U.S. Chamber of Commerce
Global Initiative on Health
and the Economy (GIHE)

Unlocking Barriers to Scale Innovative Financing for Universal Health Coverage

Acknowledgements

This paper was prepared by Yogesh Rajkotia, Callum Pierce, and Megan Rauscher of Enlumen LLC, a ThinkWell group company. The authors would like to thank the US Chamber of Commerce for its leadership and stewardship of this work. We are grateful for the inputs from leaders at Pfizer, Viatris, Amazon AWS, Johnson & Johnson, Merck, Organon, World Bank, USAID, World Health Organization, Government of Kenya, and WifOR. We are also grateful to the independent experts who contributed to the ideas put forward in this whitepaper.

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Executive Summary

With a funding gap of $176 billion, the global community will need to make substantial investments to ensure that LMICs achieve their UHC targets by 2030. Recent estimates by the OECD suggest that innovative financing could help to bridge this gap. Consequently, there is strong interest among stakeholders to fully leverage and optimize innovative financing for health.

Innovative finance aims to bring in novel sources of funding and expertise, thus the hallmark of successful innovative financing is robust, multi-stakeholder participation. Innovative financing mechanisms increase fiscal space for health by increasing the amount of available funding, promoting more cost-effective spending, or both. That said, the focus of innovative financing is shifting from mobilizing resources to incentivizing positive health outcomes through market-based instruments.

The number of innovative financing mechanisms have grown since their initial rise to prominence in the early 2000s. Despite their growth over the last two decades, innovative finance has not lived up to expectations of filling the UHC funding gap. This paper has identified barriers to scale that fall into two categories— general barriers and barriers faced by the private sector specifically.

We found the following key general barriers facing innovative finance:

- Start-up and transaction costs of innovative financing mechanisms have been high, leading to questions about value for money.
- National regulatory systems are often not tuned to novel financing modalities, resulting in implementation challenges.
- Some innovative finance initiatives have been criticized as unnecessarily complex, thus compromising wider participation.
- Limited technical expertise across public stakeholders resulting in slow and/or inefficiently designed initiatives.

We found the following key barriers for private sector participation in innovative finance:

- Lack of clarity on the motivations and intentions behind private sector participation, resulting in mistrust by policymakers.
- Misalignment of expectations between the private sector and policymakers about the private sector's funding capabilities.
- Lack of essential information required by private participants, such as performance metrics, capacities, and other essential due diligence requirements.
- Lack of systematic information about the robust set of assets that the private sector has to offer beyond finance.
- The absence of an organized approach within the private sector towards innovative finance, leading to inconsistent engagement and suboptimal utilization by policymakers.
- Sporadic or late engagement of the private sector by policymakers, leading to initiatives that may not optimally account for the private sector's experience or requirements.

To overcome these barriers, we recommend the following to policymakers:

1. Develop a standardized and structured process to engage private stakeholders that begins at the inception stage of an innovative financing initiative. Key components of this process should include:
    - Regular forums for meaningful participation, wide communication about these forums, and processes for operationalizing multi-stakeholder input.
    - Progressive approach to managing conflicts of interest, in which the starting point is to find solutions for mitigation rather than exclusion.
    - Cultivate alignment through structured dialogue on the intentions, motivations, business interests, conflicts of interest, and areas of alignment of all stakeholders.
2. Leverage private sector assets beyond finance. Many of the general barriers to scale could be diminished or resolved with expertise from the private sector. A total leverage of the private sector would examine the vast array of assets offered by the private sector that go beyond finance, which include technical skills (such as actuarial modeling), know-how (such as telehealth integration), and insights (such as market dynamics).
3. Engage with consortia or associations as stakeholders, rather than individual companies when appropriate. This approach would help mitigate individual COI, help create better alignment of commercial entities, allow for better visibility into the non-financial assets that could be brought to bear, and ultimately allow for a more inclusive approach that would crowd in more commercial entities.

4. Ensure curation and transparency of data to allow for better due diligence by potential stakeholders. Innovative relationships with private stakeholders will require greater transparency and alignment of critical data, such as transaction costs, technical qualifications, risks (foreseen and unforeseen), deal flow or deployment criteria, timelines for deal approval, and attribution.

5. Establish, through a multi-lateral participatory forum, a global standard of success metrics that are comprehensible, comparable, and appealing to all stakeholders—such as prosperity dividends from social and economic gains.

