Strengthening the case for investment in cancer control

The role of blended finance

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We forge impact investment partnerships to take on the finance deficit of the deadliest non-communicable diseases worldwide.
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*
Public-Private Partnership

Blended Finance
- Development Impact Bonds
- Social Impact Bonds

Innovative Finance

Result-based Financing

- First-Loss Capital
- Advance Market Commitment
- Guarantee
- Technical Assistance
- Other innovative instruments

Relationships of Innovative Financing Models
## A Blended Finance Approach to Cancer Care

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>First Loss Capital</td>
<td>The catalytical funding takes the junior equity or debt position in the capital structure to absorb first-losses. Example: Nigeria Cancer Health Fund (CHF), a multilayered funding solution that developed by a coalition of public and private sector partners led by Roche for the bottom of the pyramid Nigerian cancer patients.</td>
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<tr>
<td>Advance Market Commitment</td>
<td>Guarantees of future payments contingent on performance in exchange for upfront investment in new or distressed markets, or to stimulate innovation around new products and services. Example: Novartis Access provides affordable quality drugs for NCDs, including breast cancer, by volume guarantee.</td>
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<tr>
<td>Guarantee</td>
<td>A risk reduction tool that fully or partially protect the investor against various forms of risk, effectively reducing their risk of capital losses. The purpose of guarantees is to attract investors that would otherwise not invest. Guarantees are typically offered by governments, bilateral development agencies, and multilateral development institutions.</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>Non-financial assistance that includes equipment, infrastructure, training to health workers, etc. to close the knowledge gap and improve operational capacity for launching a new business in LMICs.</td>
</tr>
</tbody>
</table>
Blended finance transactions in the health sector

**Blended finance transactions by sector**

- Energy
- Financial Services
- General
- Agriculture
- Infrastructure (non energy)

**Health**

$12,242 Million, 6% of all blended finance deals

**Health related transactions by instrument (US $m)**

- $7,397 Facilities
- $2,851 Funds
- $1,403 Companies
- $759 Projects
- $42 Impact Bonds

**Health related blended finance transactions (US $m)**

- $12,442 Health Sector
- $6,000 Address NCDs
- $36 NCDs Exclusive

*Data Source: Convergence, 2011-2019 blended finance transactions*
Why Blended Finance Hasn’t Taken Off for Cancer Control

Challenges

- Lack of **impact reporting and transparency**: 40% of transactions have not, or do not intend to, publicly disclose impact reporting
- Lack of **incentives and low policy priority**: holds true for all NCD financing
- High **upfront and administrative costs**

Solutions

- Better health data interpretation to transfer outputs into **measurable health, social and economic impacts**. ie. HFI R.Shiny Model
- **COVID-19** drives a renewed urgency for NCDs. HFI has study and models show that risk groups for NCDs are more likely to develop severe COVID-19 infection
- Seek **design-stage funding** to pursue transactions that are too risky or complex to pursue
Investing in NCDs - The Health and Wealth Connection

- Workforce longevity
- Health budget efficiency
- Population health improvement
- Financial risk protection
- Workforce productivity
- Increased health and wellbeing
- Reduced healthcare expenditure
- Boost in GDP
How We Work

Translating economic evidence of NCDs into actionable, high-impact blended finance investment opportunities worldwide.
Blended Finance - 5 Step Framework

1. Understand the health system / NCD burden distribution
2. Quantify the opportunity – consider geographic spread, value chain segment, geographic and market considerations
3. Understand, quantify, and manage risk
4. Maximize use of technical assistance
5. Determine the appropriate instrument
Checklist for a Successful Blended Finance Instrument

- Intervention is easy to understand
- The impact is measurable via digital means and generates both direct cost savings and improved health outcomes
- Clear map of aligned stakeholders
- Maximize use of technical assistance
- Appropriate transaction size
- Favorable regulatory environment
Thank You

Please reach out to us at andrea@healthfinanceinstitute.org to discuss partnership opportunities
Appendix
Blended Finance and Cancer - How it Works

Basic Principle of traditional investment: the higher the risk, the higher the return

Barriers for private investment in cancer:
(i) high perceived and real risk, and
(ii) poor returns for the risk relative to comparable investments

Blended Finance is catalytic and includes strategic structuring of multiple financing resources to:
(i) leverage public and philanthropic investment
(ii) provide the necessary de-risking for private sector investment
(iii) generate moderate risk-adjusted return for projects and investors
(iv) mobilize necessary private investments for cancer prevention and treatment
Key determinants that favor blended finance

HFI identifies four determinants that guide blended finance solutions for NCDs.