

## EPISODE 61. RETHINKING HOW WE FUND HEALTH

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**Garry Aslanyan** [00:00:07] Welcome to the Global Health Matters podcast. I'm your host, Garry Aslanyan. Thanks for joining and if you haven't already, please follow or subscribe so you don't miss any of the future episodes. Today, we're focusing on innovative finance, across the global health landscape, governments are facing mounting debt, developing assistance in under pressure, and the gap between ambition and available resources continues to widen, at the same time the challenges we face, from fragile health systems to climate shocks, conflict, demographic change, demand more, not less investment. So how do we mobilise resources differently? What does the term innovative finance actually mean? And which approaches are truly scalable, equitable, and fit for today's realities? To explore these questions, I'm joined by two leaders who have spent decades working at the intersection of health, finance, and global cooperation. Christoph Benn is Director for Global Health Diplomacy at Joep Lange Institute. He's a physician by training. He has played a central role in shaping innovative financing mechanisms in global health. And joining him is Patrik Silborn, Senior Advisor at UNICEF Afghanistan, Patrik specialises in development financing in fragile and crisis-affected settings and has led large-scale efforts to mobilise resources beyond traditional aid. Let's dive into this conversation. Hi Christoph, hi Patrik, how are you today?

**Christoph Benn** [00:02:01] Very well, delighted to talk to you, Garry.

**Patrik Silborn** [00:02:02] Very good, great to be here.

**Garry Aslanyan** [00:02:05] So let's dive into the conversation. So, from current situation, we know that there are a lot of mounting government debt and there are cuts in development assistance, there is a lot of conversation right now about how to make that shortfall, how to make that up in health financing. So many are pointing to different options, there are a lot of discussions, and they refer to what is called innovative funding models. So before we go any further, Christoph, can you start us off and define what we actually mean when we use this term innovative financing, what qualifies to be innovative?

**Christoph Benn** [00:02:52] Thanks Garry. It's absolutely a very timely topic right now. We all know about the huge cuts in official development aid, and any organisation that will be approaching any donor these days will probably hear as the second sentence, oh, you know, our budgets are very tight, why don't you look into innovative finance? And this is not new, actually, even when Patrik and I were mobilising resources for the Global Fund years ago, when the budgets were much better, whenever you approach the donor and said you want amount X, they would say, ah, you know, it's very difficult, but why don't you try innovative finance? So, it's not a new thing, but it has obviously become much more acute and much more timely. And it has frustrated us deeply that so many people are talking about innovative finance, but very few know actually what they're talking about, and there was no clear definition, and that's why we set out to develop a taxonomy for innovative finance. What is it actually? So, that at least we know what we are talking. It had published that, and this is what we are going to present the taxonomy of innovative finance because it has so many different elements and we mainly differentiate these sources of funding by the degree whether donors expect a return on their investment or not. You know you have the traditional ODA funding, it's usually grants, straight payments, no expectation in terms of returns. There are some models in innovative finance that are the same. They provide additional resources, but they are not expecting a return. These are the philanthropies, very important part of that, the foundations, they provide a lot of funding these days to various causes, and they're not expecting that anybody repays them for that. With the private sector, it's different, they are not charities, they would normally expect that they invest, and they have a return, with some exceptions,

and we'll talk about that later like product red, that's an example, private sector contributes and there is no expectation of return. Then there is the conditional funding, so there is, you know, finance under certain conditions. There's cash on delivery, performance-based funding, and there's something we'll also come back to later, debt swaps. Debt is cancelled and expected that the equivalent amount is paid into some kind of development programme, so the equivalent amount. But then you turn more into models where there is an expected return, catalytic funding, advanced market commitments, providing incentives, credit guarantees and so on, and you move further on the spectrum and you come to blended finance, how you kind of, you know, combine public funding in terms of grants, public funding, in terms of loans, how you can leverage that, loan buy downs, development and social impact bonds. So that's the spectrum of innovative finance and then there's one important separate category that most people would include in innovative finance, these are the taxes. There are the so-called innovative taxes. We have airline levies, and we have a lot of discussions, financial transactions, tax, and others. In our definition, taxes are not exactly innovative. They have been used by governments for a long, long time. They are only innovative if the governments earmark those taxes for development issues that can happen or not. So, we want to treat these taxes a little bit differently, but they're an important component usually of the innovative finance discussion. So that's a whole spectrum of innovative finance we are talking about.

