Catalytic Financing

Clinton Health Access Initiative Inc.

How to strategically invest in hepatitis in the context of UHC
Disclosures

No disclosures.
What is catalytic financing?

Catalytic financing: short-term, targeted investments that stimulate an outsized, sustainable impact.
Why consider catalytic financing?

- Few countries have been able to fully finance their viral hepatitis programs;
- Resource mobilization to date has focused on domestic financing for treatment;
- One source of funding is unlikely to be enough to meet the 2030 elimination goals;
- With limited resources, figuring out where to start can be daunting;
- Creative deployment of catalytic funding can jump start scale-up and integration into UHC.
When is catalytic financing appropriate?

- Are there ongoing activities that the MOH could fund, but the set-up costs are difficult to find?

- Are there key activities where the MOH/patients need to incur costs now but will reap the benefits in the future?

- Could there be funding available, but the intervention seems risky to potential funders?

For maximum impact, ensure that the initial funding is the real gap and not other systemic issues preventing scale-up.
How to finance start-up costs for sustainable interventions?

**Challenge:** The start-up costs of an activity outweigh the cost of an intervention. The recurring costs could be covered by health insurance or other sources.

**Examples:**
- The cost to roll-out HBV birth dose may be 10 times the cost of the vaccine in the first year.
- The public health system could make viral load testing for patients available at a very low cost, but can’t afford the first purchase.

- Seek new vaccines introduction donation
- Apply for an operational research grant
- Seek loan/grant from a development bank, interested commercial party to make seed stock available.
How to solve the timing mismatch between costs and benefits?

Challenge: It will cost less over time to spend today, but the capital isn’t available in the short-term.

Examples:

The cost of diagnostics and treatment could decrease if manufacturers received a long-term order commitment.

- Seek an impact investor, bank or donor that would provide a volume guarantee for larger orders over a longer period of time.

The cost to treat cirrhosis and liver cancer is growing faster than interest rates, but changing that dynamic would require triple the budget available.

- Structure a development impact bond, government bond or impact investment that provides financial returns for investors and cost savings to the government.
How to encourage investment when we don’t know what works yet?

**Challenge:** Not enough work has been done in a given country (or anywhere) to demonstrate that an approach could be successful, so hesitancy to invest.

**Examples:**

- There isn’t enough data to demonstrate why investment in hepatitis is critical.
- Not enough is known on how to reach babies born outside of health facilities with birth dose vaccination.

- Invest limited MOH funds in generating data, such as prevalence or current costs incurred. Seek academic or corporate partnerships.
- Seek operational research funding for innovative ideas to demonstrate feasibility.
How do you determine which option is appropriate?

- Where are hepatitis services incremental to other activities that have funding available?

- What private sector actors have a vested interest in helping?
Varied sources of catalytic funding, depending on the problem to be solved

- Revolving Drug Funds
  - Incremental funding
  - Government-Issued Bonds
- Development bank grants
  - Academic grants
  - Impact investors
- External Financing Sources
- Domestic Financing Sources
- Patient Payments
  - Bank seed funding to facilitate low cost services;
  - Micro-finance or bank loans;
  - Employer-facilitated loans
- CSR
- Public/private partnerships
- Guarantors
- Donors of related causes

Different financing sources will place different weight on the importance of short-term need, degree of focus, and impact criteria.
How to leverage existing financing due to common causes?

Challenge: There is no financing to dedicate to hepatitis, but funding exists to tackle health problems with overlapping activities.

Examples:

- The MOH has recently commissioned an updated national HIV prevalence study. • Seek academic partnership, donations or incremental MOH budget to add hepatitis.

- The government or donors are investing in strengthening of maternal health programs. • Piggy back on the MNH program to add HBV PMTCT activities for a minor cost.

- Partners are launching a kidney disease screening campaign targeting working age men. • Allocate or seek funding to add HBV or HCV screening.
How to attract new investors?

Challenge: An MOH has some resources to invest in screening and treatment, but not nearly enough.

Examples:

- HBV or HCV affects a significant portion of the formal sector population.
- The MOH can allocate funds for treatment, but diagnostics are not covered.
- The return on investment from cost savings is clear.

- Engage with companies to screen and treat their workers.
- Seek partnerships with diagnostics and pharmaceutical companies to support demand generation, screening and diagnosis.
- Identify investors who are willing to front capital in exchange for a portion of future savings.
- Request debt buy-backs.
Conclusions

- Financing elimination will require creativity in matching the right financing to the right problems.
- We can start small, if we start strategically.
- Multiple sources of financing can be the building blocks to a complete program pre-UHC.
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