



## UNLOCKING INNOVATIVE FINANCE SOLUTIONS FOR HEALTH

Early learnings and possibilities resulting from the Imagine Social Impact Bond for vulnerable adolescent girls in South Africa

### WEBINAR REPORT

as we hear from the protagonists how the Imagine Social Impact Bond resulted in unlikely partnerships being forged and innovative funding mobilised to solve one of South Africa's most pressing youth-health challenges.

**Date: 6 December 2023 | Time: 3.30pm-5pm**  
**Future Spaces, 61 Katherine St, Sandhurst,**  
**Sandton, 2196, South Africa, Zoom**



## Introduction

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On 6 December 2023, the first webinar for the Learning Action Network (LAN) facilitated by the South African Medical Research Council (SAMRC) with support from its partners NACOSA, the University of Cape Town's Bertha Centre, and Genesis was held. The webinar was a hybrid event titled 'Unlocking innovative finance solutions for health: Early learnings and possibilities resulting from the Imagine Social Impact Bond for vulnerable adolescent girls in South Africa'.

Through presentations and a panel discussion, experts discussed how the Imagine Social Impact Bond resulted in unlikely partnerships being forged and innovative funding mobilised to solve one of South Africa's most pressing youth-health challenges.

The hybrid event was attended by 39 online and 11 in-person participants.

## Webinar Overview

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### Objective

The main purpose of the webinar was to inform webinar participants about the SAMRC Imagine Social Impact Bond and the invest4health (I4H) platform and engage an audience to build an ecosystem for Social Impact Bonds (SIBs) and other forms of innovative finance in South Africa and Africa.

### Goals

- Solicit different points of view to contribute to the development of SIBs
- Engage with drivers of Innovative Finance in Africa
- Generate interest to participate in the I4H programme, its newsletters and new webinars
- Create a platform that includes conversations with the Government: National Department of Health, Department of Basic Education and National Treasury
- Continue the [IISA webinar discussion](#) - update the audience of the current situation of I4H

### Target Audience

- Government departments
- Investors
- Implementers
- International donors and philanthropists
- Practitioners
- Pension funds, Development Finance Institutions (DFIs), public development banks (PDBs), fund managers, family offices, financial institutions and foundations, institutional investors, wealth management firms, companies or industry shaping organizations, and other relevant organizations to consider joining as an audience.

## Value Proposition

The value, insights, and knowledge participants gained from attending the webinar were about the process of developing the Imagine SIB and the lessons learned, the government thinking about the usefulness of SIBs in SA, getting involved in the start of I4H from the beginning, influence in webinar topics and provide a networking opportunity.

## Synopsis

The webinar presenters and participants discussed the potential for impact bonds and outcomes-based contracts to enhance the efficacy of public finance instruments for health, with a specific focus on the evolving fiscal landscape. The presenters gave context on impact bonds, where good results are purchased by the government and social investors fund the program. In addition to discussing the possibilities of creative funding mechanisms to overcome the obstacles in the South African financing health goals. The implementation of social impact bonds was initiated to motivate initiatives to address complex social issues and associate funding with enhanced results.

Meeting participants engaged in a discussion about the potential of sustainability-linked bonds and outcomes-based contracts to yield monetary benefits as well as positive social and environmental effects. Among the subjects that were deliberated upon were risk-return trade-offs, the establishment of local capacity to maintain the ecosystem, sustainability through innovation, and scaling interventions aimed at attracting more commercial investment managers. Additional topics covered during the webinar included the need to introduce impact bonds to more government departments and the potential for innovative approaches to provide better patient outcomes and reduced expenses. The significance of learning from both successes and failures was underlined, as was the experimental nature of impact bonds. Expanding projects while ensuring correct economic evaluations and including fundamental education were emphasized.

In general, the discussion underscored the significance of investigating alternative finance channels as a means to alleviate the strain on the South African government's budget for health and HIV. The presenters examined the possibility of outcomes-based funding, including case studies from the United Kingdom, and emphasised the importance of meticulous project planning and governmental dedication. The webinar explored the possibility of changing existing legislative frameworks to enable this kind of finance and highlighted prospective domains for evaluating these models, such as health infrastructure, non-communicable illnesses, and tuberculosis.

## Presentations and discussions

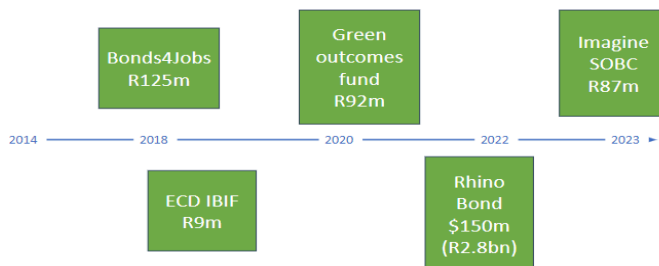
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After the welcome address by Dr Nevilene Slingers, the following presentations were done at the webinar:

