

Concept Toolkit

Making Blended Finance Deliver for SDG 3: Good Health and Well-Being

01

Public Funding is Not Enough for Achieving SDG 3

\$371 Billion

additional financing needed per year to transform health systems in in low- and middle- income countries to achieve the SDG 3 targets by 2030



71%

Noncommunicable diseases (NCDs) kill 41 million people each year, equivalent to 71% of all deaths globally

5M Children die under five annually

97M Premature deaths can be prevented by increasing investment

\$500B

Economic Loss In Low- and Middle- Income Countries if NCDs are not addressed

3% Development Funding are for NCDs

02

Private Investors are Deterred by High Perceived & Real Risk



Low Return compared to high perceived and real risks



Knowledge and capability gap in local markets



Challenging investment climate

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BLENDED FINANCE

strategic use of development finance and philanthropic funds to mobilize additional private investments towards social and economic impacts in developing countries

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03

Blended Finance Instruments for Global Health Financing

FIRST-LOSS CAPITAL

Equity: Catalytic fund provider takes the most junior equity position in the overall capital structure

Debt: Catalytic fund provider takes the most junior debt position in a distribution waterfall

GUARANTEE

Catalytic fund provider underwrite full or part of the risk to protect the private investors against financial and business risks.

TECHNICAL ASSISTANCE

Non-financial assistance that includes equipment, infrastructure, training to healthworkers, etc. to close the knowledge gap and improve operational capacity for launching a new business in LMICs

ADVANCE MARKET COMMITMENT

A legally-binding agreement for an amount of funds to subsidize the purchase, at a given price, of an as yet unavailable medical product or vaccine against a specific diseases

Case Study: Medical Credit Fund (MCF)

Application: Creates leveraging effect by utilizing first-loss capital to mobilize greater debt financing in LMICs towards SDG3, thus multiplying the financing scale to benefit more people's health

Case Study: Stretch Fund

Application: incentivize the investment in riskier and more innovative health projects, such as vaccine, artificial intelligence, digital health

Case Study: The Microfinance Initiative for Asia (MIFA) Debt Fund

Application: Build capacity and enhance governance in a relatively short period, especially during epidemic and global pandemic.

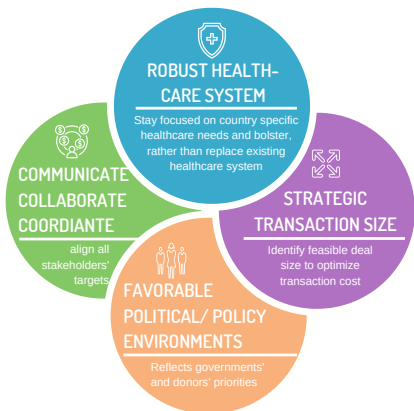
Case Study: GAVI/World Bank Pneumococcal Vaccines

Application: Provide upfront financing in emerging and frontier markets to help countries access more affordable vaccines



04

BLENDED FINANCE DETERMINANTS



05

SOLVE CONTROVERSIES

- STAKEHOLDER ALIGNMENT**
Clear Metrics
Robust Data
- INCENTIVIZATION FOR INVESTORS**
Support from DFI
First-loss and Guarantees
- PRIVATE INVESTMENT IN PUBLIC HEALTH**
Stronger Governance
Greater Transparency

A Bespoke Solution is Needed

Country health financing needs are very diverse across UMIC, LMICs, LICs and LDCs with significant variations. Therefore, there is not a 'one size fits all' approach to a blended finance framework. A deal broker can bespoke tailor made solutions for specific country and diseases context.

06

Social and Economic Impact Related to Health



07

Health Finance Institute & Blended Finance



The Health Finance Institute (HFI) is a non-profit organization creating blended finance partnerships to achieve global health and well-being (Social Development Goals 3)



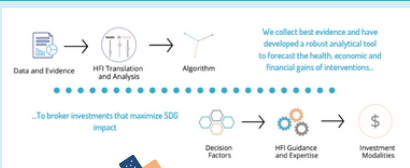
HFI has a vision of shared prosperity – to eliminate suffering and increase human potential by tackling diseases with the largest burden worldwide. In optimizing the health, economic, and financial impacts in our partnerships, we ensure a win-win situation for all through the multiplication of health and wealth where we work.