We recommend the following to the private sector:

1. As a vast and diverse constituency, offer strategic leadership through alignment around a common vision, principles of engagement, desired outcomes, and business interests.

2. Collectively catalog and make transparent the robust assets beyond finance that the private sector can bring to bear for innovative financing. As a part of this exercise, the private sector should proactively consider how their collective assets could help mitigate the general barriers to scale faced by innovative finance initiatives, such as high transaction costs, overly complex models, and legacy regulations.

3. Support public sector recommendation 3 by proactively structuring a consortia/association approach to organize, convene, and align industry, both at national and global levels.

Proactive leadership from the private sector, together with concrete actions for strategic and inclusive leverage from the public sector, will ultimately help countries get back on track to achieving their UHC 2030 goals.

I. Introduction

With the SDG deadline of 2030 just under a decade away, most LMICs are not on track to achieve UHC and SDG targets. Essential health services continue to be inaccessible to 3.6 billion people and 100 million are driven into poverty due to out-of-pocket health expenses.[1] Inclusive economic growth, a powerful dividend of UHC, still remains stifled in most LMICs. Making matters worse, the COVID-19 pandemic diverted scarce funding, exposed many critical health systems gaps, and further setback progress towards UHC. Unlocking the health, economic, and social dividends of UHC critically depends on improved financing for health at global, regional, and country levels.[1]

The World Bank projects a large funding gap of $176 billion to reach UHC by 2030.[1] The problem is worse for low- and middle-income countries, whose share of this funding gap is $108 billion. Even if LMICs were to implement strong fiscal measures and increase government spending on health to recommended levels of 15%, the funding gap would only be cut down by one-third.[1]

The global community's strong commitment to help countries get back on track to reach their UHC 2030 goals culminates at the UNGA 2023 meetings. This critical policy window is a strong opportunity to realign global stakeholders around a common vision and plan to achieving UHC.

The global community's strong commitment to help countries get back on track to reach their UHC 2030 goals culminates at the UNGA 2023 meetings. Most recently, heads of all members that participated in the UN Multi-Stakeholder Hearing in preparation of the UNGA 2023 high-level meeting on UHC proclaimed the importance of a renewed effort to achieve UHC, especially considering the backsliding caused by the COVID-19 pandemic.

In support of this policy window, this report intends to highlight the barriers to unlocking innovative financing for UHC more effectively, and how to foster better collaboration among national governments, international development agencies, and the private sector. It is our hope that after reading this report, policymakers and development agencies will understand how to better crowd-in, leverage and enable the private sector. At the same time, we hope that our findings will help the private sector to organize and participate in innovative finance initiatives more effectively.

II. Methodology

This report was developed in three stages. First, an extensive literature review was conducted to identify previously reported barriers to private sector participation. Our review of the literature included peer-reviewed papers, official white papers of donor agencies, consulting reports, evaluations, and gray literature. For the purposes of paper, we defined the private sector as all for-profit actors who work on healthcare. Therefore, we did not consider private companies in banking, finance, and other non-health areas.

The literature review subsequently informed a questionnaire for interviews with leaders who have extensive experience working on innovative financing mechanisms across Africa, Asia, Latin America, and Europe representing multi-lateral organizations, thinktanks, governments and the private sector.

Finally, two validation workshops were held with stakeholders, once at inception and again upon near completion of the findings.

III. Innovative Financing to Reduce the UHC Funding Gap

Innovative finance is not financial innovation, but rather the ability to bring in novel sources of funding and expertise.

Innovative finance is the introduction and application of non-traditional methods or mechanisms to mobilize additional resources for the health sector. While financial innovation typically involves the creation of new financial instruments or strategies, the hallmark of innovative finance for health is to design new ways to attract and leverage public, private, and philanthropic funds towards health-related goals. It emphasizes the use of partnerships among different stakeholders, such as governments, NGOs, private sector entities, and multilateral agencies, to tap into various forms of capital and, crucially, expertise.

Innovative financing initiatives can increase fiscal space for health by increasing the amount of available funding, promoting more cost-effective spending, or both.

