Investors for Health:
Private Capital’s role in Healthcare Delivery in Emerging Markets beyond COVID

MARCH 2022
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The Investors for Health (I4H) community was founded in 2019—the year before the COVID-19 pandemic was declared. This pandemic has placed great burdens on us all, in both our personal and our professional lives. Many of the providers we support have come under great pressure as the pandemic has led to drop offs and surges in the demand for care. As a community, we have worked to support these providers through the challenges of the last two years, in this way contributing to the global response to COVID-19.

Even as the pandemic brought into sharp relief shortages in staff and facilities across developing countries, it has also accelerated adoption of tele-health. Beyond the immediate responsibilities brought on or exacerbated by COVID-19, our members will continue to take the lead in supporting new and innovative approaches to the provision of care.

The I4H community now has 19 members working across all healthcare sectors in East and West Africa, South Asia, and Latin America. The I4H community aims to promote inclusive healthcare provision through investment in healthcare providers. Over the last year, the I4H community has created an active forum for its membership. This has included virtual member meetings around key themes in emerging market healthcare investing, such as how to manage portfolio companies during COVID, digital health, and even oncology. We have facilitated conversations between members and brought experts in healthcare investing to the community. Looking forward, we will continue to convene our members virtually and in-person to build a strong community of impact-minded healthcare investors and to will on new members equally aligned with our mission. One of the ways we envisage supporting our community is through Flagship Reports of the kind you find here.

As the executive committee of I4H we are proud to present the first Flagship Report of the I4H community. This report reflects the views of our membership as collected through a survey. As such, it reflects the singular understanding and experiences of a select group of investors focused on supporting health care service provision in developing countries. I hope you enjoy reading these insights as much as we have.

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INTRODUCTION
We will all be processing the lessons of the COVID-19 pandemic for years to come, but many discontinuities in global healthcare systems are already apparent, especially in low- to middle-income countries (LMICs), where at least half the world’s population still lacks access to essential healthcare services.1 Furthermore, even in those LMICs where healthcare is provided, there are persistent concerns on quality and affordability. A recent Lancet study found that poor-quality healthcare leads to 5.7 million deaths a year in LMIC countries2, making it a bigger barrier to lowering mortality rates than outright lack of access to any healthcare, which leads to 3.6 million deaths per year.3 Additionally, some 800 million people spend more than 10 percent of their household budgets on healthcare, and almost 100 million people are pushed into poverty each year by out-of-pocket health expenses.4

The United Nations Sustainable Development Goal (SDG) 3 targets achieving Universal Health Coverage by 20305, but there is a significant funding shortfall for doing so. The World Health Organization has identified an annual funding gap of $134 billion to achieve Universal Health Coverage in low- and middle-income countries; by 2030, this shortfall is expected to increase to $371 billion annually.6 The private sector already plays an important role in both healthcare delivery and financing to provide access to quality essential healthcare services and safe, effective, affordable medicines. It can do even more to help fill the gap and expand access to care for the underserved.

Achieving Universal Health Coverage by 2030 cannot be accomplished without leveraging existing private sector capacity, investment, and innovation. The private sector has played and will continue to play an important role in both delivery and financing to achieve SDG 3. In terms of healthcare delivery, a vast majority of healthcare in LMICs is already delivered through private sector involvement and investments. It is estimated that more than half of all healthcare in Africa7 and over 80 percent of all healthcare in South Asia8 is administered by private providers.

In terms of financing, the private sector contribution in healthcare in LMICs has been increasing, a trend receiving growing academic focus as this sector continues to be informal, unorganized, and unregulated.\textsuperscript{9} Blended finance can also contribute to scaling private financing into healthcare by de-risking vehicles and attracting investors to these emergent sectors. The development community can deploy catalytic financing to launch funds of funds that can fully develop a broader investment ecosystem in the healthcare space.\textsuperscript{10}

While we continue to look to the private sector to help achieve Universal Health Coverage, we must also be mindful that private sector involvement might also undermine UHC. Indeed, thin investment pipelines that lack financing capacity and private healthcare institutions can divert resources away from public health systems and the most underserved populations. To overcome these overlapping challenges, these markets require substantial investor and public–private sector collaboration to provide care structures with the greatest positive impact.

To these ends, Investors for Health (I4H) was formed as an engaged community of investors, DFIs, impact investors, PE funds, VC funds, and others who, in addition to generating commercial returns, work together to ensure that capital is deployed to achieve impact and build out integrated healthcare systems in Emerging Markets.

**I4H WORKS TOWARD ITS VISION BY:**

- Creating and sharing knowledge among members by highlighting best practices, creating a forum for asking detailed questions, and bringing in external expertise
- Holding in-person events where investors can get to know each other and build trusting relationships
- Building a community of investors to increase access to expertise and network collaboration on opportunities
- Putting forth joint perspectives on critical healthcare challenges by teaming up with knowledge partners to identify the roles the private sector can play in resolving these challenges

**THIS I4H FLAGSHIP REPORT IS INTENDED TO SERVE AS A RESOURCE, GUIDE, AND DISCUSSION DOCUMENT FOR THE MEMBERSHIP AS THEY STRIVE TO MEET THESE OBJECTIVES.**


Purpose of the Flagship Report 2022

Following consultation with I4H members, the topic chosen as the focus of this Inaugural Flagship Report is “The role of private capital in healthcare delivery beyond COVID.” The members specifically sought to look more deeply into what, where, and how the private sector can be additive toward UHC in emerging markets and what role of private investors can play in achieving those gains.

This report builds on insights from the I4H community as well as on the supply-demand gaps analysis currently being led by the IFC health economics team. In making the case for private investment, the report points out where the largest gaps exist in healthcare service delivery. In showing how investments can be additive, we draw upon the where, how, and why behind I4H members’ investments in emerging markets healthcare delivery and services. The report provides additional case studies and spotlights specific countries, markets, topics of current concern, or elements in the healthcare services value chain of relevant member deals. For example, one deep dive looks at the COVID-accelerated uptake of digital health and personalized care and how this is expected to alter healthcare delivery in the coming years. We illustrate these shifts through specific community member portfolio companies and their methods of adopting digital solutions to service delivery issues. Other I4H members across the geographies of interest to the community willingly shared examples of their innovative efforts to meet the UHC goal.

Going forward, Annual Reports from the community will build upon, update, and extend the data and activities described herein based on responses by the membership and other readers. We also aim to host community sponsored events highlighting aspects of the report’s learnings to extend the narrative in emerging markets and with governments around perceptions of the role private investors and the private sector more generally can fulfill in those markets.

Survey Methods and Structure

The overarching research objective was to learn about the impact of COVID-19 on I4H members’ investments and portfolio companies. To gather these insights, the report’s authors investigated the operational and investment activity contexts of the membership. The Survey Instrument appears in full as Appendix 1, but the following summarizes the points of inquiry.