HFI has the heart of a non-profit and the engine of an investment bank. We work with partners to connect capital to need for investments that reduce suffering, compress morbidity and create healthier societies - instilling human potential and prosperity where we work. We have a proven track record of success in two countries, and we're ready to scale up and expand to new countries with increased investment in our core.

08

HFI educates the investment thesis by designing blended finance instruments using evidence-based approaches that optimize health, economic, and financial impacts



Concept Toolkit

Making Blended Finance Deliver for Non-communicable Diseases (NCDs)

01

Public Funding is Not Enough for Achieving SDG 3.4

71%

Noncommunicable diseases (NCDs) kill 41 million people each year, equivalent to 71% of all deaths globally



\$54 Billion

Annual shortfall to close the financing gap in low- and middle- income countries

15M Premature Deaths Annually

85% In Low- and Middle- Income Countries

\$500B Economic Loss In Low- and Middle- Income Countries if NCDs are not addressed

3% Development Funding are for NCDs

3%

02

Private Investors are Deterred by High Perceived & Real Risk



Low Return compared to high perceived and real risks



Knowledge and capability gap in local markets



Challenging investment climate

BLENDED FINANCE
strategic use of development finance and philanthropic funds to mobilize additional private investments towards social and economic impacts in developing countries

03

Blended Finance Instruments for NCDs

FIRST-LOSS CAPITAL

Equity: Catalytic fund provider takes the most junior equity position in the overall capital structure

Debt: Catalytic fund provider takes the most junior debt position in a distribution waterfall

GUARANTEE

Catalytic fund provider underwrite full or part of the risk to protect the private investors against financial and business risks.

TECHNICAL ASSISTANCE

Non-financial assistance that includes equipment, infrastructure, training to healthworkers, etc. to close the knowledge gap and improve operational capacity for launching a new business in LMICs

ADVANCE MARKET COMMITMENT

A legally-binding agreement for an amount of funds to subsidize the purchase, at a given price, of an as yet unavailable medical product or vaccine against a specific diseases

Case Study: Medical Credit Fund (MCF)

Application on NCDs Prevention and Treatment: Creates leveraging effect by utilizing first-loss capital to mobilize greater debt financing in LMICs towards SDG3.4, thus multiplying the financing scale to benefit more people's health

Case Study: Stretch Fund

Application on NCDs Prevention and Treatment: incentivize the investment in riskier and more innovative health projects, such as vaccine, artificial intelligence, digital health

Case Study: The Microfinance Initiative for Asia (MIFA) Debt Fund

Application on NCDs Prevention and Treatment: Build capacity and enhance governance in a relatively short period, especially during epidemic and pandemic.

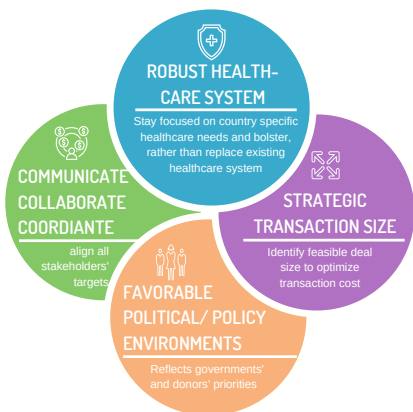
Case Study: GAVI/World Bank Pneumococcal Vaccines

Application on NCDs Prevention and Treatment: Provide upfront financing in emerging and frontier markets to help countries access more affordable vaccines



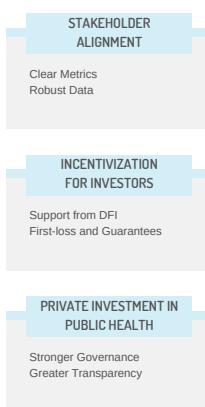
04

BLENDED FINANCE DETERMINANTS



05

SOLVE CONTROVERSIES



A Tailored Solution is Needed

Country health financing needs are very diverse across UMIC, LMICs, LICs and LDCs with significant variations within each category, therefore there is not a 'one size fits all' approach to a blended finance framework for NCDs prevention and treatment.

06

Health Finance Institute & Blended Finance



The Health Finance Institute (HFI) is a non-profit organization creating blended finance partnerships to achieve global health and well-being (Sustainable Development Goals 3)



HFI has a vision of shared prosperity - to eliminate suffering and increase human potential by tackling diseases with the largest burden worldwide. In optimizing the health, economic, and financial impacts in our partnerships, we ensure a win-win situation for all through the multiplication of health and wealth where we work.



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