To improve the availability of funding, initiatives can be designed to mobilize additional sources of financing, for instance by using 'dollar matching' to crowd in investment from external sources. Initiatives can also be designed to frontload funds, providing immediate or accelerated access to existing pools of financing, resulting in future savings from mitigated health risks. In addition to resource generation, innovative financing initiatives can be designed to maximize the impact of existing health funding sources through improving the efficiency of spending (for instance by incentivizing investment in preventive or promotive care) or by increasing the effectiveness of spending, (for instance by making funding conditional on the attainment of specific health outcomes). Figure 1 outlines the value-proposition of the most common types of innovative finance mechanisms.

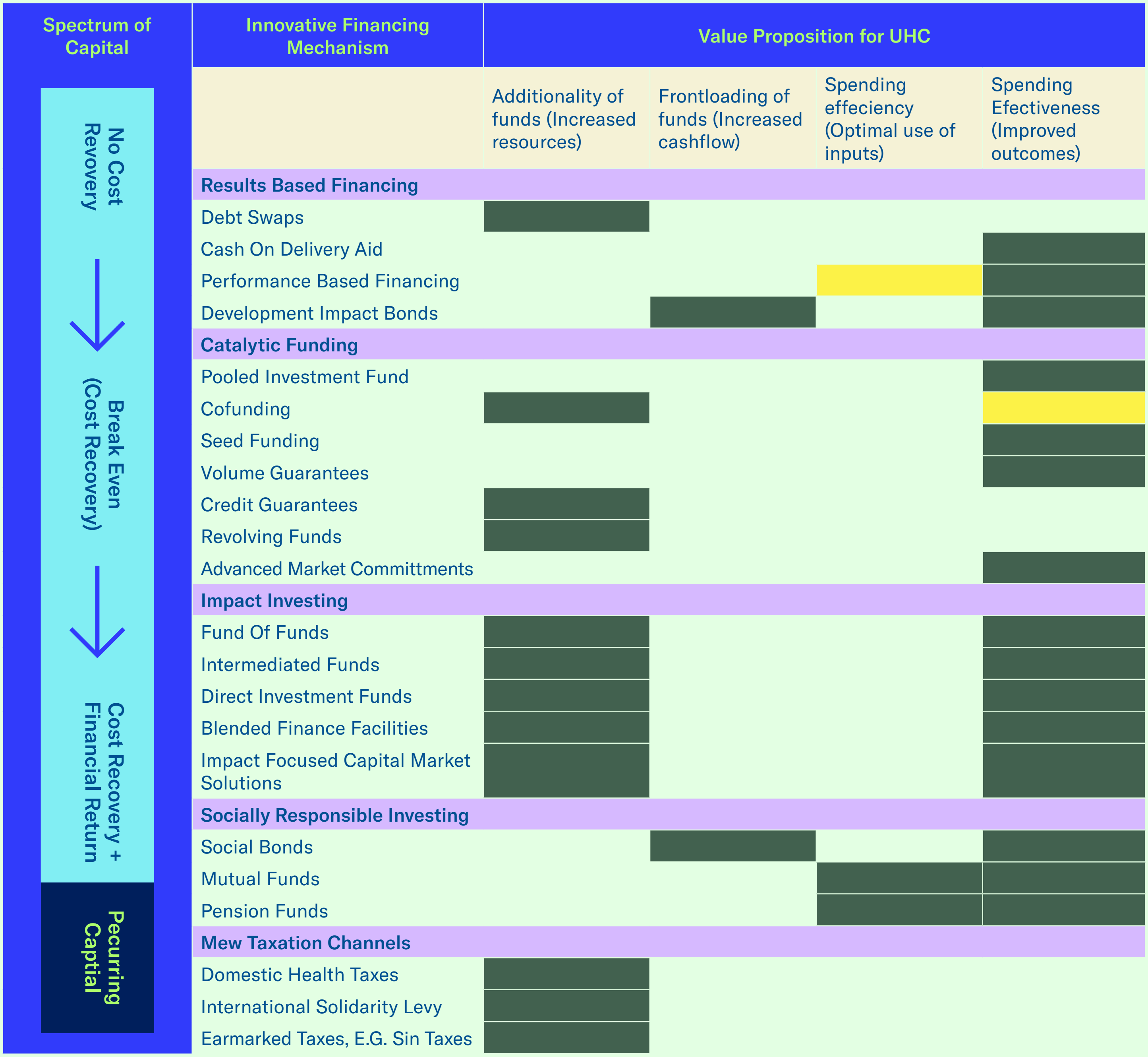
What Is Innovative Financing for Health?

