



EVENT 2:
UN GENERAL ASSEMBLY, CONVENE, NEW YORK
SEPTEMBER 25, 2018

FUNDING THE FUTURE: INNOVATIVE MODELS FOR A NEW ERA



MSD for Mothers is an initiative of Merck & Co., Inc., Kenilworth, N.J., U.S.A.

BRINGING EVERYONE TO THE TABLE

Achieving the SDGs by 2030 requires new tools, financing mechanisms and partnerships to fill the estimated \$2.5 trillion annual investment gap.

In recent years, we have seen a pivot towards enterprise driven development, and increased recognition of the critical role of the private sector as a key driver and sustainer of development, and we are seeing increased participation from the private sector in driving innovation in global health.

Innovative financing opens up opportunities to direct private finance towards new sustainable business models and solutions that drive better health care for all. Blended finance investment solutions capitalize on partnerships among actors including government, international organizations, development cooperation agencies and private enterprise. There is an estimated total of \$100 billion in blended finance in the world today and an increasing amount of impact investing, however, these numbers are still relatively low given the SDG investment gap.

How can we graduate to thinking about how to increase innovative financing for the future of global development, specifically maternal health care? What are the most effective ways of embedding private sector solutions in global health investment, policies and programming?

Partnership is at the core of how the innovative financing agenda will advance, but we need to increase the sense of urgency on how to move the needle to actually make it happen. We need to work collaboratively in order to bring these innovations to scale.



“We need to bring everyone to the table. There have not been enough places where the global development community is coming together with the private sector investor

community on an equal footing and in a non-confrontational environment.”

— **Mary-Ann Etiebet**, lead and executive director, MSD for Mothers

SHIFTING FROM WHY TO HOW

Devex and MSD for Mothers have partnered to host a series of discussions and reach a consensus on how to approach and adequately finance workable solutions to address some of the world's most intractable problems. Building on the [first conversation at Devex World](#) in June 2018, Devex and MSD for Mothers took this discussion to New York, where world leaders, policymakers, donors, civil society and private sector representatives gathered at the 73rd United Nations General Assembly.

It was in this context that this session, “Funding the future, innovative models for a new era”, produced in partnership with the Global Financing Facility and the U.S. Agency for International Development, shifted from the “why” to the “how”, aiming to identify practical, sustainable ways to advance innovative finance at scale.



“The pivot towards enterprise driven development recognizes the critical role of the private sector as a key driver as well as sustainer of development. The sustainability of these investments is so critically important that it doesn't just end when a grant from development assistance goes away.”

— **Irene Koek**, deputy assistant administrator, USAID

Featuring a high-level panel and an impressive array of luminaries among the audience – from the donors holding the purse strings on the investment bonds, to representatives from international organizations, to bilateral donors, multilateral donors, private sector

representatives, and health ministers – the session convened the right group of people to advance this conversation, collectively representing the future of financing for global development.



– **Monique Vledder**, practice manager at the Global Financing Facility, explains how the GFF partners with other investors on social impact causes.

CHALLENGES AND OPPORTUNITIES

Throughout the session, several topics emerged as key challenges and opportunities in advancing this conversation, and how to move to action in practical terms:

1. With countries in the lead, we need to change the narrative around public – and private – funding.

The traditional narrative regarding the provision of primary health care services has been that this is a cost that many countries cannot afford. There is now potential to shift this narrative to open up possibilities for the private sector to step in and fill this gap.

“We have seen incredible country leadership – people know what their priorities are. What we can now do is build opportunities to negotiate with the private sector. What is unique here is being able to change from the ground up.”

– **Monique Vledder**, practice manager, Global Financing Facility

Innovative mechanisms such as the GFF and WB Treasury partnership on Sustainable Development Bonds have raised awareness on the importance of investing in the health and nutrition of women, children and adolescents, and raised a billion dollars over just a few months. This demonstrates the level of interest from private investors and shows that it is possible to mobilize private capital at scale for development needs.

Reina Buijs, director-general for international cooperation at the Netherlands Ministry of Foreign Affairs, outlined the process needed. She explained it starts with national plans and a national investment case, such as those the GFF helps countries to develop, and from there it is about leveraging private investment. She cautioned that demonstrating the effectiveness of official development assistance is most crucial: “In the end, our taxpayers want to see how the ODA money is used in an effective way so that we are achieving results, on the ground.” Therefore the narrative needs to be correct.

“This is the change we make – investing in children, adolescents, women – that is what yields in the end for the country.”

– **Reina Buijs**, director-general for international cooperation, Ministry of Foreign Affairs, Netherlands



2. Regulatory and policy changes needed.

A number of speakers mentioned that although there is a huge market out there with great potential, legal restrictions are keeping money locked away. Until innovative financing tools become mainstream in the institutional space – and accepted – they are unlikely to get regulatory approval to offer them on a retail basis. This also hinders these mechanisms from being sold to regular investors, as legal restrictions do not allow for these investments. Until these issues are resolved, there won’t be the option to sell to individual investors. There needs to be a way to unlock this money.

There is still a sense of ambivalence around what the right amount of private sector support would be, due to the deep-seated issue with private sector returns. Therefore getting new partners to work together has been a challenge.

