Business Driving Improved Health Outcomes

The private sector can be a leading force for achieving the promise of the Sustainable Development Goals (SDGs) by promoting: inclusive business models, collaboration within competitive industries and across sectors, impact assessment and alignment with national and global goals. However, to truly have a lasting impact, these actions must be guided toward programs that deliver measurable results and ultimately serve to strengthen health systems for the long run. Successfully channeling the resources and expertise of the private sector to drive better outcomes, particularly in health, will require neutral platforms that can reduce the transaction costs of partnership and wring maximum impact from each dollar spent.

GBCHealth and Total Impact Advisors have built the Health Credit Exchange (HCX) to enable the private sector to fully contribute to driving meaningful progress.

The Health Credit Exchange and Pay for Performance

The HCX is a platform that connects business to vetted and innovative health and wellness programs. Private contributions from small and large companies, both local and global, are aggregated in a Donor Advised Fund and paid to service providers entirely based on performance. By stimulating a new type of partnership, the HCX enables the private sector to collaborate with like-minded investors, governments, NGOs and donors to drive better results in an accountable way. At the same time, by incentivizing outcomes and giving recipients greater discretion to find local solutions in complex operating environments, the HCX focuses program partners on results—ensuring resources are deployed efficiently.

How does the HCX Work?

- Vet and post programs
- Purchase and apply credits
- Verify and report results
- Release incentive payments

What are credits?

Companies can invest in programs featured on the HCX by purchasing credits. Credits can be purchased at any time and companies receive a tax benefit at the time of purchase. One credit costs $1. Credits never expire so they can be held in a company’s account until a program and its geography matches a company’s strategic priorities.

Credits are used to purchase outcomes. Outcomes featured on the HCX are intermediate outcomes (such as bed nets appropriately used or full vaccination course administered) viewed as critical for marking progress toward impacts (lives saved). Outcomes are priced in consultation with program partners and take into account the full costs of incentivizing activities to accelerate scale.
**The HCX Fund**
The HCX Fund is a Donor-Advised Fund that aggregates small and large donations into a pool of resources that are held until performance metrics are achieved. Deposits in the fund are invested in socially-responsible, publicly-listed securities. As a result, every credit purchased is effectively invested twice in social programs. Returns earned on the principle, along with a three percent fee, will go to the fund’s management partners to cover the costs of running the program. As soon as performance metrics are achieved and verified, funds will be paid to program partner(s) within 30 days. If performance metrics are not achieved, credit buyers will have the opportunity to shift their credits to another program.

**Corporate Partners**
Through the HCX, corporate partners have the opportunity to collaborate with like-minded companies across multiple sectors to enhance and expand their social investment footprint. The HCX works for business by:

*Enhancing or scaling social investment programs*
- Enabling engagement through a shared value lens to improve health outcomes through performance-based funding
- Leveraging additional investments to scale evidence-based programs
- Building local capacity and ownership to drive essential investments in strengthening health systems

*Expanding social investment footprint into new markets and sectors*
- Investing in new markets without having to identify, implement or monitor new partners or programs, while maintaining visibility of results and attribution for impact
- Providing brand visibility for social investments through a neutral platform
- Encouraging collaboration within and across industries

*Streamlining reporting*
- Consolidating impact reports easily into existing reporting
- Earning recognition for outcomes based on level of investment

**Donor Partners**
The HCX supports donor funding by focusing program partners on management and results—potentially increasing efficiency, accountability and transparency in the use of funds. The HCX brings:

- The opportunity to align private sector investments with donor and national priorities through high-impact global partnerships
- New local and global sources of private sector capital crowded into existing development projects
- Implementing partners focused on measurement and results to build a track record of success
- Accelerated results and rapid scale up of successful programs through incentive payments
- Complementary linkages with other donor programs

**Monitoring**
Indicators are agreed between the HCX and program partners during the due diligence period and are formalized by an MOU. These indicators will then be monitored by the partner over the course of the program. Program results will be reported in pre-determined form at pre-determined intervals and verified by a third-party. Any inconsistencies in data will trigger an audit. As part of its performance payment monitoring, the HCX will be collecting data that will be disseminated to the broader development community and private sector partners.