Innovative financing for health is a broad term encompassing both additional sources of nontraditional financing and the range of nontraditional mechanisms used to raise and deploy new funds for health more efficiently. Results-based financing, catalytic funding, impact investing, socially responsible investing, and new taxation channels are innovative financing categories that have since been deployed to expand fiscal space for health in developing country settings.

Note: Adapted from ThinkWell Mapping

Figure 1.
Innovative financing mechanisms and their value proposition.

Green indicates primary value proposition, yellow indicates secondary. Developed based on expert interviews.



The number of innovative financing initiatives have grown since their initial rise to prominence in the early 2000s.

An extensive cataloguing undertaken by ThinkWell in 2020 revealed at least 42 major innovative financing initiatives for health focused or operational in LMICs[6]. Prior to that, similar landscaping exercises by the Kaiser Family Foundation[7] and the Lancet Global Health[3] provided additional snapshots of their growth since 2002. Early examples include the creation of Gavi and the Global Fund for AIDS, TB and Malaria (GFATM) in 2000 and 2002 respectively, which pooled investments to address market shortcomings in relation to vaccinations and infectious diseases in LMICs, followed in 2006, by a "solidarity levy" on air tickets to support Unitaid and the initiation of catalyst funds and schemes like the International Finance Facility for Immunization (IFFIm). Over time, a wide variety of impact investment funds and development impact bonds (DIB) emerged in LMICs, such as the Medical Credit Fund in 2009 and the Kangaroo Development Impact Bond in 2018.

What is the Private Sector?

For the purposes of this analysis, we define the private sector as 'all for-profit actors who deliver health products and/or services.

The focus of innovative financing is shifting from mobilizing resources to incentivizing positive health outcomes through market-based instruments.

In earlier deployments of innovative financing for health, the emphasis was primarily on creating mechanisms that could mobilize resources, for instance through innovative fundraising and investment approaches like the Unitaid "solidarity levy". In recent years, the trend has been for mechanisms to move beyond resource mobilization and toward a more outcome-oriented approach, such as outcomes funds, development impact bonds (DIBs), and social impact bonds (SIBs). Examples of the proliferation of such outcome-oriented mechanisms include: the Utkrisht Impact Bond, the first impact bond focused on maternal and newborn health (established in 2017)[8]; the Cameron Cataract Bond, focused on eye health (established in 2018)[9]; and, the 'In Their Hands' Impact Bond, focused on adolescent and sexual health (established in 2020)[10].

Despite its growth over the last two decades, innovative finance has not lived up to expectations of filling the SDG 3 financing gap.

The most recent estimates by the OECD suggest that innovative financing delivers approximately $40-$50 billion in financing each year for the sustainable development goals (SDGs).[14–16] To achieve the health-related SDGs, however, LMICs will require an additional $371 billion in additional financing per year by 2030[17]. In the context of stalled or reduced annual growth in volume of development assistance for health (DAH), the additionality of innovative financing mechanisms is even more important.

IV. Barriers to scaling innovative finance

For innovative finance to achieve its' potential, critical barriers to scale must be addressed. This section overall identifies barriers to scale, as well as those specifically faced by the private sector.

Overall challenges faced by innovative financing initiatives

Start-up and transaction costs of innovative financing initiatives have been high, leading to questions about value for money.

The GAVI Alliance, for example, needed to make an up-front investment of more than $30 million to the Pneumococcal Vaccines Accelerated Development and Introduction Plan (PneumoADIP) to build the business case for the Pneumococcal AMC. IFFIm, a GAVI-administered "vaccine bond" which is designed to frontload future pledges made by donor countries and turn multi-year government pledges into immediately available cash resources, has transaction fees which exceed 15% of bond proceeds raised.[18] One interviewee from a multilateral donor openly questioned the cost-effectiveness of innovative finance, especially when compared to far simpler traditional granting mechanisms.

National regulatory systems are often not tuned to novel financing modalities, resulting in implementation challenges.

Most innovative financing mechanisms imply new types of investment, repayment and financial transactions, new relationships between stakeholders, and new data and governance structures. Most countries lack clear regulations[19–21] on how to handle these new mechanisms, leading to slower, less efficient, and even more expensive implementation. Sometimes, regulations can prevent innovative financing mechanisms altogether, especially when engaging in novel public-private arrangements that fall outside of the normal procurement process.

