

November 2021

Innovative financing strategies

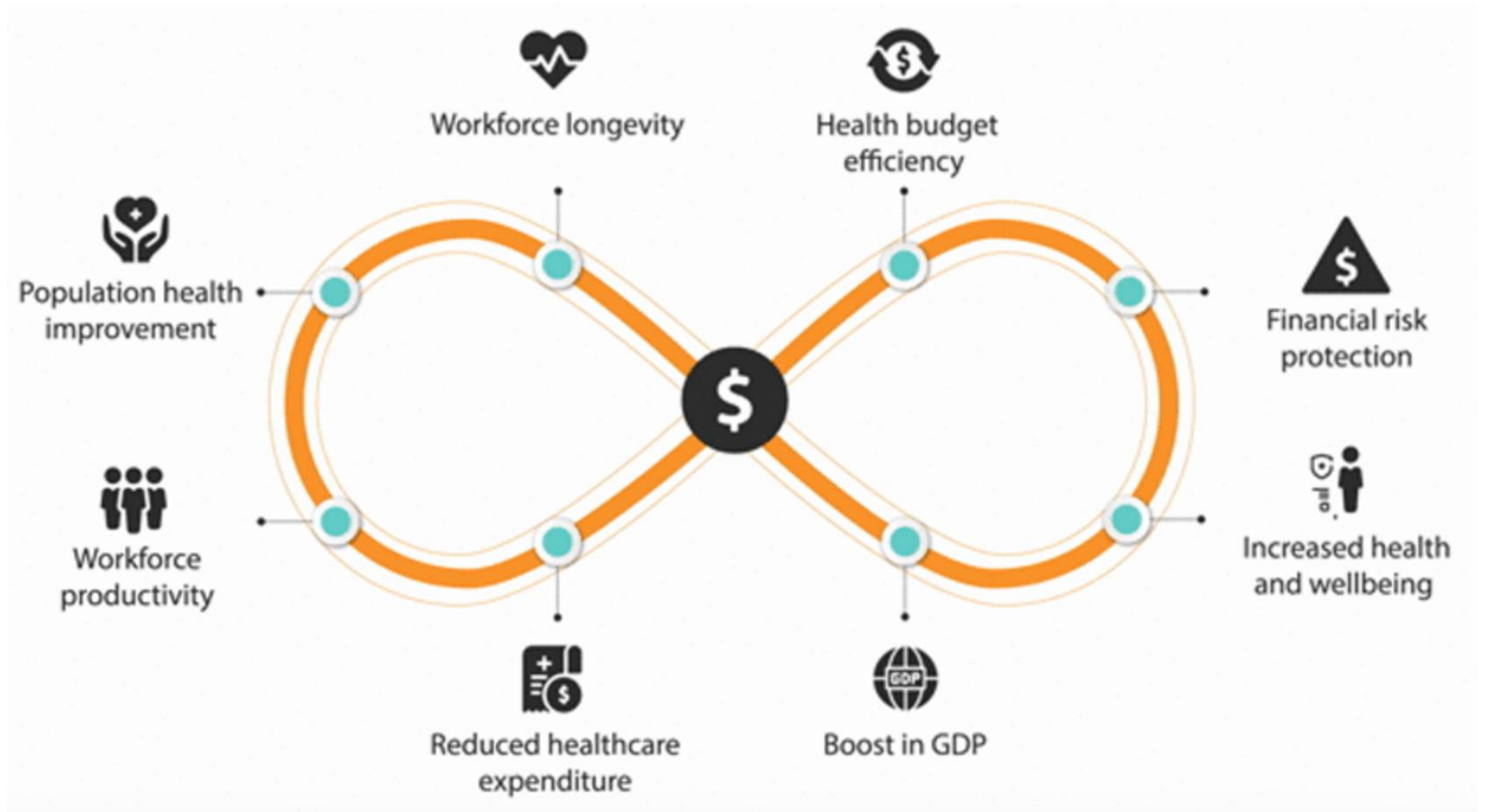
Improved diabetes care & health system strengthening
in middle-income countries

Dr. Andrea Feigl
Founder & CEO

**Heart of a nonprofit
Engine of an investment bank**

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“Billions to Trillions” SDG agenda



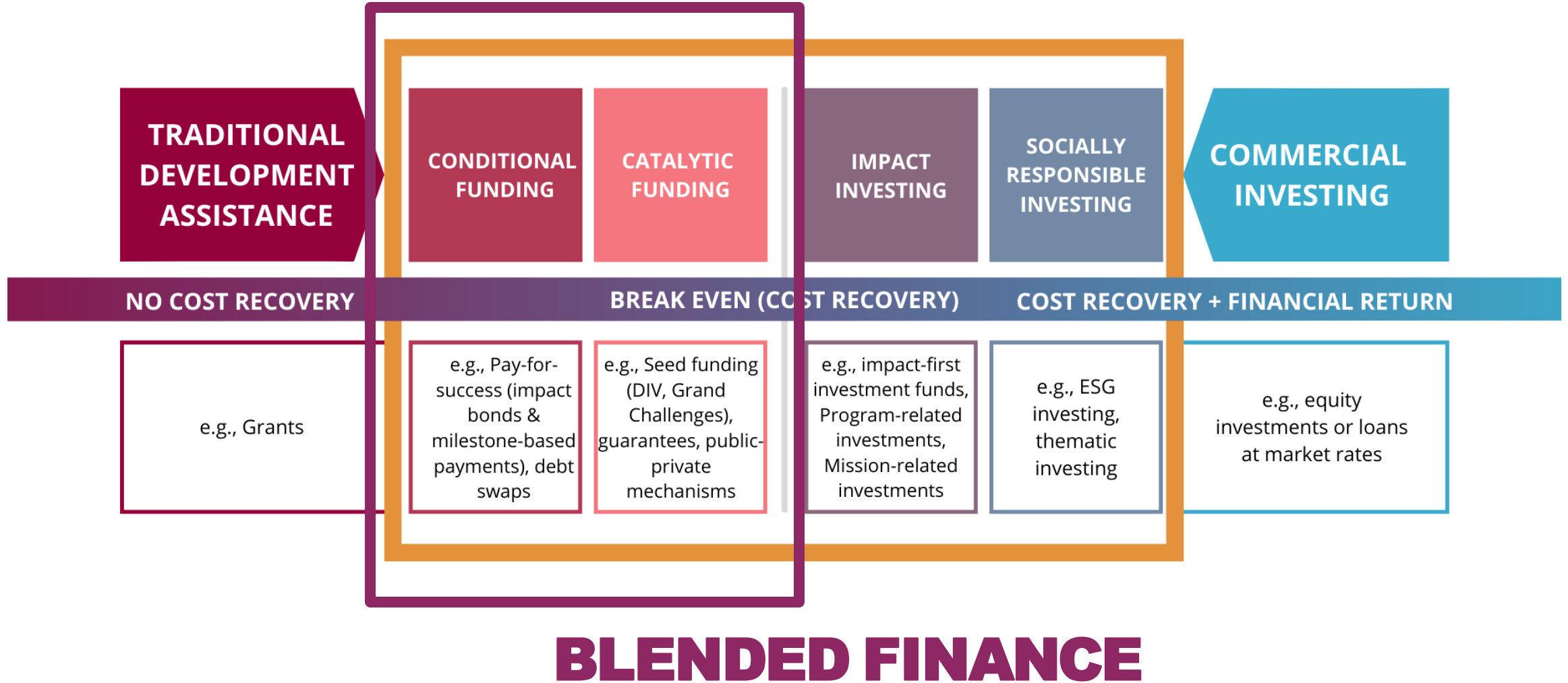
\$2.5 Trillion

Annual Financing Gap to Achieve SDGs by 2030.