1. RESPONDENT INFORMATION: CHARACTERISTICS, FOCI, TYPE OF FUND
2. IMPACT OF COVID-19
   - Overall, degree to which the COVID-19 pandemic impacted portfolio companies
   - Kinds of portfolio companies most affected at the start of the pandemic
   - Trends COVID-19 dramatically accelerated
3. THE ROLE OF PRIVATE CAPITAL IN HEALTH SYSTEMS
   - Baseline: sufficiency of public provision of health services in LMICs across a range
   - View of ability of private capital to close the health services gaps in LMICs
   - Observed gaps in health services exposed by COVID-19
   - Best places in which private capital can have positive effects on health systems
THESE ISSUES WERE CHOSEN AS THE SURVEY’S FOCUS FOR SEVERAL REASONS:

⇒ Humanity is still assessing the impact of COVID-19 and will be for some time, but as a practical matter the assembly of observations and their impact on strategy represent an immediate need.

⇒ COVID-19 has exposed significant vulnerabilities in the health systems of the world, and private capital should inventory these to determine what interventions are possible to address them.

⇒ WHO and other multilateral organizations have reassessed and recognized positive trends in private sector participation in healthcare development. The membership of I4H should meet with these organizations to formulate and coordinate strategies for going forward.

⇒ Establishing needs that can be met by the private sector provides a basis for identifying and incorporating impact metrics for further improving private sector performance.

⇒ Ascertaining where successful interventions have been achieved in specific locations will signal potential interventions by other private capital programs elsewhere in the developing world.

Prior to its distribution, the survey instrument was tested for clarity and thoroughness through telephone interviews with selected members of I4H. Survey results were analyzed and organized using mixed methods: Quantitative methods organized responses to questions that could be quantified or tabulated and developed representative tables. Qualitative responses to open-ended questions were gathered to identify and analyse trends, emerging consensus, and existing bottlenecks. Particular attention was placed on identifying the gaps and weaknesses revealed by COVID-19, exploring immediate responses to COVID’s impact, and addressing long-term plans for change provoked by COVID.

The survey was shared with the broader Investors for Health community via an online form. The survey remained open for one month to allow respondents time to respond. We received 25 responses, which were then aggregated before being analyzed. Respondents represent a variety of financial institutions, with private equity funds, development finance institutions (DFIs), and impact investors being the most represented. Respondents are currently highly active across all emerging markets: 76 percent of respondents currently invest in East and West Africa, and almost half of respondents invest in South Asia.
02. WHY PRIVATE CAPITAL?
The I4H community is responding to substantial gaps in the delivery of healthcare services in developing countries. Currently, there are numerous gaps in healthcare services in LMICs, and private capital is well equipped to participate in the filling of these gaps. The Investors for Health community has been engaging a growing number of investors in overcoming barriers to investing in LMICs and identifying new opportunities to engage.

### The Gaps in Healthcare Services in LMICs

**The I4H community is responding to substantial gaps in the delivery of health services in developing countries.** More than 90 percent of the community report that their investments are working to close gaps in the provision of healthcare services in low- and middle-income countries (LMICs). Gaps in these countries are substantial, as can be seen in Figure 2.1. The Healthcare Access panel shows that gaps in the provision of healthcare services are greatest in LMICs. The healthcare access and quality index (HAQI)\(^\text{11}\) measures the extent to which patients die from diseases that could be cured if they had had access to high-quality healthcare services. The UHC panel shows the extent of effective Universal Health Coverage (UHC) worldwide.\(^\text{12}\) Both maps demonstrate substantial gaps in healthcare service provision across LMICS, in both absolute and relative terms, with the greatest gaps in Africa, South Asia, and Southeast Asia.

**FIGURE 2.1. GAPS IN THE PROVISION OF HEALTH CARE SERVICES AND EXTENT OF UNIVERSAL HEALTH COVERAGE ARE GREATEST IN LMICS, AS SUGGESTED BY THE IHME’S HAQI AND THE UHC SERVICE COVERAGE INDEX.**

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Contributing to the poor outcomes shown in Figure 2.1 are gaps in the public sector’s provision of services for low-income populations. In the survey, respondents suggested that gaps are most pronounced for specialty clinics, pathology labs, and imaging services, where 92 percent of respondents find public provision of specialty clinics and pathology labs to be of insufficient quality. In addition, 88 percent of respondents also pointed to poor public provision of medical imaging and distribution of health equipment. The smallest service gap is reported in the distribution of consumables and supplies. The challenges facing healthcare systems were accentuated by COVID-19; these include lack of human resources for health, under provision of diagnostics, and shortages of Personal Protective Equipment (PPE) and oxygen.

FIGURE 2.2. RESPONDENTS WHO DISAGREED WITH THE NOTION THAT IN THE COUNTRIES IN WHICH THEY INVEST, THE PUBLIC PROVISION OF THESE HEALTH SERVICES IS SUFFICIENT TO PROVIDE QUALITY HEALTHCARE TO LOW-INCOME POPULATIONS.

Source: HH member survey (n = 25)

FIGURE 2.3. GAPS COVID-19 REVEALED IN THE HEALTH SYSTEMS OF THE COUNTRIES IN WHICH RESPONDENTS’ PORTFOLIO COMPANIES OPERATE.

WHAT GAPS HAS COVID-19 REVEALED IN HEALTH SYSTEMS IN COUNTRIES IN WHICH YOUR PORTFOLIO COMPANIES OPERATE? (SELECT ALL THAT APPLY)
The Case for Private Participation

Gaps in the provision of public services create opportunities for private capital to have positive impact on health systems. As shown in Figure 2.3, the most important pathways to closing gaps are establishing and expanding secondary and tertiary care and digital or telehealth services and enhancing primary care. A primary constraint on the ability of private capital to achieve positive impact is the limited ability of the poor to pay for private sector services. As one I4H member noted, “to achieve UHC or equitable access to care, some kind of redistribution of resources is needed to cover the poor, sick, old. This cannot be solved by the private sector alone.”

Respondents noted that private capital is best placed to have a positive impact on health systems through digital and telehealth services. Despite the responses, shown in Figure 2.3, indicating that 52 percent of respondents see supporting primary as an important pathway to closing health services delivery gaps, the fewest number of investors reported that private capital is best placed to positively impact primary care. This may be because investors find it difficult to locate primary care organizations they can invest in. As discussed below, this is a critical barrier facing investors across the board.
FIGURE 2.3. RESPONDENTS’ ASSESSMENTS OF THE MOST IMPORTANT PATHWAYS BY WHICH PRIVATE CAPITAL CAN HELP TO CLOSE HEALTH SERVICES DELIVERY GAPS.

WHAT ARE MOST IMPORTANT PATHWAYS BY WHICH PRIVATE CAPITAL CAN HELP TO CLOSE HEALTH SERVICES DELIVERY GAPS % OF RESPONDENTS

64 % Establishment &Expansion of Secondary and Tertiary Care
64 % Invest in Technologies to Extend Care Services (Digital / Telehealth)
52 % Enhancement of Primary Care Services
48 % Expansion of Laboratory and Imaging Diagnostic Services
44 % Generation of Care Services for Chronic NCDs
40 % Address or Expand Risk Pooling
28 % Expansion of Pharmaceutical Products.

FIGURE 2.4. RESPONDENTS’ VIEWS ON WHERE PRIVATE CAPITAL IS BEST PLACED TO HAVE A POSITIVE EFFECT ON HEALTH SYSTEMS.

