



TECHNICAL BRIEF

Photo: Rawpixel, Centers for Disease Control and Prevention

Blended Finance for Health Supply Chains

Introduction

This technical brief aims to serve as a practical guide for how blended finance can be incorporated into programs that seek to increase access to health commodities in low- and middle-income countries (LMICs)¹. The primary audience for this document is development practitioners who lead health commodities proposal and design efforts. The document includes practical data points and discussion of (i) why blended finance can be useful in driving uptake and access to health commodities; (ii) how blended finance has been used in the sector, told through the lens of several case studies; and (iii) what considerations should be kept in mind when designing blended finance solutions within health commodities programs. While blended finance will be described below as a useful strategy in some contexts to drive access to health commodities, it is not a panacea. Any blended finance solution must carefully account for country and sector context, as well as specific market failures that might

1. Health commodities include health products, health and medical supplies, and other items that may be needed for the provision of health services, including medicines, vaccines, medical supplies such as contraceptives dressings, needles and syringes, and laboratory/diagnostic consumables – [Tracking health commodity inventory and notifying stock levels via mobile devices](#), Agarwal, Smisha et al., 2018

impede private investment in a particular market. This document provides a baseline overview of the space and a starting point for program design efforts. Links to further recommended readings and case studies from other sectors appears in the annex.

Overview: Why use blended finance in the healthcare commodities sector?

Access to health commodities is a critical enabler for progress towards the Sustainable Development Goals (SDGs), but current investments in this value chain are far behind the levels required. Issues exist at all levels of the supply chain, from Research and Development (R&D) to distribution, leaving populations in LMICs vulnerable to known and unknown diseases — diseases. The private sector spends nearly \$160 billion annually on health commodity R&D, however, only \$5.9 billion funds R&D for treatment of global diseases in developing countries. Even more alarmingly, only \$511 million is spent on R&D for neglected diseases, which are more likely to afflict lower-income countries.² These funding gaps result in higher government health expenditures, decreased life expectancy, and increased financial hardship due to high out-of-pocket obligations — in certain developing countries, some purchasers pay up to 20 to 30 times more for generic drugs.³

COVID-19 presents a living example of the challenges in the procurement and distribution of health commodities in LMICs. Through 2020, the world saw shortages for items such as ventilators, personal protective equipment (PPE), test kits, therapeutics and emerging vaccines. In July 2020, the demand for ventilators was 10 times the supply.⁴ Recent reports highlight the inequity in access to vaccines under development; while lower-income countries struggle to secure vaccines for even 20% of their populations, wealthier countries have secured enough vaccines to immunize their populations many times over⁵. In addition, the distribution challenges associated with the absence of consistent cold chains in many LMICs have been widely reported as a key challenge to vaccine delivery: The COVAX Facility, for example, will significantly limit its procurement of COVID-19 vaccines that require ultra-low temperature storage capabilities not found consistently in LMICs.⁶

Several factors have limited traditional financing for health commodities in LMICs. For existing health commodities designed to treat global diseases, private manufacturers and investors are not greatly incentivized to make these products available at prices accessible for LMICs. With neglected diseases, drug and vaccine manufacturers are dissuaded from undertaking product R&D and innovation for several reasons: (i) small addressable market and limited ability to pay out-of-pocket health costs in LMICs, (ii) weak regulatory and governance capability in LMICs, presenting intellectual property concerns for innovators⁷, (iii) inadequate budgeting at the national level which can delay supplier payments for government-subsidized products, and (iv) limited manufacturing capacity in LMICs, requiring upfront investment to establish supply chains. Strategic purchasing and other pooled procurement arrangements, such as the pneumococcal Advance Market

² [How much does the private sector invest in global health R&D](#), Brookings, 2017

³ [New Study Finds Some Poor Countries Paying 20 to 30 Times More for Basic Medicines Than Others](#) – Center for Global Development, 2019

⁴ [Getting Developing Countries the COVID-19 Supplies They Need](#), IFC, 2020

⁵ [With First Dibs on Vaccines, Rich Countries Have 'Cleared the Shelves', The New York Times](#)

⁶ [COVAX Global Supply Forecast, January 20, 2021](#)

⁷ IP concerns tend to be more relevant for drug production, not vaccine production, with the exception of improved formulation or improved processes for manufacturing

Commitment (AMC) highlighted below, have shown promise in mitigating traditional incentive-based barriers to private investment in the sector, but the depth of these underlying factors have impeded widespread progress.