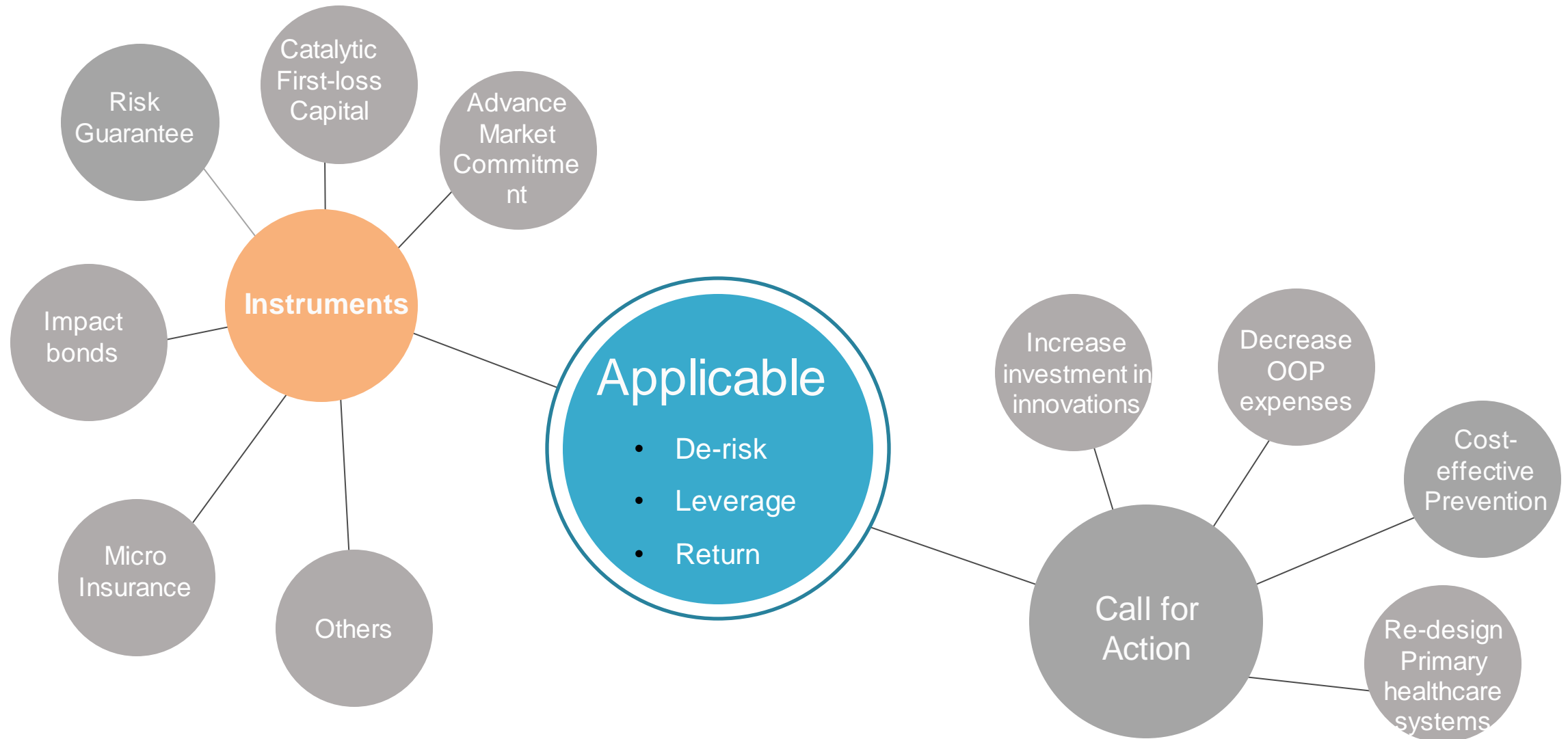
Innovative Finance

Mobilizing private capital towards development outcomes at scale requires a blended finance ecosystem with catalytic intermediaries and bankable projects

INNOVATIVE FINANCE



Blended Finance Instruments and Approaches



Blended Finance Characteristics

Public and philanthropic funds are used to catalyze private investment

LEVERAGE

IMPACT

RETURNS

Financial returns must be in line with private investor expectations.

IMPACT

Investments must result in social, economic, and environmental progress

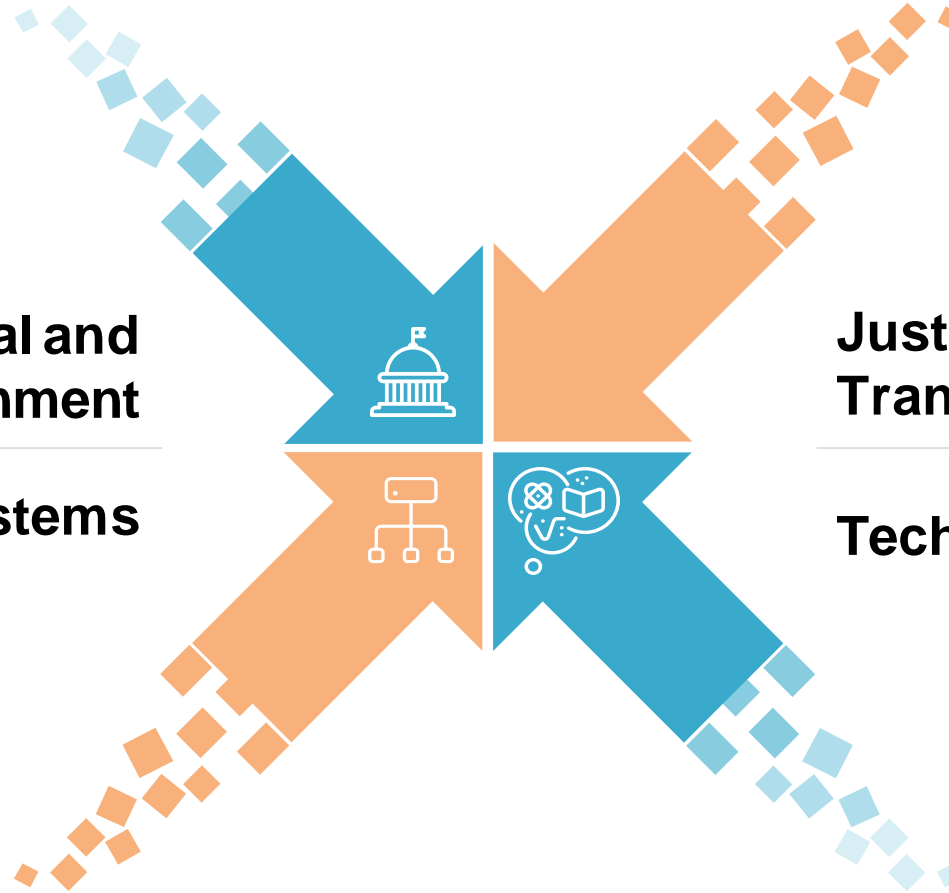
Four Success Determinants for Blended Finance

