



**G20  
& G7**  
HEALTH &  
DEVELOPMENT  
PARTNERSHIP

# THE ROADMAP TO SUSTAINABLE FINANCE IN HEALTH

A Toolkit for G20 & G7 Countries  
and Developing a Taxonomy  
for Health

“

The COVID-19 pandemic left us with a GDP loss of 13.8 USD trillion and a further 100 million more people falling into poverty. With sovereign debt sky-rocketing and leaving less fiscal space for new forms of investments, the G20 & G7 and financial institutions yet again run into the rabbit hole of a systemic underappreciation of future risks. The shareholders of the World Bank have to pony up for capital increase and countries have to actively learn from each other's' sustainable finance models that will help to promote global public goods – this report is setting a precedent.”



**Lord Mark Malloch Brown**

President, Open Society Foundations

“

The way forward for sustainable finance is to create Pay For Outcomes partnerships. We should move away from general goals and create at scale partnerships that tackle measurable, contained issues by bringing all actors from private, public, and NGOs together.”



**Sir Ronald Cohen**

President, Global Steering Group for Impact Investment

“

People are the investment, and this is where everybody has to change their minds around and stop seeing investments only as bricks and mortars, a bridge, a road, or the walls of a hospital.”



**H.E. Stephanie Seydoux**

Envoy for Multilateral Affairs, World Health Organization

“

Spending more government money today on investments that prevent serious infectious disease and curtails people's lives is really good for long term domestic growth. Government's regard immediate investment spending as adding to debt. And we've got to break free from that kind of framework.”



**Lord Jim O'Neill**

Baron O'Neill of Gatley, Member, House of Lords

“

Over the past two years, the WHO Council on the Economics of Health for All has worked to craft a new economic narrative – one that transforms financing for health from an expenditure to an investment. Key to this transformation is the need for both more and higher quality financing. Lower income countries need the fiscal space to make long-term, proactive investments. How finance is structured matters. The world will not be prepared for the next pandemic unless our global financial architecture is redesigned – with coordinated action from multilateral development banks, regional development banks and national public banks, oriented around the goal of health for all.”



**Mariana Mazzucato**

Council Chair, Professor in the Economics of Innovation & Public Value at University College London (UCL), Founding Director, UCL IIPP, Chair, World Health Organization's Council on the Economics of Health for All

“

Health issues were one of the main drivers of credit downgrades in the pandemic because they impacted economic growth. It is more than a compliance requirement, this is having a real impact on GDP growth, on the capacity to prosper.”



**Bernard de Longevialle**

Global Head of Sustainable Finance, S&P Global Ratings

“If you thought about how things got invested related to healthcare today – people follow the money. You have to think about the economic impact of all that and say I have to stop rewarding behaviours and products that sustain a sick model.”

**Mary Mirabelli**

Senior Vice President, Healthcare Financial Management Association



“Governments will be around for a long time, like 100 years, and they don't need to be concerned about paying off the debts right now. They should, however, be focused on at least covering the cost of the debt.”



**Roberto Duran-Fernandez**

Economist, WHO Secretariat supporting the Council on the Economics of Health for All, Assistant Professor, Monterrey Institute of Technology

“Impact Bonds de-risk the situation for organisations. Instead of big capital and big business goals, impact bonds could take the form of a bridging investment where one accepts lower rates of return for a breakthrough health outcome.”

**Sonja Haut**

Author, The Case for Impact



“We need to move away from the metric of lives saved –which cannot be attributed to one financing mechanism– and towards the number of people served, infrastructure built, and people trained – shifting towards the strengthening of country systems.”

**Dr Agnès Soucat**

Director of Health and Social Protection, French Development Agency

“You need to 1) measure the social burden on the society but you also need to measure 2) the impact on human capital – what does it mean for a patient and for healthy life years if you introduce an innovation into a system? – The latter we call social impact. 3) You need to consider the private and public investments in health as a macroeconomic sector which is the biggest sector in the world.”



**Dennis Ostwald**

CEO of WifOR institute

“Within the investment sector the way that sustainable finance is normally defined, we would first of all talk in terms of not investing in harmful products. The next level of conversation tends to be about the sustainability of corporate practices, i.e. looking after staff physical and mental well-being, and also systemic issues such as the use of antibiotics and the role that companies have in food chains. The third area is the provision of additional capital to fund health through investment e.g., drug development or other matters needing capital expenditure.”

**Claire Jones**

Partner and Head of Responsible Investment, Lane Clark & Peacock



“Result based financing is a great way to get governments to invest in preventative interventions. The purpose of it is to tie the funding to the outcomes and by doing that the idea is to get to greater cost effectiveness and value long-term.”



**Milena Castellnou**

Chief Programs Officer, Education Outcomes Fund

“

Sustainable Financing needs be a coordinated effort between funding organisations and governments – there is so much funding that is available through organisations such as the Global Fund, GAVI, World Bank, USAID etc. but also at the ground level. Unless”there is better coordination between both, any sort of funding will be difficult to sustain.”



**Zahra Lutfeali**

Acting Executive Director, Digital Square at PATH

“

We should try to imagine from day one how those different forms of financing work together over a long period to achieve a particular objective, rather than – what I think has been our experience – feeling it out as we go and piecing it together dynamically over time. We can learn from the history of Public Health and the field of Climate Change.”



**Neil Buddy Shah**

CEO, Clinton Health Access Initiative

“

Investors should understand what is happening in government. Investors often fail to grasp the true significance of investing in advancements that directly impact people’s lives. Instead, they tend to gravitate towards investing in soft apps or fintech solutions, largely due to the absence of easily quantifiable metrics that adequately demonstrate the value of investing in the transformation of healthcare and nutrition. Consequently, a substantial communication gap arises as crucial information fails to reach these investors.”



**Kenji Shibuya**

Research Director, Tokyo Foundation for Policy Research

“

Blended Finance as a sustainable finance model is scalable and very promising. This approach of utilising concessional capital to crowd in private sector capital is needed in the healthcare sector for aligning risks with impact and financial returns. A recent example is one where our team provided catalytic grant capital in the Transform Health Fund that aims to invest USD 100 million in innovative healthcare solutions in Africa. In order to scale, it is critical to use initiatives like these to level set on the terminology and metrics of sustainable and innovative finance across organisations.”



**Dipa Sharif**

Senior Innovative Finance & Market Access Advisor, Center for Innovation and Impact, USAID Bureau of Global Health

“

Most governments in the G7 & G20 now accept the principle that spending on health is a valuable economic and social investment. That is an important step. However, the task now is for the G20 & G7 to build a sustainable funding framework for global health that attracts resources from domestic public funds, multilateral institutions and the private sector, I believe that is now achievable.”



**Alan Donnelly**

Founder and Chair, G20 & G7 Health and Development Partnership

“

Health systems are a means to achieving societal ends. Annually 20 to 40% of funding in the health sector is wasted. This translates to one trillion dollars a year in the US alone. This waste can be prevented by creating better value through more effective, efficient, equitable and responsive interventions. These funds can be used to re-invest into health systems to increase the fiscal space and to create value for money and value for many.”



**Rifat Atun**

Professor Global Health Systems, Harvard University

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# FOREWORD



**Baroness Patricia Scotland**  
Secretary-General of the  
Commonwealth of Nations

Unprecedented transitions, and new and persisting challenges call for a new global approach to health financing. These transitions include profound changes in the global economy, changes in health and risk factors for disease, and transformation of the institutional landscape in the global health arena. Significant challenges include poor health outcomes, poor access to health services, and financial risks to patients stemming from out-of-pocket expenditures. They are compounded by profound inequalities in these three dimensions both between and within countries and by the uneven distribution of recent improvements.

Sustainable health financing is central to meeting these challenges and for improving health and health systems. It is only when resources are adequately mobilised, pooled and spent that people can enjoy robust health systems and sustained progress towards universal health coverage – that is, all our people, our communities, our families, our brothers and sisters receiving high-quality health services that meet their needs without exposing them to financial hardship in paying for the services. Improving the quality of life for the people, is one of the defining priorities of the Commonwealth Family of Nations and it is also included in the Commonwealth charter.

A major defining moment to realize this within the Commonwealth family and beyond, was however, during COVID-19 pandemic. The widening inequalities

exposed during the COVID-19 pandemic highlighted the imbalances experienced, especially by the Commonwealth small island states. There is an urgent need for renewed approaches and sustainable, innovative financing models to increase fiscal space. These financing mechanisms must go beyond public health and combine a mix of public and private partnerships and will require revisiting synergies to ensure alignment between governments, ministers, global health organisations, economists, and the investor community.

This report has therefore come in the right time and has drawn lessons learnt post COVID-19 pandemic. The report describes how and why sustainable health financing architecture reforms is needed through the lens of the future econometrics in health. As countries make major reforms on their health care financing, the recommendations which came out of this report can assist them in developing concrete sustainable finance initiatives in health as they move towards universal health coverage.

I trust that this report will support you to ensure that the continued momentum of health finance for us all continues to grow.



“For a better economic modelling for healthcare spending and for maximising patient outcomes, we need to try and expand our health financing planning and conversations to the next 10 years independent of political cycles.”

**Chloe Rice**

Director of Health Systems Modelling and Analytics, Australian Department of Health

“Investing an additional 0,3% of GDP on average in public health across OECD countries will improve population health and workforce productivity with a positive impact on the wealth of countries.”

**Michele Cecchini**

Principal administrator for Public Health, Health Division, OECD

“Taxes on tobacco, alcohol and health promotion taxes are based on strong economic theory. They can also offer an interesting form of revenue generation, but there is a tension—when such taxes “succeed” as a public health measure by deterring tobacco/alcohol/sugar consumption, they in turn become less effective at raising revenue. So from a public health perspective you actually want your revenue from those taxes to decrease over time, which is an interesting dynamic.”

**Rachel Silvermann Bonnielfield**

Senior Fellow, Center for Global Development



## EXECUTIVE SUMMARY

Since the COVID-19 pandemic, sustainable finance has gained significant political traction in the global health sector, especially amongst the G20 & G7<sup>1</sup>. When global health actors refer to new forms of financing, they stress the need for more concessional investments (e.g. grants or loans) with funding from governments, ministries, philanthropies, and Multilateral Development Banks (MDBs), leaving little room for commercial and impact investments. By tapping into the networks of private investors, asset managers and impact investors, along with the potential leverage provided by philanthropic pledges, it is possible to identify new sustainable financing structures for health. This could promote investments into health systems and innovations that can be scaled up to minimise global health & health systems funding gaps by 2030.

Member countries in the G20+ use the term sustainable finance when looking into ways of increasing their fiscal resources for their spendings on health, education, climate resilience, and infrastructure. This is done by looking at new financing models, including debt restructuring and sustainable debt conditionality models. It is commonly agreed that the

current financial system, established approximately 70 years ago with the creation of the Bretton Woods institutions, seems to be outdated and cannot adequately respond to the multiple current crises. There is a disconnect amongst public sector, private sector, and civil society actors when it comes to how to redesign future economic systems that prioritise improving health outcomes.

Analysing the relevant G20 & G7 Presidency and ministerial Communiqués from 2017-2023, we see that the term “sustainable finance” in general featured in 37<sup>2</sup> out of a total of 44 Communiqués. For this paper, we analysed Communiqués between 2017-2023 issued by G20 & G7 Health Finance, Joint Finance and Health Ministers and Leaders<sup>3</sup>. Sustainable finance linked to health was mentioned in 18<sup>4</sup> of the 44 Communiqués predominantly within G20 and G7 Health Ministerial Communiqués during and after the pandemic.

Only in five out of 44 Communiqués<sup>5</sup>, especially after the pandemic, health was explicitly referred to as an investment rather than as a cost. This was during the Italian G20 Health (2021); the Italian and Saudi G20 Joint

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Out of 44 Communiqués in the G20 & G7, sustainable finance linked to health was mentioned in 18 Communiqués.”

Health-&Finance Ministers Communiqués (2020, 2021); the G7 Japanese Health Ministers Communiqué and Japan’s G7 Plan for UHC Action (2023)<sup>6</sup>. In 14 Communiqués there was a direct mention for a stronger dialogue, cooperation and coordination between Health and Finance Ministers in the G20 and G7<sup>7</sup>.

on the application of new sustainable finance approaches that could lead to a transformation of global health financing. Global health financing urgently needs a financing revamp: when looking at current and projected funding gaps in global health, the funding gap was US\$ 9.2 trillion (US\$1,183 per person) in 2019 yet estimated to be US\$ 16.9 trillion (US\$ 1,827) by 2050.