**Garry Aslanyan** [00:06:32] I understand both of you, Patrik, and Christoph, worked on that together. So, as you say, we'll explore these models a little bit more as we go. So, maybe Patrik, maybe you can also start by sharing an example, of one of those innovative financing models you worked on yourself, and maybe at the country level, and maybe that will help listeners to understand a bit more and situate those options at the real life.

**Patrik Silborn** [00:07:03] Maybe for context, as Christoph mentioned, innovative finance mechanism can have lots of different purposes, and they can be about mobilising more money for development, but tapping new funding sources, but it can also be about increasing the efficiency of financing flows or about making development programmes more effective by linking financing with measurable results. So, I think that the starting point always has to be that the challenge you're trying to resolve and based on that, you have to figure out if there is a mechanism that can be developed or used to address that problem. So, a few years ago, I was a senior fund portfolio manager at the Global Fund to fight AIDS, TB, and Malaria, and I was working with the country of Rwanda. And in this capacity, I really had the privilege of leading the development of a new results-based funding model for global fund grants in the country. Obviously, a very close collaboration with the government of Rwanda. The challenge we had to address was the following. Rwanda had traditionally been very successful at mobilising funding from the Global Fund and other development partners, including PEPFAR. And until 2013 or so, the Global fund allocated its funding through a so-called rounds-based system. So essentially, countries were invited to submit proposals to the Global funds, and the most competitive and compelling proposals were awarded funding. And this had led to a situation where some successful countries, like Rwanda had received a large share of the available funding and that had led to some imbalances. So, in 2013, the Global Fund implemented what was called at the time the new funding model. And under the new Funding Model, countries were allocated funding based on the formula instead. And without going into too many details, the methodology mainly considers disease burden, income levels and the size of the population. So, that meant that a small, well-performing country like Rwanda would see its share of global fund financing decline by quite a bit. So, both we at the Global Fund and Rwanda were concerned that if this transition wasn't managed carefully, it could have really pretty big repercussions on the fight against the three diseases and frankly the entire health system. So, at that point Ambassador Mark Dybul was the executive director of the Global fund and he and I travelled to Rwanda to discuss the transition with the government and development partners and what we could do you know collectively to safeguard the

gains in the fight against the three diseases. In short, I think that the government basically believed that they could sustain the results, but only if they were given more flexibility in how they could use the declining resources from the Global Fund, and if we as the Global fund could agree to fully commit to use only national systems and no parallel mechanisms. Also, if the country realised efficiency gains, basically savings in the implementation of programmes, then those funds should stay the country and not return to the Global Fund. So based on these discussions, we agreed that we needed kind of a differentiated finance model for Rwanda. So, I was tasked to lead the development of this new results-based funding model for the Global Fund Grants, in very close collaboration with the Minister at the time, Dr Agnès Binagwaho, many other actors in Rwanda, including Dr Danny Ngamije and many others. I think one of the major challenges that we had at the time was to finalise this model quite quickly. We had to have it approved by the Global Funds board, the Government Rwanda and so on, but we only had four months to do this. And for anyone who's worked in a big organisation, I mean Christoph and I both worked at Global Fund for a long time, we know that you know it's quite difficult to get things done in a short time. So, the way we went about this was to first agree on the major principles of results-based funding model. These principles included first a refocus on achieving outcomes. So, all of the financial disbursements of Rwanda were tied to outcome targets, and that was a big shift for the Global Fund because typically many other factors are considered when making disbursement, including cash balance, forecast, procurement plans and so on. So, in effect, under this new results-based funding model, the disbursement awarded good results and performance without considering any other factor. The second thing was that we as a Global Fund agreed to leverage national system, so only use national system. So, all Global Fund funding was on budget and was dispersed to treasury. And this was important because this gave the ministry of finance a much bigger role in overseeing how the funding was used, but also how it complemented other national resources. And the third big sort of principle of this model was that Rwanda was given flexibility in how it used Global Fund funding. So possible savings, for example, were reprogrammed according to national health needs without any major involvement by the Global Fund. So, once we had agreed on these principles, we aligned our systems and the process accordingly. And all of this was kind of underpinned by the strong systems that Rwanda had put in place. So, I think the lessons I took from implementing this model was that it could only be implemented in a country with really strong systems and leadership from country actors and the Global Fund, people like Mark Dybul, Mark Edington, Cynthia Mwase were really critical for making this happen at the Global Fund. I also think that the timing was quite important the Global Fund's new funding model spurred a lot of change, and the organisation was willing to experiment. The model served its purpose. I mean, Rwanda managed to sustain its results with less funding. I left the Global fund a few years ago and I believe the model has evolved but the main principles remain.