3. Investment needed from a range of sources, including national investors and diaspora.

There is a huge opportunity to raise funds on the African continent, which has remained largely untapped. Prof. Isaac F. Adewole, Nigeria's Minister of Health, said that while innovative financing is a relatively new field, the ministry is working to convince Nigerian investors that health is business. Rebecca Tavares from Every Woman, Every Child reminded us that many diaspora communities are prepared to invest in their countries.

“Let us not forget the diaspora communities. There is a lot of wealth around the world, people that are willing to invest in their own countries in private instruments as well as public-private partnerships.”

– **Rebecca Tavares**, interim coordinator, Every Woman, Every Child



Flavia Bustreo, special consultant for FIGO, added that in the innovative model of financing there has been a lot of focus on private investors. She wondered, however, whether there is a way to attract health practitioners who actually have a stake in improving women's health to invest. This point can also be linked back to the issues around regulations and attracting individual investors.

Phyllis Costanza, CEO at the UBS Optimus Foundation, urged event attendees to keep testing solutions. She said that while DIBs in isolation may not be the answer, they may lead to the answer.



Minister of Health Prof. Isaac Adewole, shares how the Nigerian government wants to tell the business community — both private and institutional investors — that Nigeria is the place to come.

4. Measuring impact is critical.

The private sector takes innovation and accountability very seriously. Phyllis Costanza describes a study that UBS Foundation recently carried out in the U.S. where they found that only 12 percent of people with \$1 million or more in assets are investing in sustainable investment products. She says the reason for this is that 80 percent of them said they do not buy the impact story because they do not understand it. How is it possible to scale under such conditions?

Roger J. Beauchemin, president and CEO at Addenda Capital, added that his clients are investors who want to be able to measure the societal outcome. Ultimately, they want to see their financial returns as well as societal returns. Therefore metrics are crucial.

Caroline Vance, director at Deutsche Asset Management, highlighted that a lot is asked of fund managers, particularly as they need to protect the impact integrity. Many do not consider impact investing or blended finance mechanisms because they are seen as too complex or unregulated. Vance said this makes it more difficult to bring innovative finance mechanisms to scale. The sense of mistrust needs to be dispelled.

5. Communication and education is the key.

“From my perspective, forums like this are key. We're at the confluence of the private and public sector ... It's a rich environment ... My first point is education: from our clients' perspective, for institutional investors, a huge amount of education is needed. Because they think they are giving up ... There is a

point where you don't have to give up and you can actually do good."

— **Roger J. Beauchemin**, president and CEO, Addenda Capital

The message to potential investors should be simple: they should be encouraged not to hold back and bring their expertise along. However, how can opportunities be communicated to them effectively?

Some investors are starting to wake up to the idea that good action has a return and a value. But innovative financing interventions can seem complicated, deterring some institutional investors from coming to the table.

Communication is key in educating potential investors on what mechanisms are out there and how they can access them. In this shared language, however, we must be clear in defining what sustainable investment is and how to differentiate between products.

"With any complex partnership where we want to push the frontier of the innovation, we do so together. It takes a lot of time to build that trust."

— **Monique Vledder**, practice manager, Global Financing Facility

MOVING FORWARD

1. How can we shift the public-private narrative to open up for increased private investment for social impact?
2. How do we ensure that the end beneficiaries are at the center of the discussion?
3. How do we as a development community best communicate the opportunities that are on offer to investors?
4. How should we measure impact? What are our metrics and KPIs?

5. How can issues of regulation and policy be addressed?

"We need more of these conversations. We are at an inflection point and this is just the beginning. And it will be really exciting to see human outcomes ... It's very enriching for all of us, but it is also enriching for our investors, and I think that is the next step."

— **Roger J. Beauchemin**, president and CEO, Addenda Capital

To watch the full event, see the livestream here:



Websites

[Devex](#)

[MSD for Mothers](#)

[Global Financing Facility](#)

[USAID](#)



SPEAKERS

Raj Kumar, President and Editor in Chief, Devex (moderator)

Prof. Isaac F. Adewole, Minister of Health, Nigeria

Reina Buijs, Director-General for International Cooperation, Ministry of Foreign Affairs, Netherlands

Roger J. Beauchemin, President and CEO, Addenda Capital

Phyllis Costanza, CEO, UBS Optimus Foundation

Monique Vledder, Practice Manager, Global Financing Facility

Irene Koek, Deputy Assistant Administrator, USAID

Mary-Ann Etiebet, Lead and Executive Director, MSD for Mothers

FIRESTARTERS

Amy Baker, Director General of Health and Nutrition, Canadian government

Caroline Vance, Director at the Deutsche AM Global Social Finance Group

Peter Moors, Chief of Staff of Alexander De Croo, deputy primer minister of Belgium and minister for development cooperation.

LIST OF REGISTERED PARTICIPANTS

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FIGO	Flavia Bustreo
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Last Mile Health	Nan Chen
Global Fund for Women	Musimbi Kanyoro
Kois Invest	Prabu Thiruppathy
Convergence	Dean Segell
GBC Health	Nancy Wildfeir-Field
Laerdal	Tore Laerdal
PSI	Michael Holscher
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Mastercard	Alexander Liege
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