By looking at Communiqués including and beyond those that we analysed, over the last three years, sustainable finance linked to climate change, such as green investments, is proportionally more prominently featured as opposed to health. Although there has been a significant increase in the mention of sustainable finance linked to health and economic well-being, there needs to be greater collective focus

“

14 Communiqués in G20 & G7 called for a stronger dialogue, cooperation between Health and Finance Ministers.”



This paper identifies the trend that health is increasingly linked to the economic growth narrative within the G20 & G7 and provides a rationale for why and how governments and global health organisations must transform and rethink their future econometrics in health. This paper will:

1. Assess the need for a **set of standard metrics in G20+** countries to measure their health investments and its social impact to make future smart investments and better assess socioeconomic risk, return, and impact.

2. **Take stock of the current challenges** for global health organisations and G20+ countries in terms of increasing their fiscal space and attracting sustainable finance initiatives to scale up investments in health.

3. **Analyse existing sustainable finance models** (31 examples displayed in a toolkit) from the health, education, and climate change sectors, to demonstrate that certain financing models can be replicated in other country contexts.

4. Make recommendations as to how G20+ countries can promote the use of sustainable finance initiatives and **bridge the disconnect between the health and investor community.**

Qualitative interviews with 27 participants were conducted to inform and add to the findings of this paper. The diverse group of interviewees included policymakers, economists, asset managers, investors, civil society representatives, international organisations, representatives from the private sector and academia. The findings suggest that:

1. **There are various interpretations of “sustainable finance in health.”** G20+ countries and global health organisations must rework their organisational culture and structures to better understand sustainable finance that attract impact and commercial investments to supplement concessional finance.
2. **Increased communication between the health and finance communities** is needed to reduce the misalignment in technical language/communication between investors, global health organisations and governments to identify short-and long-term collaboration opportunities.
3. **A common shared taxonomy for health** is needed to bridge the communication gap between investors and the health sector to help investors make informed impact-related investments in/for health as it has already been done in the climate change arena.
4. Governments (i.e., Ministries of Health in G20+) should agree on a **set of metrics to measure the Return on Investments and Social Return on Investments** in health to assess the gaps in their health systems and plan new investments accordingly.
5. **Joint coordinated efforts between G20+ and G7 and global health organisations** are needed to apply these tools to advance a necessary rethink of the global health financing architecture, overcome financing blocks, and catalyse models to increase the fiscal resources for health investments to achieve HealthForAll.

“  
Only in five G20 & G7 Communiqués in total health was explicitly referred to as an investment rather than as a cost”

These findings add to the current political conversations on the rethinking of the entire global health financing architecture and can support models that aim to increase fiscal space for countries via long-term/conditional debt mechanisms, impact and blended finance initiatives where some of the intended outcomes could be measured. We cannot fix systems that we cannot measure. To sustainably close the existing funding gaps in global health- which cannot be closed by governments and philanthropy alone- global health organisations and countries must provide outcome-related, measurable incentives, where possible, to attract investors to support health projects helping to support prevention programmes, for example in tackling Non-Communicable Diseases, strengthening primary healthcare systems and achieving Universal Health Coverage.

By recognising financing health as an investment and not as a cost, this paper aims to engage the global health and finance communities as well as policymakers in discussions about the opportunities, as well as the challenges, in the application of current and new sustainable financing models for health. Starting with an acknowledgment of asymmetries in the current understanding of sustainable finance, the objective is to show how both sectors can transform discussions starting on the G20 and G7 level – moving from a reactive health finance approach to a proactive one, by agreeing on a set of metrics to measure risk, return/outcome, and impact of health investments on societies and economies.

This paper recognises that health is and should stay a fundamental human right. Therefore, this paper does not suggest that health should be privatised or that every health intervention must be measured. Governments still have the primary responsibility to finance the health of their citizens and provide ODA to low- and middle-income countries. Hence, this paper provides an attempt for G20+ governments and global health organisations to conceptualize and learn from different sustainable financing tools that can be developed and replicated in other national contexts to close a portion of the existing funding gaps in health. It also aims to open new discussions for developing a taxonomy for health investments to align the technical language of investors with the health community and help increase investment appetite from investors towards advancing national and global health.

“  
We cannot fix systems that we cannot measure”



# PART I

## SUSTAINABLE FINANCE IN HEALTH

### A QUALITATIVE ANALYSIS



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#### PART I

### A Definition: What is Sustainable Finance in Health?

To understand the meaning of sustainable finance, especially in the context of health, as well as how it is being used amongst ministers and leaders in the G7 and G20 and by our group of interviewees, we need to assess academic and policy-level definitions and meanings of the term. A brief literature review highlights the lack of a clear definition of sustainable finance in health.

Despite the lack of consensus about the rigor of sustainable finance as a conceptual definition, three critical features can be distinguished: First, it must rely on embedding society and the environment as core elements of financial and investment decisions. Second, it must be grounded in a long-term paradigm that addresses global sustainability challenges (i.e., the United Nations Sustainable Development Goals), which are typically long-term, and third, methodological approaches and outcomes must be measurable<sup>8</sup>.

The scope of the definition makes clear that sustainable finance focuses on how finance (i.e., investing and lending) interacts with economic, social, and environmental issues. When it comes to allocation, finance can assist in making strategic decisions about the trade-offs between sustainable goals.

Moreover, investors can exert influence on the corporates in which they invest in. In this way, long-term investors can steer corporates towards sustainable business practices. Finally, finance is good at pricing risk for valuation purposes and can therefore help in dealing with the inherent uncertainty about environmental issues, such as the impact of carbon emissions on climate change. Finance and sustainability both look to the future.<sup>9</sup>

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Sustainability can be seen as a prerequisite for Sustainable Finance”

When using terms such as ‘sustainable’ and ‘sustainability’, it is crucial to highlight the interdependence of both definitions. Whereas ‘sustainable’ refers to matters that can meet the needs and requirements of the present without compromising the ability of future generations to meet their own needs, ‘sustainability’ is related to the ability of institutions to have sufficient resources to maintain their operations over time. The discussion of Environmental Social Governance (ESG) factors is not necessarily a condition for financial sustainability. Questions about fiscal space, indebtedness, and fiscal deficits are more closely related to sustainability. In this context sustainability can be seen as a prerequisite for sustainable finance. If a country cannot maintain its operations, it cannot finance the United Nations Sustainable Development Goals (UN SDGs) effectively. It is also important to note that having zero deficit is not a condition for sustainable finance. A country can maintain sustainable finances if it can manage and service its debt effectively.<sup>10</sup>

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Sustainable finance is the process of taking due account of environmental, social and governance (ESG) considerations when making investment decisions leading to increased investment in longer-term and sustainable activities.”

Building on the academic perspective on sustainable finance, the practical applications used by the International Monetary Fund (IMF) and the World Bank (WB) mostly show convergence and overlap with the widely accepted European Commission definition: “Sustainable finance is the process of taking due account of environmental, social and governance (ESG) considerations when making investment decisions leading to increased investment in longer-term and sustainable activities.”

The WHO and the WHO Council on the Economics of Health For All, define sustainable finance within the context of the value derived from investing more in health; specifically, this means that health investment is the backbone for socio-economic growth.<sup>12</sup> For Multilateral Development Banks (MDBs), sustainable finance is defined as increasing governmental financial liquidity, such as within the context of climate finance. This translates into increased public resources for mitigation and adaption measures.



PART I

## Sustainable Finance for Stakeholders in Global Health, Economy, Finance, Governments and Policy Makers

The 27 interviewees have all agreed that it is timely that we speak about new forms of “sustainable finance” in health as we already do for climate change due to the ever-increasing challenges stemming from externalities, such as climate disasters, geopolitical crisis, ageing populations, and demographic changes that affect the health of future populations. Many of the interviewees seem to acknowledge the missing link between sustainable finance and health and recognise the challenge in measuring health outcomes as opposed to climate change. Interviewees from the finance and health community still differ in their interpretation of how sustainable finance can be implemented in health with both communities using different tools for investment decisions. Looking at the different perspectives gathered from interviewees, interviewees address this terminology from different angles (see Graphic 1). On the next page are sentiments synthesised from interviewees and subsequently categorised according to extracted themes.

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Sustainable finance requires a pragmatism towards the combination of national revenue, global multilateral spend, out-of-pocket spend, and philanthropic capital.”

### No Standard Definition for Sustainable Finance in Health

Analysing the different responses in defining sustainable finance in health it is striking that there is not a standard definition that exists in the health space. Interviewees commonly agreed that a standard definition may be helpful in future to work more strategically on models of sustainable financing between the health and investor community. Currently the concept still seems to remain abstract for both the investor and health community.

Sustainable finance requires a pragmatism towards the combination of national revenue, global multilateral spend, out-of-pocket spend, and philanthropic capital. The desired outcome is the minimisation of preventable illness and deaths from those causes where we have known solutions, and, subsequently, an increase in life expectancy and productivity to the level that we know is possible. Sustainable health financing is the form of financing that achieves this outcome.

For some interviewees the move to 100% domestic revenue is not an end in itself. The end is rather rapid improvement in health outcomes, and this will most likely entail multilateral, bilateral (including investors) and philanthropic support. Additionally, sustainable finance for some interviewees is the funding that a system can sustain over time to achieve its objectives and goals. Given that these will vary from context to context, there is no single definition, as funding allocated to achieve objectives will consequently vary.

There is no single figure of X percentage of GDP that defines sustainable finance. X can change depending on whether the societal end is improving access or efficiency.

Interviewees have agreed that future financing for health comes with a common accountability and responsibility to unlock long-term investments to improve health and well-being for societies that cannot be closed by government and philanthropy alone. They acknowledged the different forms of finance models that can work beyond concessional finance models, such as blended finance models or outcome-based partnerships.

“ There is no single figure of X percentage of GDP that defines sustainable finance. X can change depending on whether the societal end is improving access or efficiency.”

**Strike Balance between Development Aid and Domestic Finance in LMICs**

Some interviewees highlighted that the definition of sustainable finance in health must be further developed and strike the balance for a countries' (e.g., Low- and middle-income countries) domestic financing vs traditional international financing (e.g., Official Development Assistance) to increase their fiscal space for health long-term. By utilising financing at an international level to leverage quality financing at a country level, the role of international financing should be to incentivise country-level investments. Matching funds and co-financing are examples.

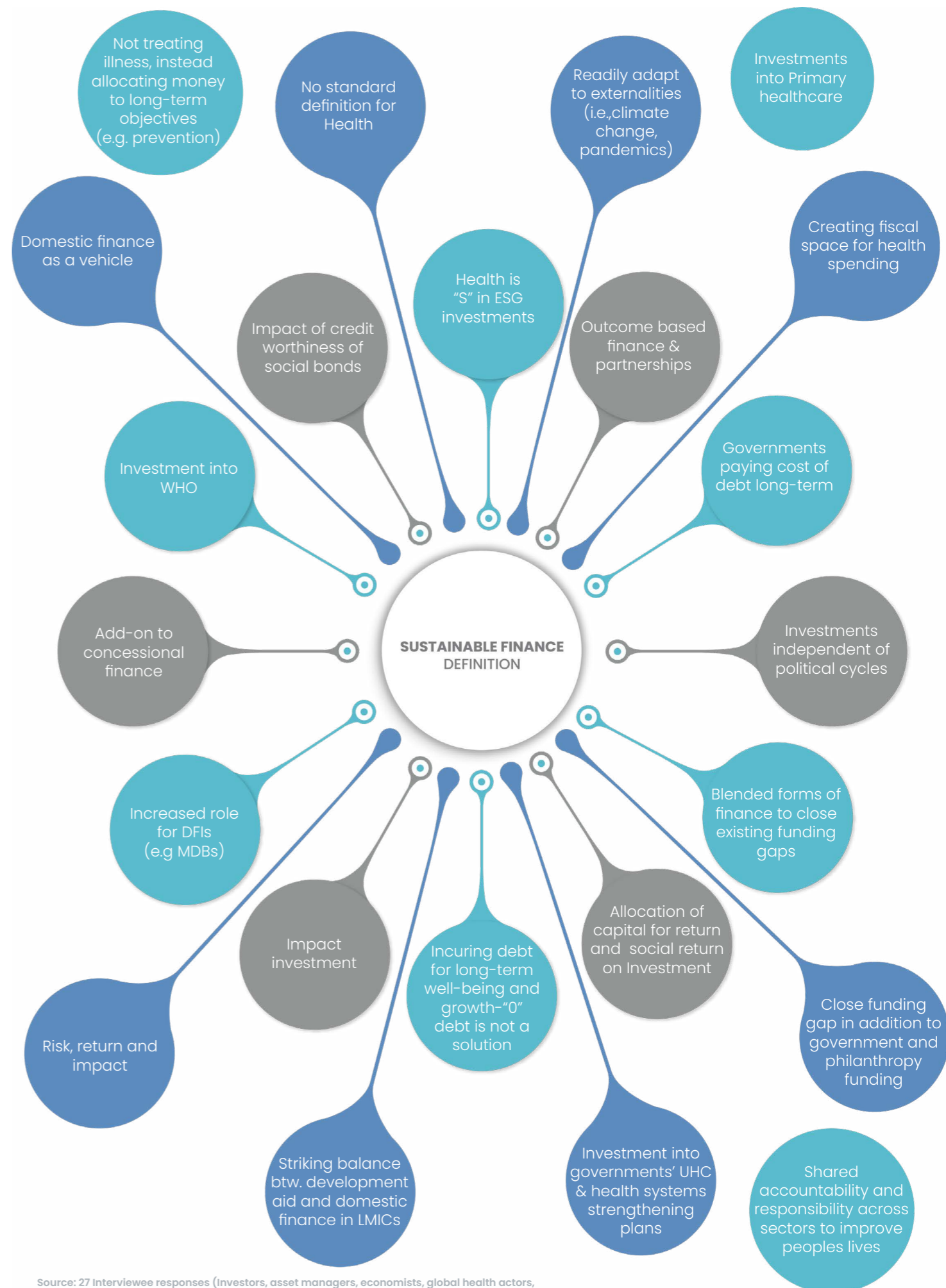
Reliability is critical to sustainable finance and according to some interviewees evidence suggests that donor-based finance is volatile rather than reliable. Sustainability means identifying financing that can be relied on over a significant period, not for the short run of 3 years, but for the long run of 10 to 20 years. Sustainable finance is the long-run achievement of expenditure being maintained by country-level payers said some respondents. This is not to say that no international assistance can be considered sustainable, but rather that long-run sustainability is the capacity for countries to consistently provide and pay for the health interventions their citizens need. Whilst donor funding, especially in LMICs, remain necessary, this dependence should not be constant and the aspiration should be that a country unlocks their sustainable financing model in addition and independent of donor aid long-term. Approaching investing as a pathway to financial and impact returns is what sustainable finance means for some interviewees.

