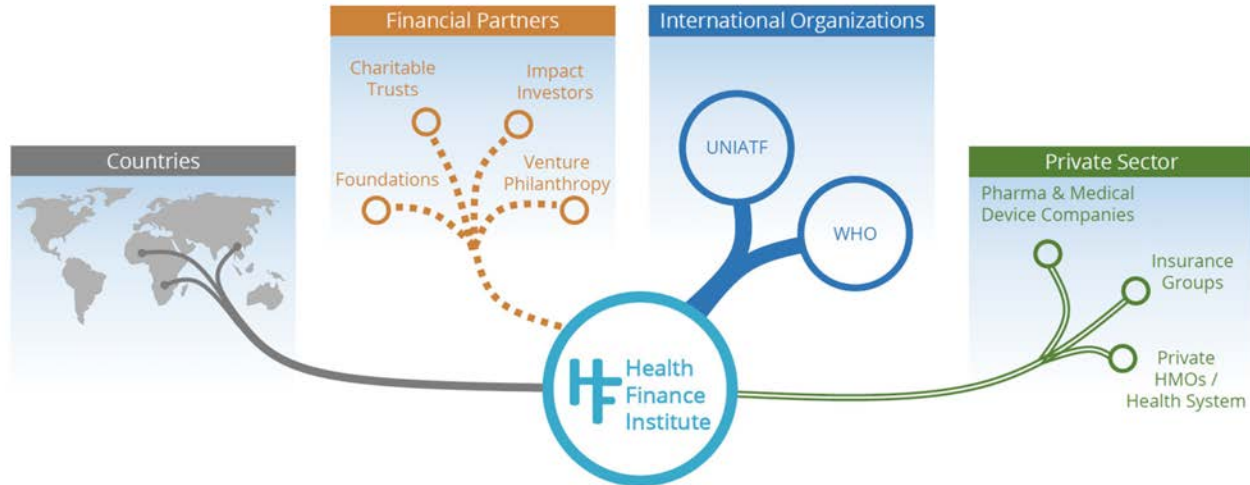


Forging **impact investment partnerships** for the **most burdensome diseases** worldwide.



Decision Factors	HFI Guidance and Expertise	Investment Modalities
<ul style="list-style-type: none">• Quality of data systems• Lag between intervention and impact• Human development stage• Diseases and disease profiles	<ul style="list-style-type: none">• Roadmap• Support structuring investment deals• Feasibility assessments	<ul style="list-style-type: none">• Blended/Innovative financing models (e.g. DIBs, SIBs)• Health bonds• Domestic resource mobilization• Traditional aid• Other

HFI's role as Bespoke Broker

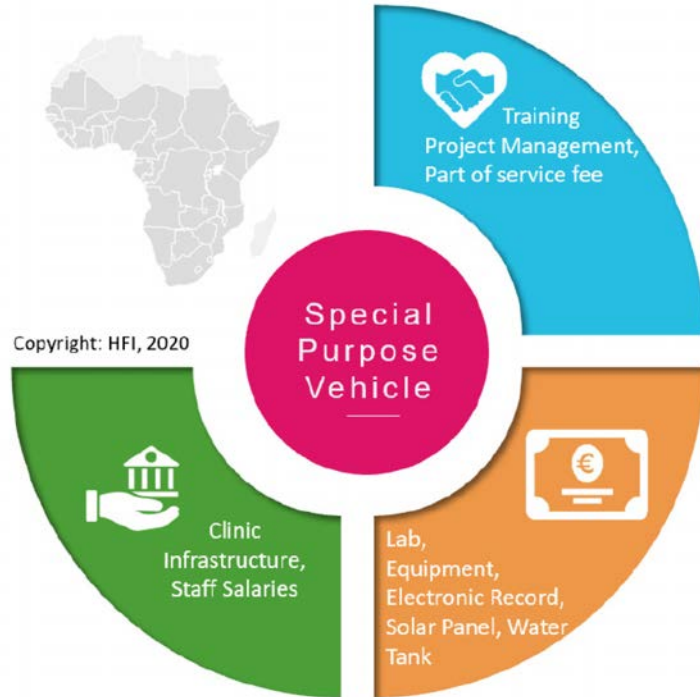


ADDITIONAL COLLABORATORS

Academia • Universities • Global Think Tanks • Professional Networks • NCDAlliance



The HFI Expand Bond (A Pay-for-outcome Development Impact Bond)



Size & Location:

\$20 Million, Kenya & Nigeria

Fund Objective:

Setup and manage Primary Health Care Clinics in SSA region to provide low cost PHC to underprivileged communities

Structure:

2% AUM + 20% Carried Interest PE-based Structure
\$10M Seed Grant from Phillips, \$10M USAID grant
10% coupon paid annually if targets met

Proposed Impact:

- Directly aiming to solve SDG 3.4
- Provide PHC services to approx 150K patients in 1Y
- Designed to cater to variety of NCDs



The HFI Expand Bond (A Pay-for-outcome Development Impact Bond)