**Stable Political and
Economic Environment**

Robust Health Systems

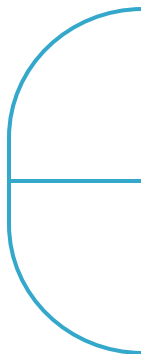
**Justifiable
Transaction Size**

Technical Assistance



Innovative Finance / Blended Finance in Health Sector in East Europe

- Among all ten Eastern Europe countries, only Russia has five impact bonds, three in health sector.
- All 3 Russia health SIBs contracts signed in 2020



SIB 1: Increasing the number of citizens involved in assessing their health status and creating conditions for additional supply of medicines

SIB 2: Residential care for disabled people

SIB 3: Supporting independent living for disabled people in the Republic of Sakha (Yakutia)

HFI & Type II Diabetes in Armenia

HFI will partner with the Danish Red Cross to:



Determine the **status quo** of the **data collection** system



Calculate the **health and economic impact** of diabetes programming

JAN - MAR
2022

MAR - JUNE
2022

JUNE - DEC
2022

Review of available data systems and liaising with an in-country economist to determine the status quo and feasibility of collecting key socio-economic, health, and financial data

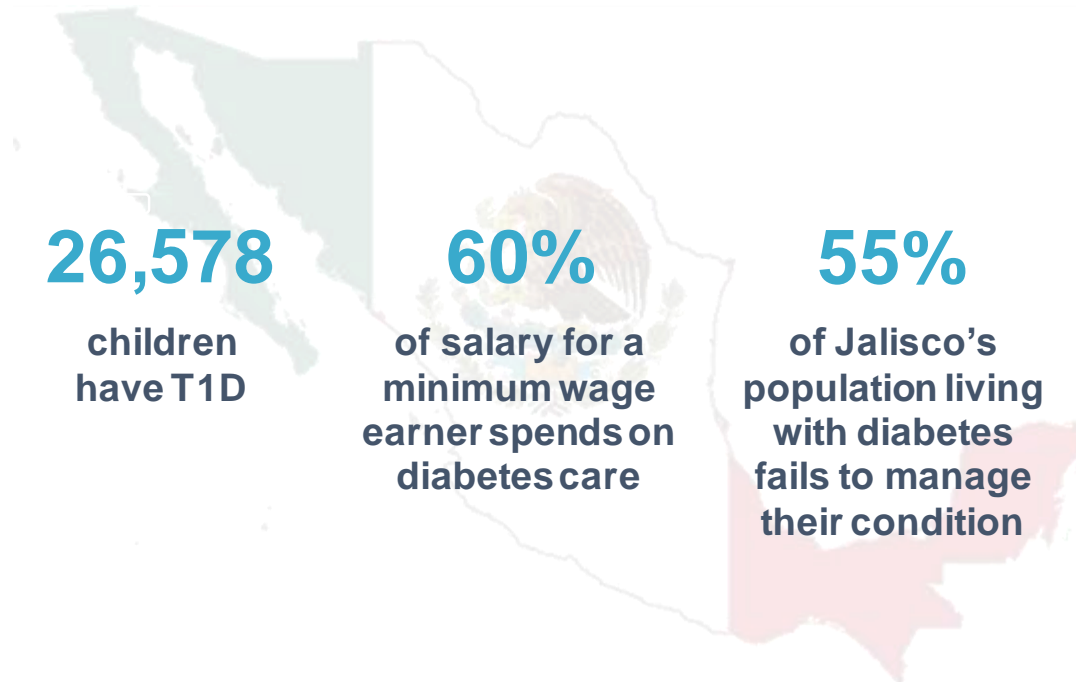
Calculation of health and economic impact, including the cost-effectiveness of the current diabetes program and long term projections

Feasibility and initial design of a Social Impact Bond-type model for the scale-up of the Armenian diabetes program



DANISH
RED
CROSS

HFI Type I Diabetes Program in Jalisco, Mexico (D4DC)



All children with Type I diabetes must have a glucose monitoring device in order to survive and thrive.



Through Devices for Development Consortium (D4DC) HFI Will

- Use innovative finance instruments to stimulate the research, development, and mass production of affordable life-saving glucose monitoring devices for children in LMICs.
- Start from Jalisco Pilot and scale up to federal level for 480 children with T1D in low-resource settings in Mexico.

* International Diabetes Federation (IDF) Diabetes Atlas

Social Impact Bonds Case Study - Israeli Social Impact Bond to Tackle Type 2 Diabetes

SNAPSHOT

Objective:

Treating 2,250 high-risk pre-diabetics with professional intervention and innovative solutions

Outcome Payer:

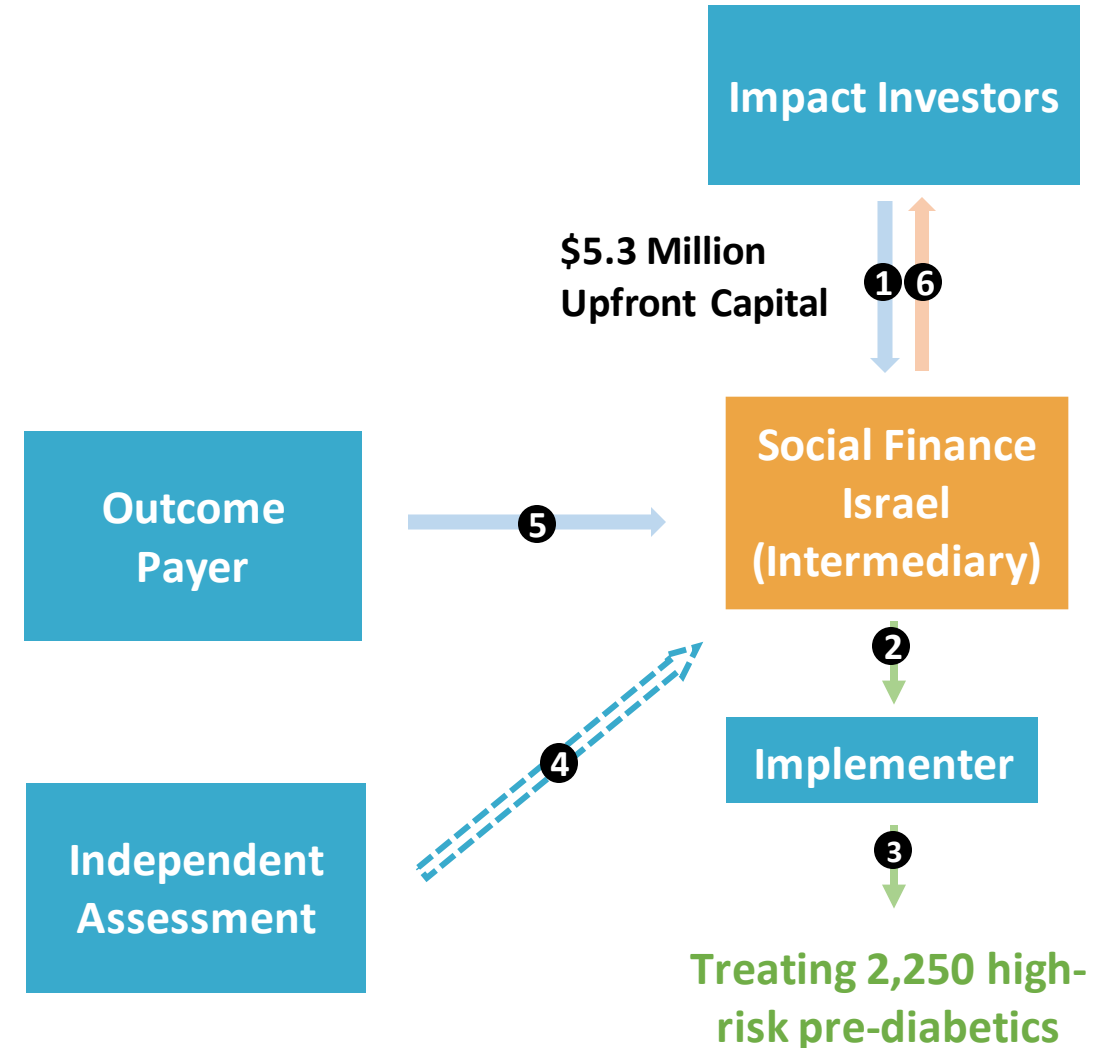
Based on reducing allowances: National Insurance Institute of Israel
Based on reducing costs: Clalit, Leumit (two of Israel's four state-mandated health service organizations)