Some interviewees, from the non-profit sector, believe that sustainable finance is about how we finance public health services in a level that it is sustainable without raising taxes or realistically assessing tax capacities of countries and crowding out expenditures. Some other interviewees defined sustainable finance as the goal that sustainable ODA flows to LMICs should eventually be replaced long-term by domestic expenditures and help increase public health expenditures and outcomes.



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Graphic 1: Common Responses to the Interview Questions: What is Sustainable Finance in the Context of Health?



Source: 27 interviewee responses (Investors, asset managers, economists, global health actors, G20 ministry of health officials, international Organisations and representatives from academia).

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Zero debt should not be a government target as there is a long-term time horizon for any repayment of public sector debt.”

### Zero Debt is Not a Solution

The majority of interviewees acknowledged that it is time for policymakers within the G20+ countries to break free from political cycle thinking and from the perception that immediate investment spending in health or climate change are adding to debt. There is a wide agreement that more government money for long-term domestic growth is more efficient and helps to sustainably prevent serious infectious disease curtailing people’s lives. There are certain minimum capacities that governments must achieve to maintain the health and wealth of their populations. Interviewees have said that sustainable financing begins with a government’s responsibility to achieve health targets/ investments for their own population even if that means incurring more debt. Hence, ‘zero debt’ should not be a government target as there is a long-term time horizon for any repayment of public sector debt. This is common in infrastructure finance; for instance, the debt incurred to build roads can be offset by long-term financial returns, for example, in the form of user fees. However, while incurring debt is natural to economic cycles of governments, some interviewees cautioned that interests paid on debts (e.g., from the IMF), that exceed beyond 4%, can become destructive for emerging & low-income economies’ growth prospects.

### Allocation of Capital for Return- & Social Return of Investment

Some interviewees believe that results-based, and outcome partnerships are a leeway to new forms of sustainable financing in health such as public-private partnerships that are focused on outcomes. Some respondents believe that the right model and incentive structure, will also impact the credit worthiness on models such as social bonds. Integrating environmental, social and health impacts into creditworthiness can be crucial for sustainable finance interviewees said. Whether this is about equity, assessing risk, fixed income or credit, sustainable finance is about integrating impact for some of them.



### Health in ‘S’ in ESG Investments

Some respondents could not provide a definition on sustainable finance and health in their own words but some have acknowledged that health falls within the “Social” component of Environmental Social Governance (ESG) where health investments contribute to the overall societal and economic returns. Some interviewees in the health space (i.e., ministries and global health organisations) seemed not to be too familiar with ESG standards, investments and disclosures and could not make the link of why ESG is important for them to understand to be able to speak the same language with investors to potentially unlock additional finance from the investor community. ESG factors are included in the decision-making process for the allocation of capital and recognising that there is an important social and financial return in doing so. It is a critical element of what sustainable finance is about. Simply put, in the health arena it is the demonstration of effective use of funds through emphasising outcomes – specifically healthier outcomes.

To put it into practical terms, one interviewee said, within the investment sector the way that sustainable finance is defined and investment decisions are made is based on three different levels that is: 1) not investing in harmful products. 2) The sustainability of corporate practices – i.e., looking after staff physical and mental well-being, and also systemic issues such as the use of antibiotics and the role that companies have in food chains and – 3) the provision of additional capital to fund health through investment e.g., drug development or other matters needing capital expenditure.

Sustainable financing means ensuring that, as part of ESG decisions, financing provides a pathway for scaling up health as a common public good for better health equity and access at a community level. It is critical that resources are provided for frontline support, to achieve long-run gains in the health financing industry so as to

address major health and equity challenges. A vital, but sometimes-neglected, aspect of sustainable financing is sustainable health. The question remains about how to enable a health system that can sustainably deliver health to as many people as possible.

### Lack of Understanding/Communication between the Health and Finance Community

During the interviews it became clear that there is a “dead valley” of communication between investors/ financiers and the health community when understanding, defining, or conceptualising sustainable financing for health. Whereas one on hand the investor community understands the need to invest more in sustainable finance initiatives in health, via for example blended finance mechanisms, on the other hand the global health community needs to first agree and understand what sustainable finance means and how to speak to the investor community and understand their investment needs and incentives. Hereby, it is also critical to analyse both innovator challenges in scaling up investment and investor challenges in deploying more capital. It becomes evident from the interviews that there is a need to match and catalyse the right type of private capital, to the right innovators at the right time for the innovator to scale it up. Despite the communication gap and the financing model or mechanism used, all interviewees agree to ultimately finance the UN SDGs as they cannot be considered in isolation and funding needs to be supported to progress on the SDGs.

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Health falls within the “Social” component of ESG”

# Sustainable Finance in G20 & G7 Communiqués

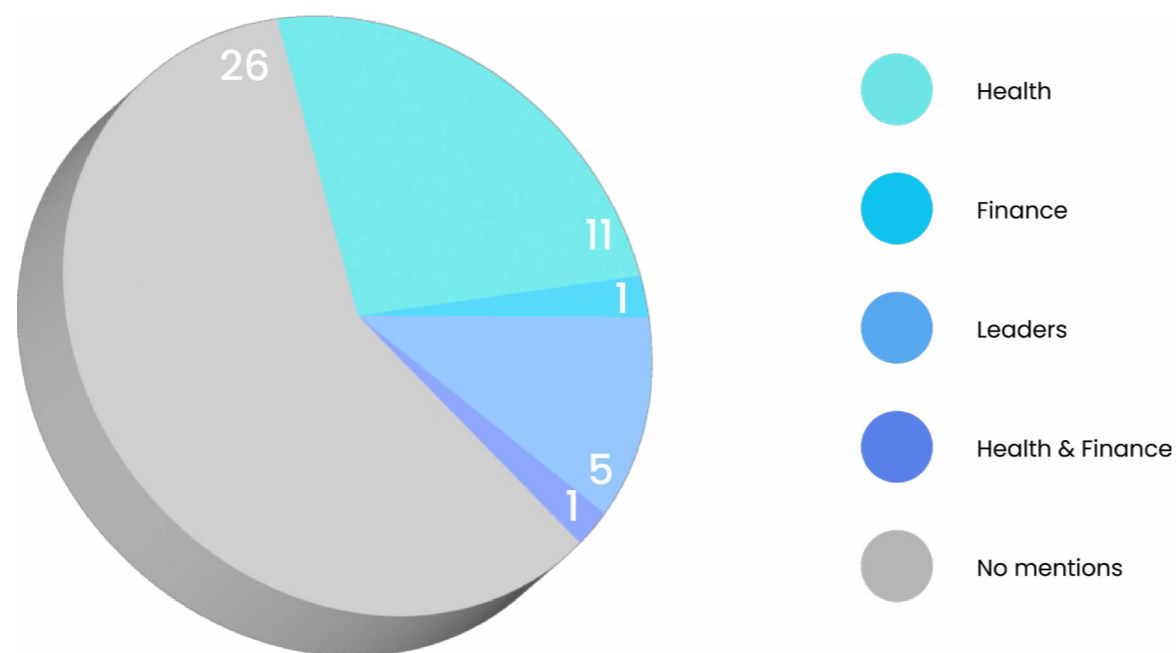
The term sustainable finance appears in almost every G20 and G7 Leaders, Health- and Finance Ministers and Joint Health and Finance Ministers communiqué (44 communiqués) that we reviewed between 2017 and 2023. However, it is mainly used in the context of financial recovery, green finance, and digitalization. Sustainable finance linked to health is mentioned in 18<sup>13</sup> out of the 44 G20 & G7 Communiqués examined.<sup>14</sup> It is important to note that the G20 & G7 Communiqué analysis focused on a) the direct mention of sustainable finance linked to health, b) the relation between health and economic stability and growth and c) the call for a stronger/ increased dialogue between health and finance ministers.

The focus amongst the G20 and G7 Presidencies on health and sustainable finance seems to vary. The

Argentinian G20 Presidency focused on health systems, whereas the Japanese G20 Presidency viewed the term sustainable finance through the lens of UHC finance and antimicrobial resistance. During the last two G20 Presidencies (Italy 2021 & Indonesia 2022), the focus on sustainable finance for health moved from health systems, capacity building and health-workers to pandemic preparedness and response mechanisms. This evolution and the changing interpretation shows that G20 Presidency countries show little consistency when referring to sustainable finance within the health context. As the call for sustainable finance in health rotates from year to year and is determined by the priorities of the G20 and G7 Presidency country, the terminology seems to be siloed and may require a standard definition agreed by the World Health Organization or the G20.

Graphic 2: Analysing the mention of Sustainable Finance linked to health in 44 Communiqués of G20 Leaders, Health-, Finance and Joint Health and Finance Ministers, G7 Global Plan for UHC Action in G7 and G20 between 2017–2023.

## Number of Communiqués linking Sustainable Finance & Health in G20 & G7 Communiqués

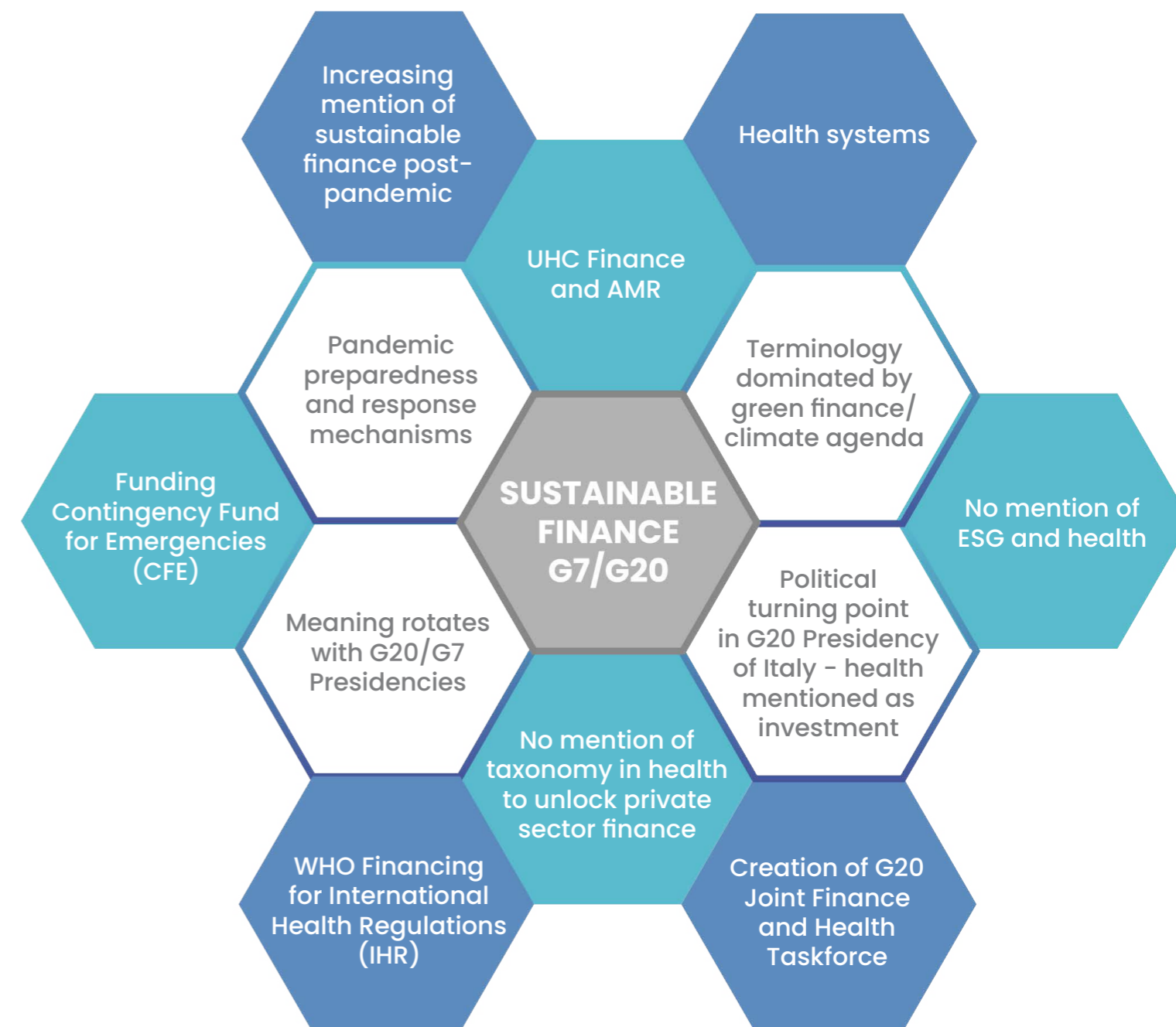


Source: Official G20 Health-, Finance-, Joint Health and Finance Ministers, Leaders and G7 Global Plan for UHC Action Communiqués of G20 and G7 Health, Finance, Leaders Communiqués (2017–2023). Please note that Health also includes the G7 Global Plan for UHC Action.

