



# Innovative Financing for Maternal Health

MSD for Mothers is exploring the application of innovative financing mechanisms to improve maternal health outcomes in low- and middle-income countries.

## About MSD for Mothers

[MSD for Mothers](#) is MSD's global initiative to help create a world where no woman has to die while giving life. Applying MSD's business and scientific resources, we are working across sectors to improve the health and wellbeing of women during pregnancy, childbirth and the months after.

## Innovative Financing for Maternal Health?

Addressing global health challenges requires substantial financing, often exceeding resources governments in low- and middle-income countries (LMICs) are able to provide. Of the estimated funds needed to achieve the Sustainable Development Goals (SDGs) related to health, there is a gap of US\$134 billion.<sup>1</sup> Of the amount needed to, specifically, end preventable maternal deaths by 2030, there is a funding gap of US\$103.6 billion.<sup>2</sup> The COVID-19 pandemic has further depleted national health budgets and will increase the overall global health funding gap in the coming years.<sup>3</sup>

With an estimated US\$240 trillion in funding available from capital markets,<sup>4</sup> mobilizing only 1% of this would address the entire SDG funding gap.<sup>5</sup> Financing mechanisms that mobilize greater private and public investment in global health are generating significant interest in international development and investor communities.

MSD for Mothers is exploring novel financing approaches to close funding gaps for maternal health. We believe that innovative financing mechanisms – such as catalytic grants, development impact bonds and grants blended with debt and equity – provide an enormous opportunity to unlock additional funding across sectors and allocate resources more effectively to improve health. These mechanisms are not new but are often referred to as “innovative financing” because they are being tested for new geographies and for new purposes – such as improved health.

In many countries with poor health infrastructures and outcomes, small and medium-sized enterprises (SMEs) and entrepreneurs are untapped resources for innovation that can accelerate gains in maternal health care using financially sustainable business models. However, many SMEs in low- and middle-income countries are not mature enough to attract the investment required to adequately test their model and achieve scale. We believe innovative financing mechanisms are necessary to support SMEs struggling to attract the capital they need to expand. By creating financing opportunities for global health innovators, they can operate at scale, expand their services to reach broader populations and meet the demand for their services.

## Our Approach

MSD for Mothers is experimenting with the application of innovative financing mechanisms by extending access to capital markets for entrepreneurs seeking to improve maternal health outcomes in low- and middle-income countries. Our unique positioning as a private sector entity, with our deep connections in philanthropy and global health communities, positions us to understand what it takes to meet a bottom line in business and advance social good. We are working with new collaborators to test and refine different innovative financing approaches and will utilize our learnings to inform broader applications of innovative financing mechanisms for global health.

MSD for Mothers’ use of innovative financing includes funding mechanisms that range from traditional development assistance to socially responsible investing (as shown in the figure below).

Traditional Development Assistance	Conditional funding	Catalytic Funding	Impact Investing	Socially Responsible Investing	Commercial Investing
Grants	Pay-for-success (impact bonds & milestones-based payments), debt swaps	Seed funding, guarantees, public-private mechanisms	Impact-first investment funds	Environmental, social or corporate governance investing, thematic investing	Investments or loans at market rates

Source: USAID Center for Impact and Innovation. Investing for Impact. 2017

## Our Focus Areas

### Development Impact Bonds

MSD for Mothers has been a pioneer in testing development impact bonds (DIBs), which are pay-for-results financing mechanisms that leverage private investment to support health and development objectives. Through DIBs, risk of failure is shifted to investors, allowing governments and other donors to spend resources more effectively.

#### Utkrisht Development Impact Bond

MSD for Mothers collaborated with the U.S. Agency for International Development (USAID), UBS Optimus Foundation and Palladium to launch the world’s first health development impact bond, the [Utkrisht Development Impact Bond](#), with the goal of improving quality maternity care for women in Rajasthan, which has one of the highest maternal mortality rates in India. The Utkrisht Development Impact Bond aimed to improve the quality of maternal care in Rajasthan by helping private health care facilities enhance services, meet new government quality standards for safe delivery, and adhere to these standards over time. MSD for Mothers served as an outcome funder in this partnership alongside the U.S. Agency for International Development.

Conditional Funding

An analysis conducted by Mathematica at the end of the DIB found that the Utrkisht Development Impact Bond achieved both its facility quality improvement objectives and financial objectives. The success of the Utrkisht Development Impact Bond has also catalyzed government interest, as the Government of India is exploring other DIB mechanisms to improve population health outcomes in other focus and disease areas.