Investors:

15 Impact investors: 50% Israelis, 50% International
Diverse background and motivations: Philanthropic funds, Impact funds, Commercial bank, High-net-worth individuals, Family offices

Capital Raised:

US\$5.8 million



Blended finance generates returns for all

HFI is committed to reducing worldwide deaths from NCDs, saving millions of lives and health systems dollars.



#TogetherWeSave Lives

Thank You



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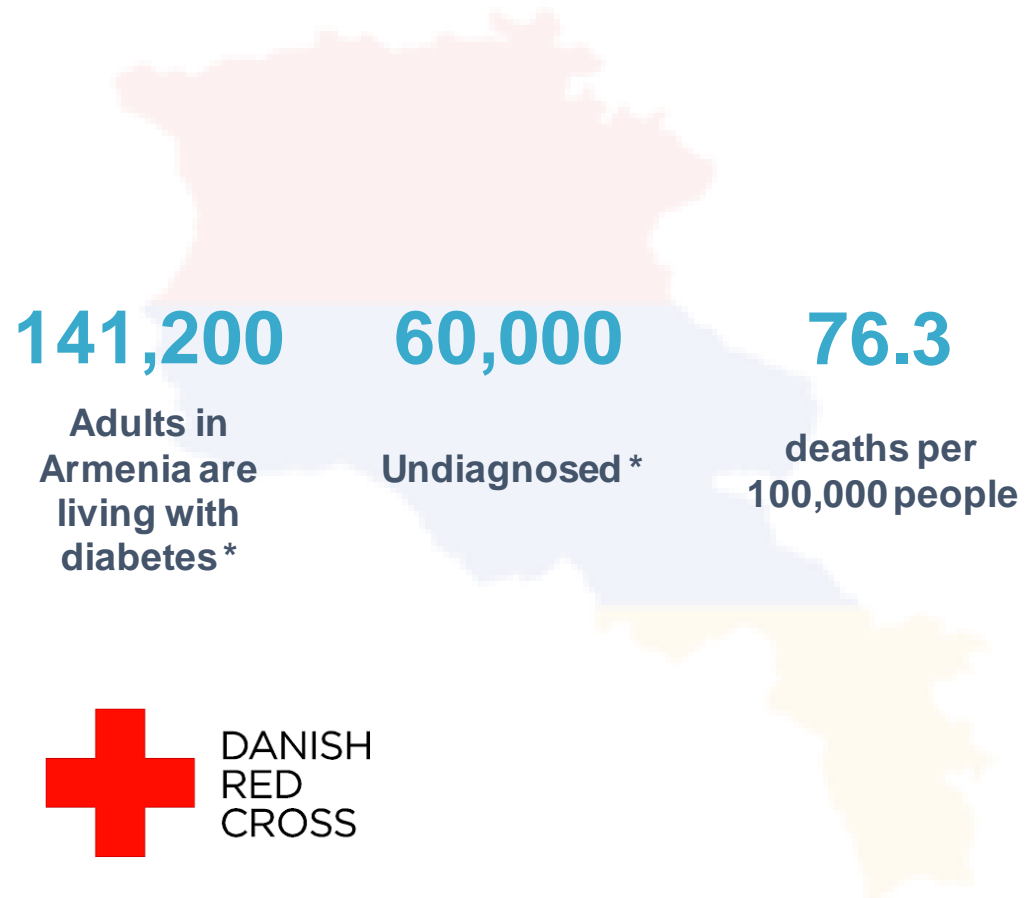
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Appendix

HFI Type II Diabetes Program in Armenia



* International Diabetes Federation (IDF) Diabetes Atlas

The Danish Red Cross is implementing community health approaches to diabetes care