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G20 & G7 Presidencies show little consistency when referring to sustainable finance within the health context”

Graphic 3: Context of Mention of Sustainable Finance in G20 & G7 Communiqués



Source: Extracts and findings from 44 documents (G20 & G7 Presidency Communiqués) issued by Health Ministers, Finance Ministers, Joint Health and Finance Ministers and Leaders (2017–2023)

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For the first-time under Italy's G20 Presidency health was mentioned as an investment rather than a cost”

A closer assessment of G20 Health Ministerial and Leaders' communiqués reveals that the interdependency of a robust sustainable financing mechanism and the need for a continuous dialogue between ministers of health and ministers of finance was first made in the Argentinian Health Ministers Declaration (2018), which focused on mobilising domestic resources for the health sector. The Japanese and Saudi G20 Presidencies (2019, 2020) especially called for stronger sustainable cooperation between health and finance ministers. Whereas Argentina focused on general health systems financing, Japan focused more on the WHO financing of IHR and the Contingency Fund for Emergencies (CFE) as part of sustainable finance.

Both the G20 and G7 Presidencies during and after the pandemic mainly focused on sustainable financing and health as an investment in the context of pandemic preparedness and response and the pandemic fund. The G20 Italy (2021) and G20 Indonesia (2022) extended the term sustainable finance in global health and health emergency preparedness and response for developing countries. The Italian and Indonesian G20 Presidencies moved from a reactive approach to considerations of sustainable finance to a more proactive stance, especially with the establishment of the first Joint G20 Health and Finance Taskforce (JFTHF) which aimed to enhance dialogue between Health and Finance Ministries and global cooperation on issues related to pandemic PPR and the creation of the pandemic fund led by the WHO and the WB. The call for support for the Joint G20 JFTHF is not only increasing within the G20 ranks but featured prominently within the latest G7 Japanese Health and Finance declarations (2023).

Ministers of Health and Finance called for a political momentum to strengthen the taskforce coordination and the need to assess vulnerabilities in financing pandemic preparedness and response by also developing a surge financing framework that allows G20 countries to complement existing mechanisms to deploy necessary funds efficiently in response to pandemic outbreaks. It is worthwhile mentioning however that the Italian G20 Presidency triggered a turning point in the political communication of health financing. For the first-time, health was mentioned as an investment rather than a cost. Consequently, during the Indonesian G20 Presidency a strong link was made for the first time between the need for sustainable financing in health (as an investment) and pandemic preparedness and response as a way to stabilise and grow societies and economies.

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The Japanese G7 Presidency (2023) commits to exploring innovative approaches such as expanding impact investments in global health with the goal to contribute to generating positive and measurable social impacts alongside financial returns.”

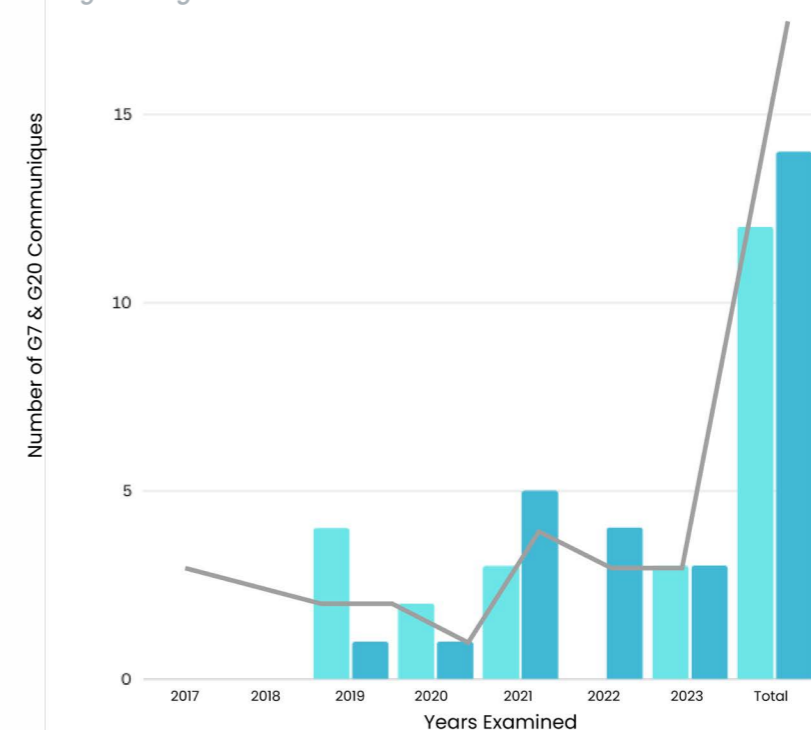


In the G7 context, the link between sustainable finance and health appears in 8<sup>th</sup> G7 communiqués from 2017 to 2023. In the G7 Germany, Japan and Italy seems to be the most prominent promoters of sustainable financing with a focus on strengthening national, regional, and global pandemic PPR capacities. During the G7 in Japan (2023) recently, there is an explicit attempt to appeal to private investors. Through the recently launched (3 I) impact investments initiative, the Presidency calls upon investors to further harness private capital at scale. The G7 commits to exploring innovative approaches, such as expanding impact investments in global health, with the

goal to contribute to generating positive and measurable social impacts alongside financial returns and promote impact investments in global health through funding and partnering with relevant stakeholders including Development Finance Institutions (DFIs), financial investors from the health sector. The US seems to be the only country that has not made any reference to sustainable finance during its G7 Presidency in 2020<sup>16</sup>. However, it highlighted “the need to work harder to resolve the health and economic risks posed by the Covid-19 pandemic and ensure the recovery of strong sustainable economic growth and prosperity.”

### Sustainable Finance in G7&G20 Communiqués (2017-2023)

Graphic 4: : The link between sustainable finance and health; health perceived as an investment; and the call for a stronger dialogue between Health and Finance Ministers in G20 and G7 Fora.



Year	2017	2018	2019	2020	2021	2022	2023	Total
Health & Economic Stability & Growth	0	0	4	2	3	0	3	12
Stronger Dialogue between Health & Finance Ministers	0	0	1	1	5	4	3	14
Sustainable Finance Linked to Health	3	2	2	1	4	3	3	18

Source: Official G20 Health-, Finance-, Joint Health and Finance Ministers and Leaders' Communiqués of G20 and G7 Health, Finance, Leaders' Communiqués (2017-2023)

# PART II

## TOOLKIT FOR SUSTAINABLE FINANCE IN HEALTH

### WHAT SUCCESSFUL SUSTAINABLE FINANCE MODELS EXIST?



## PART 2

### What Can We Learn for Global Health?

The 27 interviews and the literature review suggest the post-pandemic era has made clear to G20+ economies that health has important and wide-ranging impacts – on a country's measures of prosperity, equity, fixed income markets, productivity and employability.

Amongst the few sustainable finance mechanisms referred to in the health space, the most common was that of blended finance. According to the OECD, blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries. Via mechanisms such as social bonds/impact bonds, blended finance attracts commercial capital towards projects that contribute to sustainable development, while providing financial returns and impact to investors.<sup>17</sup>

Sovereign bonds represent around 40% of the USD 100 trillion global bond market<sup>18</sup> but so far only one sovereign issuer, Chile, has issued a sustainability-linked bond in 2022. There was a significant spike in the social bond issuance market during COVID-19 as referenced by some interviewees. Whereas the blended finance market (social bonds issuance) was worth USD 18 billion in 2019, there was an 11-fold increase during the pandemic – social bonds issuance increased to USD 218 billion dollars in 2021. Many COVID-19 related social bonds were provided by public sector finance (i.e., governments, the EU and international public finance institutions). However, a closer look shows that in 2023, 1,959 private sector issuers were responsible for USD 160 billion dollars of bond issuance. This is approximately 10 times higher than the number of entities (205 issuers) in 2020 that were together responsible for USD 170 billion.

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Sovereign bonds represent around 40% of the USD 100 trillion global bond market but so far only one sovereign issuer, Chile has issued a sustainability-linked bond in 2022.”

These findings highlight that there is a growing private sector marketplace for social bonds and that social bond issuers increasingly comprise a larger and more diverse group of government and MDB actors, together with private sector and philanthropic institutions. This trend makes clear the value in harnessing sustainable finance to help expand the financial resource space for health. Looking at the statistics, it would be critical to identify how many of the bonds were directly linked to health-related bonds which can be researched further.

The types of Sustainable Finance models that exist include the following: sustainability linked bonds; social bonds (blended finance mechanisms) that tap into commercial finance and use concessional finance (grants) including finance from countries; and philanthropy for ODA and grants.

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The Social Bond Market had an 11-fold increase between 2019–2021.”

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The toolkit should provide a catalogue type model for G20+ governments to learn from best practices.”

Financing models from international entities like the IMF, the WB and Development Finance Institutions (DFIs) in general include loan models such as sovereign debt repayments that are bound by new forms of conditionalities, for example debt-for-health swaps, as well as extensions of debt-models that help countries to pay the cost of debt long-term. The International Development Association (IDA), the World Bank's concessional fund, on the other hand provides grants or low to zero interest rates for loans for countries in high debt distress.<sup>19</sup> The goals of these models are to increase the fiscal space for governments to promote health outcomes in countries and globally. Other models such as a health tax (on harmful product e.g., tobacco) are also being used increasingly in countries in addition to loan repayment conditionalities.

Beyond sustainable finance initiatives for governments, the International Finance Cooperation (IFC), the private arm of the World Bank Group, issues a range of products and services to incentivise global development, from loans, equity investments, quasi-equity financing, syndicated loans (or B-loans) and, risk management systems, to partial credit guarantees, trade finance, and advisory to businesses in emerging and low- and middle- income economies. The IFC should look to engage the private sector arms of MDBs for additional financing that could help scale up tools for catalysing further private sector investments, for example, in building capacity for medical supplies or manufacturing hubs.

The four toolkit tables in this section show some of the existing sustainable financing models and mechanisms in

health, climate change, education and agriculture and should provide a first attempt of creating a catalogue type model for G20+ governments to review, learn from existing best practices in sustainable finance and implement those tailored to their own national context. The sustainable finance examples mentioned within the tables reflect some of the most relevant sustainable financial instruments available.

The tables outlined in the next section are divided into 4 categories: **1) Concessional Finance** (debt/loan-related instruments, grants, results-based financing instruments, equity investment); **2) Investments** (Commercial investment and investment platforms); **3) Risk Management** (comprising financial risk management instruments); and **4) Taxation**. It is worth noting that results-based financing instruments could be cross-cutting and fall under multiple categories.



