

World's first healthcare development impact bond aims to reduce mother and baby deaths in Rajasthan, India

- The world's first development impact bond (DIB) in healthcare is focused on improving the quality of care among private maternity care providers in Rajasthan.
- If successful, up to 10,000 maternal and newborn deaths could be averted over a five-year period.
- Partners include USAID, UBS Optimus Foundation, Palladium, PSI, HLPPT and MSD for Mothers.

The world's first healthcare development impact bond aimed at reducing the number of maternal and newborn deaths in Rajasthan, India, launches today.

Rajasthan has one of the highest maternal and newborn mortality rates in the country, with 244 maternal deaths per 100,000 births and 47 infant deaths per 1000 live births. The Maternal and Newborn Health DIB – known as the '*Utkrisht* bond', taken from the Hindi for 'Excellence' – will support government efforts to reduce maternal and newborn deaths by improving access to, and the quality of care in, up to 440 private healthcare facilities in Rajasthan.

Impact bonds are an innovative way of financing international development. They are 100% focused on outcomes and have the potential to leverage private philanthropic capital to address some of the world's greatest challenges.

For this impact bond, the upfront funder, UBS Optimus Foundation will provide up to USD 3.5 million initial working capital so service providers can begin their work with private facilities in Rajasthan.

Interventions will be delivered by NGOs Population Services International (PSI) and HLPPT and will reach up to 600,000 pregnant women with improved care during delivery and could lead to up to 10,000 maternal and newborn lives being saved over a five year period. The impact bond was designed by Palladium, who will manage implementation throughout the three-year term.

PSI has adapted its Engage, Launch and Support quality improvement framework and will be implementing this in 14 districts of Rajasthan. HLPPT will be working in 19 districts to support and engage private medical facilities through capacity building, mentoring and ongoing support.

In a further innovation, all implementation partners are also co-investors, contributing more than 20% of the capital required. USAID and MSD for Mothers* have committed a total of up to USD 8 million in outcome funding, provided a set of independently evaluated targets are met.

Naveen Jain, Secretary for Rajasthan Ministry of Health and Mission Director of the National Health Mission said: "The Government of Rajasthan is committed towards improving maternal and newborn health and is working with the Government of India towards achieving the SDGs. We see innovative public private partnerships, and the engagement of private capital, as an essential strategy in our toolkit towards this goal. We look forward to working with the Utkrisht bond team and the private health facilities to enhance quality and develop the flexibility and the trust to allow services to be provided outside the public sector. In this way, impact bonds and their emphasis on results will benefit the public sector – and, of course, new mothers and their children".

Administrator Mark Green, U.S. Agency for International Development, announcing the launch of the impact bond today said: “This results-based financing mechanism is ground-breaking in that it takes a business approach to development, while still targeting basic needs like improving the quality of care and private facilities. By leveraging the assets and skills of a diverse group of partners across the public and private sectors, we are stretching our investments further while saving more lives. This mechanism is just one example of how USAID is doing business differently.”

“We must be bold. We must challenge, innovate and create if we are to truly reframe the future for the millions less fortunate than ourselves, and the launch of the world's first development impact bond in healthcare demonstrates how we are turning those words into actions,” said **Phyllis Costanza, CEO of the UBS Optimus Foundation**. “The model is proving increasingly attractive as people recognize its ability to secure new and much needed sources of finance and deliver significant and sustainable social returns.”

Kim Bredhauer, CEO of Palladium said: “This is hugely exciting because it could have a transformative impact on how development is financed in the future. Not only, if successful, does this first healthcare impact bond potentially unlock vast sums of private capital for other projects but ensures accountability and full transparency in the process. This new results-based financing mechanism, which in effect is a public private partnership, is bringing a commercial approach to international development and ultimately will save lives and taxpayer money.”

“We need innovative and sustainable financing models to help solve some of development's most vexing challenges,” said **Karl Hofmann, President and CEO of Population Services International**. “The Utkrisht bond is bringing together new funding partners motivated by social *and* financial returns, with the goal of improving the quality of maternal and newborn health services in the private sector – where a majority of Indian women go for health solutions. It makes perfect sense for us to meet the consumer there, and try to better meet her needs.”