IN YOUR OPINION WHERE IS PRIVATE CAPITAL BEST PLACED TO HAVE A POSITIVE EFFECT ON HEALTH SYSTEMS? (SELECT ALL THAT APPLY)

- Digital / Telehealth Services
- Pathology Labs
- Hospitals
- Imaging
- Medical Distribution
- Distributions of Consumables and Supplies
- Distribution of Equipment
- Speciality Clinics
- Primary Care
- Others
03.
FRAMEWORK FOR INCLUSIVE PRIVATE CAPITAL HEALTH SERVICES INVESTMENTS
Healthcare investments in emerging markets are inclusive when they fill a gap in the healthcare landscape and employ responsible investing practices while still generating financial returns. This section will cover what constitutes inclusive investment in healthcare in emerging markets and will break down the components of the I4H framework for additive, sustainable health investment.

The Importance of Inclusive Investment

As the share of private sector investment in healthcare services in LMICs grows, it is crucial to be mindful of the risks that private sector involvement can pose to attaining Universal Health Coverage. Private sector investments must ensure that they do not negatively impact the existing provision of health services. For instance, thin investment pipelines that lack financing capacity can threaten reliable access to care, while the creation of new private healthcare institutions can generate market imbalances that divert resources, such as doctors and nurses, from public health systems. Moreover, private sector investments can expand access to care for underserved populations, but they rarely target bottom-of-the-pyramid customers (<$5 PPP), who are the most vulnerable and whose access to health services is key to reaching universality of health coverage.

To achieve the greatest positive impact possible, private sector investment in healthcare in emerging markets must be inclusive and sustainable. To do so, they must fill key gaps in access to healthcare, they must be additional and complementary to services already being offered, and they must be deployed responsibly. For these inclusive investments to also be sustainable, investors must also consider the size of the market, the expected return per deal, maturity, and average ticket size.

On these points, 60 percent of I4H survey respondents already follow a framework for the use of private capital to address gaps and needs in the health systems. Based on these Investors for Health community practices and consultations, we propose the following framework for inclusive investing in healthcare in emerging markets.

FRAMEWORK FOR INVESTING IN HEALTHCARE IN EMERGING MARKETS.
Inclusive Investments

Inclusive investments allow private sector investors to contribute toward Universal Health Coverage by extending healthcare coverage to underserved populations. Investments are considered inclusive if they (1) fill key gaps in access, affordability, and quality of health services, (2) add to existing public sector services without extracting its resources, and (3) responsibly deploy capital in accordance with international standards and good governance practices.

1. **FILL KEY ACCESS, AFFORDABILITY, AND QUALITY GAPS**

Inclusive investments can fill key gaps in the current healthcare landscape of emerging markets by increasing access to care, affordability of care services, or quality of available care while upholding patient safety. The Health Access and Quality Index (HAQI) data from the joint World Bank & WHO joint Global Monitoring Report 2017 demonstrates the biggest gaps in health access and quality are in Sub-Saharan Africa and South Asia, where 800 million people spend at least 10 percent of household budgets on health expenses for themselves or a sick child or other family member. According to 92 percent of I4H members surveyed, private capital is necessary to close these gaps, the most important of which are establishing and expanding secondary and tertiary care, investing in technologies to extend care services (e.g., through digital or telehealth), and enhancing primary care (see Figure 3.1 below).

**FIGURE 3.1. MOST IMPORTANT PATHWAYS FOR PRIVATE CAPITAL TO CLOSE GAPS IN HEALTH SERVICES DELIVERY.**

2. **PROVIDE SERVICES ADDITIVE OR COMPLEMENTARY TO PUBLIC SECTOR EFFORTS**

Private sector investments in healthcare must complement existing public sector health services or they risk diverting resources from the most vulnerable segments of the population. In many emerging markets, government healthcare provision focuses on ensuring access to essential primary care and medicines, leaving many other healthcare sectors ripe for private sector intervention. When asked if public provision of healthcare services is of sufficient quality in the emerging markets in which they operate, the overwhelming majority of I4H survey respondents said no. (See Figure 3.2.) The survey

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As the impact investing field has grown, investors have come together to define responsible behaviour in the management of their funds. In April 2019, the IFC launched its Operating Principles for Impact Management, a framework for investors to ensure that impact considerations are integrated throughout the investment lifecycle. These principles are intended to be relevant to all types of impact investors and applicable across portfolios to any asset type, sector, or geography.  

Some signatories to the IFC framework have gone a step further and designed their own impact measurement frameworks. For example, Lightrock, the impact branch of LGT, developed a proprietary impact assessment framework to determine the risk-adjusted attractiveness (Net Impact Score) of new investments. Its Impact Score is based on a company’s potential to create positive impact (Impact Potential) and risks that could lower the effects (Impact Risks).

**FIGURE 3.3. LIGHTROCK NET IMPACT SCORE**

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Private sector success in supporting the growth of stronger health systems in emerging markets hinges in part on building trust and confidence among the communities they serve.\textsuperscript{17} Recognizing that healthcare providers around the globe operate in complex, challenging environments, in March 2019 IFC unveiled the Ethical Principles in Health Care (EPIHC), a set of shared principles that promote ethical decision making and behaviour to build transparent, resilient health systems.\textsuperscript{18} From its 20 founding signatories, EPIHC has grown to include 187 signatories in just two years. A large majority—88 percent—of Investors for Health survey respondents reported routinely including an ethics review in their due diligence or governance standards. When asked if their firms were signatories to the Ethical Principles in Health Care (EPIHC) standard, however, 36 percent said yes, 48 percent said no, and 16 percent said they did not know.

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<th>THE EPIHC PRINCIPLES</th>
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<tr>
<td>1. Respecting Laws and Regulations</td>
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<td>2. Making a Positive Contribution to Society</td>
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<td>3. Promoting High Quality Standards</td>
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<td>4. Conducting Business Matters Responsibly</td>
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<td>5. Respecting the Environment</td>
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<td>6. Upholding Patients’ Rights</td>
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<td>7. Safeguarding Information and Using Data Responsibly</td>
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<td>8. Preventing Discrimination, Harassment, and Bullying</td>
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<td>9. Protecting and Empowering Staff</td>
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<td>10. Supporting Ethical Practices and Preventing Harm</td>
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### Sustainable Investments

Private sector investments in healthcare in emerging markets will not be truly inclusive if they cannot be sustained. To ensure sustainability, investors must take into account market size, the expected attractiveness of the per deal return in terms of ticket size and margins, and the pathway to maturity and exit. Numerous health models can be considered. Choosing where to invest will be not only about where the biggest gaps are, since sizeable gaps exist in nearly every aspect of healthcare, but also about investors’ answers to questions about risk and patience.

### Total Size of Addressable Market Is Large and Growing

Macro trends increasingly support commercially viable global health innovations in emerging markets. Having an expanding consumer base with a sufficient ability to pay for a broader scope of health products and services is key to the sustainability of private investments. Currently, emerging market customers are exhibiting increasing care-seeking behaviours. As more healthcare access points crop up, physical proximity to health services is driving greater footfall to health centres. Beyond physical infrastructure, increasing access to mobile technology is also increasing the potential impact of digital health services.