## TOOLKIT 1: Concessional Finance

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
<p>Pandemic Fund</p> <p>Balance: USD 563.3 Million<sup>20</sup></p> <p>Target: USD 10.5 Billion p.a.<sup>21</sup></p>	World Bank, WHO (1st G20 Initiative)	<p>Financial Intermediary Fund</p> <p>Donor: Voluntary Donor Model, G20+ countries, philanthropy</p> <p>Intermediary: WB</p> <p>Recipient: Countries working with implementing entities (e.g. WB, MDBs, GFATM, CEPI, FIND) to submit funding proposals, developed together with eligible countries.</p>	<p>Finances critical investments to strengthen Pandemic Preparedness and Response capacities at national, regional, and global levels, focus on low- and middle-income countries.</p> <p>Challenge:</p> <ul style="list-style-type: none"> <li>- New Vertical Fund (duplication)</li> <li>- Dependent on charitable donations – sustainable?</li> <li>- Risk of bias in selection of recipients/implementing partners</li> <li>- Donors can be recipients.</li> <li>- Level of private finance allocation unclear.</li> </ul>
<p>IFFIm Vaccine Bond</p> <p>Balance: USD<sup>22</sup> 9,546 billion approx.</p> <p>Target: USD 8 billion<sup>23</sup></p>	Gavi, UK Treasury, Goldman Sachs, WB	<p>Structured finance arrangement</p> <p>Donor Pledge: Sovereign countries</p> <p>Intermediary: WB</p> <p>Bond Issuance: Capital Markets</p> <p>Recipient: Countries working with GAVI Alliance</p>	<p>Front-loading of development assistance by issuing bonds against the security of donor government guarantees. The goal is to convert long-term legally binding donor pledges to upfront financing via capital markets to enable the front loading of vaccine expenditure. By doing so, IFFIm improved the availability and predictability of funds for immunisation.</p> <p>IFFIm funding has helped Gavi immunise more than 981 million children, reducing child mortality by half across 73 low-income countries.</p>



Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
<p>Education Outcome Fund (Education Non-Health)</p> <p>Balance: NA</p> <p>Target: USD 1 billion<sup>24</sup> in aid and philanthropic funds by 2030, to transform the lives of over 10 million children and youth.</p>	Governments, philanthropy (project-dependent)	<p>Outcome partnership (results-based financing)</p> <p>Outcomes funders Pay for long-term, sustainable outcomes – transferring delivery risk to the private sector and improving overall program performance.</p> <p>Donor: Government co-funds outcomes</p> <p>Impact investors Upfront working capital investments where required</p> <p>Intermediary: Education Outcomes Fund administering and planning outcomes-oriented results.</p> <p>Recipient: Education Organisations, schools in-country working with a new rigour to deliver to outcomes (rather than inputs).</p>	<p>The purpose of this results-based financing model is that funders (governments, investors) no longer pay for a pre-agreed list of activities and fixed programming from education providers.</p> <p>Instead, they define what outcomes they want to see, give providers the flexibility to respond to the needs of the beneficiaries, and only pay for the measurable impact these interventions deliver.</p>
<p>Innovative Impact Investment Primary Healthcare Funding</p> <p>Balance: EUR 500 million<sup>25</sup></p> <p>Target: EUR 1 billion<sup>26</sup></p>	European Investment Bank, WHO, European Commission	<p>Mix of loan and grant funding</p> <p>Donor: EU</p> <p>Intermediary: EIB supporting investments, capital providers</p> <p>Technical Assistance: WHO guiding countries on their needs and on strategic impact investments to strengthen their health systems.</p> <p>Recipients: Low- and Middle-Income Countries (LMICs) in Africa</p>	<p>Support countries in closing the health funding gap, building resilient health systems based on a solid foundation of Primary Health Care (PHC), to help them reach health-related SDGs.</p> <p>This is a country-led and country-driven approach, identifying gaps in national health systems, designing strategies for interventions and their corresponding investments plans, investing in health system projects and programmes, convening capital providers, supporting implementation and monitoring impact.</p>
Sustainability-linked Sovereign Debt Hub (SSDH) (Non-Health) <sup>27</sup>	WB, EBRD, Asian Infrastructure Investment Bank, Climate Bond Initiative, Nature Conservancy, Institute of	Debt restructuring	The Hub aims to develop the sovereign debt market into one that will take better account of climate and nature risks. The Hub will raise awareness about the use of sovereign bonds for sustainability, as well develop tools for using

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
	International Finance		<p>performance-linked platforms for debt offerings and support standards for incorporating nature and climate into processes.</p> <p>The goal is to foster more issuance of sustainability-linked debt (e.g. Chile \$2bn sustainability-linked bond offering).</p>
Debt2Health <sup>28</sup>	The Global Fund, national governments	<p>Debt restructuring</p> <p>Donor: Creditor institution</p> <p>Intermediary: The Global Fund (GFATM)</p> <p>Recipient: Debtor institution</p>	<p>This program converts debt repayments into lifesaving investments in health through individually negotiated debt swap agreements. An agreement is between an implementing country that agrees to invest in Global Fund-supported programmes or health system strengthening. In return, a creditor country cancels debt owed by the implementing country.</p> <p>Through this mechanism, donor governments can support The Global Fund for the delivery of improved health outcomes.</p>
<p>Global fund to invest in Impact Bonds</p> <p>Target: USD 100 million</p>	Bridges Fund Management, UBS Optimus Foundation	<p>Impact bond</p> <p>Donor: Investors (country and private investors) and UBS</p> <p>Intermediary: Bridges for fund management &amp; Service Providers to deliver project</p> <p>Recipient: Global with a focus on Africa and South Asia</p>	<p>The fund is a social outcomes strategy which involves financing social projects and generating returns through financial rewards from governments or stakeholders for achieving social KPIs. The fund aims to increase impact by improving effectiveness of service delivery in underfunded areas at a much greater scale. The goal is to raise capital investing in impact bonds, enabling delivery of education, health and employment outcomes.</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
Loan buy-down <sup>29</sup>	WB, borrowing governments, bilateral donors	<p>Loan restructuring</p> <p>Donor: International organisations or philanthropic entities</p> <p>Intermediary: International financial institutions</p> <p>Recipient: Debtor countries</p>	<p>Loan buy-downs provide financial assistance with subsidies to borrowers in the form of reduced interest rates on loans, funded by philanthropic organisations, in order to make the terms of the loan concessional on health investments.</p> <p>The purpose is to support and stimulate improved healthcare outcomes by reducing the cost of borrowing through interest-rate subsidies and directing investment towards health.</p> <p>It is possible to use small amounts of grant financing to buy down the interest on a much larger loan, and therefore achieve a greater effect by mobilising large pools of capital.</p>
Affordable Medicines Facility for Malaria (AMFm) <sup>30</sup>  Balance: USD 225 million	National governments, The Global Fund, private sector manufacturers, WB	<p>Innovative finance (factory-gate global subsidy)</p> <p>Donor: Governments</p> <p>Intermediary: Global Fund</p> <p>Recipients: Countries working with implementing</p>	<p>The AMFm is a mechanism for co-paying for medicines, with co-procurement of both the private and public sector. This approach aimed to align market forces and create incentives for the private sector to stock and sell antimalarials at affordable prices.</p> <p>The initial step sees the AMFm negotiating directly lower prices with manufacturers for antimalarials. It then operates through a co-payment mechanism, where eligible countries can access subsidised antimalarials by paying a portion of the cost, with the remaining portion covered by the AMFm subsidy. The facility additionally finances supporting interventions to promote the use of subsidised antimalarials.</p>
Development Policy Loan with Catastrophe <sup>31</sup> Deferred Drawdown Option	WB	<p>Loan clause</p> <p>Donor: WB</p> <p>Intermediary: N/A</p> <p>Recipients: Debtor countries</p>	<p>A development policy loan with a catastrophe deferred drawdown option helps to account for economic shocks. It is a contingent line of credit, allowing a borrower to quickly meet its financial requirements</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
			after an economic shock, such as a health-related crisis. The option provides instant liquidity until a country gains additional financing (through loans or bilateral aid).
Extreme Climate Facility Africa (Climate Change) <sup>32</sup>  Balance: USD 1 billion <sup>33</sup>	African Union	<p>Catastrophe bond</p> <p>Donor: Commercial Investors</p> <p>Intermediary: African Union</p> <p>Recipients: African Countries</p>	<p>Extreme Climate Facility Africa issues high-yield catastrophe bonds which provide financing to participating African Union countries in the event of climate-induced shocks such as extreme heat or floods. If a climate shock does occur, then the obligation of the African Union to repay the proceeds gained through the initial selling of the bond is either deferred or foregone. Instead, member countries can use the money raised from selling the bonds to cover the losses caused by the climate shock.</p>
Health Impact Fund <sup>34</sup>	Health Impact Fund, governments, philanthropic organisations, pharmaceutical companies	Proposed pay-for-performance mechanism	<p>The Fund operates by incentivising the development of new medicines for standardly neglected diseases. A pharmaceutical company would register a new medicine and receive an annual reimbursement depending on its measurable contribution to global health whilst in turn agreeing to a price control on that medicine. The Fund uses health metrics, such as Quality-Adjusted Life Year, to estimate the impact of the medicine and thus determine the financial reward.</p>
Ecuador Green Bond <sup>35</sup> (Climate Change)  Balance: USD 400 million <sup>36</sup>	Government of Ecuador	<p>Sovereign green bond</p> <p>Donor: Commercial Investors</p> <p>Intermediary: Government of Ecuador</p> <p>Recipient: Sustainable projects in Ecuador</p>	<p>Ecuador was the first ever country to issue a sovereign green bond. The proceeds from the bonds are used on climate mitigation and adaption projects. The Government of Ecuador uses the bonds to catalyse private investment into public sector sustainability projects.</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
<p>Bridgetown Initiative (Non-direct health, Climate change)</p> <p>Target: MDBs to lend USD 1 trillion to LMICs<sup>37</sup></p> <p>Target: Global Climate Mitigation Trust backed by USD 500 billion in SDRs for climate and development<sup>38</sup></p>	<p>Barbados, Rockefeller Foundation, UN, OSF, other private funders and philanthropy</p>	<p>Debt restructuring</p> <p>IFIs: International financial institutions (IFIs) act as a guarantor for larger, substantial private-sector funding.</p> <p>Donor: Private sector, governments, MDBs</p> <p>Intermediary: IFIs, MDBs</p> <p>Recipient: Country X</p>	<p>-Change the repayment terms for funds, grants not loans</p> <p>-Ask MDBs for USD 1 trillion</p> <p>-Set up mechanism with private sector to fund climate mitigation and reconstruction (via Global Climate Mitigation Trust).</p> <p>The purpose is to transform the global financial architecture to increase fiscal space and allow flexibility in how countries can spend. This would include natural disaster and pandemic clauses in all debt instruments to better absorb shocks.</p> <p>Challenge: Development Finance Institutions, investors (member states) need to be willing to restructure and develop new financial instruments for MDBs.</p>
<p>Green Fund (Non-Direct Health, Climate Change)<sup>39</sup></p>	<p>Rwanda</p>	<p>Blended finance</p> <p>Donor: Rwanda</p> <p>Intermediary: Green Fund</p> <p>Recipient: Business and cities in Rwanda</p>	<p>Collect and manage funds from the public and private sector, through bilateral and multi-lateral partnerships, to achieve the country's objectives for advancing national priorities in the field of environment and climate change.</p> <p>The purpose is to support for Rwanda's transition to a green growth economy.</p>
<p>Advanced Market Commitment for Pneumococcal<sup>40</sup></p> <p>Balance: USD 1.5 billion</p>	<p>International Financial Institutions, governments, philanthropic organisations</p>	<p>Contractual agreement</p> <p>Donor: Governments</p> <p>Intermediary: Health product manufacturers</p> <p>Recipient: LMICs</p>	<p>An advanced market commitment (AMC) is a financing mechanism predominantly used to stimulate the availability of health products. It is a contractual agreement between a group of donor countries and health product manufacturers.</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
			<p>The main purpose is to create a predictable market by guaranteeing a specific price and volume of health product purchases. This mechanism incentivises manufacturers to invest in R&amp;D, production scale-up and timely delivery of vaccines at an affordable price.</p>