Some innovative finance initiatives have been criticized as unnecessarily complex, thus compromising wider participation.

Many SIBs and DIBS, for instance, which pay out based on the achievement of predetermined results, have been criticized for their complexity in design and implementation. Peter Sands, current chief of the Global Fund and a former banker, commented in a recent DevEx article that his background in finance and economics made him "in a funny way ... more skeptical about some of the sort of elaborate schemes and innovative finance ideas that people come up with." Aligned with that sentiment, one of our interviewed leaders expressed that a straightforward additionality of funds deployed using traditional granting instruments, especially in countries where annual per capita spending on health is less than several hundred dollars, would be a more sensible approach to reducing the UHC financing gap.

Limited technical expertise across stakeholders remains a barrier to the successful deployment of innovative financing initiatives.

A common sentiment among our interviewees was that many public health experts do not have expertise in complex finance instruments, and financial professionals often lack expertise in public health. This can complicate efforts to achieve a common understanding, create alignment, and ensure effective implementation. For instance, an independent review of the IFC's Health in Africa initiative to crowd-in private investment documented critical shortcomings in the fund managers' capacity to: (i) effectively analyze how to reach poor populations through the private sector, (ii) design investments that benefited the economically disadvantaged, and (iii) monitor and evaluate investment to determine if they were reaching the intended demographic.[22,23]

The entry criteria, performance metrics and other information essential for buy-side due diligence is often more obscure for innovative finance initiatives than for 'off-the-shelf' investment mechanisms, which can inhibit investment.

For instance, the Global Health Investment Fund (GHIF), which funds late-stage development of drugs, vaccines, and diagnostics for neglected diseases, initially faced skepticism from potential investors. At launch, important details about the fund, such as the qualifications of the fund managers and the specifics of the investments, were not readily available, complicating the process for potential investors.[24] Similarly, several experts and business leaders that we interviewed voiced that another barrier to long-term investment into global health was the lack of standardized results indicators for innovative finance across initiatives that demonstrate wider social benefits, such as reduction of social burden of disease or economic growth. Taken together, this opacity underscores a significant challenge for innovative financing initiatives—ensuring transparency and accessibility while preserving financial and operational integrity.

Challenges to private sector participation in innovative finance initiatives

The private sector's financial resources, technical expertise, and inherent innovation potential are invaluable assets that can significantly augment the scale and impact of innovative finance initiatives. However, key challenges inhibit the public sector from fully leveraging the private sector.

Lack of early-stage engagement in the development of innovative finance, and irregular participation thereafter, prevents the private sector from delivering its full potential.

Private sector interviewees unanimously remarked that structured, early-stage engagement allows them to better engage, bring more assets to the table, and obtain buy-in within their own organizations for deeper support. Moreover, they felt that genuine and efficient participation allowed for a more thorough design phase, more frictionless course-correction, and improved governance and accountability.

Table 2. Private Sector Assets for Innovative Finance

Data management
Patient journey streamlining
Supply chain improvements
Market dynamics analysis
Product development
Financial analysis
Actuarial and risk analysis
Policy & regulatory analysis
Communications
Stakeholder Convening
Stakeholder Brokering
Technological innovation
Cost-containment strategy
Telehealth integration
Incentive design
Data harnessing
Technology deployment strategy
Fund design & management

Note: Illustrative, non-comprehensive list of assets described by private sector leaders.

A lack of clarity on the motivations behind private sector participation fosters mistrust, resulting in underleveraged partnerships.

Because private companies have a fiduciary responsibility to shareholders, policymakers have natural concerns about potential conflicts of interest. The lack of a standardized and clear code of participation, with clearly articulated guardrails to manage any conflicts of interest, further exacerbates this mistrust. As one leader put it, “The private sector is heterogeneous, therefore industry’s intentions, principles, and position on innovative finance is not coherent”. Taken together, these concerns can make policymakers overly cautious about partnering with the private sector, leading to missed opportunities for cooperation.