Consequently, investments in healthcare have been growing at greater than 24 percent compound annual growth rate (CAGR) in the past five years.\textsuperscript{19} A survey of private healthcare investments across ten emerging market countries found that the 2021 YTD investment is already 1.4 times the level in 2019, as seen below.

\textsuperscript{17} https://www.epihc.org/about
\textsuperscript{18} https://www.epihc.org/
\textsuperscript{19} Dalberg analysis (2021).
When it comes to investing in health in emerging markets, the bottom of the pyramid is hard to reach with commercially viable models. Indeed, interviews suggest minimal investments meaningfully serving populations making <$5/day. A mix of government/philanthropic and discounted capital is needed to expand access to those most vulnerable. Conversely, the majority of existing investments in health in emerging markets target the top of the pyramid, defined as those earning >$30/day. Approximately 80 percent of investment into hospitals in ten large emerging markets went to high-end, multi-specialty hospitals.21

To estimate the size and growth of the healthcare market in emerging countries, investors should focus on the population segment making between $5 and $30 per day. Depending on the country of investment, this can represent between 50 and 70 percent of the population.

![Figure 3.4](image)

**FIGURE 3.4. INVESTMENT TOWARD HEALTHCARE PLAYERS IN TENEmerging Markets (2017–2021YTD), USD BN**

When it comes to investing in health in emerging markets, the bottom of the pyramid is hard to reach with commercially viable models. Indeed, interviews suggest minimal investments meaningfully serving populations making <$5/day. A mix of government/philanthropic and discounted capital is needed to expand access to those most vulnerable. Conversely, the majority of existing investments in health in emerging markets target the top of the pyramid, defined as those earning >$30/day. Approximately 80 percent of investment into hospitals in ten large emerging markets went to high-end, multi-specialty hospitals.21

To estimate the size and growth of the healthcare market in emerging countries, investors should focus on the population segment making between $5 and $30 per day. Depending on the country of investment, this can represent between 50 and 70 percent of the population.

**FIGURE 3.5. POPULATION THAT FALLS WITHIN ACCESSIBLE MARKET IN TEN EMERGING MARKETS, %**

![Figure 3.5](image)

20. Emerging markets: India, Pakistan, Bangladesh, Indonesia, Brazil, Mexico, Egypt, Nigeria, South Africa, and Kenya.
When looking at the size of the market, the scale of need and market conditions should be considered. The size of the underserved population, the maturity of the health care system, and the degree to which healthcare is already privatized within the country can be useful metrics for investors. Favourable markets will feature a large, underserved population highly reliant on the private sector due to an underdeveloped national public health system. In terms of market conditions, useful metrics for prospective investors will include FDI inflows to the market, the number of existing healthcare investments by large funds, and the amount of innovation activity. Favourable markets will often feature high innovation, substantial previous investment activity, and a strong ease of doing business rating.

5 MARGINS AND SIZE PROVIDE ATTRACTIVE RETURNS

Investments that provide attractive returns are more likely to translate into continued investment and therefore into sustainable access to healthcare. India’s health tech segment is expected to grow at a CAGR of 39 percent to touch $5 billion by 2023, according to a report by transaction advisory firm RBSA Advisors. In ten large emerging markets, investors are expecting 15 to 24 percent IRR (in USD) from their portfolios, which are currently concentrated across investments in clinics and hospitals, diagnostics, and pharma and biotech.

Clinics & Hospitals: In large emerging markets, business models have emerged that offer quality care at affordable prices by leveraging cost efficiencies. Clinics and hospital infrastructure will continue to be relevant and the area is predicted grow (5–15 percent CAGR) across markets.

Diagnostic Services: The consolidation of the currently fragmented diagnostics landscape is driving growth. The prices of diagnostics services may be prohibitive in national or regional chains, but leveraging Public Private Partnerships is a good way to reach the underserved.

Pharmacy & E-Pharmacy: E-pharmacies are expected to drive growth (especially in India), as they are able to offer lower prices compared to brick-and-mortar chains, although margins are predicted to be relatively lower as well.

Pharmaceuticals & Biotech: Large emerging markets have sizeable and growing (10–12 percent CAGR) pharmaceutical and biotech markets, with relatively higher margins. Local generic and vaccine manufacturing can lower dependence on global supply chains and reduce the cost of medicines, providing more access to underserved populations.

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23. Dalberg analysis of Mexico, Brazil, Egypt, Kenya, Nigeria, South Africa, India, Pakistan, Bangladesh, and Indonesia.
While telemedicine is still considered niche compared to these larger investment areas, it presents substantial growth potential given its ease of scalability and trends driven by COVID-19.

FIGURE 3.6. MARKET AND IMPACT POTENTIAL OF KEY HEALTHCARE INVESTMENT AREAS

6 PATHWAY TO MATURITY AND EXIT

Establishing a clear pathway to maturity and exit is key to ensuring that private investments in healthcare drive toward Universal Health Coverage. Investors must begin to think about exit before they make their investment, and they must believe that the business model—and its impact—will remain viable once they have exited. If this will not be the case, investors risk doing more harm than good. Potential exit pathways include secondary sale of shares to larger investors, share buybacks, merger or acquisition by a larger buyer, or IPO. As investors think through these options in healthcare, they must do so responsibly.

A responsible exit should not only ensure that businesses will do no harm once they have removed their capital but also that the impact thesis of the investment will endure and amplify its health benefits to customers and the health system in which they operate. A responsible exit should consider the following issues and questions:

→ **The buyer.** Does the acquirer or investor that will take over share the same vision for the business, and are they committed to continuing to create impact for end customers?

→ **The timing.** Is the investee firmly on the pathway to financial sustainability and achieving impact goals? If not, is there a reasonable vision for how sustainability and impact might be achieved?

→ **The structure.** How will the exit structure secure management continuity and commitment to ESG standards, and how will it guarantee that no negative impacts affect any of the relevant stakeholders in the supply chain?

The membership revealed that responsible exits are now becoming increasingly common in emerging markets healthcare investments made by I4H members. Specifically, clear exit opportunities exist in clinics and hospitals, diagnostics centres, pharmaceutical manufacturing, and retail healthcare chains. Telemedicine models also present growth opportunity and potential for impact with longer time horizon investments, suggesting pathways to impact at exit are increasingly likely.25

04. THE I4H COMMUNITY’S INSIGHTS ON ADDITIVE INVESTMENTS TO CLOSE HEALTH SYSTEMS GAPS
What drives Our Members?

The I4H community is composed of a variety of private investors in healthcare, ranging from private equity funds to development finance institutions to impact investors. Each investor is guided by its unique investing mission, but all are driven by the desire to help close gaps in access to affordable and quality healthcare. Eighty-eight percent of I4H survey respondents believe that private capital is generally necessary to close current gaps in health services in LMICs. Their investments currently actively work toward this goal. I4H investors looking for areas for future investment focus on where private capital is the best pathway for closing health delivery gaps. A focus on supply chain issues, for example, ensures Investors for Health investments are additive and help to build local capacity to drive toward UHC.