## TOOLKIT 2:

### Investments

#### (Commercial Investments and Investment Platforms)

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
Microfinance Investment Funds <sup>41</sup> (Non-Health)	Microfinance institutions, banks, individuals	<p>Innovative finance</p> <p>Donor: Investors</p> <p>Intermediary: Microfinance institutions</p> <p>Recipients: Individuals in LMICs</p>	<p>Microfinance funds represent a new and innovative model for providing access to finance. They provide finance to microcredit lenders in developing countries who provide low-income and marginalised borrowers with access to finance.</p> <p>An extension of this model is microfinance health initiatives, for example, loans to help pay for health costs, microinsurance for health and health savings accounts (tax-advantaged savings accounts that are then used to pay for qualifying medical expenses).</p>
Life Sciences Investment Programme <sup>42</sup>	British Patient Capital, British Business Bank	<p>Blended finance (fund of funds)</p> <p>Donor: British Business Bank</p> <p>Intermediary: British Patient Capital</p> <p>Recipients: Late-stage life sciences venture capital funds</p>	<p>The Life Sciences Investment Programme addresses the growth equity finance gap faced by high-potential UK life sciences companies. The programme makes cornerstone commitments to late-stage life sciences venture growth funds in the UK, increasing the supply of venture growth finance by developing the UK life sciences investment ecosystem.</p> <p>British Patient Capital therefore facilitates the creation of new venture capital funds that specifically focus on late-stage funding rounds for life science companies. From its initial funding budget, it is expected to attract at least a further £400m of private investment.</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
Impact Investment Exchange (Non-Health)	Barbados, Rockefeller Foundation, UN, OSF, other private funders and philanthropy	<p>Debt restructuring</p> <p>IFIs: International financial institutions (IFIs) act as a guarantor for larger, substantial private-sector funding.</p> <p>Donor: Private sector, governments, MDBs</p> <p>Intermediary: IFIs, MDBs</p> <p>Recipient: Country X</p>	<p>-Change the repayment terms for funds, grants not loans</p> <p>-Ask MDBs for USD 1 trillion</p> <p>-Set up mechanism with private sector to fund climate mitigation and reconstruction (via Global Climate Mitigation Trust).</p> <p>The purpose is to transform the global financial architecture to increase fiscal space and allow flexibility in how countries can spend. This would include natural disaster and pandemic clauses in all debt instruments to better absorb shocks.</p> <p>Challenge: Development Finance Institutions, investors (member states) need to be willing to restructure and develop new financial instruments for MDBs.</p>
Balance of Women's Catalyst Fund: USD 30 million <sup>44</sup>			
Balance of Women's Livelihood Bond: USD 150 million <sup>45</sup>			
Impact Genome Registry <sup>46</sup>	Impact Genome Registry, grant makers, impact investors, and donors	<p>Analytical platform</p> <p>Donors: Social programs providing information</p> <p>Intermediary: Impact Genome Registry</p> <p>Recipients: Grant makers, impact investors, and donors</p>	<p>The Impact Genome Registry is a database that measures the social impact of an array of interventions. The registry provides a standardised impact measurement for outcomes, program design, and beneficiaries to assist in the standardisation of impact reporting. The objective is for there to be a level playing field for when organisations compete for funding.</p>

# TOOLKIT 3:

## Risk Management

(comprising financial risk management instruments)

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
<p>Transform Health Fund</p> <p>Balance: USD 50<sup>47</sup> million</p> <p>Target: USD 100 million</p>	<p>USAID, DFC, AfricInvest, Malaria No More, Health Finance Coalition (global health funders)</p>	<p>Capital stack</p> <p>Donor: Governments, Other Donors</p> <p>Intermediary: Africa Invest (pan-African investment platform)</p> <p>Recipient: Enterprises improve health system resilience and PPR across the continent</p>	<p>To provide healthcare solutions in Sub-Saharan Africa, a new primarily women-led collaboration. The goal is to fund locally led supply chain transformation, innovative care delivery and digital solutions to secure Africa's healthcare future.</p> <p>The fund provides debt and mezzanine (both debt and equity) financing to scale high-impact health enterprises serving vulnerable communities, while offering risk adjusted returns.</p>
<p>Global Health Financing Facility (GFF)</p> <p>Balance: Approx. USD 1 billion<sup>48</sup></p>	<p>Multi-stakeholder global partnership housed at the WB</p>	<p>Blended finance</p> <p>Donor: Grantees, use of domestic government resources, IDA, IBRD financing, aligned with external financing, and resources from the private sector.</p> <p>Intermediary: GFF use catalytic grants to bring programmes to scale.</p> <p>Recipient: Governments</p>	<p>The GFF is a financing facility, not a new fund, that provides development assistance to deliver goods and services. The facility brings together national government, civil society, private sector and multilateral institutions into a government-led country platform.</p> <p>The country platform develops an investment plan to align partners and financing around country priorities. The plan is initiated by a catalytic investment by GFF.</p> <p>The GFF was established to close the financing gap for reproductive, maternal, new-born, child and adolescent health and nutrition.</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
<p>Netflix Model for antimicrobial resistance<sup>49</sup></p> <p>Target: USD 10 p.a.</p>	<p>UK Government (NHS England)</p>	<p>Antibiotic subscription model</p> <p>Donor: UK Government</p> <p>Intermediary: NHS England</p> <p>Recipient: Pharma Companies Developing the Drug</p>	<p>NHS in England will pay a fixed annual fee for access to the two medicines of £10 million per year, calculated based on the value they offer the health service, regardless of how much is used to treat patients.</p> <p>Separating the amount of antibiotic used from the payment model could entice pharma companies – who have abandoned antimicrobial R&amp;D in their drives in the last decades – to enter the category once again and help to develop new drugs that will tackle the pressing issue of antimicrobial resistance (AMR).</p>
<p>Gavi Matching Fund<sup>50</sup></p> <p>Balance: USD 50 million</p>	<p>Gavi, Bill &amp; Melinda Gates Foundation, UK Government</p>	<p>Public-private funding mechanism</p> <p>Donor: Governments</p> <p>Intermediary: Gavi</p> <p>Recipient: Gavi-supported immunisation programmes in LMICs</p>	<p>The fund encourages private sector investment by matching their contributions in cash or in kind. The Bill &amp; Melinda Gates Foundation, the UK Government and the Government of the Netherlands make financial pledges to the matching fund – these commitments are then used to match private sector financial pledges to Gavi.</p> <p>This incentivises private investment by doubling the overall investment to increase the impact. Public funds are used to leverage private sector partnerships.</p>
<p>World Bank Multilateral Investment Guarantee Agency<sup>51</sup></p>	<p>WB</p>	<p>Credit enhancement guarantee</p> <p>Donor: WB</p> <p>Intermediary: Multilateral Investment Guarantee Agency</p> <p>Recipient: Investors</p>	<p>The Multilateral Investment Guarantee Agency is an international financial institution which offers credit enhancement guarantees for foreign direct investments into developing countries. This helps to incentive investment by covering the political risk aspect of the investment.</p>

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
India Health Fund <sup>52</sup>	Tata Trusts, global organisations, funders, foundations, governments, health sector partners	<p>Pooling mechanism for blended finance</p> <p>Donors: governments, philanthropic entities, international financial institutions</p> <p>Intermediaries: Tata Trust, an array of partners</p> <p>Recipients: Enterprises developing health innovations</p>	The India Health Fund supports and scales health innovations through a pooled mechanism of health financing. The fund provides selected innovations with milestone-based funding for product development, clinical and community validation and collaboration with partner organisations to support the development of innovations and facilitate market access through the funds' partners.
<p>US Department of Agriculture Water and Waste Disposal Guarantees<sup>53</sup> (Non-Health)</p> <p>Balance: USD 6-8 billion<sup>54</sup></p>	US Department of Agriculture and private lenders	<p>Credit enhancement</p> <p>Donor: Private lenders</p> <p>Intermediary: US Department of Agriculture</p> <p>Recipients: Public bodies, non-profit organisations, Indigenous groups</p>	<p>The United States Department of Agriculture has a water and wastewater loan guarantee programme that aims to increase private investment in rural businesses and economic development projects. The programme provides an 80% guarantee for loans to approved entities to construct or improve facilities for drinking water, sewers, solid waste disposal and stormwater disposal systems.</p> <p>The programme helps private lenders provide affordable financing to public bodies, non-profit businesses and Indigenous groups.</p>
<p>Tanzania Agriculture Climate Adaption Technology Deployment Programme<sup>55</sup> (Nature, Climate Change)</p> <p>Balance: USD 200 million<sup>56</sup></p>	Government of Tanzania, Green Climate Fund, Cooperative and Rural Development Bank (CRDB)	<p>Lending and de-risking facility</p> <p>Donor: Green Climate Fund</p> <p>Intermediary: CRDB</p> <p>Recipients: Agricultural sector in Tanzania</p>	Using concessional resources from the Green Climate Fund, CRDB will create three financial products to support the local agricultural sector: a dedicated credit line for climate adaption technologies; a credit guarantee facility to expand access to new borrowers; and a weather-indexed insurance to help protect against losses from climate-related events. The aim is to increase access to agricultural technologies for climate adaption.

## TOOLKIT 4:

### Taxation

Initiative	Organisation	Finance/Funding Model	Purpose/ Impact
<p>Health Tax (SSBs) (Non-Direct Health, Climate Change)<sup>57</sup></p>	UK, Ireland, France, Portugal, Saudi Arabia, UAE, Oman, South Africa, Thailand, Malaysia	<p>Pigouvian tax</p> <p>Donor: Governments, other donors</p> <p>Recipient: Population health systems in countries</p>	Health taxes are levied on products that have a negative public health impact, for example tobacco, alcohol and sugar-sweetened beverages (SSBs). Taxes are considered win-win-win policies because they save lives and prevent disease while advancing health equity and mobilising revenue for the general budget. Used for financing universal health coverage (UHC) or population health measures.
<p>Air-Plane Ticket Solidarity Levy<sup>58</sup></p> <p>Balance: EUR 160 million a year<sup>59</sup></p>	France, Unitaid	<p>Innovative finance (solidarity tax)</p> <p>Donor: Country, domestic airline tax</p> <p>Intermediary: Unitaid (WHO hosted agency)</p> <p>Recipient: LMICs</p>	<p>The levy is a surcharge on the civil aviation tax. It varies from 1 euro to 10 euros per ticket for European flights and 4 euros to 40 euros for long-haul flights, based on the category of tickets.</p> <p>Implemented by Cameroon, Chile, Congo, Guinea, Madagascar, Mali, Mauritius, Niger and the Republic of Korea.</p>
<p>Peru Work for Taxes<sup>60</sup></p> <p>Balance: USD 1 billion<sup>61</sup></p>	Government of Peru and private companies	<p>Public investment mechanism</p> <p>Donor: Private companies</p> <p>Intermediary: Government of Peru</p> <p>Recipients: Citizens of Peru</p>	Peru Work For Taxes is a public mechanism which means that private companies can pre-pay a portion of their income taxes in the form of public works. This incentivises public and private sector collaboration to close the infrastructure gap in Peru. Private companies take on the initial expenses and responsibility for overseeing new infrastructure initiatives, while the government receives the infrastructure projects instead of future tax payments.

# PART III

## HEALTH METRICS AND TAXONOMY TO MEASURE RISK, RETURN AND IMPACT



2 ZERO HUNGER



4 QUALITY EDUCATION



3 GOOD HEALTH & WELL-BEING

### PART 3

## How to measure health investments/ outcomes and their contributions to socioeconomic growth?

The findings from the interviews and literature review show that in order to promote more sustainable financing initiatives in health, there is a need to have quality data that can be measured, compared and transparently disclosed for the investor and asset management community to position health as central to their investment portfolio or the “Social” considerations into their (ESG) investment decisions.

To help achieve this, it is imperative to develop a common taxonomy that can inform the investor community’s decisions and help minimise the risks associated with health programme investments (e.g., engagement of social bond models). There are currently some efforts by public and private sector leaders to develop a common taxonomy to support and advance investor commitments that align with

ESG criteria; for example, the European Union is working on building the taxonomy for climate finance. However, few of these platforms focus on Health as central to “Social” considerations.

Interviewees have recognised that measuring social/ health-related outcomes and impact is more challenging than measuring environmental outcomes. Tellingly, the current input mechanisms (funds, loans) provided in the health and social space are vague in their abilities to assess the value return on outputs and the long-term impacts of investments in health.

This section aims to highlight a 3-Step approach that can encourage closer cooperation with academia and business schools to develop a ‘health’ taxonomy as part of the “S” of ESG investment decisions, as there is appetite from investors to invest directly or indirectly in health outcomes.