### 1. Why does South Africa need Social Impact Bonds and what has the experience been thus far? (Dr Susan de Witt from Bertha Foundation, SA)

Recording slot start: 9:27

#### Timeline of OBCs



Dr. de Witt discussed the history and definition of outcomes-based contracts and impact bonds. She highlighted that there four outcomes-based contracts and one outcomes fund that had been launched thus far in South Africa. This included successful projects such as Bonds for Jobs and the Impact Bond Innovation Fund. She also shares lessons learned from evaluations and the potential for impact bonds to address underperformance and increase efficiency in public finance instruments for health. She referred to the Imagine Social Outcomes Based Contract (SOBC) which is the first contract to use solely government funding for outcome payments. The SOBC is also the first project to test the Treasury regulations for this funding mechanism. Looking at the lessons learned from other SOBC will allow designers of new SIBs identify potential pitfalls to avoid.

### 2. The SAMRC Imagine SIB for HIV and Reproductive Health in Adolescent Girls and Young Women (Dr Fareed Abdullah from SAMRC, SA)

Recording slot start: 18:39

Dr Abdullah acknowledged the team and stakeholders in the Imagine SOBS ecosystem that supported its design and implementation. The public health cut experienced the worst budget cut since 1994 making impact bonds an important public finance instrument. These instruments are also important as an opportunity to increase efficiency and even allocative efficiency and under-performance. The Imagine SOBC can be seen as a performance management model driven by financial incentives that will make a difference. The package of the SOBC is designed using available evidence. The idea of this bond is to address four fundamental issues that young women face in different areas of their lives which include reducing unplanned pregnancies through improved access to contraception and reducing HIV infection through oral PrEP.

The outcomes will be evaluated by a protocol-driven, peer-reviewed approach and the financial part through an economic evaluation. The evaluation will look at scalability, pricing and affordability of the project. Measuring of the outcome performance trigger payments after they have been independently verified. An important reason for partnering with local stakeholders such as RMB is to build the local ecosystem. MRC manages the contracts with the investor, the implementer, the IVA and the performance manager. The goal for the MRC is for government departments to be able to put together transaction cycles and feel confident that it is possible that it can be done by other departments. A need was identified to design an operational manual and a practice note to give advice to other departments who want to do these types of contracts going forward.

### 3. Global Trends in the use of Social Impact Bonds. Lessons from the UK and other countries (Jonathan Flory from Social Finance, UK)

*Recording slot start: 37:54*

Jonathan provided an overview of social outcomes contracting in the United Kingdom and internationally. He reiterated that outcomes-based funding looks at directing the payment of funds towards an outcome rather than a set of inputs or activities. The change of approach does drive a number of different opportunities and open up different possibilities for partnerships. Outcomes funding can also drive change in funding relationships and deliver better results in health.

Key lessons learnt from 15 years of scaling an outcomes based funding ecosystem in the UK includes:

1. Build broader ecosystem actors
2. Government commitment to pay for outcomes and orient funding towards outcomes
3. Careful design is needed for the type of project
4. Cost and complexity of measurement e.g. having a randomised control trial or a coterminous control group is good in theory, but it's relatively complex to put in place
5. Matching and aligning stakeholders

Looking forward: some trends based on our experience



**Importance of ecosystem building:** Individual outcomes-based transactions do not result in thriving ecosystems without sustained and holistic support. There is a need for ecosystem building efforts to scale outcomes-based finance.



**Innovative and strategic grant-making:** Grant funding at scale from institutional donors/multilaterals is catalytic to direct other finance towards outcomes



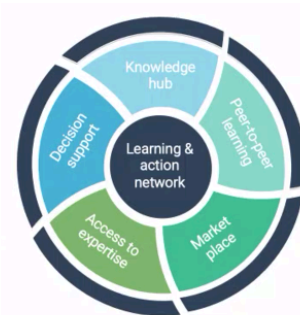
**Scaling enterprises:** Enterprises have strong potential to deliver sustained impact at scale; outcomes-based finance can be a market-friendly mechanism to realise that opportunity



**Climate and social co-benefits:** Increasing amount of funding is being committed to climate programmes that can generate significant social outcomes if properly designed (e.g. Voluntary Carbon Market)

#### 4. The I4H Innovative Finance Platform for Health (Dr Nevilene Slingers, SA)

Dr Slingers gave an overview of the Invest4Health Innovative Finance Platform and mentioned the different service delivery areas of the learning and action network, including knowledge hub, decision support, peer-to-peer learning opportunities, marketplace for investors and implementers and access to technical expertise.



The pillars for the value proposition includes functioning as an intermediary, thought leadership and being a network facilitator.