A blended finance approach offers a pathway to increase private sector investment for health commodities in LMICs. Blended finance refers to the use of catalytic capital from public or philanthropic sources to increase private-sector investment in developing countries for sustainable development.⁸ Blended finance can be used when the risk-return profile of an investment is misaligned with private sector expectations, and philanthropic capital can help address the underlying risk factors or offer better investment returns (vs. business as usual). For the health commodity value chain, several categories of blended finance instruments can be relevant. These tools, seen in Figure 1, reflect to the sector’s challenges and work to ensure attractive pricing and opportunities for private sector investors. For example, if financial institutions possess limited knowledge of a potential borrower or sector, credit guarantees may reduce the perceived risk of lending to these actors and draw in more commercial capital. In another example, if the key risk factor includes uncertainty around the scale and frequency of uptake, advance market

Figure 1: Risk-return framework¹⁰

CATEGORIES	DESCRIPTION	TYPICAL TOOLS USED	MAIN RISKS ADDRESSED
RISK MITIGATION TOOLS	Mechanisms to protect private investors from specific risks at business, project and/or country level	<ul style="list-style-type: none"> Guarantees Insurance Securitization Derivatives 	<ul style="list-style-type: none"> Often address general credit risk, particularly for commodities buyers with uncertain or delayed cash flows (e.g., Ministers of Health) Guarantees target specific risks such as volume (e.g., public sector guarantees to buy products), price (e.g., ensuring investors/manufacturers can achieve satisfactory Return on Investments)
DIRECT FUNDING	Concessional direct investment into a company or project delivering social or environmental impact, through the provision of equity, debt and/or grants	<ul style="list-style-type: none"> Structured/long-term equity and debt capital (e.g., junior equity, subordinated debt) Grants (e.g., technical assistance, design grant) Other direct debt instruments (e.g., local currency) 	<ul style="list-style-type: none"> Typically combine a set of instruments in a pooled investment vehicle to address a broad set of risks required to catalyze private sector finance (e.g., market size uncertainty, price uncertainty, weaker government capacities) Seed / early stage & patient capital specifically target business model risk, such as heavy R&D required in health-tech start-ups (e.g., Just Biotherapeutics)
RESULTS-BASED FINANCING	Instruments that incentivize private investors or companies to invest in development-oriented sectors	<ul style="list-style-type: none"> Performance-based contracts Development impact bonds Advance market commitments Challenges, prizes and awards 	<ul style="list-style-type: none"> Usually focuses on business model risk specifically related to catalyzing sustained innovation post the intervention (e.g., manufacturing commitments for pre-agreed price/volume, buy-downs based on health goals reached)

8. [Private Sector Engagement Policy](#). USAID, 2019

9. A recent example of such intervention is the [Pneumococcal Advanced Market Commitments \(AMC\)](#) which has been instrumental in incentivizing the manufacturing and procurement of vaccines and can be applied to the COVID-19 context. The Gavi COVAX AMC platform is using both government and donor funding to provide volume guarantees to specific manufacturers, catalyzing scale in production and increasing the possibility of equitable access to COVID-19 vaccines for LMICs.

10. [Blended Finance Vol 1: A Primer for Development Finance and Philanthropic Funders](#). OECD/World Economic Forum, 2015; interviews; Dalberg Analysis

commitments can be useful in eliminating that risk and encouraging private participation⁹. Lastly, in LMICs where private sector market-based healthcare solutions have been identified and require numerous transactions, pooled investment funds can attract private investment by offering risk-sharing mechanisms across numerous private sector actors.

Despite its potential, blended finance has played a minor role in the health commodities value chain to date. Blended finance activity in the healthcare sector has been modest, reflecting some of the challenges indicated above: the health sector accounts for just 6% of recent blended finance deals, according to Convergence, compared to the sector's 10% share of global GDP.¹¹ This shows only a slight improvement from previous years — from 2017-2019, the health sector represented only 3% of deals.¹² Yet health commodities are only one segment of the overall health sector, which has shown some ability to reach scaled outcomes: while health commodity-related blended finance deals represent roughly 25% of the number of health sector blended finance deals in the Convergence database, health commodity-related deals account for over 75% of the value of total sector deal volume.¹³ This reflects the potential for scale in operating health commodity programs, particularly alongside complementary strategies such as strategic purchasing for expanding uptake and access to essential health products.¹⁴