**Garry Aslanyan** [00:12:37] So, if you were to ask an average person who is not involved in global health or in health, one of the most well-known examples of innovative financing models was what was called the RED. I think it's launched in 2006 by Bono, and again, Global Fund, you probably were involved, and you can tell us more, Patrik, can you tell us how this became such an attractive way for the private sector to support fight against HIV, TB, malaria? And what were the lessons learned from it?

**Patrik Silborn** [00:13:13] Both Christoph and I, again, had the privilege of working very closely with RED, actually. So, in short, I mean, RED is just a fantastic consumer marketing initiative that has mobilised \$800 million for the Global Fund. And as you mentioned earlier, it was launched by Bono, the rock star and lead singer of U2 and Bobber Shriver about 20 years ago. RED is a non-profit, it's registered as a 501C3 organisation in the U.S., meaning that it's tax exempt, and the way it works is that RED partners with these iconic brands to create products, services, and experiences that raise money for HIV-related global health programmes or Global Fund programmes. And over the years, I mean, RED has partnered with some of the most well-known brands in the world. Christoph has a couple of RED headphones on,

actually, but they partnered with companies like Apple, which has made RED branded iPhones, iPads, Apple watches and in fact, through RED, Apple has contributed \$250 million in the fight against AIDS, which probably makes it actually one of the largest business contributors in the world to this cause. But RED has also partnered with fashion brands like Louis Vuitton, Balmain, Gap, but also vehicle brands like Fiat and Vespa and banks like Bank of America and software companies like Salesforce, to just name a few. So, once partners sign up to RED, they either commit to a set or a fixed monetary donation each year or they allocate a percentage of the profit from each RED product sold to the Global Fund. So why has this worked so well? I mean, \$800 million is not exactly pocket change. And as I mentioned previously, both Christoph and I have worked with RED throughout our careers. So, Christoph, please feel free to chime in here, but I would really attribute it to a few key elements. First and foremost, Bono, as the founder of RED, played an incredibly important role, especially in the beginning. And back in the early 2000s, Bono was not only a rock star, but he was also in many ways a leader in the fight for global justice, and business leaders, brands and public leaders wanted to be associated with him. And he personally was really pushing companies to commit. I think the second thing is that RED is just a really cool brand. I mean, the companies they partner with make products that people want to buy and want to be associated with. RED's kind of made it easy for consumers to both get a great product, like an Apple phone, while at the same time allowing them to contribute to global health goals. And I think that third thing is that the RED team has always pushed the boundaries of what's possible and they've been generously supported by the Gates Foundation and others allowing 100% of corporate donations to flow to the Global Fund. There's no sort of overheads there. And the last point that I'd make before I hand over to Christoph is I think that the timing of the launch of RED was also really important. RED was launched at the time of the Millennium Development Goals; it was a time of activism and frankly I think we're living in a different climate where global health and you know solidarity was just higher on the agenda at that time of launch. Christoph, I'm sure you also have reflections on this.

**Christoph Benn** [00:16:33] I tell you one point that was fundamental at the time we created product RED was the realisation private corporations are not charities, right? That's not their business. They are not in the business to give money to charitable causes. They report to their shareholders and so on, and that's the fundamental issue because so many times nowadays you hear, oh, why don't you turn to the private sector, right, why doesn't the private sector give more? Well, that's not the job of the private sector, right? That's not what, you know, their clients are for, and they had tried for a couple of years already to appeal to private corporations without much success. And that's when, you know, in meetings with Bobby Shriver and Bono, the idea came up that let's try it completely differently. This is not charity, but it is relevant for marketing, you know, we have to appeal to the marketing departments of Apple, Gap and Starbucks and all these companies because their clients might want to buy products that appeal to them, young people want to do something, some social good. And by the way, if a person buys a RED iPhone or a RED headphone or a RED Mont Blanc pen, they're not paying more for that RED product than for other products. It's the marketing budget of these companies that then pays a certain share, you know, for AIDS treatment in Africa through the Global Fund, and that's a huge distinction to appeal to the marketing, you know sense of these company's and these are iconic brands, I mean, branding is everything, right. So, it's a different approach from asking them for charitable contributions, so that was, in a sense, quite successful in this particular case.

**Garry Aslanyan** [00:18:22] Obviously, this is an example from 20 years ago, if we could come back now to 2026, anything like this is possible in a country where they had to shift a lot of budgets, now they're missing a lot of budgets for health, or they want to beef up their health programmes. What would that look like at the country level?