## Step 1 – Measure Health Metrics for G20+ Countries to Assess the Contribution of the Health Economy to the Overall Economy: A Best Practice by The WifOR Institute

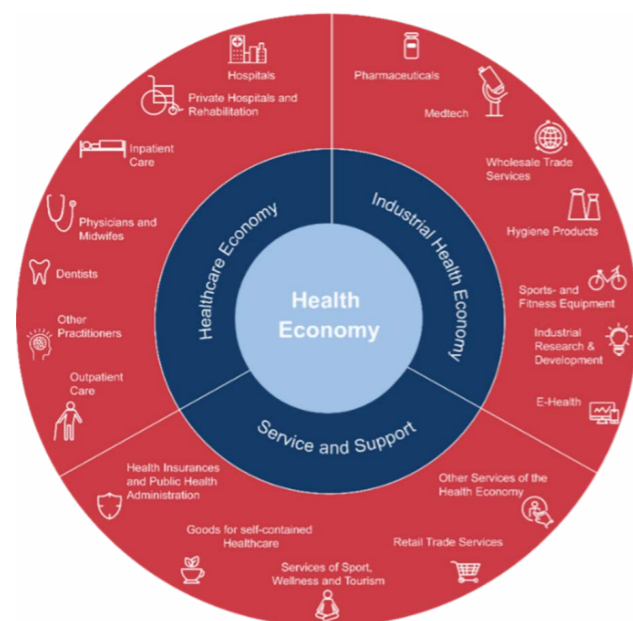
The world has witnessed several pandemics since the start of the millennium. Throwing money at the problem during an outbreak has proven to be inefficient and short-sighted. During the COVID-19 pandemic, the common narrative amongst policymakers and the global health community focused on how much more money is needed from government's stimulus spending to alleviate the economic consequences of the pandemic globally. There has been insufficient emphasis on using these lessons learnt and informing policymakers about the effects of early-planned health investments in achieving economic stability and growth to bring people back to work. Equally, there is a lack of understanding and transparency about what kind of investments contribute to faster economic and societal recovery that can only be achieved with a common data-driven metrics framework. The multifaceted effects of COVID-19 and the post pandemic recovery agenda have forced policymakers globally to revisit their health investments and policies. It is apparent that earlier investments into vaccine, diagnostics and therapeutic

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The COVID-19 pandemic has revealed that the health sector is the generator of both health and well-being and of wealth.”

capacity yielded high return on investments, given the per day costs of global lockdown costs.<sup>62</sup> Better quality in healthcare and strategic investments in health have never been more important. The COVID-19 pandemic has revealed that the health sector is the generator of both health and well-being and of wealth.

Countries need to understand that the return on their investments into the health economy can be higher than the returns in the education or the finance sectors, as has been the case for Mexico (Graphic 5). The WifOR Institute (a German economic institute) has implemented health

Graphic 6: The Composition of the Health Economy



Source: WifOR illustration, 2023.

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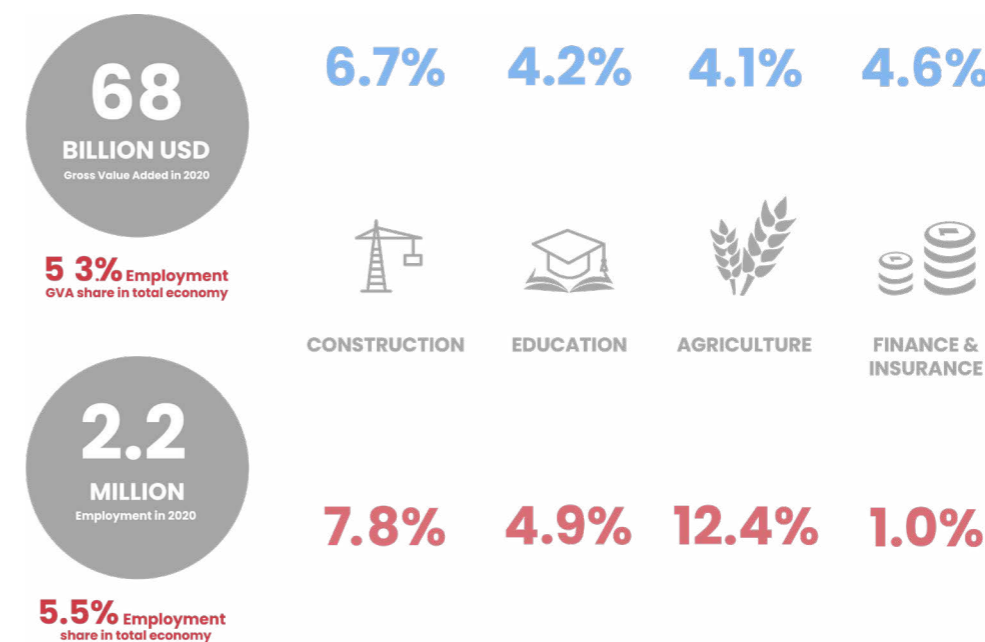
Better quality in healthcare and strategic investments in health have never been more important.”

economy reporting (HER) across eight of the G20 economies. By using a mix of data that includes Gross Domestic Product (GDP) per Capita, Gross Value Added (GVA), employment effects and productivity metrics and Social Economic Returns (SROI), WifOR can analyse the contribution of the health economy to the overall economy. GVA is a concept in national accounting, used to quantify the economic activity of companies by measuring a sector's contribution to GDP. To apply GVA to HER, the WifOR Institute uses annually updated data from the official national and international statistical services, the Organisation for Economic Cooperation and Development (OECD), the WHO, the Eora Global Supply Chain Database, and the World Input Output Database (WIOD). By considering all these aspects of the health sector, WifOR is capable to develop a comprehensive

understanding of health investments and their impact on the overall economy.<sup>64</sup>

With the Mexican health economy,<sup>65</sup> a G20 member country, contributing 5.3 % of GDP and 5.7 % of overall employment to the overall economy, these figures indicate that health expenditures are a significant wealth factor when discussing its share in GDP and the contribution of the health economy to labour markets.

Graphic 7: The relative importance of the Health Economy for a G20 Economy – Mexico.



Source: WifOR illustration, Report for Fifarma, 2022.



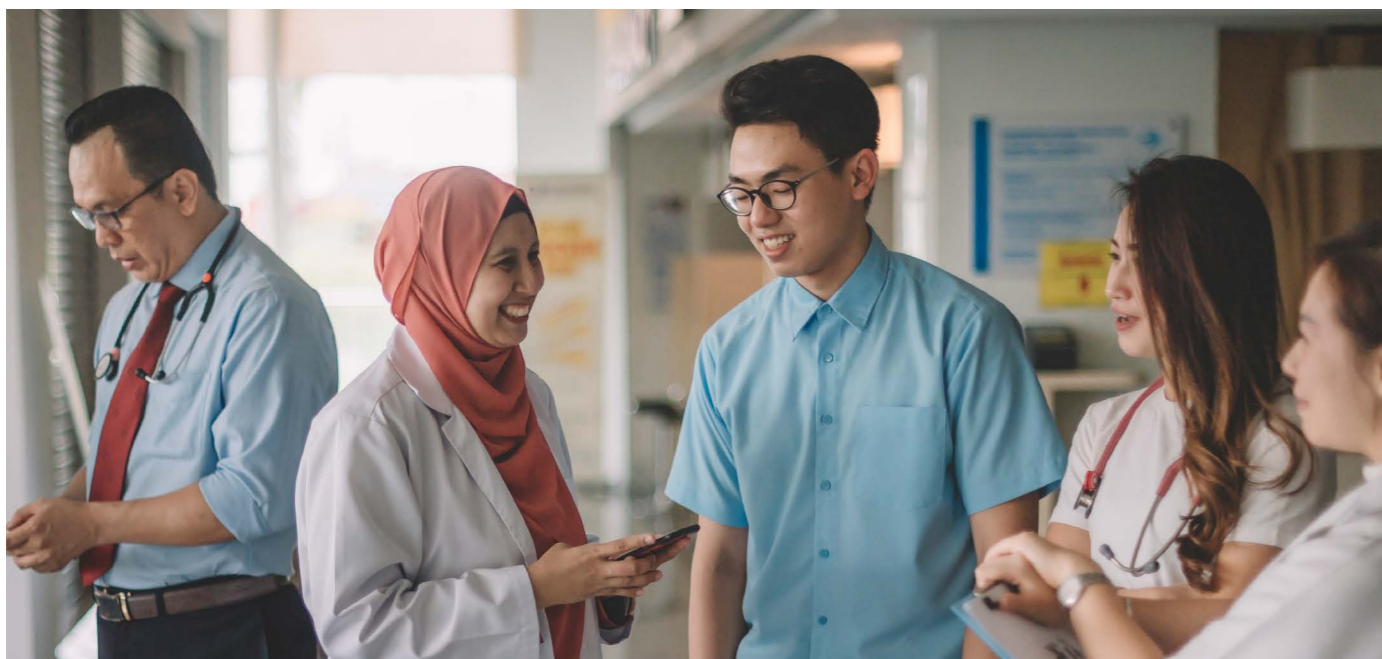
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Metrics must be outcome-dependent and backed by robust data so that investors can assess their risks transparently and for investors to be incentivized to make those investments.”

These numbers indicate that it is possible for countries to assess the real worth of their Health Economy and the added value to the overall economy. This in turn helps countries to analyse the gaps in their health investments and trigger them to restructure their investments in the health economy. It is also helpful as a statement to other G20 countries and other sectors of the economy about the relative importance of the health economy.

Measuring the economic effect of the Health Economy is important for several reasons. It helps to understand the overall contribution of the Health Economy to the overall economy. This information is crucial for policymakers, businesses, and stakeholders to make informed decisions

and allocate resources effectively leading to better healthcare services and improving the health of the population. By understanding the relative importance and performance of the Health Economy compared to other industries, WifOR can identify areas for growth, investment opportunities, and areas where targeted interventions may be needed. Measuring the economic effect of health investments allows WifOR to evaluate their effectiveness and return on investment. This assessment helps determine the economic benefits generated by investments in healthcare infrastructure, research and development, and workforce development. Decision-makers can then assess the efficiency and impact of healthcare investments, guiding future investment strategies.



## Step 2 – Develop a Taxonomy to Classify Health-Related Investments

The European Union published the EU Taxonomy legislation in 2020 to establish a legal framework to facilitate sustainable investments. The taxonomy regulation has been developed as a classification framework to determine whether an economic activity is environmentally sustainable. This requires reporting on eligibility and alignment against six environmental objectives. Amongst these are climate change mitigation, climate change adaptation, and transition to a circular economy etc.

Now that we have a model framework for a green taxonomy in the EU, a similar taxonomy can be developed for health. Objectives could include early strengthening primary healthcare systems, pandemic preparedness, and response planning, sharing of epidemiological data for emergency pathogens, stronger adaptation of International Health Regulations (IHR), health as a contributor to the circular economy or employability, and transition to digital health solutions.

The metrics that follow the creation of a health-related taxonomy, cannot only be tailored for the bond issuer (i.e., government). They need to appeal to investors and asset managers who want to maximise impact of their investments. Metrics must be outcome-dependent and backed by robust data so that investors can assess their risks transparently and for investors to be incentivized to make those investments. Metrics must also be outcome dependent for the bond issuing entity (i.e., government), such that they can scale up investments in country and drive investor confidence. Outcome metrics must be comparable. The more we standardise outcome metrics, the more investments can be scaled up, because showcasing a return on investment and value that can be replicated in other country context.

Interviewees tell us that the OECD is in the process of assessing to develop health metrics. Initiatives such as the Impact-Weighted Accounts project by Harvard

Business School<sup>65</sup> do also contribute to developing metrics in the context of considering how to attract investment for the future from asset managers as well as from investors for sustainable funding of health projects or health bonds. Impact-weighted accounts are line items on a financial statement, such as a balance sheets, which are added to supplement the statement of financial health and performance by reflecting a company's positive and negative impacts on the environment and society more broadly. The International Capital Markets Association (ICMA) has developed metrics for social bonds for impact reporting and aims to catalyse a broader discussion among issuers and investors. It outlines a framework of core principles and recommendations for bond issuers as they develop their own reporting.<sup>66</sup>

“

Interviewees agree that there is a need to better understand the demands of both the investor community and the global health community”

To break silos and barriers and provide open conversations for developing health related metrics, a taxonomy and reporting mechanism can be beneficial for the long-term. Interviewees widely agreed that there is a need to better understand the demands of both the investor community and the global health community (governments, ministries, civil society, funders etc.) so as to create a better dialogue. Achieving this requires changes in intraorganisational structures starting at senior levels; training opportunities about financing; health models; and improvement of political communication between the sectors. Moreover, the short-termism of markets vs political cycles add to misalignment between policymakers in the G20 and the investor community.

“

While there is a need for policy-makers, investors and the global health community to rethink their role as agents for change in sustainable health financing, it is worth noting that multilateral institutions are going through testing times and are bound to multifaceted constraints based on their structures and emerging internal interests.”



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### Step 3 - Scale Up Existing Sustainable Financing Models by Rethinking and Transforming the Restructuring, Allocation and Management of Debt

Once there is progress on Steps 1 and 2, there can be a wider alignment between the finance and health sectors. When this is backed by enabling policies and promoted by policymakers at the G20+ level, sustainable financing related to health can become an agreed norm akin to green finance investments. To achieve the former, we also need a rethinking of the system in order to break from the static models of the Bretton Woods institutions. This can be triggered by G20 communiqués in the years to come.

“

Once, we agree on metrics and a taxonomy, sustainable financing for health can become an agreed norm akin to green finance investments.”

Moving away from a zero debt rule goal of “0” debt policy will open new ways of systems thinking in economic assessments, leading to new approaches/mechanisms for debt restructuring/debt relief from unsustainable levels; extension of G20 Debt Service Suspension Schemes, amongst others. With support from the WB, regional banks and MDBs will be game changers and partners for new with catalytic funding that unlocks private capital for sustainable development in vulnerable countries.