self-support groups
for those with diabetes



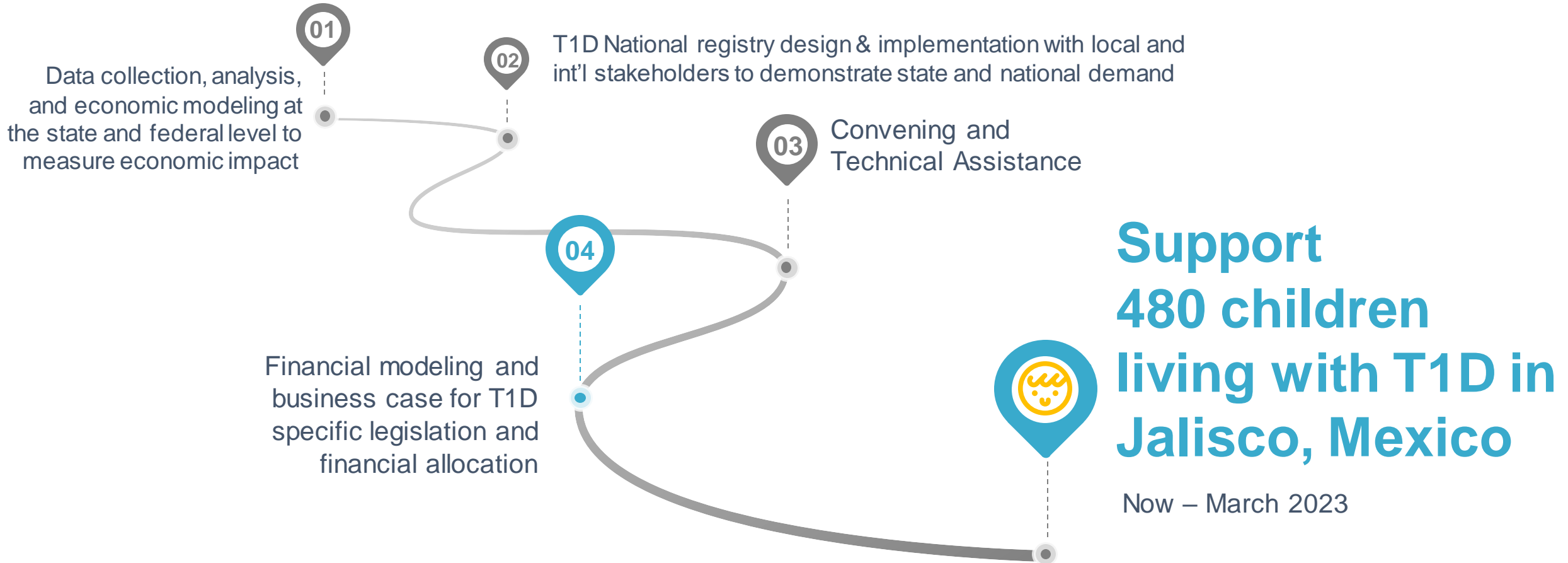
healthy aging groups
for those at risk



HFI Will

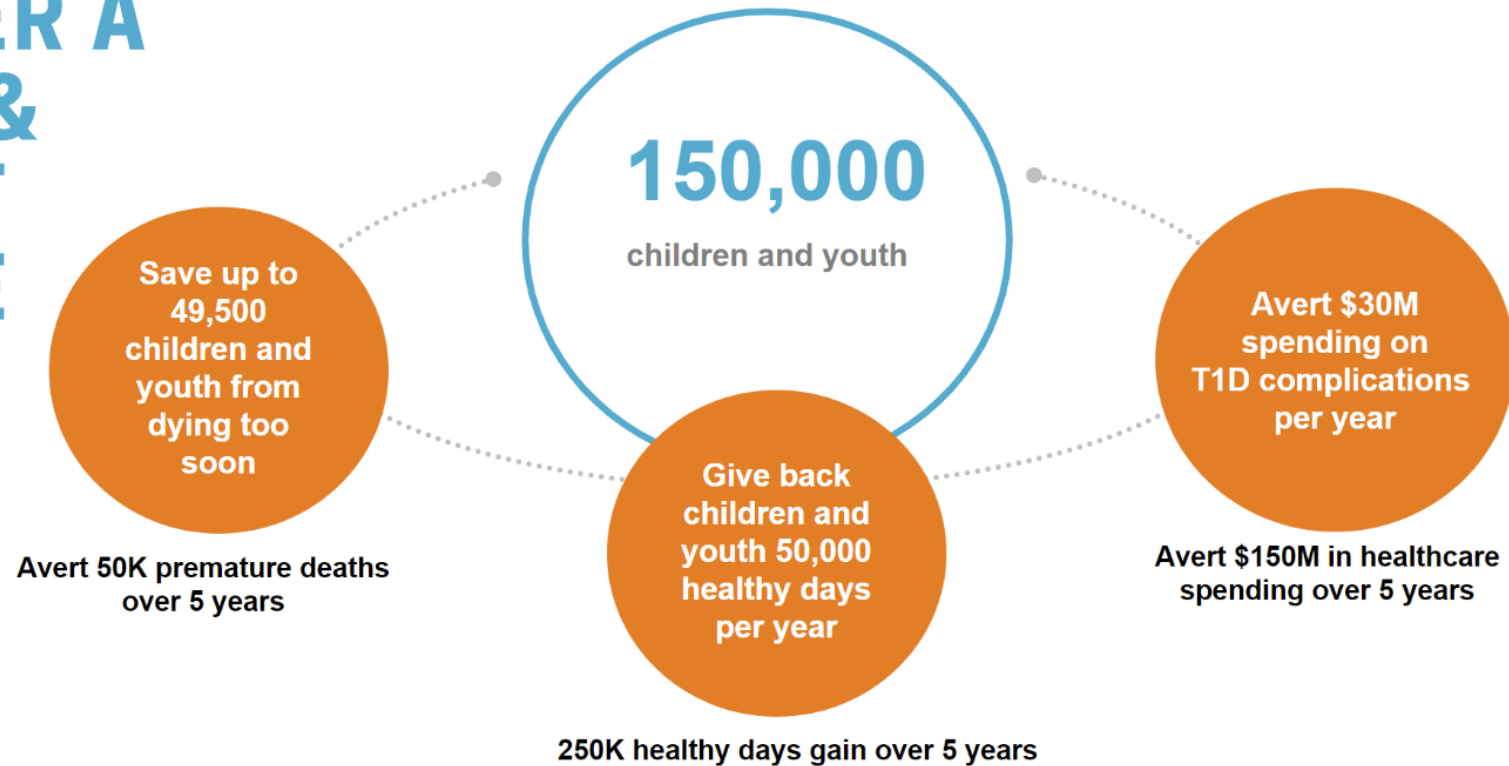
- Review available data collection systems in Armenia
- Quantify the health and economic impact of the new diabetes program to identify the highest-impact interventions
- Design a Social Impact Bond-type model to finance the scale-up of the program

HFI Type I Diabetes Program Devices for Development Consortium (D4DC)



HFI Type I Diabetes Program Devices for Development Consortium (D4DC)

