

# »» Project Information

Implemented by:

**KFW**

## A Unique Social Impact Fund

For the struggle against infectious diseases

Each year, approximately 15 million people die from infectious diseases, complications from pregnancy and childbirth, as well as malnutrition. The majority of these deaths occur in the poorest countries where affordable healthcare options are not readily available. Health systems in these countries frequently are not able to provide the vaccines, treatments and diagnostic tools necessary to reduce these preventable deaths. Driven by the belief that everyone deserves the chance to become a healthy, productive member of society regardless of where they are born, the Bill & Melinda Gates Foundation created an innovative social impact fund that invests in new technologies for neglected and poverty-related diseases which disproportionately burden developing countries. A diverse group of public and private institutions came together as investors in the Global Health Investment Fund (GHIF), which closed its fundraising process in late 2013 with \$108 million of commitments. KfW Development Bank, on behalf of the German Government, was an anchor investor in GHIF, catalyzing additional investments from an impressive roster of individual and institutional stakeholders across Europe and North America.

### Context

Affordable vaccines, medicines and diagnostic tools need to be available in developing countries in order to enable their health systems to better prevent and treat infectious diseases. Oftentimes these interventions need to be adapted to the specific local conditions in a cost-efficient manner. It is particularly the poor in the low-income countries, often women and children, who cannot pay for proper treatment in case of sickness.

Therefore, it is predominantly these populations who must be targeted if Universal Health Coverage (UHC) as described in the Sustainable Development Goals (SDGs) and other international documents is to be reached.

Globally, research and development spending on drugs, vaccines and diagnostics is overwhelmingly concentrated on diseases with a strong commercial market in high-income countries. Meanwhile, spending is extremely limited for neglected and poverty-related diseases which afflict huge numbers of poor and marginalized populations in the developing world.

Against this background, KfW became a founding GHIF investor in 2012. The fund is designed to improve public health in developing countries by making new or improved drugs, vaccines, diagnostics and family planning

<b>Project name</b>	Global Health Investment Fund (GHIF)
<b>Commissioned by</b>	Federal Ministry of Economic Cooperation and Development
<b>Country/Region</b>	Global – with social impact in developing countries around the world





Doctor in Senegal in front of a medicine chest, searching the right pharmaceutical. Source: KfW photo archive / Bernhard Schurian and photothek.net (first page).

products accessible at affordable prices. In some cases, effective products already exist, but are not available for use in resource-limited settings—often as a result of cost or delivery challenges. In other cases, new products that are in the final stages of development lack the financing necessary to scale-up manufacturing and secure regulatory approval in low- and middle-income countries where potential profits are lower. Lastly, some diseases, such as leprosy and onchocerciasis (river blindness), are truly neglected and additional research and development efforts are required to identify promising new interventions. Innovative financing instruments like the GHIF can help support the research and development necessary to bring appropriate new products to the markets where they are needed most, doing so in a financially sustainable manner.

### Project approach

The GHIF, launched in 2012, is a first-of-its-kind financing instrument because it assembles a wide range of stakeholders from the public and private sectors around the common goal of supporting late-stage product development for neglected diseases in a “double bottom line” investment fund that seeks both financial returns *and* measurable social impact. Notable investors include KfW (on behalf of the German Government) and other development banks like IFC, but also strategic and commercial investors like Merck, The Pfizer Foundation, GlaxoSmithKline, J.P. Morgan, AXA and others. KfW is one of GHIF’s largest stakeholders, with 10 million euros invested.

The fund currently has six portfolio investments, with an additional 3-5 investments anticipated in the coming

year. Each GHIF investment explicitly targets public health challenges in developing countries. Four portfolio projects are focused on diagnostic tools for diseases such as tuberculosis, pre-eclampsia, malaria, hepatitis, Ebola and dengue fever, as well as an innovative HIV self-testing device. One project deals with the market introduction and licensing of a new drug against river blindness, which could expedite the disease’s eradication. GHIF’s most advanced investment supported the development and scale-up of an oral vaccine against cholera. Millions of doses of this vaccine are now being delivered to the places where it is needed most, such as Nepal, Malawi and Somalia. One million doses were also delivered to Haiti in late 2016 as part of Hurricane Matthew relief efforts.

One of GHIF’s most notable features is the requirement that all investees commit to making their products available and affordable in the countries where they are needed most. These requirements, called “Global Access Commitments”, obligate GHIF investees to ensure that their products are accessible to vulnerable populations in poor countries. An independent “Charitability Oversight Committee” evaluates the strength of these Global Access Commitments and can veto any project that does not meet the standards established in the fund’s governing documents.

The GHIF pipeline contains several dozen new investment opportunities covering a wide spectrum of diseases, with an emphasis on challenges that have a high impact on mothers and children. The fund’s management team expects the fully-committed portfolio to include 10 high-impact projects by the end of 2017.

### Social Impact

With its rigorous double bottom line strategy and its unique group of stakeholders, GHIF has proven to be a truly innovative financing instrument. An independent team of experts reviewed the fund’s design and operation as of mid-2016 and confirmed that GHIF is operating in full alignment with its initial aims. It is supporting projects that address public health challenges in developing countries. Furthermore, the diseases being targeted—as well as the emphasis on maternal and child health, which is key in four of six initial investments—are directly supportive of the SDGs.

The positive results of the recent independent review suggest that GHIF should continue to be funded to

scale and build on the success of its new and sustainable financing model.

GHIF investments so far address global health issues that affect approximately 85 million people annually. Many projects backed by GHIF are still under development, but the fund's management team estimates that its first six investments will improve the lives of more than four million people per year when each intervention is delivered at scale.

Two GHIF-financed products are already making a difference in resource-limited settings. GHIF-backed Eu-Biologics is supplying the world's least expensive WHO prequalified oral cholera vaccine, and its availability has ended a long-standing shortage of this important preventative tool. GHIF capital has also supported the manufacturer of an industry-leading rapid diagnostic test for malaria, which is available to tens of millions of people in malaria-endemic regions, at a cost to the public health system that typically comes in at less than \$0.50 per test.

As these examples illustrate, GHIF investments can make significant contributions to the goal of cutting child mortality in half by 2030. Affordable products that are designed for resource-limited settings play an important role in strengthening health systems in poor countries, and access to these products can make a meaningful difference in the effort to achieve the ultimate goal of UHC.

**Contact**

KfW Group  
KfW Development Bank  
Health, Education, Social Protection Eastern Africa & AU  
Palmengartenstrasse 5-9  
60325 Frankfurt am Main, Germany  
Phone: +49 69 7431 9351  
E-mail: [saskia.berling@kfw.de](mailto:saskia.berling@kfw.de)