**Christoph Benn** [00:18:47] I mean, let me first say progress still exists. They celebrated their 20th anniversary just last week in Davos at the World Economic Forum, and they pledged \$75 million at the global fund replenishment in November last year, but the question, is this transferable? That's a big question, and Patrik you've been involved in trying to do that for malaria and so on, and we follow that. It's not easy to kind of do that for other causes, but you were directly involved why this was not so easy.

**Patrik Silborn** [00:19:18] Yeah Garry, it's challenging, one of the reasons why RED works so well, as I mentioned, is the association with Bono, being a really cool brand, and also being launched at the time when it was possible to do something like this, and it was also the first consumer marketing initiative. And it's kind of global in nature too, the partner with companies and brands from the US, Europe, or wherever, and they have really, the RED team is a really capable team, full of marketeers and very focused on what they do. To do this in the country, at the country level, I think would be quite challenging. Obviously, I've worked on a similar initiative, but it was quite different and, you know, happy to talk about that as well, but I think what we did was that we drew inspiration from RED, we didn't try to emulate it because we know that was impossible.

**Christoph Benn** [00:20:16] But, Garry, I'm still dreaming of creating one day a product green because young people do care about climate and environment, so I thought, why not? It should be possible to appeal to young people to buy certain products if they know this will be money that is invested in climate mitigation, adaptation, and so on. It hasn't materialised yet and there are challenges as Patrik said, but I still believe young people in particular, they do care about certain issues so strongly that they might buy particular products if they know that part of the proceeds goes to the causes they support.

**Garry Aslanyan** [00:20:52] Christoph, you already touched upon private sector, and I know many of our listeners listening to this heard this, like turn to private sector or see what will appeal to them, what kind of financial models might they be interested, especially if some of them will actually offer returns, social returns and kind of demonstrate their engagement. What would you tell them? What should they think about?

**Christoph Benn** [00:21:25] I'm hearing that so many times, why doesn't the private sector do more? First of all, I think we have to differentiate between the private corporate sector and the private foundations, many of the most wealthy businesspeople in the world, they have created their foundations and they do play a huge role and they will probably play an even increasingly big role in development finance in the future. Best known, of course, Bill Gates and Melinda Gates and their foundations. But there are many others, huge ones, really dispersing billions of dollars, there's Bloomberg, very engaged on climate, he just stepped in to kind of compensate for the loss of Trump's administration support for the climate secretariat. Bloomberg said, okay, I'd take that over. There's the Children's Investment Fund Foundation in London of Chris Hohn, investing hundreds of millions of dollars and more and more, I think billionaires, their families and so on are coming to the table. So, that's real money, and this is again, not with the expectation of any return, any return except for development and wellbeing of people. But when you come to the corporate sector, as we discussed, it's not a charity, so you don't get them just to kind of contribute money. What they might be interested in is to provide their expertise, to run programmes much more efficiently, which is also very, very valuable. And we had many examples also in the Global Fund where companies offered their expertise and they worked with us to build capacity in countries and run programmes, much more efficiently can come from financial services, accountability, risk management, where they have a much better expertise than most governments. And that leads in some cases to what is called social investment bonds where indeed, you know, private companies pay upfront certain amounts of money with the expectations though that it will be returned to them. So, the model is private sector invests, and they provide their expertise to run the programmes efficiently, but when

the targets are achieved and they are really measuring the results, the targets, then there needs to be a funder that returns the original investment. That's usually a government. So, it's not free money therefore, but it can be valuable. You initiate something, you get the private sector expertise and if they meet their targets, then the government says, okay, you are repaid. The problem is this does not work really at a large scale. There are a few examples where this has really been at scale, sometimes transaction costs are also significant. That's a model where you get the private sector to invest but with the expectation that their investment will be returned sometimes also with a bit of interest. But I think you have to understand how the private sector works if you want to appeal to them and engage them. It's possible but you have to know what you're dealing with.

**Garry Aslanyan** [00:24:24] Very good point. I think that's a very good advice and observation we should keep in mind. Patrik, let's move back with you, and when you were based in Singapore, working there, you led an initiative that engaged high net worth individuals who wanted to support malaria elimination, and obviously that's another group or that's another option that people have in mind right away when they think of where to find new sources of funding. So, what did you learn from that experience? And particularly, how are these kinds of individuals motivated to invest in health?

