



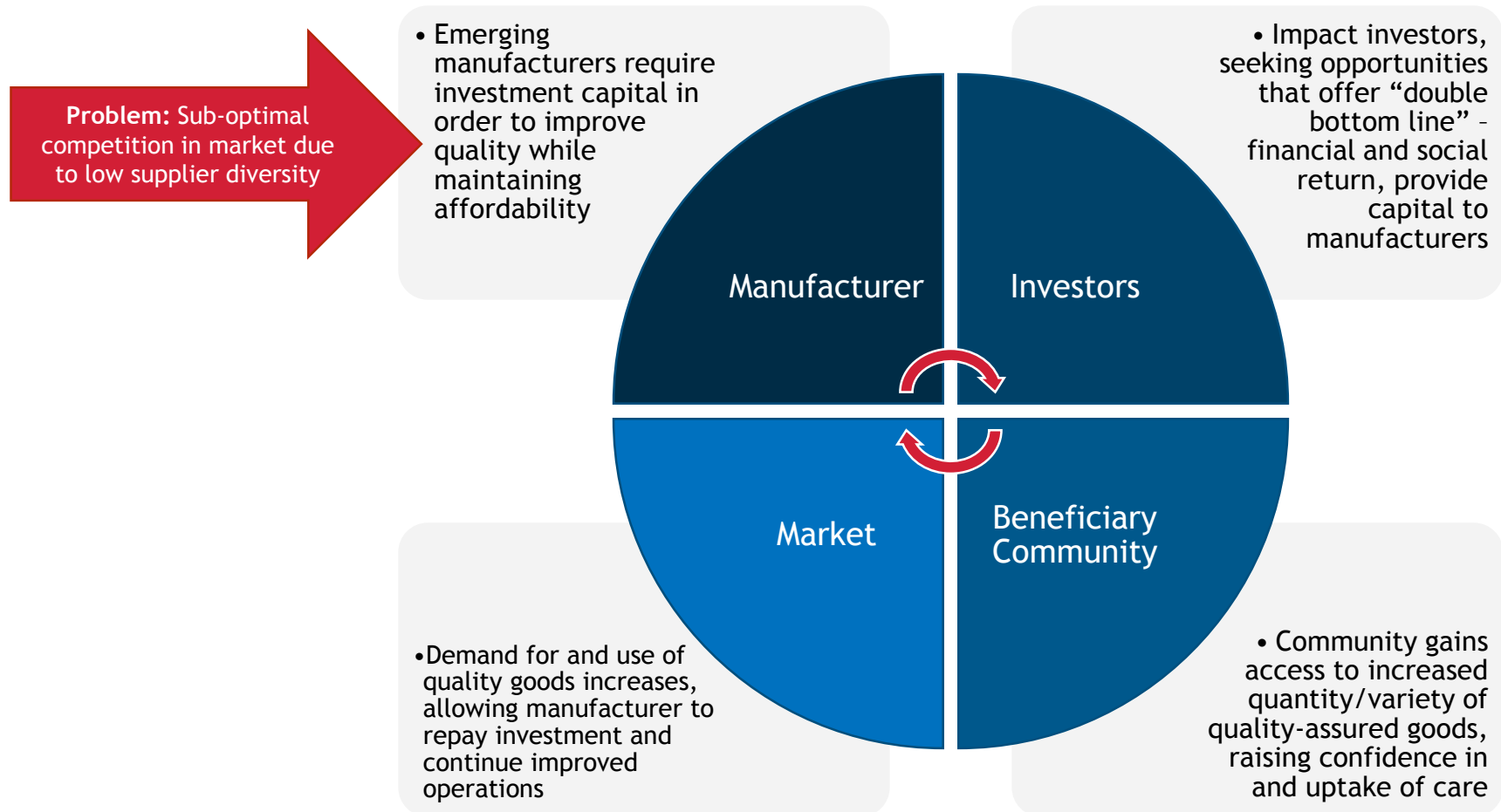
Innovative financing in RH supplies: MDAWG Impact Investing Work Stream Project: Part 1

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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



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 contraceptive 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

Latin American Condom Distributor

-
Seeking debt investment, for social marketing plan. Connected with multiple investors via business plan delivery.

Indian Generic RH Manufacturer

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Seeking investment to achieve WHO PQM for new product offering. Working to develop business plan with project guidance.

Indian Generic RH Manufacturer

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Seeking equity investment to implement online purchasing portal. Connected with two interested investors.

West African Misoprostol Manufacturer

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Seeking investment to finish facility remodel needed to achieve WHO GMP. Connecting with multiple investors.

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