Several challenges have limited blended finance deals. Potential hindrances to scaling blended finance in the health sector broadly include: (i) the perception that healthcare services, in general, should be a public sector responsibility — and that private sector engagement applies solely to economic-growth related activities¹⁵ — leading investors to write off any role for private capital in the sector¹⁶, (ii) possible adverse distributional effects of greater private engagement in health systems, such as drug manufacturers targeting high-income segments in LMICs, and (iii) difficulties in achieving the market returns necessary to attract mainstream investors.

However, the growing emergence of blended finance in the sector shows potential to improve the way LMICs access health commodities. Private sector financing already plays a growing role in the global health commodities value chain, and companies have a long-term interest in serving growing markets with products that populations need to thrive. The provision of blended finance to help mitigate risk and better structure opportunities for the private sector can act as a bridge to accelerate access and availability of critical medical commodities. Beyond financing, there also appears to be private sector interest in technical assistance and knowledge sharing in the sector. For example, the Global Fund's Private Sector Delegation platform collaborates to provide business expertise to assist in health commodity supply chain strengthening.¹⁷

11 The State of Blended Finance, Convergence, 2020

12 The State of Blended Finance, Convergence, 2020

13 Historical Deal Database, Convergence, 2021

14 Historical Deal Database, Convergence, 2021; Dalberg analysis

15 [Private-Sector Engagement Policy](#), USAID, 2019

16 [Chapter 4 – Investing in the SDGs: an action plan for promoting private sector contributions](#), United Nations Conference on Trade and Development, 2014

17 [Insights: What Should Private Sector Investments during the SDGs Look Like?](#), GBHealth, 2017

Case Studies: How has blended finance been used in the sector?

The sample of case studies below demonstrate the diversity of blended finance opportunities within the health commodities sector. We have selected three case studies for review: Global Health Investment Fund (GHIF), Implant Access Program (IAP), and Pneumococcal Advanced Market Commitment (AMC). These case studies were selected to encompass several factors, including variety in blended finance tools deployed, type of participating partners/investors, and type and level of impact provided. For example, GHIF focuses on upstream R&D and takes up direct investments in innovative biotech firms through private equity and public sector guarantees. IAP takes on a gender lens and provides risk mitigation via volume guarantees to private producers of long-acting reverse contraceptives (LARCs) for women in LMICs. Lastly, Pneumococcal AMC showcases sequential blending, where public/philanthropic sector commitments create market opportunities that induce private investment.

Table 1: Select case studies



GLOBAL HEALTH INVESTMENT FUND (GHIF)

BACKGROUND:

Global Health Investment Fund (GHIF)

- **Region:** Global
- **Launch Size:** \$108M

CONTEXT:

GHIF works to solve the financing challenge facing the R&D of drugs, vaccines, diagnostics, and other interventions for diseases that affect LMICs. It is a social impact investment fund that targets \$5 million to \$15 million investments in innovative, late-stage global health companies advancing the development of health commodities for LMICs. GHIF also works to improve and expand access to health commodities for more commonly occurring diseases such as TB, malaria, and polio.

KEY PARTNERS¹⁸:

- **Equity providers:** BMZ (\$14 million), International Finance Corporation (IFC) (\$10 million), Pfizer Foundation (\$5 million)
- **Debt Providers:** Grand Challenges Canada (GCC) (\$10 million)
- **Guarantors:** Bill & Melinda Gates Foundation (BMGF) (\$11 million), Swedish International Development Cooperation Agency (SIDA) (\$11 million)
- **Governance:** Lion's Head (investment manager)
- **Others:** AXA Investment Managers, GlaxoSmithKline (GSK), JP Morgan Chase, Merck, Storebrand Life Insurance (undisclosed amounts)

BLENDING FINANCE INSTRUMENTS:

Blended finance instruments: partial credit guarantee, public equity capital (partially concessional), private capital (e.g., mezzanine debt, convertible debt, preferred equity)

¹⁸ This list does not include all partners. For a comprehensive list, please visit the [GHIF website](#)

HOW IT WORKS:

Donors such as BMGF and SIDA provide first loss protection of up to 60% of the fund’s capital via a guarantee; this provides coverage for up to 20% of first losses for investors. Investors, both public and private (KfW and Pfizer) disburse capital into GHIF via debt and equity (partially concessional) with private investors generally allocated preferred equity shares with higher returns. Investors are repaid through dividends from investees or repayment of loans.

