

EVPA CoLab AWARD

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DOUBLE BLENDED IMPACT FINANCING FOR SUSTAINABLE HEALTHCARE IN THE (PRIMARY) HEALTH CARE SECTOR

Submitted by Royal Philips, Netherlands

Double-blended Impact Financing

1. Addressing the investment but also the revenue side of projects
2. Mobilize more impact funding to go into primary care projects (health system strengthening) and making high impact projects investable
Ultimate goal: increase access to affordable quality care in SSA
3. Ecosystem approach on both sides of the equation (investment side and project side)

BACKGROUND

A. Which **type of organisation** are you (tick all that apply)?

- A Capital Provider (Investor): An investor deploying financial capital and other resources for impact **and** minimum financial return
- A Capital Provider (grant maker): An engaged grant maker deploying financial capital and other resources for impact considering to provide high risk capital; possibly some grant funding
- An Impact Delivery Organisation: An organisation that delivers real world impact to end beneficiaries (and needs to raise capital for this purpose). Healthcare Technology provider

B. Please briefly summarise your **mission**

At Philips, our purpose is to improve people's health and well-being through meaningful innovation. We aim to improve 2.5 billion lives per year by 2030, including 400 million in underserved communities.

C. Which of the **use cases** does your practice(s) apply to? Please tick all that apply!

- Building impact (investing) ecosystems
- Public – private (blended) financing vehicles and mechanism

D. Which **system practice field(s)** does your practice apply to? Please select the most relevant (max three).

- Systems diagnostics
- Collaboration

- E. Please give us a brief background 1) what motivated you to act and who initiated the practice(s), inside or outside your organisation, and (if applicable) 2) describe the event that triggered your engagement.

Working on PPP-type of primary care initiatives in Africa we experienced that funding of these higher risk / low margin projects are hard to fund as a) commercial funders consider this as too risky b) impact funders typically have a “vertical” focus (certain disease area, care path, patient segment) and don’t have enough grant money to fund holistic primary care and c) projects need a lot of structuring to be “fundable”.

It was our CEO who challenged us to “go out” to establish an impact investment vehicle that would fund holistic primary care projects – both a proof of concept and later a scaling phase – willing to provide high risk investment capital to create a blended structure that could resolve the current bottlenecks.

THE PRACTICE(S)

- F. Briefly **analyse the situation before you introduced the practice**. What contributed to maintaining the status quo and producing (undesirable) results, e.g. resources (or lack of resources), rules (informal and formal), roles (relevant actors from the public, private and social sector, their legitimacy or effectiveness) and/or the kind and quality of relationships (informal and formal cooperation, power dynamics, information flows).¹
- “Siloed” funding
 - Difficult to invest in projects due to development work needed bring them from pilot to scale
 - Not (optimally) aligned funding parties, processes
- G. Please describe the **actual results** you sought to achieve with your practice, **the parameters you sought to influence most**; roles, relationships, rules, and resources and how?
- Create a 100m US\$ Primary Healthcare Fund that is able to unlock investments in high impact projects at scale for underserved communities
 - Create ecosystem supporting enabling elements to a.o. generate and construct investable deals
 - Educate potential investors to address “perceived risk” aspect by strengthening revenues
 - Funnel more impact funds into healthcare delivery in SSA
- H. Please describe the **intended results** you sought to achieve with your practice and **the parameters you sought to influence most** – if considerably different from the actual results described above.
- See above
- I. Please specifically explain the **role other actors and collaboration played** in this practice (if not the main practice itself) and insert a figure that illustrates the main stakeholders and partnerships that play a role in the practice you are presenting here.

¹ See more details on using the 5R framework (Results, Ressources, Rules, Roles, Relationships) for systems analysis for example here Ashoka [Online Guide on System Change, part 3](#) ¹ based on USAIDs Programm Cycle.

- Deal structuring experts help improve project structures and make them investable. This is a global network of diverse experts with feet on the ground in Africa, US and EU.
- On the investment side, a blend of corporate investors, foundations, donors and development banks is needed to blend their capital into a concessional stack.
- On the project revenue side donors, guarantors, local governments and insurance companies need to be crowded in to secure reliable revenues for investments.
- Due to the complexity and public nature of PHC, a network of C-suite representatives from UN bodies (e.g. WHO and WorldBank), Foundations (e.g. Gates), and Key Opinion Leaders that can provide trust and confidence to recipient countries to make the investments happen.

YOUR INSIGHTS

J. What went well and why? What were the challenges you faced and how did you overcome them? What would you do differently today and why?

We are still in the process of fund raising for the fund and in structuring investable deals and building the funnel.

Key challenge: managing the risk appetite and return requirements of investors and the fact that DFIs are reluctant to provide risk capital, which then needs to come from Corporates or Foundations.

K. Which three pieces of advice would you give to your peers?

- Take time to understand all elements required to establish a sustainable solution and the stakeholders required to address them; there needs to be something in for all of them!
- Be open to adapt as you go
- Be patient ;o)

L. Any other information you would like to share

Let's join forces to make existing funds more "usable" and to build a strong funnel of (investable) projects that can scale.

FURTHER RESOURCES

See blog [double-blended financing](#) in Health Finance Coalition, 5 Sept 2021.

CONTACTS

Annette Jung
Philips Capital / Philips Foundation – Impact Finance
Mobile + 31 651336950
Annette.jung@philips.com