Impact reports will be compiled annually and sent to the credit buyers. These reports will contain attribution for the specific results achieved over the past year. Reports will be in a standard format that will be easily reconciled with existing reporting requirements. Anchor buyers—companies that contribute more than 50% of the total cost of a single program—will receive customized reporting.
We are committed to the following principles:

**Accompaniment**: Local ownership, capacity building, co-investment with government, openness and humility

**Accountability**: Evidence-based standards to drive best outcomes, broad and transparent information sharing

**Alignment**: Programs aligned with business priorities and national and global health strategies

**Innovation**: Flexible capital that creates a protected space for iteration in support of wholistic, integrated solutions, and engenders local problem solving

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**Program Partners**

The HCX offers program partners catalytic, largely non-prescriptive, performance-based funding. This flexible capital empowers program partners to:

- Invest in essential system upgrades to build local capacity, improve facilities and supply chains, procure assets or specialty goods, and provide incentive payments to health providers
- Build a track record of success and credit-worthiness with private sector partners, donors and financial institutions
- Focus on management and results
- Innovate in design and local adaptation

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**Why GBCHealth?**

GBCHealth is committed to creating a healthier world in partnership with the private sector, donors and NGOs. We work with a network of more than 300 organizations to catalyze initiatives, lead dialogues, provide platforms for partnership and mobilize smart investments for global health. The organization has a strong track record of leveraging the voice and resources of the business community to drive collective action in areas of greatest need.

For example, we are increasingly championing business action to promote full and healthy lives for women, children and adolescents—vulnerable groups which represent both the future of society and the engine for economic growth. In this effort, GBCHealth announced a key partnership with the World Bank Global Financing Facility in Support of Every Woman Every Child (GFF) at the Third Financing for Development Conference in 2015.

Through the HCX, GBCHealth is able to provide cross-sector stakeholders an opportunity to partner and drive measurable improvements in the health and wellbeing of all communities. We will continue to harness the assets, skills and passions of the business community to help meet our shared goals for transforming the health of society.

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**What we need for success:**

From companies and donors:

- Identification of programs
- Resource contributions
- Thought leadership to optimize the value of the HCX and guide priority setting
- Technical assistance to help improve the monitoring and evaluation capacity of partners
- Cross-sector engagement opportunities with other donors, governments, local private sector and NGOs

From program partners:

- Great programs in need of results-based financing
- Thought leadership and deep understanding of program goals and management
- Solid data and reporting
- Local trust networks and knowledge of community priorities and needs

For more on partnering with the HCX, contact Ian Matthews, Director of Innovative Financing, at imatthews@gbchealth.org.

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**Managing Partners**

- TOTAL IMPACT ADVISORS
- Covington & Burling LLP
- GBCHealth

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**Founding Partners**

- Chevron
- Office of the UN Secretary-General’s Special Envoy for Financing the Health Millennium Development Goals and for Malaria
- Janssen
- Human Energy

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Breaking down the silos through the integration of vaccines and nutrition-specific interventions

Each year 1.5 million children under-five lose their lives to vaccine preventable diseases, while 165 million more are left stunted by malnutrition.

The international community has developed robust product and service delivery systems to confront these challenges. However, without a systematic effort to provide incentives for improved coordination of these systems, children will continue to slip through the cracks and resources will continue to be wasted on redundant programs.

The primary goal of this potential HCX program is to incentivize greater integrated delivery of vaccines and the diagnosis and treatment of childhood malnutrition in populations with low-vaccine coverage and high rates of stunting among children under-five. This approach can have a dramatic impact on child survival once a certain threshold of coverage is reached. By rewarding integrated delivery, the HCX will provide an incentive for multiple organizations to collaborate to achieve better health outcomes for communities.

In the case of integrated vaccination and nutrition programs, a reward payment could be triggered when 80 percent of the target population receives the recommended vaccination and nutrition services. As an example, in a successful vaccination campaign targeting 6 million children, a reward payment of $1 per child fully vaccinated might be paid if the campaign reaches more than 80 percent of all children with vaccines and the agreed to nutrition package. Program partners could then use the payments to further incentivize healthcare workers, accelerate scale up or invest in essential system upgrades that make more efficient the integrated delivery of these services.

In this way, the HCX is able to build on existing investments, demonstrate excellent value for money to funders and accelerate better health results for families and communities.

Crowding private capital into health impact bonds

The HCX is well-positioned to complement a bond, or other donor financing mechanisms by adding a performance payment element. In this instance, the HCX would work alongside the donor to identify appropriate metrics and partners for which performance incentives could result in improved outcomes. The donor, in concert with local partners, would propose the appropriate size of the incentive payment and the program to be posted on the HCX.

Once, the money is raised and deposited in the Fund, the donor could then offer to match or leverage the money to increase the overall size of the payment to the program partner. Funds could then be dispersed through the donor mechanism, paid to the government or go into a trust which would pay program partners directly. If paid to the government, the performance payment could act as a buy down on the overall cost of the bond. This leverage model would offer a compelling rationale for the private sector, particularly in a project country, to invest in larger, health-related donor projects for which evaluation criteria and a mechanism for measuring impact has already been established.