RESULTS TO DATE:

- Investment in over 10 companies, a number of which have commercialized products
- 4,200+ lives saved¹⁹
- 1.5 million lives improved via GHIF investments²⁰

LESSONS LEARNED:

- Partnerships – Bill Gates’ **‘star power’** and network helped facilitate investor interest as well as created inroads with target investees; creating a clear and credible champion of a new investment structure can help both to reach greater scale of funding and to attract strong deals and projects for financing.
- The presence of **additional strategic partners** helped create momentum for investee companies: e.g., WHO was instrumental in helping companies navigate the

EXAMPLE INVESTEE:

\$13 million investment in Medicines Development for Global Health (MDGH), a biopharmaceutical company dedicated to the development of affordable medicines and vaccines for developing countries. MDGH was awarded (and subsequently sold) its Priority Review Voucher following FDA approval of its moxidectin drug – an oral treatment for river blindness.

international regulatory landscape, and in providing legitimacy to private investment activity in a public sector-dominated space.

- Pioneering blended finance in one market space can help to catalyze other investment vehicles: after several years of successful investing activity by GHIF, several team members spun out to create Adjuvant Capital, which has raised \$300 million as a venture fund for global public health.

ADDITIONAL RESEARCH LINKS:

- [Global Health Investment Fund](#)
- [How Gates Foundation-Backed Fund Is Revolutionizing Global Health Impact Investing](#)
- [Ramping up global health investments to fight diseases of low-income countries](#)



IMPLANT ACCESS PROGRAM (IAP)

BACKGROUND:

[Implant Access Program \(IAP\)](#)

- **Region:** Global, Africa and Asia focus
- **Launch size:** \$214 million

CONTEXT:

IAP seeks to provide a greater selection of family planning (FP) options and information to women in communities with traditionally limited choices. IAP distributes contraceptive implants to women seeking to delay/ prevent pregnancies in developing countries. IAP is focused on long-acting reversible contraceptives (LARCs), an option typically less accessible by women in LMICs.

¹⁹ [This fund seeks a traditional return and grantlike impact for global health R&D](#), Devex, 2017
²⁰ [This fund seeks a traditional return and grantlike impact for global health R&D](#), Devex, 2017

KEY PARTNERS:

- **Guarantors:** BMGF, Children’s Investment Fund Foundation (CIFF), Norwegian Agency for Development Cooperation (Norad), SIDA (undisclosed amounts)
- **Manufacturers:** Bayer, Merck, Shanghai Dahua Pharmaceutical Co. (Dahau)
- **Partners:** CHAI (technical assistance and overall program design and coordination), EngenderHealth (implementing partner), Jhpiego (technical assistance and training), John Snow, Inc. (technical assistance and monitoring), Marie Stopes International (implementing partner), Population Services International (implementing partner), UNFPA (institutional buyer and procurement).

BLENDING FINANCE INSTRUMENTS:

Volume guarantees (concessional), technical assistance

HOW IT WORKS:

Public/ philanthropic partners negotiate volume guarantees and fixed pricing with birth control manufacturers. Buyers (e.g., USAID, FP2020) coordinate demand and place orders with manufacturers. Implementing partners in each country/region fund the procurement. If the minimum order quantities are not fulfilled by buyers, the guarantee is paid out to manufacturers.

EXAMPLE INVESTEE:

In Kenya, IAP supported last mile delivery by increasing supply at the central level and supporting programs that delivered implants to Kenyan health facilities.