Learning from the past, the GFATM has hardwired a process intrinsic to their governance and management that brings together all constituents from early stages. They have adopted an operating principle that conflicts of interest are always present, and with a robust and transparent disclosure process, these conflicts can be managed. Practically, the GFATM employs a full-time ethics officer who meticulously manages the process of conflict disclosure, offers intensive trainings, and constantly evolves the system as needed. One interviewee, who is engaged with GFATM, commented that the GFATM process of mitigating conflict promotes a best practice in inclusivity and appropriate leverage of all stakeholders.

Misalignment of expectations between the private sector and policymakers about the private sector’s funding capabilities limits the potential for robust collaboration.

One policymaker stated very succinctly: “some of these companies have valuations that are bigger than the GDPs of some small nations—they could easily finance the gap without even noticing”. Along the same lines, a private company noted, when discussing prior efforts to initiate a partnership with a large global health donor, that the donor “did not value non-financial, core competence support that was offered, and couldn’t believe we didn’t just have millions lying around to sign a check”. These two contrasting sentiments crystalize the misalignment of expectations, and the risk of lost opportunities as a result.

The private sector brings a robust set of assets beyond money, yet lack of systematic information about what these resources are greatly contributes to underleverage by policymakers.

Global dialogue on the role of the private sector in innovative financing mechanisms often focuses on mobilizing financial contributions and overlooks the unique capabilities and expertise the private sector can bring to bear to support fund goals. Private health sector enterprises have significant expertise, for instance, in the upstream design components of innovative financing mechanisms, like fund structuring and fund management, as well as in the downstream components of like incentive design, financial risk management, technology deployment, data harnessing, and contracting. As the “end user” of many policies, private sector also brings valuable insights on the effectiveness of regulations, procurement policies, and product sustainability based on market conditions. A vaccine supplier, for example, has a vested interest, holistic view, and practical insight into the effectiveness of a market’s value-chain to produce safe and effective use of their product. These assets have shown to be invaluable to the development of innovative finance mechanisms for private health insurance development in China and Malaysia. Table 2 catalogues some of the capacities expressed by private sector leaders. In the absence of clear, compelling, and cohesive messaging from the private sector on their capabilities and willingness to support innovative financing mechanisms beyond financial transfers, policymakers may overlook potential synergies or fail to tap into these additional benefits.

The absence of an organized approach within the private sector towards innovative finance leads to inconsistent engagement and suboptimal utilization by policymakers.

Despite the need to crowd-in private sector resources into innovative finance initiatives, the process of engagement is often hindered by an underdeveloped organizational infrastructure within the sector, such as a 'go-to' association of private companies that are willing to engage in innovative finance. Policymakers frequently resort to engaging with familiar individual companies or those who they have relationships with, hence overlooking potential new collaborators. Moreover, the private sector is a diverse constituency of stakeholders, each with different capacities, risk tolerances, and fund entry criteria. The sector currently lacks a clear mechanism to align these diverse perspectives which dilutes the collective influence of the private sector on innovative finance initiatives and hampers the development of a shared agenda.

Private sector engagement in the formation of innovative finance initiatives is often sporadic or relegated to late-stage discussions, resulting in initiatives that may not optimally account for the sector's experience or requirements.

The uneven inclusion of private sector insight and expertise in the early stages of innovative finance initiative development often results in sub-optimal designs and preventable challenges. For instance, a ThinkWell-led review of private sector perspectives on pandemic preparedness financing revealed widespread concern from private-sector respondents on the impact of poorly-designed regulation on the availability of essential commodities and diagnostics during the COVID-19 pandemic.[25] Had there been more robust private sector involvement from the inception, such design flaws, systems weaknesses, and unhelpful regulations might have been better addressed or altogether avoided. Beyond implementation difficulties, the lack of end-to-end involvement by the private sector can lead to sustainability and transition concerns after the innovative financing initiative expires.

Recommendations

Recommendations for Policymakers: Crowding-in and leveraging the private sector

1. **Develop a standardized and structured process to engage private stakeholders that begins at the inception stage of an innovative financing initiative.**

   a. **Establish regular forums for participation:**

   As most innovative financing initiatives are the product of robust multi-stakeholder participation, a carefully and deliberately designed process to engage with stakeholders is critical. This process should include regular forums for meaningful participation, wide communication about these forums, and processes for operationalizing multi-stakeholder input.