**Patrik Silborn** [00:25:08] Yeah, maybe some background just on the platform that we created. I was part of the founding executive management team of the Asia-Pacific Leaders Malaria Alliance, or APLMA for short. So APLMA was created and mandated by heads of governments in Asia to drive the elimination of malaria by 2030. One of the main objectives of the alliance was to support the creation of what we call the whole of society approach to malaria elimination, meaning that we had to broaden the appeal beyond ministries of health, beyond sort of the regular health factors, and that meant that we also needed to engage high-net-worth individuals and the foundations and the businesses that they controlled or owned, and in many countries in Southeast Asia, business leaders are very influential and they have large platforms. So, my idea was really to create a partnership platform that one, engage business leaders and high net worth individuals as key advocates and champions of the malaria elimination goal. Two, that raised funds for malaria programmes and three, they raised awareness of the Malaria elimination goal with consumers. So, we ended up building something that we called M2030. I'll start with the end results and then I can talk a little bit about the challenges that we had as well as setting it up, and what these business leaders were looking for. But the M2030 was both sort of an engagement platform for high-net-worth individuals and their family foundations, as well as a consumer marketing platform for businesses that they controlled. So, on the business side, participating companies used the M2030 brand for campaigns or for branding, select products and services, and the portion of the profit from the sales of these products was used to fight malaria in the countries where the money was raised. So, kind of follow the same playbook as read, the initiative I described earlier, but at a much more limited scale. We didn't have Bono, it had me kind of, so it was at a more limited scale. But these campaigns also raised awareness about the elimination goal with consumers and most of the businesses that we partnered with were actually consumer-facing. They included everything from Shopee, one of Asia's largest e-market platforms, it's like Amazon for Asia, as well as supermarket chains, dealerships, banks, insurance companies, and so on. But we also engaged in various events, like the Myanmar Marathon, for example, was a key sponsor to M2030. And by partnering with Dentsu as well, as Dentsu is a large advertising company, and as well as TV channels like Outdoor, the Outdoor channel, we managed to play sort of pro bono adverts in various mediums. And then for the high-net-worth individuals, the individuals that actually owned these companies, we engaged them as leaders and as Malaria Elimination Champions to kind of help sustain the political momentum and to make them a little bit more personally vested in the Malaria elimination goal. So here I partnered with the World Economic Forum to create what we call the M2030 Champions Council. That included five high-net-worth individuals, slash business leaders, but it's also included the CEO of Dentsu, the largest advertising

business in Asia, and a few global health leaders, including Peter Sands from Global Fund and Christoph, actually Christoph was also part of the council. And we used the council and the platform as a vehicle to kind of demonstrate a commitment of businesses, and that was really helpful for our engagement with national and global leaders, and the high net worth individuals is also, we're actually engaging with ministers in their countries as well as issuing calls for kind of renewed focus on elimination through op-eds and through their personal platforms. So, at the peak, I mean, I think M2030 was active in Myanmar, in Thailand, Indonesia, Singapore, and Japan. And we had around 20 business brands engaged that developed M2030 campaigns. I also spun off M2030 into a separate organisation with core funding from two of the high-net-worth individuals, which made it easier for us also to be a little bit more flexible in how we managed the initiatives. And some of the M2030 champions like the Tahir family from Indonesia as well as the Chearavanont family from Thailand also made significant direct financial contributions to malaria through the Global Fund. I think in terms of lessons and what I learned from this, I think I learned quite a lot of it, you know, from just setting it up from scratch, having nothing more than an idea initially. And I think one important lesson is about co-creation. So, we created M2030 together with the founding high net worth individuals and their businesses, and that was important because the only way to bring business leaders and the companies to the table and to kind of really keep them there is to offer something that's valuable for them as well. So, many of our partners were inspired by the goal to end malaria, by many accounts, malaria is the disease that's killed the most people in history. So, ending Malaria in Asia would really be a historic achievement and our M2030 partners would play a role in making that happen, so, that was the starting point I think that was like an inspiring goal for many of the high-net-worth individuals. But it was also clear that our partners wanted to combine local action with global reach, I guess this is one way of putting it. So, the fact that we could ensure that efforts in Myanmar supported the country, while at the same time offering this sort of global and regional platform in partnership with the World Economic Forum was really important. So that recognition of their actions was quite critical. I think the brand was also very important. I was lucky enough to engage Dentsu, this advertising company, very early on and some actors there like Christian Barnes and Dirk van Motman, who later on served on the council, went out of their way to support our efforts, and helped us develop a really attractive brand, completely pro bono. And I think without that brand, it would have been challenging to get started. I think there were other things as well, that was important, the connections that we could create between business leaders across borders was something that was seen as really positive. And then we also set up a pretty efficient operation to make sure that 100% of the donation actually went to malaria programmes. So those are some of the lessons learned. I think like one of the major challenges, if you ever want to engage high net worth individuals is obviously finding that cause that appeals to them, that inspire them, but also to reach them. To reach the high-net-worth individuals, especially the ones without the foundation, it's not easy. I think we were both lucky and strategic in reaching our first high net worth individuals and that kind of like once they were on board, they also engaged some of their friends, also high-net-worth individuals, and then kind of roll on after that. But yes, that was M2030.