RESULTS TO DATE:

- ~50% reduction in prices
- 53 million implants distributed
- \$500 million in savings for donors/governments
- Aversion of shortages and stockouts in 18 countries
- Extended participation of Merck and Bayer (from 2018 to 2023)

Internal/operational factors include:

- Presentation of a **clear business case** that was easy for private partners to understand
- Presence of **on-the-ground implementing partners** with strong local connections (e.g., CHAI), who were able to validate FP2020 countries projections through visiting partners (e.g., Ministries of Health) to better understand demands, barriers to access, and implant use trajectory

LESSONS LEARNED:

External/sector factors include:

- **Alignment with a greater global development** focus on family planning catalyzed interest within the private sector
- Existence of **strong prior relationships** between target manufacturers, donors and implementors
- Enforcement of the supply chain quality through **training for implementers and partners** on digital monitoring tools
- **Willingness at the country level** to adopt and continue practices started by IAP to ensure sustainability

ADDITIONAL RESEARCH LINKS:

- [Implant Access Program: Expanding Family Planning Option](#)
- [Market Shaping for Family Planning](#)
- [Scaling Up Access to Implants: A Summative Evaluation of the Implants Access Program](#)



PNEUMOCOCCAL ADVANCED MARKET COMMITMENT (AMC)

BACKGROUND:

[Pneumococcal Advanced Market Commitment \(AMC\)](#)

- **Region:** Global
- **Size:** \$1.5 billion

CONTEXT:

Pneumococcal diseases kills ~500k children annually, largely in developing nations. The goal of Pneumococcal AMC is to reduce childhood morbidity by increasing the development of pneumococcal conjugate vaccine (PCV) for developing countries and driving uptake through stable and predictable pricing for buyers and manufacturers.

KEY PARTNERS:

- **Donors:** Bilateral agencies (Canada, Italy, Russia, UK, etc.), Bill & Melinda Gates Foundation
- **Manufacturers:** Pfizer, GSK
- **Partners:** Gavi and WHO (PCV demand forecasting and vaccine eligibility requirements), UNICEF (procurement agent)

BLENDING FINANCE INSTRUMENTS

Advance market commitment, grant funding

HOW IT WORKS:

Pneumococcal AMC (via a consortium of partners), estimates demand and aggregates financial commitments from donors, via grants, to cover the Pneumococcal AMC’s procurement costs based on a set price. Pneumococcal AMC releases a tender, manufacturers bid, and selected manufactures are offered a deal which requires 10-year commitment at a maximum dose price. Donors then disburse funds to Pneumococcal AMC consortium, which in turn pays manufacturers once PCV supplies reach their destination. Participating countries also pay a portion of the procurement costs.

RESULTS TO DATE:

- Contributed to PCV price reduction of ~17% below 2009 cap price of \$3.50 per dose
- Facilitated PCV uptake in 59 countries
- 49M+ children fully immunized with 3 PCV doses
- ~6-7.5 Million pneumococcal cases averted
- ~230K-290k child deaths averted

EXAMPLE INVESTEE:

Pneumococcal AMC was launched in Mozambique in 2013 and was able to sustain supply despite vaccine arrival delays in national warehouses and subsequent provincial shortages in 2016. In that same period, routinization of PCV went from less than 50% in most provinces to over 75%.²¹

LESSONS LEARNED:

- **Global interest, with anchor funder and sustained institutional support.** The importance of scaling access to PCV was accelerated by data showing the substantial health morbidity associated with the pneumococcal virus, while early backing from the Gates Foundation and several bilateral donors, with sustained WHO and GAVI support and attention, were critical success factors.

21 [Full Country Evaluation: Mozambique](#), GAVI, 2016

- GAVI's Accelerated Vaccine Introduction Initiative helped generate information on PCV to inform policy and support advocacy, providing a **supportive knowledge base**.
- The PneumoADIP was helpful in identifying and calibrating the supply and demand of PCV in developing countries, which may have acted as a **market qualifier** by helping Pneumococcal AMC make a business case to manufacturers.

ADDITIONAL RESEARCH LINKS:

- [Advance Market Commitment for Pneumococcal Vaccines, Annual Report 2019](#)
- [Pneumococcal AMC](#)
- [Pneumococcal Advance Market Commitment: Lessons Learnt on Disease and Design Choices and Processes](#)

These case studies demonstrate four important considerations for designing and using blended finance instruments in the health commodities sector.

- **Investments in health commodities benefit from alignment with broader health goals.** Identifying goals and broader needs within the greater community for the specific health challenge creates buy-in and helps strengthen other components that may impact the blended finance intervention's success.
- **Blended finance investments that work against a diverse range of disease classes may help to minimize financial risk.** Investing across disease types may help protect against changing health priorities, especially in response to donor priorities, varied decision-making practices within Ministries of Health, and constantly evolving health challenges (e.g., COVID-19).
- **A focus on late stage biotech companies or products may do a better job of attracting traditional investors.** Though these firms often require a significant amount of financial investment for large clinical trials, they carry higher potential for return as they tend to have tangible track records and may just require support transitioning from late stage to actual distribution.
- **Helping key private sector partners, such as pharmaceutical manufacturers, adopt a commercial, rather than corporate social responsibility (CSR), lens is critical for sustainability.** CSR initiatives have become popular in businesses across the world, however, the sustainability of blended finance initiatives can be bolstered by private sector partners that see a true financial benefit in the investment.