FIGURE 4.1. I4H INVESTORS’ VIEW OF THE MOST IMPORTANT PATHWAYS FOR USING PRIVATE CAPITAL

I4H survey respondents indicated two primary areas for investment: establishing and expanding secondary and tertiary care, and extending care services through technology, e.g., digital or telehealth, both of which clearly reflect the desire to expand the provision of accessible, quality healthcare and to pursue sustainable investments that generate impact.

ESTABLISHING AND EXPANDING SECONDARY AND TERTIARY CARE

The preference for establishing and expanding secondary and tertiary care is unsurprising, given the concerns expressed in the analysis of health system gaps. This category represents a tangible pathway for sustainably structuring needed businesses.

I4H MEMBER CASE STUDY

Elevar Equity invests in Cloudphysician, a company providing a healthcare services and med-tech platform that enables improved health outcomes by addressing lack of access to quality critical care in ICUs across the globe, including tier 2/3 cities. The Cloudphysician model and proprietary technology, RADAR, make it possible for small hospitals in these locations to provide their patients more cost-effective and efficient critical care solutions. Through its technology-driven tele-ICUs, Cloudphysician tackles the problem of limited ICU infrastructure and the unavailability of skilled critical care physicians in remote locations.
EXTENDING HEALTH CARE THROUGH TECHNOLOGY, E.G., DIGITAL/TELEHEALTH.

Use of digital and telehealth services has been greatly accelerated by the COVID-19 pandemic, and I4H investors believe that telehealth is here to stay. As noted by one of I4H’s members, “To avoid hospital-based infection, patients prefered accessing healthcare remotely, hence higher uptake in telemedicine.” India, for example, has more than 5,000 health-tech start-ups, and the industry is currently pegged at $1.9 billion. These start-ups have secured funding of around $2.5 billion, further confirming that technology is poised to strengthen India’s healthcare ecosystem for years to come. Recent analysis also suggests that, after COVID-19, private equity (PE) firms that formerly favored investing only in traditional healthcare companies are warming to the idea of investing in health tech firms.26

The gaps analysis clearly indicates a perceived shortage of healthcare professionals. Technologies that help ameliorate these shortages by connecting doctors to patients virtually help fill this gap. Technologically enabled health services are an attractive investment area.

I4H MEMBER CASE STUDY: VIRTUAL MEMBER MEETING ON DIGITIZATION AND DIGITAL HEALTH SERVICES

In 2021, the Investors for Health community held a virtual member’s meeting on Digitization and Digital Health with a focus on commercial business models that target low-income populations. The event was a moderated panel between two I4H members, Swedfund and Quadria, and their portfolio companies, Kasha and Medikabazaar, respectively. Participants discussed trends in private sector investment in digital health and the relationship between private investors and digital health companies in emerging markets.

Medikabazaar, India’s largest online B2B marketplace for medical supplies and equipment, was founded to help fill India’s huge unmet need for healthcare. The platform serves 100,000+ customers and has 600,000 catalogued products. It’s a competitive space because the size of the opportunity is huge.

Kasha was built to ensure all women have access to resources to meet their personal and hygiene needs. Kasha offers a highly accessible, e-commerce platform that takes orders and payments and delivers the last mile. Kasha also has a B2B side, through platform services. Kasha has provided three million product units to thousands of customers, most of whom are low income. Low-income customers have been at the centre of Kasha’s vision from the beginning, and its business model allows recurring usage because it sells monthly products.

Private investors can also have impact by enhancing primary care services. Again, this investment target area is consistent with concerns raised over observed gaps in LMIC healthcare systems. As discussed previously, there is often an opportunity to collaborate with the public sector in structuring services and extending available public resources to meet primary care needs.

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What makes our Members’ Investments Sustainable?

Investors for Health members are passionate about generating impact across the spectrum of healthcare interventions in emerging markets, helping to close the gaps in **primary care, specialty care, and diagnostics** and addressing weaknesses in **supply chain and HR management**. Figure 4.2 shows the range of investment focuses.

**FIGURE 4.2. WHERE I4H INVESTORS THINK PRIVATE CAPITAL IS BEST PLACED FOR POSITIVE EFFECTS ON HEALTH SYSTEMS**

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**PRIMARY CARE**

**Primary Care Insufficiency.**
Primary care is the bedrock of a health care system, but it is weak in developed and emerging economies. Primary care is often seen as the responsibility of the public sector, but there are novel approaches for partnering with the private sector, such as the Partnership for Primary Care in Makueni, Kenya, that can sustainably provide supplemental resources. Another I4H member provides debt financing to primary healthcare providers in Africa in combination with technical assistance for business and quality improvement. These relationships with small- and medium-sized enterprises provide care to low- and middle-income populations.

**Maternal-Child Health is Crucial.**
Addressing the needs of pregnant women and their babies is an essential aspect of effective health care. Several I4H members address these needs by investing in maternity hospitals offering quality maternal services at lower prices than their peer competitors.

**Telemedicine Represents a Breakthrough.**
Telehealth and digital health services are high interest areas for the Investors for Health community, primarily driven by the goal of broadened access to care through technology and communication to address issues of scarcity and remoteness.
SPECIALTY CARE

**LMIC countries lack critical care capacity.**
Critical care, at the opposite end of the spectrum from primary care, represents a major challenge for any health care system. For example, one I4H member has invested a healthcare services and med-tech platform company that enables improved health outcomes by addressing the lack of access to quality critical care in ICUs across the globe, including tier two and three cities and beyond. The Cloudphysician model and its proprietary technology, RADAR, make it possible for small hospitals in these locations to provide their patients better, more cost-effective, and efficient critical care solutions. Through its technology-driven tele-ICUs, Cloudphysician tackles the problem of limited ICU infrastructure and the unavailability of skilled critical care physicians in remote locations.

**Specialty care service has limited availability.**
Populations in emerging markets often do not have access to specialty care. An investment in ophthalmology services, for example, can address health gaps at several levels. Oncology diagnostic and care service capacity for chronic diseases, too, are generally weak in emerging and frontier markets. To meet the need, one I4H member has invested in ODM, an integrated cancer care diagnostic and care provider in Morocco.

**Risk pooling strategies can address investor reluctance.**
Investors recognize that a fundamental need when addressing affordability is establishing public and private methods to reimburse for care. Development of risk pooling approaches—sometimes as investment vehicles—is foundational to Universal Health Coverage and insurance programs. For example, the private sector can facilitate the convergence of private insurance systems, data, actuarial insights, and administrative systems with public programs by investing in insurance entities or through public-private partnerships.

DIAGNOSTICS

**Diagnostic access and reliability.**
Competent care begins with reliable diagnosis through physical examination followed by confirmation with laboratory results. Access to consistent, reliable diagnostics in the developing world can be addressed by investing in facilities, systems, and technologies. One example is Ilara Health, which provides laboratory and imaging diagnostic services and seeks to increase access to affordable diagnostics by equipping healthcare facilities with devices on a pay-as-you-go model. In this way they have improved diagnostic services in over 400 clinics in Kenya at a cost of $200 per month.
CAPACITY BUILDING: SUPPLY CHAINS AND HR

Securing the pharma distribution supply chain.
A consistent theme in the survey results was concern about the integrity and function of the pharmaceutical supply chain, which is fragile under the best circumstances. During the COVID pandemic, weaknesses have been exacerbated. A variety of investment subtexts are at work seeking ways to strengthen the supply chain through private investment. Approaches include a focus on security, use of blockchain technology, and private label manufacturing, to name a few.