   These participatory processes should be designed at the inception/pre-design phase of innovative finance to establish a collaborative mindset while fostering transparency and trust. Early engagement allows stakeholders to better understand and orient themselves to one another, define a common vocabulary, and iron out any conflicts of interests or other areas of misalignment. Finally, as one private sector leader put it, “the earlier we are brought on, the more we can do”.

   Planning these processes should be forward-looking, to ensure that downstream stakeholders are also brought into the process early on. This means policymakers should anticipate downstream implementation needs such as financial intermediation, supply chain, data infrastructure and management, regulatory fitness, and provider training.

   b. **Manage conflicts of interest:**

   Policymakers should acknowledge that conflicts of interest are inevitable, and, in consultation with ethics professionals, build out a carefully designed process for regular disclosure and mitigation. The starting point should be to find solutions for mitigation rather than exclusion. Policymakers should design ways of encouraging declarations, creating easy processes to make them, and treating them in a non-punitive way. Policymakers could learn from the GFATM’s conflict of interest process[1], which was considered by some experts we interviewed as best practice.

1 In 2018, the GFATM ethics office had 177 conflict of interest cases identified, in which 82 were cleared, 73 had mitigating measures put into place, and 17 remained uncleared.

c. **Engage in 'alignment' exercises with the private sector to foster trust.**

At the outset of any innovative financing initiative, policymakers should lead a process that identifies areas of alignment with private stakeholders, as well as areas of misalignment. This would entail having bold conversations about the drivers that are bringing each party to the table, underlying business interests, and areas of overlapping interests. Often this process will reveal strong areas of synergies that may not have been previously understood. Other times, it will reveal conflicts of interest which can then allow for meaningful mitigation.

2. **Leverage private sector assets beyond finance and towards core capabilities:**

Private sector can bring valuable assets beyond finance, for instance an insurance company's expertise in insurance and data management and a technology provider's experience in cloud infrastructure for health. Policymakers engaged in innovative finance should regularly assess needs and seek out appropriate support and insight from commercial organizations throughout the design and development process. When appropriate, policymakers should issue formal calls for support to ensure wider and more inclusive participation of commercial actors. These calls should be in the spirit of public-private partnership, rather than traditional procurement. It is also critical to value in-kind contributions with the same weight as capital. As one private sector leader stated, their core-competency is their most valuable asset --policymakers should see these as such.

The private sector's skills, know-how, and insights could be invaluable in helping policymakers address the general barriers to scaling innovative finance, such as high transaction costs, overly complex design, archaic/unsupportive regulations, and limited technical expertise across public and non-governmental partners. Policymakers should engage in co-creative processes that encourage the private sector to provide their expertise towards reducing these barriers.

3. **Leverage associations or consortia of commercial entities for more effective and inclusive engagement of the private sector.**

By working with consortia, the policymakers can create better alignment, more clearly understand collective capabilities, and crowd in more companies. Another important benefit of this approach would be to ensure that the engagement is 'above brand' and to insulate against potential conflicts of interest arising from any individual company. Along those same lines, working with associations mitigates against competitive interests among individual companies allowing for better coordination and collaboration among private stakeholders. Finally, a consortium approach would mitigate any reputational risks associated with private participation.

Organizations such as the US Chamber of Commerce are well positioned to serve as a coordinating body for consortia at the global level, especially in partnership with other bodies such as Business Europe. At the national level, a case-by-case analysis should be conducted to determine the most appropriate coordinating body for the private sector.

4. **Ensure curation and transparency of data to allow for better due diligence by potential stakeholders.**

The curation of data should begin in consultation with a wide range of stakeholders including civil society and the private sector. This consultation should consist of explicit conversations about what information partners will need to participate. Critical data include transaction costs, qualifications, risks (foreseen and unforeseen), deal flow or deployment criteria, timelines for deal approval, and attribution.

5. **Establish a global standard of success metrics that are comprehensible and comparable for all stakeholders.**

   As presented by Dennis Ostwald in a roundtable discussion at the United Nations General Assembly (UNGA) in 2022, these metrics should capture the prosperity gains associated with reduced socioeconomic burden through smart health investments. Such metrics, especially if offered in a monetized presentation, would be a strong approach to attract a wide range of investors, including countries' own Ministries of Finance. Much has been written in the literature regarding common indicators, yet a clear global standard still does not exist. Practically, a multi-stakeholder initiative that would include multi-lateral agencies, private sector, and governments, could establish a temporary high-level committee to establish common metrics.