**Collaborator:** USAID, UBS Optimus Foundation, Palladium, Mathematica

## Public Private Mechanisms

MSD for Mothers established strategy collaborations to mobilize public and private sector capital to improve maternal health outcomes. Often, MSD for Mothers' role in these efforts is the de-risk investments so that new funders contribute funding for innovations in global health.

The MOMs Initiative

[The MOMs Initiative](#) is a collaboration of MSD for Mothers, U.S. International Development Finance Corporation (DFC), Credit Suisse and USAID (Center for Innovation and Impact and Office of Maternal Child Health and Nutrition). Through a US\$50 million commitment in blended grant, debt and equity capital, these funders support SMEs in sub-Saharan Africa and South Asia with the goal to stimulate, advance and scale innovations that contribute to a healthy pregnancy in regions of the world where there are high rates of maternal mortality and morbidity. In addition to blending catalytic grant funding with debt and equity financing, the MOMs Initiative also provides technical assistance to SMEs to further spur innovation in maternal health.

**Collaborator:** DFC, USAID, Credit Suisse

Kasha

Many women in emerging markets, especially in low-income communities, lack access to safe, high quality and affordable women's health and personal care products. This includes menstrual products, over-the-counter medicines and family planning products. [Kasha Global](#) is a unique e-commerce company addressing this problem through a discreet and user-friendly platform, which allows women to purchase and arrange for delivery online or by phone. Through a [\\$1M equity investment](#) from the DFC blended with grant funding from MSD for Mothers under the MOMs Initiative, Kasha is expanding its product offerings in maternal health.

**Collaborator:** DFC, USAID, Kasha



## Medical Credit Fund

The private sector accounts for more than 50% of all health care providers in Sub-Saharan Africa. These private providers are primarily comprised of SMEs that deliver a narrow set of services, maintain inadequately equipped and staffed facilities and do not use a recognized set of quality standards or tools for quality improvement. MSD for Mothers is providing grant funding to the Medical Credit Fund, combined with a [\\$17.7 million loan guarantee](#) from the DFC, to strengthen the Fund's ability to provide financing for health SMEs in Sub-Saharan Africa. Health SMEs leverage loans from the Medical Credit Fund to stabilize operations and strengthen their businesses, buy essential medical equipment and finance small-scale construction.

**Collaborator:** DFC, USAID, PharmAccess Group

## Social Investing

MSD for Mothers also deploys socially responsible investing to catalyze innovations that have social value and the potential to become financially sustainable. By providing seed capital through an equity stake in new enterprises, MSD for Mothers' investment supports the initial development and testing of new innovations and helps to build a path toward sustainability. Once our collaborators raise the capital they need, we relinquish our equity in their businesses and reinvest any gains in new innovations to reduce maternal mortality.

### Nivi

Women often do not have the information they need to make informed decisions about their reproductive health. In response, we have supported the development and deployment of [askNivi](#) — an artificial intelligence (AI)-enabled chatbot that educates people about the full range of reproductive health topics including available contraceptive methods to meet a woman's needs and then connects her with a quality provider who has her chosen method in stock. Since the launch of askNivi in India in 2019, the AI-enabled chatbot has been learning continuously based on information from users in Kenya, India and Nigeria — so that people receive more personalized information along their health journeys. Nivi is leveraging our equity investment to expand their reach across low and middle-income countries, and attract new sources of capital, making it less reliant on our initial investment.

**Collaborators:** Nivi



## Continued Exploration of Innovative Financing

Looking ahead, MSD for Mothers will continue to explore funding mechanisms that help us increase innovation in global health, support sustainable approaches to financing and collectively move the needle on maternal health. We will continue to share our lessons learned to help bring additional private sector capital into global health.

1. World Health Organization (2015). WHO estimates cost of reaching global health targets by 2030. <https://www.who.int/news/item/17-07-2017-who-estimates-cost-of-reaching-global-health-targets-by-2030>
2. UNFPA. The Cost of the Transformative Results That UNFPA is Committed to Achieving by 2030. <https://sites.google.com/unfpa.org/costing30s/home>
3. Economic impact of COVID-19 pandemic on healthcare facilities and systems: International perspectives. Best practice & research. Clinical Anaesthesiology. <https://doi.org/10.1016/j.bpa.2020.11.009>
4. Statista. "Worldwide regulated open-end fund size in worldwide equity and debt markets from 2011 to 2020" <https://www.statista.com/statistics/1197811/share-investments-global-equity-debt-markets-type/>
5. USAID [https://www.usaid.gov/sites/default/files/documents/USAID\\_Private\\_Capital\\_508.pdf](https://www.usaid.gov/sites/default/files/documents/USAID_Private_Capital_508.pdf)