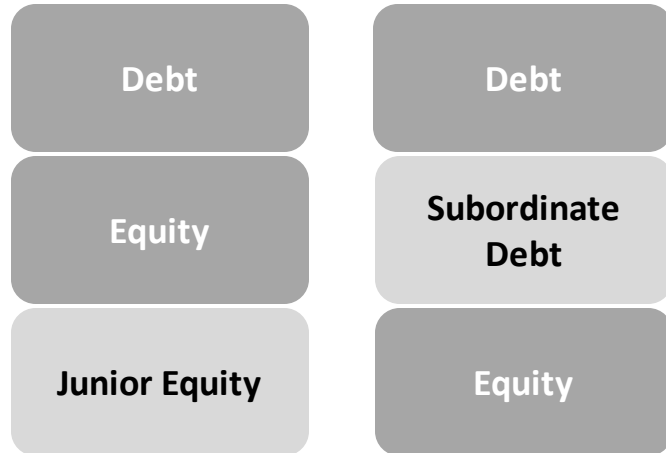
CONQUER A MORAL & MARKET FAILURE



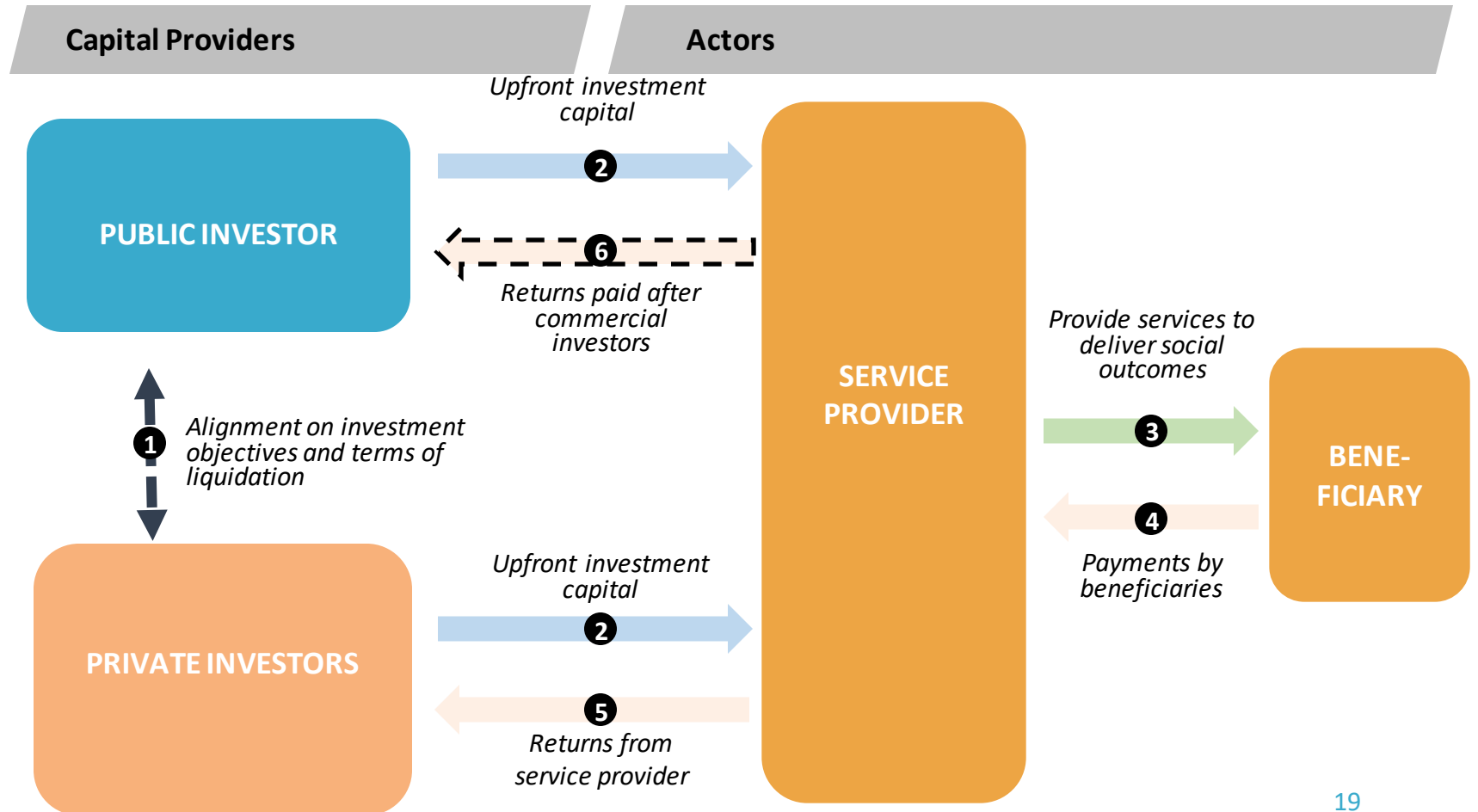
Blended Finance Instruments and Approaches

Catalytic First-loss Capital

Structure



Capital Flow



First-loss Capital Case Study - Medical Credit Fund

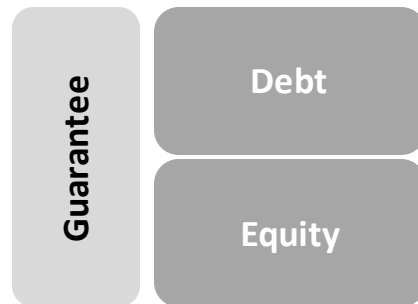
The Medical Credit Fund (MCF) is a blended finance fund dedicated to providing loans up to \$2.5 million to small and medium-sized companies in the health sector (health SMEs) in Africa.

Instrument	First-loss Capital
Barrier	Health SMEs have difficulty accessing capital to improve the infrastructure, staff training and quality service because of their lack of banking history, limited collateral, and the perceived high risk of the sector.
Solution	The Fund's capital base of first loss is funded by grants from public and private parties, serving as a risk cushion for investors, comprising a mix of private investors and semi-public development finance institutions.
Impact	To date, MCF has been able to leverage first loss grants received of US\$7 million and debt drawn down of US\$18 million to disburse US\$ 71 million in loans to 1,760 Healthcare Facilities at a repayment rate of 96.4%.

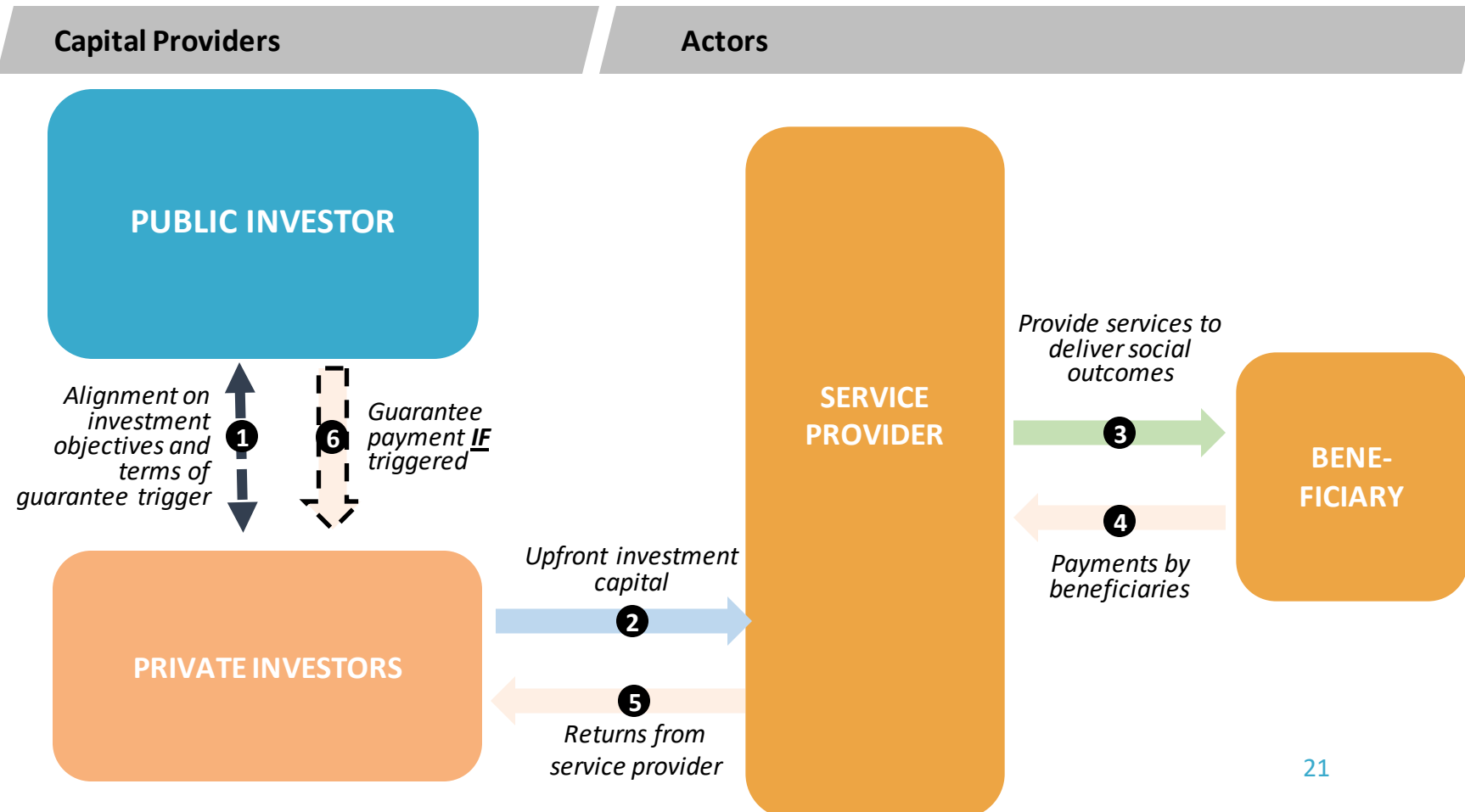
Blended Finance Instruments and Approaches

