Innovative financing in RH supplies:
MDAWG Impact Investing Work Stream Project: Part 1

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Impact Investing: Building a more competitive RH marketplace

- Despite marked growth in recent years, the reproductive health commodity market still does not represent a fully competitive landscape.
- A small number of large RH suppliers tend to dominate the market, decreasing the potential for improvements in quality, choice, and affordability.
- By translating the social impact potential of investing in emerging market contraceptive manufacturers, it may be possible to facilitate growth of the market and increase competition.
- This would likely lower prices while giving emerging manufacturers the capital to expand production capacity, expand product portfolio, and/or pursue new quality standards and certifications.
Impact Investing: A winning arrangement for all stakeholders

- Emerging manufacturers require investment capital in order to improve quality while maintaining affordability
- Demand for and use of quality goods increases, allowing manufacturer to repay investment and continue improved operations
- Impact investors, seeking opportunities that offer “double bottom line” – financial and social return, provide capital to manufacturers
- Community gains access to increased quantity/variety of quality-assured goods, raising confidence in and uptake of care

Problem: Sub-optimal competition in market due to low supplier diversity
Impact Investing:
Project objective to scope feasibility

1: Identify “Investment Criteria” that can help investors and manufacturers measure and evaluate the social impact potential of investing in emerging market contraceptives manufacturers as they relate to the RHSC pillars.

2: Determine if there is interest among manufacturers to receive investments and appetite among investors to provide investments.
Impact Investing: 1: Investment criteria that translate the pillars

- **Availability**
  - Units/Volume Sold, Units/Volumes Produced, Client Locations (Total), Client Individuals (Total)

- **Choice**
  - Number of Product Offerings

- **Equity**
  - Client Savings Premium, Target Beneficiary Demographic (Minority/Excluded Populations)

- **Quality**
  - Operational Certifications (e.g., GMP, ISO), Product Certifications (e.g., ERP/SRA/PQM/), Recall Rate
Impact Investing: 2: Investor appetite & manufacturer interest

To examine appetite and interest, F4D performed an internal market analysis, targeted interviews, and a broader survey among three stakeholder groups: investors, manufacturers, and landscape RH actors. Findings from those activities include:

- 78 potential investors identified
- $74B assets under management
- 9/10 average interest level reported by manufacturers surveyed
- 4 investor/investee pairings already emerging
**Impact Investing:**
Investment opportunities beginning to emerge

<table>
<thead>
<tr>
<th>Company</th>
<th>Seeking Investment</th>
<th>Connected with</th>
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<tbody>
<tr>
<td>Latin American Condom Distributor</td>
<td>Seeking debt investment, for social marketing plan.</td>
<td>multiple investors via business plan delivery.</td>
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<tr>
<td>Indian Generic RH Manufacturer</td>
<td>Seeking investment to achieve WHO PQM for new product offering. Working to develop business plan with project guidance.</td>
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<tr>
<td>Indian Generic RH Manufacturer</td>
<td>Seeking equity investment to implement online purchasing portal. Connected with two interested investors.</td>
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<tr>
<td>West African Misoprostol Manufacturer</td>
<td>Seeking investment to finish facility remodel needed to achieve WHO GMP. Connecting with multiple investors.</td>
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Impact Investing: Next steps to a more competitive marketplace

- By facilitating investments, it may be possible to increase competition in the market with an eye towards investments that specifically support the RHSC pillars

- In the long run, contraceptives can become more widely available, more affordable, of higher quality, and in a wider variety of method and manufacturer choices

- Helping manufacturers & investors understand each others’ goals and jargon is critical to facilitate well-matched investment pairings

- Investment Criteria based on the pillars are helpful, but more active management may be required due to variation in investment types and complexity

- Next steps include identifying an interested and capable third-party to manage and monitor emerging investment opportunities

Potential Roles for RHSC

- Advocate to potential investors to get them involved

- Support technical assistance work with manufacturers on “investment readiness”

- Support further development of RH impact investing “tools” (e.g., manufacturer ratings/certifications, sourcing of investment subsidies, etc.)

- Support active convening or matchmaking of investors and manufacturers to facilitate deals