**Garry Aslanyan** [00:32:00] So now that we've heard a few of the examples, Christoph, maybe you can try to kind of get a bit of trends or a bit of what are the replicable things, what are the scalable things across different contexts, because we also are learning that context matters, right? So that was clear in many of the example.

**Christoph Benn** [00:32:22] Absolutely Garry, and for me, when I look at innovative finance, I was always particularly interested in the question, can it be scaled? You know, if it's small scale, there are often a lot of transaction costs to set something up. Is it worth it? So, the scale is what matters, and in that sense, two mechanisms stand out that have this potential and have proven, you know, the capacity to be replicable and to be scalable. One is what we discussed earlier, the innovative taxes. So, you know,

the government, taxes are raised by governments, raises the tax, and commits the revenue of that to a certain development cost. The most successful example of that has been the airline levy that has originally been launched by France in 2006, but then Korea and then Chile and Brazil and a number of other countries joined. And that has been going on basically until today, so a certain proportion of tickets sold in those countries go to a development course automatically. The client hardly sees that, right. It's a small amount, one euro per economy ticket, maybe five for business, 10 for first class. And it raises hundreds of millions of dollars and an organisation was created, UNITAID that administers that, invests the money into innovation and particularly for infectious diseases. That's what France, Korea, and others have used the money for. So that has been working well, right now, there are talks to expand that to also private air travel. And there are advanced conversations that would increase and scale up this further. There are other conversations, for example, taxing maritime levels, meaning shipping companies that also, of course, produce a lot of CO2s could share a certain amount of their shipping for climate mitigation and adaptation. There is a whole council that is debating that, but here we come to one point, taxes are very political, and they are never popular, often not with people and not with governments. And therefore, while the shipping industry right now is in favour of the, you know levy, some governments, in particular the US and Saudi Arabia have opposed this, so it is not, you know implemented right now. But there's, these would be taxes, also sin taxes, on unhealthy food or alcohol, tobacco and so on, they exist, they can be then invested into health and development. So, taxes is one area where it's really worthwhile to explore that. The other is debt swaps. That's one of the classical innovative finance mechanisms, in principle fairly simple. A creditor country holds, you know debt to certain countries in the global south. They cancel that debt, but under the condition that the equivalent amount will be invested in certain courses. This is particularly relevant today because so many particularly African countries, they're highly indebted and they lack the domestic resources. They lack the fiscal space to invest in health and the same applies to education, climate and so on. So, if you can reduce that debt burden and ask them to then reinvest the kind of freed up money, it's a kind of win-win situation. This has been tried successfully in climate and environment. Actually, the biggest debt swaps have happened there. A very well-known one is Ecuador. They got a debt swap, quite sizable, \$1.5 billion for the conservation, for example, of Galapagos and national parks in Ecuador. So, these are fairly big. The World Food Programme has been doing debt swaps for nutrition, food security, last year Indonesia, Mongolia, signed debt swaps with Germany, facilitated through the Global Fund, frees up \$100 million for investments in the health system. So, there are models, it has been tried, it can be scaled. We now need to persuade more creditor countries and more debtor countries to express their interests and then to match them. But those are practical examples of scale and replicability.

**Garry Aslanyan** [00:36:49] Thank you for that. Patrik, any thoughts from you on that? And maybe also you can lift us a bit higher into global level cooperation on these global challenges we have. Christoph already mentioned climate change and we're going to have digital divide and issues around equity around AI, all of that is at our front door.