MDBs are increasingly becoming guarantors for bond issuance and de-risk capital of investors. Banks such as the International Bank for Reconstruction and Development (IBRD) are the largest bond issuer. Through these entities, investors and asset managers will be incentivised to make financial investments in blended finance initiatives.

Technological disruptions that have emerged as a result of the pandemic have triggered transformations into health systems, such as the rise of telehealth. Technological trends, the increase of AI solutions and the use of big data can be enablers between the health and investor community to further drive sustainable finance in health.

Challenges remain in how to bring the development community (DFIs and other public sector players) together with the private sector in difficult country contexts. By adapting and replicating existing best practice models in areas such as climate finance and education, we can overcome these challenges and create an enabling environment with the help of policymakers to reform current outdated models and generate outcome-dependent partnerships that will bring measurable social and economic return.





# CONCLUSION

The publication of this report is salient as there appears to be an awakening and acceptance that health is a positive investment into socio-economic stability, growth, and wealth in the global health sector. Based on the literature review in the report and the 27 interviews conducted, all respondents agreed that it is timely that we speak about sustainable financing models in health like it is already being done for climate change. This sets a critical precedent for systems rethink globally.

Agreeing on a standard set of metrics to measure the Return on Investment and Social Return on Investment of health outcomes is needed to develop a financing model to close existing funding gaps. Whereby respondents acknowledged that measuring the risk, return and impact of investments in green initiatives is easier to measure and less risky for investors as opposed to the health sector, interviewees provided us with a wealth of ideas and content on how to attract the investor community. Strikingly, the investor and health community were aware of the dead valley of communication that exists between the parties to unlock sustainable finance initiatives.

Equally, the health community (global health organisations and health ministries) recognised the lack of understanding within their organisations on both the concept and opportunities of sustainable finance, as well as the need to speak a common language with finance ministries.

By recognising the plethora of crises around the world stemming from security challenges, food scarcity, biodiversity losses, climate change and health challenges amongst others, interviewees agreed that future sustainable financing initiatives cannot be viewed in silos any longer. Any new models developed or scaled up (i.e. blended financing models in form of social bonds) will have positive spill-over effects to other areas. Interviewees stressed that future financing models need

to consider rolling out new tax policies, restructure loan conditionalities, incentivise multilateral and regional development banks to unlock further loan facilities or attract further private capital as impact or commercial investments.

By analysing the increasing role that sustainable finance linked to health and economic growth plays within the last seven years in G20 and G7 Presidencies, this paper aims to elevate these trends in G20 policymaking by supporting existing G20 and G7 initiatives. This includes the work of the Joint G20 Finance and Health Ministers Taskforce. The paper also highlights the need to agree on a common metrics and a taxonomy to benchmark and assess the potential to develop and unlock new sustainable finance opportunities from the investor community by speaking the same language. By hoping to trigger a new type of dialogue between the health and finance community – beyond competing rallies for grant pledges- this paper aims to learn from the lessons learnt from the climate change financing arena and set standards to develop a taxonomy for future health investments.

It is important to note that this paper does not capture all existing sustainable finance models in health. The objective of this initial report is to open up a new dialogue with experts and policymakers to close the misalignment between the health and finance community by developing new tools, i.e., taxonomy.

This report and the outcomes of the 2023 H20 Summit discussions will lay the basis for idea to create a sustainable finance working-group – administered by the G20 & G7 Health and Development Partnership – to work on the idea of developing common metrics and a health taxonomy to further unlock concessional and commercial capital to achieve HealthForAll and HealthWithAll.

# RECOMMENDATIONS

## HOW CAN WE TRANSFORM THE GLOBAL HEALTH ARCHITECTURE TO ENABLE SUSTAINABLE FINANCE INITIATIVES IN HEALTH?

1

**Create change in systems thinking and economic assessments** amongst Multilateral Organisations, Development Finance Organisations, governments, and the investor community. Move from a reactive to a proactive decision-making approach and create cohesiveness amongst G20 & G7 fora.

2

**Promote wider acceptance and understanding** amongst the health and finance communities that health investments are an integral part of being and growth.

5

**Create a stronger dialogue and understanding** between the investor community, the global health community, DFIs and ministries of Health and Finance.

3

**Develop intraorganisational knowledge** in governments and global health organisations to understand the concept of sustainable finance and effectively communicate to the investor community.

4

Analyse both innovator challenges in scaling up investment and investor challenges in deploying more capital. Match and catalyse the right type of private capital to the right innovators at the right time.

7

**Leverage blended finance initiatives** with the support of DFIs, especially in Low- and Middle-Income Countries (LMICs), to help scale up finance, boost private investor confidence and promote socioeconomic growth in countries.

9

**Work closely with academia and business schools** to assess the need to develop health metrics and a taxonomy to promote a model for health under the "S" in ESG. They have the technical expertise to provide the metrics for measuring the expected outcomes of health policies that attract private sector investments.

6

**Create new forms of finance and build on existing forms** of debt restructuring and debt-relief mechanisms for countries to increase their fiscal space in times of poly-crisis.

8

**Agree on a set of standard metrics in the G20 to assess the ROI and SROI** that health investments and outcomes bring into societies and economies, guiding the creation of a health taxonomy that attracts smart investments by investors and promotes sustainable finance initiatives in health by also conforming with Environmental Social Governance (ESG) standards.

10

Incentivise concessional investors and donor governments to attract their private sector entities to set up businesses to promote economic growth in and for citizens in LMICs.

# GLOSSARY

<b>AMC</b>		Advanced Market Commitment	<b>IHR</b>		International Health Regulations
<b>AIB</b>		Asian Infrastructure Investment Bank	<b>IMF</b>		International Monetary Fund
<b>AMFM</b>		Affordable Medicines Facility for Malaria	<b>IBRD</b>		International Bank for Reconstruction and Development
<b>CEPI</b>		Coalition for Epidemic Preparedness Innovations	<b>JFTHF</b>		Joint G20 Health and Finance Taskforce
<b>CFE</b>		Contingency Fund for Emergencies	<b>LMICs</b>		Low and Middle-Income Countries
<b>CRDB</b>		Cooperative and Rural Development Bank	<b>MDBs</b>		Multilateral Development Banks
<b>DFIs</b>		Development Financial Institutions	<b>OECD</b>		Organisation for Economic Co-operation and Development
<b>ESG</b>		Environmental and Social Governance	<b>ODA</b>		Overseas Development Aid
<b>EBRD</b>		European Bank for Reconstruction and Development	<b>OSF</b>		Open Society Foundations
<b>EC</b>		European Commission	<b>PHC</b>		Primary Health Care
<b>EIB</b>		European Investment Bank	<b>PPR</b>		Pandemic Preparedness and Response
<b>EU</b>		European Union	<b>ROI</b>		Return on Investment
<b>G20&amp;G7HDP</b>		G20 Health & G7 Development Partnership	<b>SROI</b>		Social Return on Investment
<b>GDP</b>		Gross Domestic Product	<b>SDR</b>		Special Drawing Rights
<b>GVA</b>		Gross Value Added	<b>SSBs</b>		Sugar-sweetened beverages
<b>GFF</b>		Global Health Financing Facility	<b>SSDH</b>		Sustainability-linked Sovereign Debt Hub
<b>HER</b>		Health Economic Reporting	<b>UHC</b>		Universal Health Coverage
<b>H20</b>		Health 20	<b>UAE</b>		United Arab Emirates
<b>ICMA</b>		International Capital Markets Association	<b>UN SDGs</b>		United Nations Sustainable Development Goals
<b>IDA</b>		International Development Assistance	<b>USAID</b>		United States Agency for International Development
<b>IFC</b>		International Finance Corporation	<b>WB</b>		World Bank
<b>IFFIm</b>		International Finance Facility for Immunisation	<b>WHO</b>		World Health Organization
<b>IFIs</b>		International Financial Institutions	<b>WIOD</b>		World Input Output Database

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“

From a broader health perspective, we are enthused that there is increasing narrative around a consensus of the links between health and prosperity at individual, national and international level; seeing health as an asset, rather than illness just being seen as a cost.”



**Jonathan Pearson-Stuttard**

Partner and Head of Health Analytics, LCP

“

The big challenges are the timelines in the development of healthcare. Innovation does often not line up very neatly with the timelines of investors looking for return on investment which poses big challenges that haven't been really solved.”



**Ben Martyn**

Executive Lead for Investment and International Partnerships, Northern Health Science Alliance

“

Creating an investing model that is profitable and shares public benefit has been opened through the digital transformation. What would be interesting is the opportunity to reach a new type of financing or investor community through the digital transformation.”



**Ilona Kickbusch**

Chair, Global Health Centre, Global Health Centre at the Graduate Institute of International and Development Studies

“

The same debt swap structures that have recently been used by several countries in the context of marine conservation could be adapted to health. The key benefit of these operations is that they free up fiscal resources for critical projects without any increase in net debt.”

**Sebastian Espinosa**

Managing Director, White Oak Advisory Ltd

“

Governments should recognize that the current paradigm of health financing mathematically will not work. We neither manage systemic risk nor do we benefit from all the value created by sequenced and collaboration including the future value of social interventions. We need systemic change in sustainable financing for health based on the same technology that has already revolutionized other sectors of our lives from politics to commerce to defence.”



**Arthur Wood**

Founding Partner, Total Impact Capital / Equity4Humanity

“

The funding for new health initiatives such as the pandemic fund should be additional to existing ODA pledges. Allocation of funds for the health-specific funds and IDA lending should not compete. Private sector arms of Multilateral Development Banks should increase investment in the health sector, especially with regards to building domestic manufacturing capabilities and strengthening supply chains.”

**Tom Hart**

Senior Research Fellow, Overseas Development Inst

“

There is a natural alignment between sustainable finance for health-related entities and activities. In 2019 there were USD 18 billion worth of social bonds issuance. In 2021 it was USD 218 billion – an 11-fold increase largely driven by COVID-19 response, providing an important model for the use of sustainable finance for health outcomes.”



**Bruce Thomson**

Director, Global Social Specialist, S&P Global Ratings





## ACKNOWLEDGMENTS

We would like to express our great appreciation to everyone who supported us with the creation of this report.



This report was authored by Hatice Beton, The Executive Director of the G20 Health and Development Partnership. We would like to express our deepest appreciation to everyone who supported us with the creation and completion of this report. We would like to thank Baroness Patricia Scotland for contributing to the Foreword. We would like to thank our Chair and Founder of The G20&G7 Health and Development Partnership (G20/G7HDP) Alan Donnelly for his political wisdom and expertise and his valuable advice in guiding us along the way of the report creation.

Special thanks go to our research team at the G20 & G7 Health and Development Partnership, Luisa Mucci and Thomas Foster. We thank everyone for their collegiate efforts. We would like to express our utmost appreciation to all interviewees and experts who have kindly collaborated with us and added great value to the report's content in leveraging the importance of sustainable financing for future health for all. We like to thank the WifOR Institute for supporting us with valuable

content material and expertise within the report section on the metrics. We would like to extend our thanks to Roberto Duran-Fernandez and Richard Feiner who provided their expertise and helpful feedback. This report would not have been possible without the valuable support of our partners in the G20&G7HDP, Our Global Ambassadors, Academic Partners and the Open Society Foundations, all of whom supported this project. We are grateful for the support of Shenel Osman in designing this report. We would like to thank Lizzy Emerson for editing the content.





This report is based on existing literature review and analysis from the interviews. This report should be seen as a first attempt to conceptualise sustainable finance for health, setting a foundation to create a renewed and stronger dialogue between the health and investor community backed by the support of the G20 and G7 fora and ministers.



The G20 and G7 Health and Development Partnership is a not-for-profit advocacy organisation representing over 30+ global health organisations from across the public and private sectors and academia aiming to ensure G20&G7 countries coordinate their current and future health innovation strategies to tackle the growing global burden of communicable and non-communicable diseases and promote the delivery of the United Nations Sustainable Development Goals (UN SDGs) by 2030 with a focus on SDG3 “health and well-being for all” and SDG17 “strengthening partnerships.” At the heart of its efforts the Partnership aims to build on the narrative that health is a positive investment to socioeconomic growth and supports a sustainable dialogue between health and finance ministers.

Since 2017 our partnership emerged as an informal coalition of like-minded organisations and global ambassadors during the G20 Presidency in Germany. Over the last 7 years, we have increased our collaboration with both the G20&G7 Presidencies to reflect the need for increased convergence and stronger multilateral agendas.

For more information contact us:

-  [office@ssdhub.org](mailto:office@ssdhub.org)
-  [g20healthpartnership.com](http://g20healthpartnership.com)
-  [The G20 & G7 Health and Development Partnership](https://www.linkedin.com/company/the-g20-g7-health-and-development-partnership)
-  [@G20&G7Partnership](https://twitter.com/G20&G7Partnership)

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