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 low- and middle-income countries to achieve the SDG 3 targets by 2030

5M
Children die under five annually

97M
Premature deaths can be prevented by increasing investment

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

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

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

03
Blended Finance Instruments for Global Health Financing

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

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 underwrites 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 LMCs

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 LMCs 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: SAVI/World Bank Pneumococcal Vaccines
Application: Provide upfront financing in emerging and frontier markets to help countries access more affordable vaccines

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

Also contributing factors to the existing NCDs funding gaps

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.

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.

Country health financing needs are very diverse across UMIC, LMIC, 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.

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).

A Bespoke Solution is Needed

Social and Economic Impact Related to Health

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

**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

- **Premature Deaths Annually:** 15M
  - 85% in Low- and Middle-Income Countries

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

- **71%**
  - Development Funding are for NCDs

**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

**Blended Finance Instruments for NCDs**

**01. 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

**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

**02. GUARANTEE**
- 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

**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

**03. TECHNICAL ASSISTANCE**
- A legally-binding agreement for an amount of funds to subsidize the purchase, at a given price, of an as yet unapproved medical product or vaccine against a specific disease

**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

**ADVANCE MARKET COMMITMENT**
- A legally-binding agreement for an amount of funds to support the purchase, at a given price, of an as yet unapproved medical product or vaccine against a specific disease

**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

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Health Financing Needs Are Very Diverse

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.

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