**Patrik Silborn** [00:37:15] My take on this is that there is not one model out there, rather different models would work for different challenges and sectors, a little bit like as I mentioned previously. But one of the major challenges that almost everyone is trying to solve, but haven't really been able to crack, is how to tap into larger capital markets to raise funds for global health, climate, and development. So, if you look at banks, asset managers and pension funds, they manage close to \$150 trillion of assets. So, shifting just a small percentage of these investments towards sustainable development would go a long way. But as I think Christoph mentioned, these types of investors, they seek high financial returns at a minimal risk. And that's not a typical investment climate in most global majority countries. And in the case of the social sectors, it's even more challenging because it's harder to identify investments that will generate a financial return. I think there are some interesting models that are coming out, one thing that comes to

mind is the Inter-American Development Bank, or IDB, the recently launched initiative called Reinvest+ (plus) and it's an attempt to both leverage and engage institutional investors like pension funds, and also to increase localised climate financing. So, Reinvest+ (plus), as the initiative is called, buys well-performing loans from local banks and then repackages them into like hard currency investment-grade securities that global institutional investors can buy. So, what does this mean? Well, securitizing a loan is a kind of the financial process of pooling various types of debts. It can be like mortgages, auto loans, credit card debt, if focused on consumers, and then you convert them into marketable interest-bearing securities that you can sell to investors. So, this transforms illiquid assets, basically the debt, into these liquid securities, freeing up capitals for lenders to issue new loans. So, under Reinvest+ (plus), IDB only purchases loans from local banks if these banks commit to reinvesting the proceeds into sectors aligned with national development plans and climicals. So, this frees up capital and risk capacity on the local banks' balance sheets so that they can originate new climate loans while institutional investors then hold the transformed investable assets. So, I think it's kind of an interesting sample of how new financing, including sort of private assets, can be leveraged for climate. Now it works for climate, but I think for health it would be very different. There are fewer investment-ready projects that banks could actually lend to. So, in terms of other sectors, in particular health, I'm a big believer in closer collaboration between multilateral development banks and grant makers. That could be, for example, donors or financial institutions like GAVI and the Global Fund. Because if you use grants in smart ways, you can unlock much larger financial investments from multilateral developing banks and other institutions that offer loans, including the Green Climate Fund, for examples. So, if you blend grants with the ordinary capital resources of the multilateral development banks, then you can create much more attractive financial proposition for countries by softening the loans or by essentially lowering the financing costs. So, I think that could be a really interesting model going forward because it will also force sort of a closer collaboration between grant makers and development banks and I think, that's really the future.

**Garry Aslanyan** [00:41:01] Christoph, maybe one last feedback from you as well. We already heard that for the future, there might be other options, other challenges, we'll have to find other ways and innovative financing, what to keep in mind when going into those adventures, what are the shortcomings and pitfalls?

**Christoph Benn** [00:41:20] I think as you've noticed, you know, Patrik and I are very supportive of innovative finance and have been involved in many of these mechanisms. However, you need to know what you're talking about, you need to have a clear definition. It has to kind of address certain problems for which you offer solutions, not the other way around, you just don't look at financing models and then find the problem. But thirdly, you need to know in which country you want to deploy that, and for what reason? Because there's a huge difference between big middle-income countries where indeed you can use a lot of the innovative finance mechanisms that do look at a return on investment. In India and Bangladesh and in Latin America, you can do that. If the Green Climate Fund invests in renewable energy, obviously, then you're producing energy, and then there could be a profit, and they can repay that. That can be done as a loan mechanism, and you can also attract private investors. If you're looking at relatively poor countries, particularly highly indebted countries, then any model that depends on loans or blended finance mechanisms or private sector investing but expecting returns, most of these countries might not be able to do that. And that's the same in health or whether you look at climate adaptation, how are these countries to find the resources to prepare themselves for the ongoing climate change? So, then you need much more ground-based mechanisms. So, you really have to know what is the problem and also which country and which development issue are you talking about. But it has huge potential, as long as these criteria are met, then there are many different models out there. There's a

whole menu that can be applied, that can be scaled, but always keep in mind, you know, which problem you try to solve and where.

**Garry Aslanyan** [00:43:28] So I have one last question to Patrik because I can't really let him go without asking because he is based in Afghanistan now, working in Afghanistan with UNICEF, a very unique and complex setting obviously, and many of the examples we've discussed today are perhaps involving different stakeholders, et cetera. What would you learn or what would work in a place like Afghanistan?