Risk Guarantee

Structure



Capital Flow

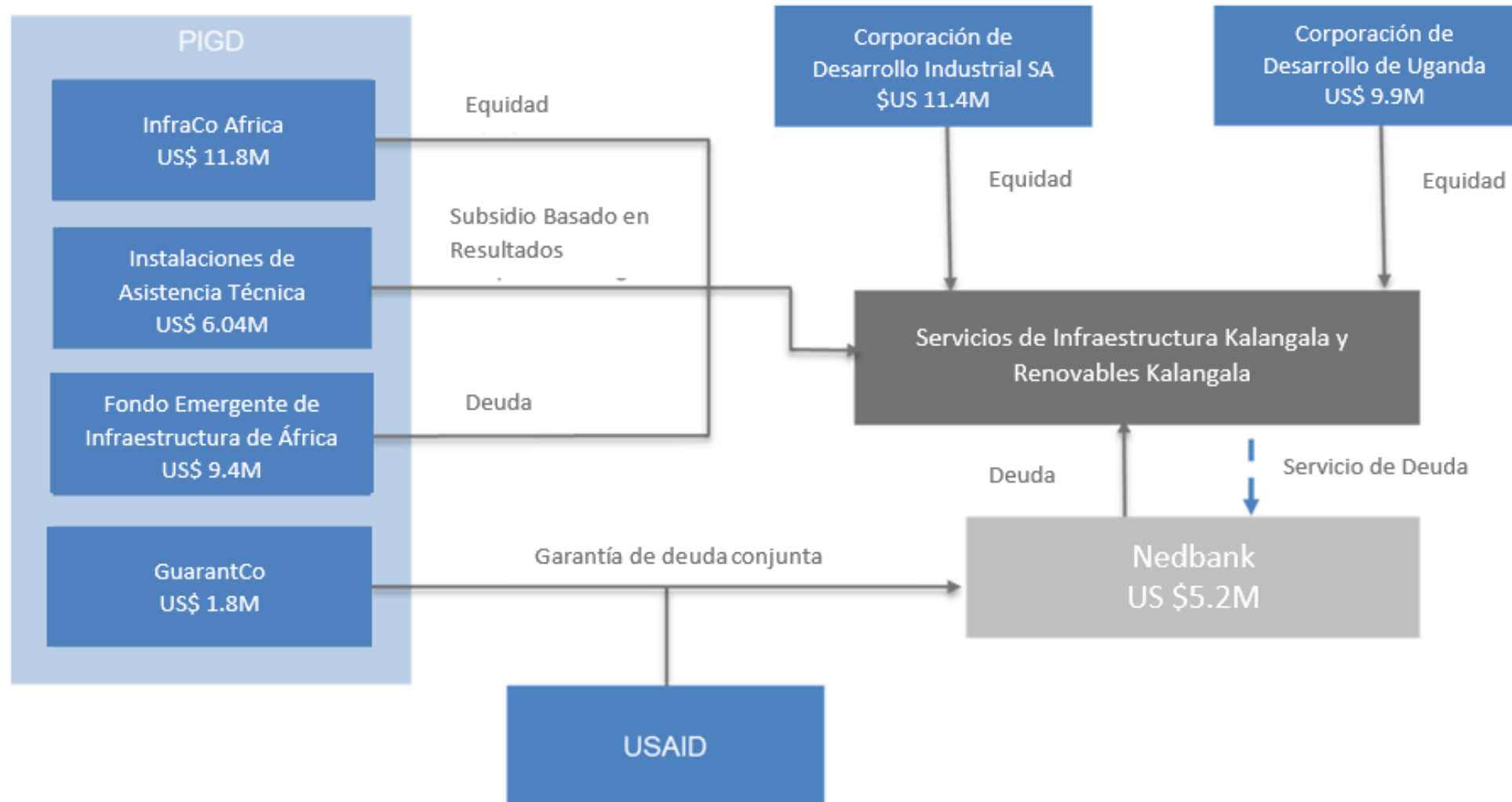


Risk Guarantee Case Study - Kalangala

The town of Kalangala, Uganda, leverages blended finance to solve a health-related infrastructure challenge

Instrument	Risk guarantee
Barrier	In Kalangala, Uganda, an outdated water pipe network led to consumption of unsafe water and high incidence of water-borne diseases. As upgrading the water infrastructure was seen as a risky investment by private investors, there was a lack of funding to complete the project.
Solution	InfraCo Africa established a multi-donor, public-private partnership, in which donor organizations agreed to partially cover losses from the project. With their risk of loss minimized, private capital providers invested both debt and equity in the project.
Impact	The water infrastructure produced a significant amount of clean water for the region, resulting in a, 80% decrease in cases of water-borne disease and a notable reduction in medical expenses.