	DIRECT	INDIRECT	
<b>Pillars of the value proposition</b>	<b>1. Intermediary</b> Testing and scaling outcomes-based approaches (OBA) and other innovative finance (IF) mechanisms in public health priority areas by fund raising, designing, procuring for outcomes	<b>2. Thought leadership</b> Building evidence for and demonstrating expertise in OBA/IF that can guide and accelerate the development of the market in public and private sectors	<b>3. Network facilitator</b> Facilitating learning and connection between public/private sector and civil society for purpose of building I4H pipeline and facilitating opportunities in the wider market
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Origination and fundraising</li> <li>• Research and design</li> <li>• Procurement</li> <li>• Co-design process</li> <li>• Outcome verification</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence building</li> <li>• Guideline and template building</li> <li>• Advocacy</li> <li>• Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness raising</li> <li>• Brains Trust facilitation</li> <li>• Wider network facilitation</li> <li>• Advocacy and learning</li> <li>• Build partnerships</li> </ul>

The I4H platform will also collect information from stakeholders to bring people together to learn from each other.

Next steps in the I4H journey include:

- Conducting a survey after the webinar
- Socialise the I4H website
- Communicate future engagements and training opportunities

The development of new SIBs, including one for multi-drug resistant treatment, and the goal of working with the government to provide a large long term Outcomes Fund that will fund innovative solutions with enhanced impact. The scale up will address complex social challenges impeding achievement of the SDGs. .

#### Panel discussion

*Dr Mark Blecher (Treasury) was asked to comment on Government budget space for health and HIV is under severe pressure due to macro-economic and fiscal realities. Is innovative financing in South Africa a realistic option to raise more money for health priorities, and if so, what instruments or mechanisms is the government considering? Do you have any insights into how Public Financial Management policies and procedures could be amended or developed (such as a Practice Note) to improve the efficiency and success of SIBs and other innovative finance applications?*



Dr Blecher discussed the use of social impact bonds as a way to incentivize responses to difficult social problems and link financing to improved outcomes. The speaker emphasized the need to strengthen financial instruments and operational manuals for such arrangements.

*Dr Anban Pillay (NDOH) (5mins) "There has been discussion around value-based healthcare which is a healthcare delivery model where providers are paid according to the health outcomes achieved. What are the various NDoH health priorities that stand to benefit from innovative finance transactions and outcomes-based contracts? Is there potential to explore their use as part of the NHI?"*

Dr. Pillay provided insights into the effectiveness of Social Impact Bonds (SIBs) and performance-based reimbursement in healthcare. He identifies three categories where these models could be applied, including high-risk projects, poorly implemented programs, and financing benefits. Dr. Pillay also suggests potential areas for testing these models, such as TB, non-communicable diseases, and health infrastructure.

*Janeli Kotzé (DBE) (5mins) "Early Childhood Development is one of the priority areas that requires investment as it can create a wider impact. Can you tell us more about the Education Outcomes Fund and what lessons you have learnt through the development of a SIB in Basic Education?"*

Janeli alluded to how DBE is prioritising early childhood development as a key area for investment, recognizing the significant economic benefits that can be created by investing early. They are seeking to expand access to ECD for 1.3 million children and create 220,000 new jobs, particularly for women in rural areas. To achieve their goals, they are partnering with donors and funders and using results-based financing as their mechanism.

*Beth Rivett-Carnac (RMB) (5mins) Now to the private sector's perspective. RMB has shown increasing interest in the S of ESG. What lessons are you hoping to learn as we carve out the market for outcomes-based contracting and investing in health?"*

Beth mentioned the importance of innovation and scaling interventions to attract more commercial investment managers.

*Gillian Moodley (2mins) (Bertha Centre) The Bertha Centre has worked on a report on innovative finance applications to health. Can you tell the audience a little bit more about this report and the work that the Bertha Centre is doing in this area?"*

Gillian highlighted the Bertha Centre's report on innovative health finance transactions and case studies, which evaluated projects according to the Organization for Economic Cooperation and Development's development assistance criteria. She also mentioned the upcoming conference on impact investing for health in Kenya.

## Topics and questions to consider for deliberation in the I4H

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The following topics discussed and mentioned during the webinar can be considered in further deliberations of the I4H:

- The importance of socializing the idea of impact bonds within the government
- Explore the potential for outcomes-based contracts in areas such as tuberculosis, non-communicable diseases, and health infrastructure, and develop a framework for measuring and verifying outcomes in outcomes-based contracts.
- Build local capacity and expertise in outcomes-based financing and evaluation
- Explore the possibility of partnering with the private sector for outcomes funding
- Engage DBE in discussions on scaling up school health services.
- What other health priorities could benefit from outcomes-based contracts?
- How can partnerships and collaboration be further fostered to support outcomes-based financing in healthcare?
- How can the affordability and cost-effectiveness of scaling up initiatives be assessed?

## Useful links and further reading

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[Invest4health website](#)

[First social impact bond for the SAMRC, SAMJ 2019](#)

[Impact Investing SA Healthcare Financing Session Summary](#)

[INDIGO impact bond dataset](#)

[Social Impact Bonds in South Africa, Investment Research Report 2021](#)

[Can data and evidence sharing help us develop an outcomes ecosystem? Blog](#)

## Connect with us

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