Human resource capacity and management.
I4H members have established strategies for addressing the lack of physicians, nurses, allied health, and professional management through ventures for staff education, access to healthcare services, affordability, and quality of services.

Where do Members see Barriers to Investing in Healthcare in Emerging Markets?

While private sector investment into healthcare in low- and middle-income countries has increased in recent years, investors still face several barriers to unlocking inclusive and sustainable investments. Business model risk was cited as a concern by 60 percent of respondents. Frequently cited obstacles relate to human resources and ease of doing business. Figure 4.3 shows that the main barriers to investing relate to business model risk, lack of professional managers, and difficulties sourcing talent.

Difficulties with weak infrastructure are compounded by limited availability of physicians and nurses. Forty-four percent of respondents pointed to the lack of available physicians and 40 percent referred to the lack of available nurses and allied health personnel as barriers to further investment health in emerging markets. This is important to keep in mind as Investors for Health drives toward additive investments. Indeed, if low availability of doctors and allied health personnel is of concern in the intended country of investment, extra attention must be given to ensuring that private healthcare does not drive medical staff out of public sector health jobs.

Accentuating these challenges are complex political, legal, and regulatory risks facing investors. One investor highlighted the importance of good relationships with public sector players. Fifty-two percent of I4H respondents cited complex legal, political, and regulatory structures as a major obstacle to these investments, and the same percentage of respondents expressed concern about weak infrastructure. As one respondent noted, “Question is also whether the public authorities are capable of engaging with private parties to arrange more complex and designated investment structures.”

Figure 4.3 indicates other barriers cited by respondents, including the need for “risk-pooling (insurance) mechanisms” and “unreliable payments by public institutions/insurance,” the absence of which is a critical constraint to health service investing. Infrequently reported issues include corruption, leakage, fragile IP protection, and limited public information.
Finally, respondents cited finding suitable companies to support—“deal flow”—as a major barrier to investing. Sixty percent of I4H survey respondents reported capital pipeline impediments at the deal origination stage. Others reported challenges in deploying (44 percent) and managing (56 percent) their emerging market healthcare investments. Beyond this stage, investors report diminishing barriers to investment in subsequent rounds of funding, trade sale exits, or IPO exits. Figure 4.4 illustrates investors’ perceptions of main barriers in deal origination, management, and deployment of capital. Fewer investors find challenges when first capitalizing their fund or when selling their stakes, suggesting that capital is available to be deployed in this area but that finding companies to invest in is difficult.
05.
LOOKING AHEAD TO THE MEANING OF “INCLUSIVE”: HOW FRAMEWORKS ARE APPLIED IN PRACTICE
“Inclusive” has many meanings. In the context of private capital applied to global health needs, the membership of I4H embraces the concept of the triple aim of health care: access, quality, and affordability through cost effectiveness. It is only through seeking this superordinate goal that private capital completes the financial ecosystem necessary for accomplishing health for all and filling healthcare gaps.

Inclusive as applied to access means that private capital participates in the creation of clinical capacity on all links of the healthcare value chain. In the provider realm, private capital expands services for diagnostics, specialties, procedures that enhance the health systems, capacity of facilities and systems, and the precious human resources of physicians, nurses, technical support, and workers who extend the ability of professionals and serve other patient needs. In addition, private investors can create the redundancies and depth of services necessary as populations migrate and as increased affluence leads to increased demand for healthcare and the resilience needed when health systems are challenged by a crisis such as the world witnessed with COVID-19. Private capital can also contribute by making a local health system more appealing as a venue for practice by providing innovative technologies, better facilities, and the ability to deliver better outcomes, thus attenuating brain drain of health professionals.

Inclusive as applied to quality means that successful use of private capital depends on meeting the needs of people reliably, compassionately, and sustainably by introducing and developing operating systems designed around the patient journey and interaction with healthcare professionals. Quality requires the transfer of proven diagnostics to meet local needs, tools for providers to deliver optimum services and monitor and measure care outcomes, and appropriate after-care and health maintenance that closes the loop for patients and their families. Quality also has implications for acute care intervention that can lead to cure or reduced disability and restore or manage quality of life for people living with chronic noncommunicable disease. Both theaters of care demand constant monitoring of progress using information tools and telecommunications that address the needs particularly of remote geographic areas. Private capital is uniquely qualified to deliver these skills and insights.

Inclusive as applied to affordability through cost effectiveness is the bedrock of commercial sustainability and ensures durability of innovative technologies as a standard of care. In addition, private capital can complement public efforts toward universal health coverage (UHC) by providing information tools, data, and alternative private insurance built on sound, data-informed actuarial systems. Public-private partnerships for UHC can offer a community or nation ongoing access to care. Private capital exists in an implicitly cost effective environment. Success and sustainability are not possible without such an ethos. Private capital’s goal of inclusiveness is further guided by models of thinking such as Swedfund’s Theory of Change and the IFC’s Maximizing Finance for Development Approach.

Case Study: Swedfund’s Theory

The Swedfund Theory of Change (illustrated in Figure 5.1) and its sector-specific Healthcare Theory of Change serve as a base for its systematic impact work and assessment of investments to fill gaps and needs in the healthcare sectors of targeted markets. The theories identify effects Swedfund can create with its investments, as well as enable credible impact measurement. The primary components of the theories include:
Input (e.g., improving efficiency and quality standards of healthcare products and services)

Activity (investing in private sector healthcare, e.g., primary or specialist care or pharma manufacturing)

Output (e.g., improving access, quality, and affordability of healthcare products and services and increased efficiency and sustainable growth of healthcare private actors)

Outcome (e.g., increasing private sector contributions to strengthen healthcare systems), and

Impact (e.g., contributing to SGD 3 by support to ensure healthy lives and promote well-being for all at all ages)

FIGURE 5.1. SWEDFUND THEORY OF CHANGE

Swedfund’s Impact management framework consists of three levels: (i) Swedfund’s goal and strategy, (ii) the IFC’s Operating Principles on Impact Management (a set of principles on how impact should be integrated into operations), and (iii) impact management in the investment process (data handling and reporting in line with international frameworks, methodologies, and harmonization initiatives, such as EDFI Harmonization streams, HIPSO (Harmonized Indicators for Private Sector Operations), GIIN (Global Impact Investing Network), and IRIS+ (generally accepted system for impact investors to measure, manage, and optimize impact), as well as the Impact Management Project’s Five Dimensions of Impact). These three levels are leveraged in Swedfund’s overall and healthcare-specific Theory of Change to measure health impact beyond financial returns. As an example, Swedfund invests in maternity hospitals offering quality maternal services prices lower than those of competitors offering the same quality of care. Other initiatives increase women’s access to health and personal products and early-stage healthcare funds that invest in innovative healthcare business models to increase access and enhance affordability.