Recommendations for Private Sector: Strategic leadership on innovative finance

1. **Develop industry-wide guiding principles for engagement in innovative finance.**

   The private sector should aim to develop a collective vision for their involvement in innovative finance. This entails laying out clearly defined principles for engagement that align with public sector goals, express business needs, and articulate desired returns. By doing so, businesses can create a shared understanding and trust with the public sector, reducing uncertainties and paving the way for more efficient partnerships. A concrete step could be the creation of sector-wide position paper, jointly signed by participating businesses, outlining these principles and commitments.

   At the individual company level, a similar exercise could be conducted for companies that are engaged directly (not via consortia) in innovative financing. This would entail each company outlining its goals and being clear to disclose any brand or product level expectations. At this level, individual companies should proactively identify any conflicts of interest and create dialogue to identify ways of mitigating these.

2. **Collectively catalog and make transparent the robust assets beyond finance that the private sector can bring to bear for innovative financing.**

   To concretize the assets available to policymakers from the commercial sector, the private sector should collectively identify the various assets across companies and disseminate this information directly to innovative finance policymakers. Assets should include core competencies, related hard skills (such as actuarial, financial, modelling); know-how (such as transaction cost reduction, supply chain improvement), and insights (such as market conditions, feasibility, regulatory effectiveness). Furthermore, identification and organized presentation of assets among private companies could serve to further create alignment of approach and role across industry.

3. **Implement a structured approach organize, convene, and align industry, both at national and global levels.**

   To maximize the private sector's impact on innovative finance, a more structured approach to organization and alignment is necessary. This involves creating mechanisms for regular dialogue, coordination, and cooperation among businesses at both the national and global levels. For instance, establishing a dedicated body or a regular forum for innovative finance could provide a platform for collective decision-making, sharing best practices, and harmonizing approaches across the industry. Tangibly, the private sector could establish a secretariat housed at an association such as the US Chamber of Commerce or similar. This secretariat could organize regular (biannual or annual) conferences where key industry players meet to discuss, strategize, and align their innovative finance activities. This secretariat could also serve to coordinate the implementation of recommendations 1 and 2.

VI. Next steps: A call to high-level leadership

Achievement of the 2030 UHC targets rests in whether policymakers, donors and the private sector are willing to collectively work together to finance the additionality of resources needed to fill the $176 billion gap, whether through cash or in kind. Innovative finance will likely not be the only solution to this problem, but attempting to overcome its barriers remains an important step forward.

For innovative finance to be part of the solution, a shift in thinking towards deeper partnership by all stakeholders is needed. Policymakers must proactively identify areas of alignment and build inclusive processes to leverage private sector skills, know-how, and insights. At the same time, the private sector must show strategic leadership by proactively self-organizing and stating its' intentions, principles of engagement, business interests, available assets, and desired returns.

Ultimately, the recommendations in this report can only materialize if high-level leadership of both the private and public sectors proactively call for alignment and better cooperation, and this call is both structurally and ideologically supported. Public sector leaders must set a clear policy direction for greater public-private cooperation while breaking down internal barriers to do so. Private sector leaders must work together to establish a structure that allows for strategic, proactive, and coherent leadership on innovative finance. The UNGA 2023 meetings marks a strong opportunity for leaders to establish these intentions and mark a new phase in impactful partnership for UHC.

Annex 1. List of Acronyms and Definitions

AMC	Advanced Market Commitment
COI	Conflict of interest
DAH	Development Assistance for Health
GDP	Gross Domestic Product
GFATM	The Global Fund for AID, TB and Malaria
GHIF	Global Health Innovation Fund
HIV	Human Immunodeficiency Virus
IF	Innovative Financing
IFC	International Finance Corporation
IFFIm	International Finance Facility for Immunization
LMIC	Low- and Middle-Income Countries
MDGs	Millenium Development Goals
PFM	Public Financial Management
Private sector	Private companies working the healthcare sector
RBF	Results-based Financing
SDGs	Sustainable Development Goals
TB	Tuberculosis
WHO	World Health Organization
UHC	Universal Health Coverage: all people have access to the full range of quality health services they need without financial hardship. Agnostic to the mechanism of coverage (i.e. public, private, single-payer, mixed).
UN	United Nations

Annex 2. References

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