Conclusions: When and how should development practitioners engage with blended finance?

The use of blended finance is aligned with three signature factors that underscore consensus between private and development interests: (i) additionality, (ii) impact, and (iii) financial returns. Additionality demonstrates that the blended finance intervention will generate meaningful private sector participation that wouldn't have happened otherwise. Impact illustrates how the investee or investable project contributes to sustainable development. Lastly, returns demonstrate that the project or initiative is expected to generate a profit, the required size of which varies depending on the private sector investors involved and their primary motivation.²²

²² [USAID INVEST Blended Finance Starter Kit: 10 Questions about Mobilizing Private Capital for Better Development Results](#), USAID, 2020

The recommendations below represent a few specific ways for development practitioners to engage in blended finance in this sector.

Certain macroeconomic and country level factors may make the innovative nature of blended finance ineffective. While blended finance is designed to address market challenges and failures, it cannot fully solve for the failures of a poor enabling macro-environment. Key indicators of a poor enabling environment include extreme corruption, political instability, weak legal systems, and unpredictable government decision-making processes²³ — these contexts may require extensive traditional development assistance. However, if blended finance initiatives and projects are undertaken in these conditions, investors and participants may need to be comfortable with long-term subsidies and be prepared with patience to await significant political changes.

Several global donors are active in blended finance and private sector engagement activity in the health commodities sector. For example, USAID has funded programs or co-financed blended finance programs in the sector through Project Last Mile and, historically, the Development Credit Authority. The UK’s Foreign, Commonwealth, and Development Office (FCDO) has provided substantial funding to the Pneumococcal AMC and GAVI’s International Finance Facility for Immunisation (IFFIm) structure. Going forward, there are opportunities for development practitioners to further expand the scope and depth of activity in blended finance in the sector.

Table 2: Recommendations for donor engagement and the role of development practitioners

Pathways for donor engagement	Roles for development practitioners
<p>Explore the use of revolving credit and/or bridge funds to protect against potential stock-outs for well known standard diseases and health areas. COVID-19 has put considerable strain on health systems and budgets; there will be an estimated total reduction of \$2 billion in real domestic health expenditure over 2020–2024 across LMICs.²⁴ This will likely require a reallocation of government health budgets away from commodities for standard diseases and health areas (e.g., HIV/AIDS, TB, family planning), causing potential shortages or stock-outs in the medium and long terms.</p>	<p>Deploy grants under contract (GUCs)²⁵ to provide competitive and catalytic funding for innovators to develop new distribution and access models that enhance the reach of a commodity access program. Investment matching requirements can be put in place to ensure adequate leverage of donor resources, with pay-on-milestone approaches to drive ongoing accountability for impact outcomes.</p>
<p>Support last mile coverage at point-of-care (POC) in LMICs. To reach the last mile, blended finance can be utilized to unlock financing and create access for smaller, POC facilities (e.g., neighborhood clinics, family pharmacies) across LMICs that require capital to procure quality commodities.</p>	<p>Provide technical assistance in key areas such as supply chain management, training for medical device operation and inventory management and more, increasing the possibility of success for the intervention and reducing perceived investor risk.</p> <p>Offer advisory services for investors interested in exploring new market opportunities but who have limited healthcare expertise and/or regional experience. Deal concierge and transaction advisory services can help to educate investors about smaller or seemingly risky deals, and drive aggregation of last-mile POC providers.</p>

²³ [Blended Finance Starter Kit: 10 Questions About Mobilizing Private Capital for Better Development Results](#), USAID, 2020

²⁴ [Covid-19 and Budgetary space for Health in Developing Economies](#), Center for Global Development, 2020

²⁵ [Understanding USAID’s Types of Awards](#)