As noted, the Swedfund framework makes specific application of the IFC’s development framework, as noted in the case study below.
Case Study: The IFC’s Maximizing Finance for Development approach of Change

IFC follows a MFD (Maximizing Finance for Development) approach, otherwise known as a cascade, to identify areas in the health system that can attract private capital or private capital with some intervention needed (e.g., regulatory change, concessional finance, TA, etc.) and areas that will not attract private capital and are best left to the public sector.

IFC: AFRICA MEDICAL EQUIPMENT FACILITY

IFC is the top provider of commercial financing to health transactions and is a pioneer in the blended finance for health space. In line with its Maximizing Finance for Development approach, IFC is helping African healthcare providers access essential medical equipment through the Africa Medical Equipment Facility.27 AMEF is a $150 million unfunded risk-sharing facility designed to help small businesses access up to $300 million in loans and leases. The facility is supported by an $18 million loan from the IDA Private Sector Window Blended Finance Facility and a $6 million first-loss guarantee from the Global Financing Facility.28 Through the facility, IFC is partnering with medical equipment manufacturers and local financial institutions to support healthcare providers in Cameroon, Côte d’Ivoire, Kenya, Rwanda, Senegal, Tanzania, and Uganda.

In April 2021, IFC launched partnerships with health technology company Philips and the Co-operative Bank of Kenya to help smaller businesses in Africa’s health sector purchase essential medical equipment and strengthen their response to COVID-19.29 Health equipment investors in Kenya have had difficulty accessing credit in the past, so this facility is directly improving access. According to Dr. Gideon Muriuki, Group Managing Director and CEO of the Co-operative Bank of Kenya, “Health expenditure is one of the largest budget items in many households in Kenya; every support to make it easier for the sector to prosper and benefit our people is welcomed.”30

Private investors can also have impact by enhancing primary care services. Again, this investment target area is consistent with concerns raised over observed gaps in LMIC healthcare systems. As discussed previously, there is often an opportunity to collaborate with the public sector in structuring services and extending available public resources to meet primary care needs.

Postscript: What then must we do?

Strategies and decision making for the deployment of private capital in pursuit of global health must be guided by the question Tolstoy asked in his 1886 work, *What then must we do?* Tolstoy writes with fervent nineteenth-century humanism shadowed by affluent guilt in addressing the plight of the poor. He asks how we are to deal with the poor among us. His first impulse upon meeting a beggar is to consider giving the man all his money. He recognizes that such an action will not change much, so he begins a deep examination of the problem of inequality in human life. He ultimately concludes that action must be taken to meet the needs that present themselves to us. Private capital is driven by the recognition of need. While this is typically framed in terms of the market, in healthcare the needs of the market are indeed the needs of people.

The membership of Investors for Health is at the vanguard of providing impact and return-oriented capital in geographies underserved by public efforts or in regions seeking to expand rapidly the strength, resilience, and scope of healthcare. While not all patients are among the poorest in these societies, the populations encompass all economic classes, each with native rights to competent healthcare.

**WHAT THEN MUST THE MEMBERS OF INVESTORS FOR HEALTH DO? THE TASKS AT HAND INCLUDE:**

1. Identify and characterize gaps in care services that the public sector working alone is under-resourced to fill.
2. Experiment and develop interventions that address the gaps and their underlying causes and deliver sustainable remediation.
3. Create accessible and affordable adjunctive services through appropriate deployment of capital.
4. Recognize that health equity refers as much to quality outcomes as it does to access; thus members must demand that systems be built into investments to ensure that the care delivered provides the best possible results achievable in the given setting.
5. Assure that, going forward, the geographies served can develop additional capacity in human and financial terms sufficient to address future needs with local capabilities.
6. Engage with the public sector to improve healthcare across the ecosystem in a sustainable way.
7. Complete the healthcare value chain across the spectrum of providers, payers, and producers so that the health ecosystem can accommodate needs with as much independence as possible.

*The implicit mission for Investors for Health members is a demanding one. The time, treasure, and talent of private capital resources must be continuously deployed to meet these seven objectives. This report serves as an inventory of what needs to be done, what has been done, and what can be done. It is a beginning.*
Appendix 1: The Survey Instrument

I4H MEMBER SURVEY: INCLUSIVE INVESTING IN HEALTH SERVICES
Thank you for participating in the Investors for Health Inclusive Investing Survey. This survey should take no more than 15 minutes and seeks to gather your perceptions and insights into where, why, and how private capital can be most effective in bridging the gaps in healthcare services in LMICs, particularly in a post-COVID-19 environment. We ask that the person best prepared to address this survey at your firm complete and submit it by Friday, September 27, 2021.

We are also happy to receive position papers or case studies that your firm has prepared on your impact. If so, please:
e-mail contact@investorsforhealth.com
RESPONDENT INFO

1. Organization Name: *
2. Your Name:

3. Regions where your organization is active (Select all that apply) *
   - East Africa
   - North Africa
   - Southern Africa
   - West Africa
   - Central Asia
   - East Asia
   - Middle East
   - Southeast Asia
   - South Asia
   - Central America/ Mexico
   - Caribbean
   - Brazil
   - Other South America
   - Eastern Europe/ Russia
   - Central/Western Europe

4. Your organization is a *
   - VC Fund
   - PE Fund
   - Debt Fund
   - DFI
   - Impact investor
   - Other

5. Does your organization invest in companies that provide delivery of healthcare services?*
   - Yes/No

6. Does your firm routinely include an ethics review in your due diligence or governance standards? *
   - Yes/No

7. Is your firm a signatory to Ethical Principles in Health Care (EPIHC)? *
   - Yes/No/I don’t know
IMPACT OF COVID

8. Overall, to what degree did the COVID-19 pandemic impact your health care portfolio companies?
   - Significant negative impact
   - Slight negative impact
   - No change/ mixed results
   - Slight positive impact
   - Significant positive impact
   Initial (first 3 months)
   Currently

9. Specifically, how were different kinds of portfolio companies affected during the first three months of the pandemic?
   Rating Scale:
   - N/A
   - Significant negative impact
   - Slight negative impact
   - Neutral/ No change
   - Slight positive impact
   - Significant positive impact
   
   **Investment types:**
   - Hospitals
   - Primary Care
   - Specialty Clinics
   - Imaging
   - Pathology Labs
   - Medication Distribution
   - Distribution of consumables and supplies
   - Distribution of equipment
   - Digital health/telemedicine

10. In your experience, what trends did Covid-19 dramatically accelerate (Select all that apply) *
    - Telemedicine
    - Supply Chain Management
    - Approaches to Training Clinical Staff (task shifting, infection control, etc.)
    - Greater Public/Private Collaboration
    - Greater coordination between the public and private sector on clinical protocols
    - None of the above
11. Please provide further information about the acceleration of trend observed, if you wish.