“Private sector investment in social enterprises helps to ensure quality services. The Utkrisht bond will strengthen health provisions in Rajasthan and will help to dramatically improve the well-being of mothers and their newborn children,” said **Sharad Agarwal, CEO of HLFPPPT**. “We are committed to extending quality maternal and newborn services as we truly believe that no gift can be more precious than saving a life.”

Dr. Naveen Rao, Lead, MSD for Mothers, said: “We are committed to exploring novel ways to improve maternal health. We believe that innovative financing mechanisms, such as the Utkrisht bond, provide an opportunity to unlock additional funding across sectors as well as allocate resources more effectively to achieve desired health outcomes. This brings us one step closer to creating a world where no woman dies giving life.”

The private sector accounts for over 25% of hospital births in Rajasthan and is used by women across socio-economic levels. By developing new approaches to improve, assess and sustain private healthcare facilities, this new impact bond will support greater state-wide improvements in health outcomes.

The success of the Utkrisht bond will be judged on whether healthcare facilities are able to achieve the new certification standard developed by the National Accreditation Board of Hospitals and Healthcare Providers and the Federation of Obstetric and Gynaecological Societies of India. This means that, for the first time, quality maternal care will be certified and fully transparent in private health facilities.

* *MSD for Mothers* is MSD’s 10-year \$500 million initiative to help create world where no woman dies giving life. *MSD for Mothers* is an initiative of Merck & Co., Inc., Kenilworth, N.J., U.S.A.

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- 1) Development Impact Bonds are a new financing mechanism designed to achieve social and development outcomes by bringing together private investors, implementers, governments and donors. Private investors loan capital for implementation to intermediaries and service providers. Implementers use capital to design and implement programs that achieve desired social outcomes. Outcome funders pay back private investors’ loans, with interest, if the service providers achieve pre-determined targets.

Data source: LiST is a model that estimates the impact of scaling up health and nutrition interventions on maternal, newborn, and child health, and stillbirths. LiST was developed by the Institute for International Programs at Johns Hopkins Bloomberg School of Public Health and funded by the Bill & Melinda Gates Foundation. The model been used for over 10 years and is regularly updated to incorporate the latest evidence from the scientific literature and household survey data on the impact of quality MNH care on saving lives. Using LiST USAID conducted a study that estimated up to 10,000 lives could be saved over a five year period, using best case scenario data and modelling assumptions.. More conservative estimates by the Public Health Foundation of India and Johns Hopkins Bloomberg School of Public Health conclude that up to 6,000 lives could be saved over a five year period. ^{[1] [2]}

- 2) The Rajasthan Development Impact Bond will leverage the interdisciplinary expertise—ranging from innovative financing to maternal health—of several stakeholders including the UBS Optimus Foundation, USAID, MSD for Mothers, Convergence, HLPPT, PSI (India), Palladium, Reed Smith and Social Finance. To find out more about each of the partners please see the separate information sheet.
- 3) The table below shows the LiST estimates that are equivalent to the upper range limit of 10,000 lives saved, over a five year period; and around 3,500 lives saved over the project duration of three years. ^[3]

	2018	2019	2020	2021	2022
Maternal lives saved	4	16	35	44	45
Newborn (<1 month) lives saved	214	920	2,222	3,211	3,295
Still births averted	11	47	108	148	152
Total lives saved	229	983	2,365	3,403	3,492
Cumulative lives saved	229	1,212	3,577	6,980	10,472

^[1] LiST, developed by the Institute for International Programs at Johns Hopkins Bloomberg School of Public Health and funded by the Bill & Melinda Gates Foundation, is a model that estimates the impact of scaling up health and nutrition interventions on maternal, newborn, and child health, and stillbirths. The model been used for over 10 years and is regularly updated to incorporate the latest evidence from the scientific literature and household survey data on the impact of quality MNH care on saving lives.

^[2] Conservative estimates by the Public Health Foundation of India and Johns Hopkins Bloomberg School of Public Health estimated lives saved to range between 1,500-6,000 lives saved.

A more optimistic estimate made by USAID estimates 10,000 lives saves based over a five year period

^[3] The LiST model makes some assumptions. All India data is used for the impact of certain MNH practices as there is no specific data for Rajasthan. The clinical practices used in the LiST model are a subset of the FOGSI practices and it is assumed that this subset is representative of the practices as a whole in determining MNH outcomes, making the model estimates conservative in relation to the program.