Pathways for donor engagement	Roles for development practitioners
<p>Continue to explore and support the development of local manufacturing capacity of health commodities in select LMICs. With growing emphasis on local solutions for local problems and self-reliance, there is an opportunity to help seed or scale domestic manufacturing of health commodities that do not require high-level manufacturing capacities in supported country contexts.</p>	<p>Provide technical assistance to government partners to support the development of an enabling market environment and strengthen the regulatory conditions for the production and distribution of health commodities. Blended finance can help drive investment to expand local production capabilities, but is often insufficient in this context: enforcement of quality standards and regulation of health commodity production is often a critical precondition for success.</p> <p>Support manufacturers to upgrade product standards and business processes that drive consistency in output and quality. Blended finance programs such as catalytic business grants with co-investment requirements can support upgrades to facilities and business practices to achieve regional or international quality standards.</p>

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- “Getting Developing Countries the COVID-19 Supplies They Need”, IFC 2020
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- “The Advance Market Commitment Pilot for Pneumococcal Vaccines: Outcomes and impact evaluation”, Gavi 2016
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- “The Right to health”, United Nations General Assembly 2008
- “The State of Blended Finance”, Convergence 2020
- “With First Dibs on Vaccines, Rich Countries Have ‘Cleared the Shelves’”, The New York Times 2020

ADDITIONAL CASE STUDY REFERENCES

- **Affordable Medicines Facility for Malaria (AMFm), Africa, Asia, 2008.** The facility aims to increase access to artemisinin combination therapies (ACTs) by providing price guarantees and subsidies. AMFm accomplishes this by negotiating lower prices with manufacturers (e.g., Novartis Pharma AG in Kenya) in exchange for increased, stable order volume. The facility also supports country distributors through payment subsidies. AMFm is hosted and managed by Global Fund with financial backing from UNITAID, Global Affairs Canada, BMGF and others. Resources for additional reading:

 - [Médecins Sans Frontières – The Affordable Medicines Facility for Malaria \(AMFm\)](#)
 - [Independent Evaluation of the Affordable Medicines Facility – malaria \(AMFm\)](#)

- **International Finance Facility for Immunisation (IFFIm), Global, 2006.** IFFIm is a financing mechanism that issues 'vaccine bonds' to retail and institutional investors on the capital market, secured by long-term pledges from donor governments. This results in accessibility to large volumes of funds immediately available for GAVI programs (e.g., the rapid rollout of new or underused vaccines). Donor governments including Brazil, France, South Africa, and Sweden provide grant funding used to compensate IFFIm bondholders. The World Bank acts as IFFIm's treasury manager. Resources for additional reading:

 - [Gavi – International Finance Facility for Immunisation](#)
 - [Brookings – Snapshot Series: International Finance Facility for Immunization](#)

- **Just Biotherapeutics, United States, 2014.** Just Biotherapeutics is a Seattle-based biotech company that aims to reduce the cost of protein drug development by creating an integrated technology platform. 'Just Biotherapeutics' received an R&D grant for up to \$24 million from BMGF, who subsequently made an \$8 million investment catalyzing private sector investment from firms like Merck, Lilly Asia and ARCH, closing at \$14 million in Series A2. Resources for additional reading:

 - [Gates Foundation Invests \\$8 Million in Just Biotherapeutics](#)
 - [Gates Foundation leads \\$14M funding round for Just Biotherapeutics to battle infectious diseases](#)

- **Product Development Partnerships III Fund (PDP III), Global, 2015.** PDP III uses public capital to spur private investment into a fund designed to accelerate the development and availability of affordable medicines, vaccines and diagnostics for neglected diseases. PDP III solely funds Product Development Partnerships which focus on products unlikely to attract private investment while in development. Netherlands Ministry of Foreign Affairs as well as various private investors provide funding. Resources for additional reading:

 - [The Product Development Partnership III Fund \(PDP III\)](#)
 - [Product Development Partnerships III Fund](#)

- **Transforming Equity and Access for MedTech Fund (TEAMFund), India, SSA, 2020.** The fund seeks to accelerate innovation of medical technology that can address infectious and non-communicable diseases in developing countries. TEAMFund invests in commercial-stage health companies; this is accomplished through a hybrid fund that combines for-profit and nonprofit funds, sponsored by private foundations, medical tech and pharmaceutical companies, and CEOs (e.g., Smith+Nephew). Resources for additional reading:

 - [TEAMFund Closes \\$30 million Impact Fund](#)
 - [TEAMFund website](#)