ROLE OF PRIVATE CAPITAL IN HEALTH SYSTEMS

12. In the countries in which you invest, the public provision of these health services is sufficient to provide quality healthcare to low-income populations: *

Rating scale:

- N/A
- Strongly disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Strongly agree

Investment types:

- Hospitals
- Primary Care
- Specialty Clinics
- Imaging
- Pathology Labs
- Medication Distribution
- Distribution of consumables and supplies
- Distribution of equipment
- Digital health/telemedicine

13. Please add comments or elaborate on the answers above if you wish

14. Generally, private capital is necessary to close the current gaps in health services in LMICS *

- Strongly disagree
- Somewhat Disagree
- Neither Agree Nor Disagree
- Somewhat Agree
- Strongly Agree

15. What gaps has Covid-19 revealed in the health systems of the countries in which your portfolio companies operate? (Select all that apply) *

- HR: Insufficient number of doctors
- HR: Insufficient number of nurses
- HR: Insufficient number of Community Health Workers
- HR: Insufficient number of qualified healthcare and hospital managers
- Access to services: Pharmacies
- Access to services: Diagnostics Labs
- Access to services: Imaging Diagnostics
- Products: PPE
- Products: Medicines
- Products: Oxygen
- Payment/Costs: Payable in local currency
16. In your opinion, where is private capital best placed to have a positive effect on health systems? (Select all that apply): *
   - Hospitals
   - Primary Care
   - Specialty Clinics
   - Imaging
   - Pathology Labs
   - Medical Distribution
   - Distribution of consumables and supplies
   - Distribution of equipment
   - Digital/telehealth services
   - Other

17. What are most important pathways by which private capital can help to close health services delivery gaps (Select the top 3) *
   - Expansion of laboratory and imaging diagnostic services
   - Enhancement of primary care services
   - Establishment and expansion of secondary and tertiary care
   - Generation of care services for chronic non-communicable diseases
   - Expansion of pharmaceutical products (either production, distribution, or retail)
   - Address or expand risk pooling (UHC, private insurance)
   - Invest in technologies to extend care services, e.g., digital/telehealth
   - Other (please describe below)

18. Add comments or elaborate on the answers above if you wish.

19. Your investments are currently working to help close gaps, similar to those listed in Q 15 in health services in LMICs
   - Strongly Disagree
   - Disagree
   - Neither agree nor disagree
   - Agree
   - Strongly agree
20. Are there any examples that you would like to share which demonstrate how your investments are helping close the gaps in health services? Suggestion, think in terms of addressing the Triple Aim of health care: ACCESS, AFFORABILITY, QUALITY, as well as staff training and patient education.

21. What current barriers to investing in health services in LMICs are you facing? (Select all that apply) *
   - Business model risk
   - Transaction costs and risks
   - Complex political, legal, and regulatory structures
   - Weak infrastructure
   - Fragile IP protection
   - Limited availability of public information or statistics
   - Asymmetry of information
   - Difficulty in sourcing talent
   - Leakage/corruption
   - Availability of professional management
   - Capacity of population to seek, obtain care and pay for care
   - Availability of physicians (primary or specialist)
   - Availability of nurses and allied health care professionals
   - None of the above

22. Please add comments or elaborate on your answers above, if you wish.
23. Where in the capital pipeline are you encountering these challenges (Select all that apply) *
   - Capitalization of your Fund
   - Deal Origination
   - Deployment
   - Management
   - Subsequent rounds/follow-on funding
   - Trade sale exits
   - IPO exits
   - Other

24. Please add comments or elaborate on your answers above, if you wish.

25. Does your firm follow a framework for the use of private capital to address gaps and needs in the health systems in which you are involved? If yes, please describe the primary components of that framework. *

26. Does your firm have a framework or methodology for measuring health impact beyond financial returns? If so, describe briefly. *

27. Any additional insights or opinions that you would like to share with us on this subject, including thoughts on areas to study in future surveys.
Appendix II: About the Authors

DR. STEPHEN M SAMMUT

Stephen is Chairman of the Industry Advisory Board of Alta Semper Capital, and a member of Investors for Health focused on health enterprise investment through Africa. A Senior Fellow in Health Care Management and a Lecturer in Entrepreneurship at The Wharton School of the University of Pennsylvania, Stephen co-founded Pangea University for the Health Sciences, a newly formed international platform for medical, nursing, and health technology education for the emerging and frontier markets. His health-related management education work includes the design and delivery of the health care management MBA and executive programs at the Indian School of Business, as well as the health care management program at Strathmore University in Nairobi. His research and publications focus on international development, with a special focus on capacity building in health care and biopharmaceutical production in emerging economies. He has worked extensively on implementing precision medicine in the developing world. He holds graduate and undergraduate degrees in life sciences and humanities from Villanova University, studied medicine and epidemiology at the Hahnemann Medical College, and has an MBA from the Wharton School of the University of Pennsylvania and a Doctorate in Business Administration from the Fox School of Business at Temple University.

ANDREW MYBURGH

Andrew Myburgh is a senior economist in the International Finance Corporation (IFC), the private sector arm of the World Bank Group. Andrew’s work at the IFC focuses on how to better leverage the contribution of the private sector to health care systems in developing countries. Andrew focuses on regulatory reform, market development, and the impact of IFC’s investments. He has over ten years’ experience advising leading private sector companies, as well as governments, and has worked in Latin America, Africa, and Europe. Andrew received a Master’s in Public Administration and International Development from Harvard University and has a number of publications in that field, including in the Journal of Law and Economics.
KUSI HORNBERGER

Kusi Hornberger is a Partner based in Dalberg’s Washington, DC office. Kusi serves as Dalberg Global Knowledge Management lead, co-leads Dalberg’s Finance & Investment Practice, and is an active member of the Monitoring, Evaluation and Learning Practice. Kusi has more than 20 years of professional strategic advisory, market research, and investment experience in emerging markets and is passionate about the use of innovative finance and technology to accelerate the achievement of the United Nations Sustainable Development Goals (SDGs).

Kusi is also a recognized thought leader. Kusi has led the development of several major market research reports on these topics, including The Missing Middles and Closing the Gaps, which segment and identify finance pathways to better serve the needs of small and growing businesses (SGB), as well as seminal state-of-the-sector reports including Unleashing Private Capital in Global Health and Pathways to Prosperity on rural and agricultural finance. More recently, Kusi led the development of the Networking Works and Digital Delivery reports, which identify approaches for providing enterprise support services to SGBs.

Kusi holds a Master of Business Administration from INSEAD Business School in Singapore, a Master of Public Administration in International Development from the Harvard Kennedy School, and a Bachelor of Arts in Economics with Honors from the University of Pennsylvania.

LUCIE GARETON

Lucie is a Knowledge Management Senior Associate at Dalberg’s London office. She is responsible for the design and rollout of improved systems to capture, codify, and share knowledge inside the firm. She has over five years of experience in managing Communities of Practice and is currently supporting over ten Practice Areas on internal knowledge management. Prior to Dalberg, she worked for Action Against Hunger in New York and London as a MEL and KM officer. As MEL Officer, she led the analysis and reporting for a midterm evaluation of youth TVET program in Côte d’Ivoire. As KM officer, she spearheaded the revamp of the intranet for the technical experts team and launched new processes for knowledge capture, providing inputs to the annual Learning Week and Learning reports. Lucie has extensive experience working across the UN system, from New York City to Dakar, having worked both for UNDP in information management and for the Secretary-General’s Envoy on Youth as a program consultant.

Lucie holds a Master’s degree from Columbia University’s School of International and Public Affairs and a Bachelor’s degree in Political Science from McGill University.