Case Study II – Kalangala Financing Model

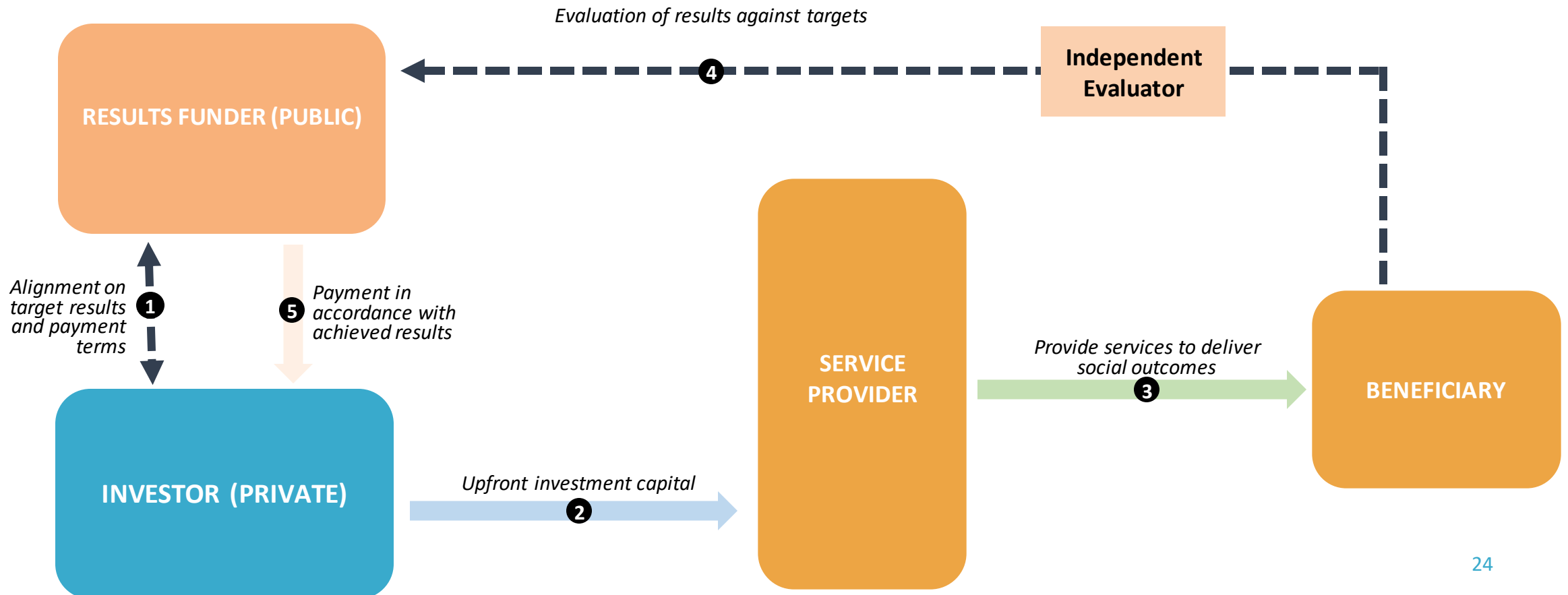


Blended Finance Instruments and Approaches

Social Impact Bonds and Development Impact Bonds

Capital Providers

Actors

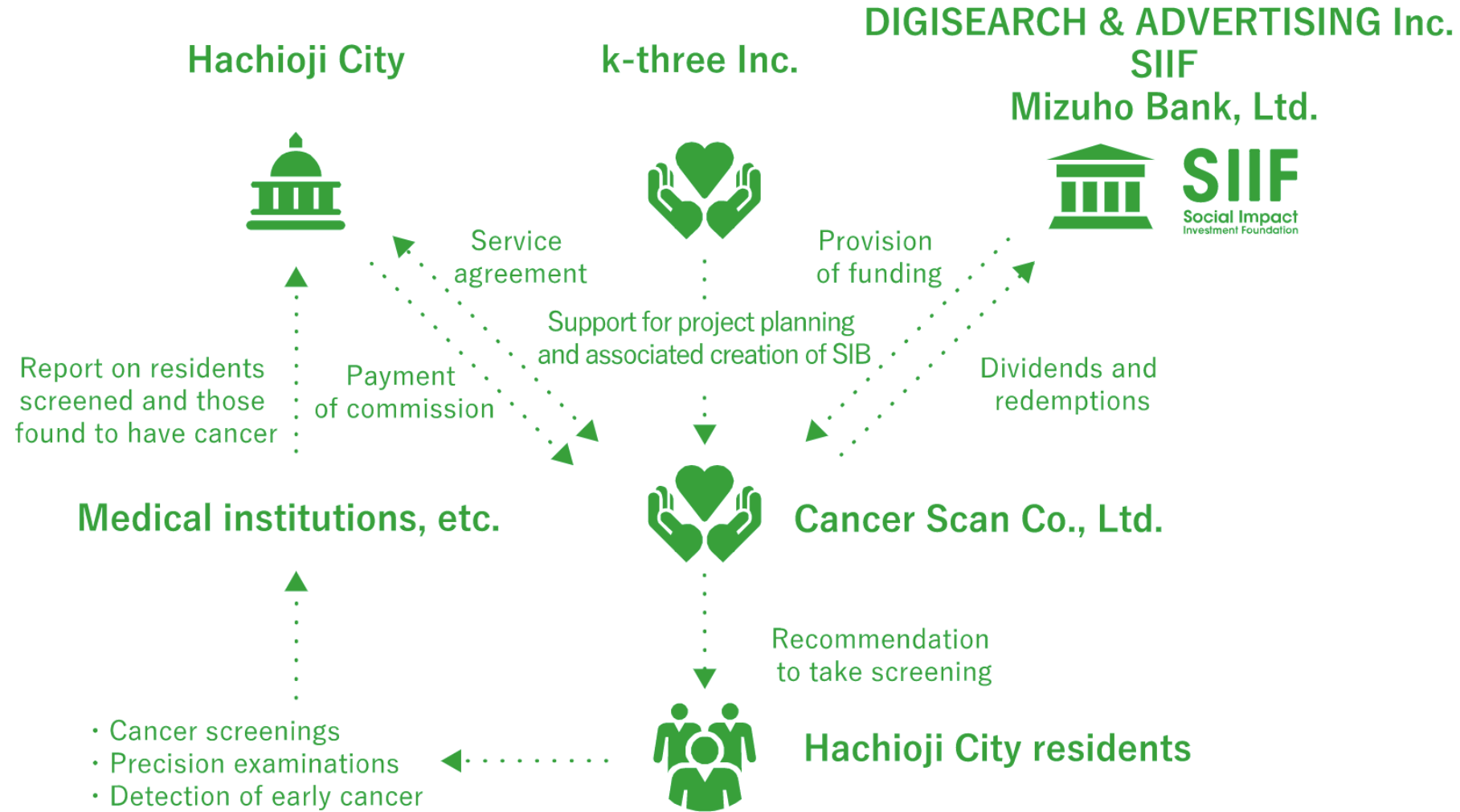


Social Impact Bond Case Study – Hachioji City SIB

The city government of Hachioji City, Japan, utilized blended finance to improve health outcomes for bowel cancer

Instrument	Social Impact Bond (SIB)
Barrier	Due to lack of awareness and incentives, screenings for bowel cancer in Hachioji City were below the national target, leading to delays in treatment, higher healthcare costs, and suboptimal health outcomes.
Solution	The city government issued a SIB to fund a program to identify and “nudge” at-risk residents to screen for cancer. Upon achievement of desired outcomes, the bond’s investors were to be repaid.
Impact	Cancer screenings in the City increased from 9% to 27% in the target group and 84 early-stage cases were detected, resulting in significant healthcare cost savings.

Case Study III – Hachioji City SIB Financing Model



Blended Finance Instruments and Approaches



Microinsurance

Capital Providers

Actors

Microinsurance Case Study - MicroEnsure

Blended finance arrangements that pool funds across communities

Instrument	Microinsurance
Barrier	People in Tanzania with volatile income streams often have limited access to health insurance, as they are seen as too risky to take on as clients. This, combined with the high cost of care, discourages hospital visits and results in poor health outcomes.
Solution	MicroEnsure formed partnerships that allowed a microinsurance product to achieve scale. With the pooling effect, private insurers were de-risked and underwrote many policies in underserved regions.
Impact	MicroEnsure's products, which include hospitalization, life, property, and disability insurance, now span 15 countries with 40 million customers and \$20 million in claims paid.
Applicability To Cancer Care	Public-private partnerships can work to increase insurance coverage for expensive cancer drugs by leveraging pooling techniques. With its size and scale, the pharmaceutical industry may facilitate the pooling, which can in turn encourage public payers to increase coverage.

Case Study I – MicroEnsure Financing Model