**Patrik Silborn** [00:44:00] Obviously, Afghanistan is a very, very different environment to work in. I think I've learned a lot about myself from working here, but also about international financing in a very very challenging operating environment. And maybe it's good to start with some context because maybe all listeners are not fully familiar with the current situation in Afghanistan. After the fall of the Republic in 2021, most embassies closed and the de facto authorities, as we call them, which is basically the Taliban regime, are not internationally recognised. And that means that all financing and programmes are delivered outside government systems. Women and girls continue to face really severe restrictions on education, employment, and participation in public life. And obviously, UN agencies, as well as the United Nations Assistance Mission in Afghanistan, are constantly advocating for change for the de facto authorities to comply with global norms and human rights obligations. And this is not only about compliance, but it's really the only practical path forward for towards development for the country and really the people. But despite these challenges, I think it's, for me personally, it's been really a privilege to work for UNICEF in Afghanistan. I mean, rarely have I worked with such dedicated staff, both international and national staff members, including women, who always do their best to deliver for the children and for the women in Afghanistan, often in incredibly difficult situations. I mean, not only is Afghanistan one of the poorest countries in the world, but it's also a country that's heavily impacted by national disasters, security challenges, and more recently, Afghanistan has received more than 2.5 million returnees from Pakistan and Iran, which have also worsened the humanitarian emergency in the country. Now, in terms of the programmes, especially health, nutrition, and education, they're just incredible in their reach. For example, the health project is funded by the World Bank and the Asian Development Bank, provide both primary and secondary health services throughout the entire country, through 2,400 health facilities, covering up to 70% of the healthcare needs in Afghanistan. So, you know, even having come from the Global Fund where the programmes were very large, this sort of dwarfs anything I've worked on in the past, and I really have to recognise that donor contributions and in particular grant funding from the World Bank and ADB, their funding really saved the health system from collapsing. So, both of the banks here have played an incredibly important role. So, my role in Afghanistan with UNICEF is I'm a senior advisor and IFI coordinator. So, it's a roll that spans strategy, operations, negotiations, your research, mobilisation, and communication. So, it's a pretty broad role. I work very closely with ADB and the World Bank, but also the colleagues here from UNICEF to make sure that we deliver on the commitments we made. And in terms of the health project, which I think is really quite interesting, both the World bank and ADB have harmonised their funding. So, the World bank covers health service delivery through UNICEF in 17 provinces, and ADB covers the remaining 17 provinces for sort of full nationwide coverage. And here's the innovative part of it, both banks have included pay for performance mechanisms to incentivize implementing partners and health staff to deliver results. So, it's quite interesting that even in an environment like Afghanistan, they've actually worked with an innovative finance model, which is sort of pay for a performance in this case. So, every implementing partner, and we have many of them working through UNICEF, has indicators and targets, including quality of care indicators. And then there's a third-party monitoring firm that's validating, you know, report the results. So, in the terms of the quality of care, these monitoring firms assess the structural quality, the content of care quality, and outcome quality, which includes exit interviews with patients. And if the partners meet sort of quality-of-care metrics, then they get the bonus payment. And

70% of the pay-for-performance or this bonus payment is then used as an incentive payment for health workers, it goes straight to health workers. So, I think this shows that even in a quite challenging context, it's still possible to work with an innovative finance model or with performance-based models. I'm not saying that this model is perfect or that everything is rosy, but I think it demonstrates that you can find ways of making things work, even in very, very challenging operating environments.

**Garry Aslanyan** [00:49:03] Thank you for that additional insight, Patrik. As I said, I'm sure our listeners appreciate to understand what's happening.

**Christoph Benn** [00:49:12] Knowing what you do and where and the tool.

**Garry Aslanyan** [00:49:17] So again, thank you both, Patrik, and Christoph, for joining me today, and I wish you best with all of your future endeavours.

**Patrik Silborn** [00:49:27] Thanks so much, Garry.

**Christoph Benn** [00:49:28] Thanks so much, Garry. It was a pleasure.

**Garry Aslanyan** [00:49:34] I found today's conversation on innovative finance both grounding and clarifying. Two reflections stay with me. First, innovative finance is not a silver bullet. It only works when it is designed to solve real problems in specific contexts rather than chasing new instruments for their own sake. Second, systems matter more than mechanisms. Whether it's blended finance, debt swaps, or results-based funding, these approaches depend on strong institutions, good governance, and equity at the centre. Innovative finance has real potential when it complements rather than replaces public responsibility for health. If you haven't already, subscribe to the Global Health Matters newsletter to stay with us for the rest of the season five conversations on the future of global health. To learn more about the topic discussed in this episode, visit the episode's webpage, where you will find additional readings, show notes, and translations. Don't forget to get in touch with us via social media, email, or by sharing a voice message. And be sure to subscribe or follow us wherever you get your podcasts. Global Health Matters is produced by TDR, a United Nations co-sponsored research programme based at the World Health Organization. Thank you for listening.