

iMPACT

Insights & Inspiration for Social Innovation

15 Calling DIBS: Cameroon's Baby Steps

18 Tailored healthcare solutions best fit for tribal women

26 Special Feature: Game-changers

36 "Perfection is the enemy of the good enough"

Health and Sanitation





Calling DIBs: Cameroon's Baby Steps

The country's Development Impact Bond for neonatal health, focussing on Kangaroo Mother Care, may provide a blueprint for health-based DIBs with an increased role for the government. But is that enough?

By Meera Rajagopalan

When a woman delivers a pre-term baby at the Garoua Regional Hospital in northern Cameroon, she is unlikely to know that she will be part of a unique project in healthcare: a Development Impact Bond (DIB) with the government as the lead designer, and the first DIB to focus on new-borns.

Her baby might be one of 2,500 infants to receive, and one of 740 infants saved by, Kangaroo Mother Care (KMC) under the USD 2.6 million DIB implemented across 10 hospitals in the country.

The two-year project focuses on improving access to KMC, a practice

used to improve the health of pre-term and low birth weight babies, through mother-child skin-on-skin contact, and exclusive breastmilk feeding. Research¹ has shown that babies who received KMC have better life outcomes than those who received incubator care.

DIBs have evolved as a version of results-based financing, also called outcomes-based financing, and is considered a model where private investors can participate in social good, along with monetary returns. Results-

based financing is variously seen as threatening, innovative, unscalable, and promoting accountability, depending on who is talking.

As of February 2019, four health DIBs across the world total an upfront investment of USD 29.1 million² and growing, albeit slowly.

With DIBs, several actors are at play (see box), and this increases collaboration (and complexity). DIBs are seen as useful for solving complex issues where private investment becomes necessary. The more popular Social Impact Bonds, on the other hand, are typically funded by the government.

In a DIB, a private investor receives their investment plus an interest if predetermined social outcomes are met. In this case, Grand Challenges Canada (with the support of the Government of Canada) funded the project initiated by the service provider (typically NGOs—here, Fondation Kangourou Cameroun). Outcome funders for the project are the Government of Cameroon via the Ministry of Public Health, with the support of the Global Financing Facility (USD 2 million), and Nutrition International (USD 800,000).

In a DIB, focus is on the outcomes and so, are designed very carefully. For the KMC project, milestone-based outcomes include the infrastructure being in place, and the ultimate outcome is the weight of the new-borns who return to the hospital after 40 weeks.

Social Finance UK, which has experience in Social Impact Bonds, has designed the DIB, in partnership with the Government of Cameroon's

¹Charpak, Nathalie & Tessier, Rejean & Ruiz, Juan & Hernandez, Jose & Uriza, Felipe & Villegas, Julieta & Nadeau, Line & Mercier, Catherine & Maheu, Françoise & Marin, Jorge & Cortes, Darwin & Gallego, Juan & Maldonado, Dario. (2016). Twenty-year Follow-up of Kangaroo Mother Care Versus Traditional Care. *Pediatrics*. 139. 10.1542/peds.2016-2063.

²Lorcan Clarke, Kalipso Chalkidou, and Cassandra Nemzoff. 2018. "Development Impact Bonds Targeting Health Outcomes" CGD Policy Paper. Washington, DC: Center for Global Development.

Ministry of Public Health and the MaRS Centre for Impact Investing.

Health and DIBs: A natural fit?

Four of the eight DIBs launched globally as of February 1, 2019, have focused on health (two on Education, one each on Agriculture and Employment), and it could be a new paradigm to thinking about public health, considering the capital required to reach the SDGs related to health.

“Outcomes-based financing works well in health,” says Dominique Carrie, manager, Social Finance, and performance management advisor for the KMC DIB. “There’s a lot of evidence that if you manage to vaccinate kids, health outcomes improve. Now the challenge becomes, ‘How do you reach the poorest places?’ We know what we’re going to be paying for, and leaves the service provider to figure out how.”

Margaret McConnell, associate professor of global health economics at the Harvard School of Public Health says that some health projects might be a good fit for DIBs because the timeline of a project may be shorter than other complex project areas such as livelihoods.

However, Carrie warns against considering DIBs for all projects. “Outcomes-based financing is not a silver bullet. For instance, if you know exactly that XYZ will lead to this, then the impact bond is not necessarily needed. The service provider does not need any flexibility,” she says.

Government and DIBs:

While governments have traditionally partaken in RBF projects as investors or financers, with the KMC project, the government was also actively involved with the design.

“For us, right from the beginning, we had to make sure that results had to be

where it had to be. We participated to ensure that the right indicators were present,” says Dr. Martina Baye, who currently coordinates the national programme to combat maternal, newborn and child mortality in Cameroon. In fact, Baye and her team ensured that the targeted areas of the project would be ones where neonatal mortality was high.

In a country with a neonatal mortality (defined as the death of infants before 28 days of life) of 28 per 1000 live births, neonatal deaths were always a health issue.

Cameroon is also a signatory to the Every Woman Every Child campaign and had pledged to reduce neonatal mortality to 12, and under-5 mortality to 25. In fact, KMC is mentioned in the commitment as one of the five key interventions to reduce neonatal mortality.

When Dr. Guifo Odette, a paediatrician, then with Laquintinie hospital in Douala, Cameroon, implemented KMC in the hospital, neonatal deaths decreased dramatically.

While attempts to scale up were ongoing, the opportunity to work with innovative financing models meant that more partners got on the table. It helped that the Cameroon government was not new to results-based financing, having implemented several such projects internally as well.

“For us, nothing is as good as spending after the results come about. That’s what attracted us to the DIB,” says Baye.

While DIBs are attractive for governments for having outsourced the risk, governments’ involvement in the whole process makes for a more robust and ultimately, a better mechanism, say experts.

“There’s also the potential to look at financing models to deliver complex interventions that might otherwise be hard to finance.”

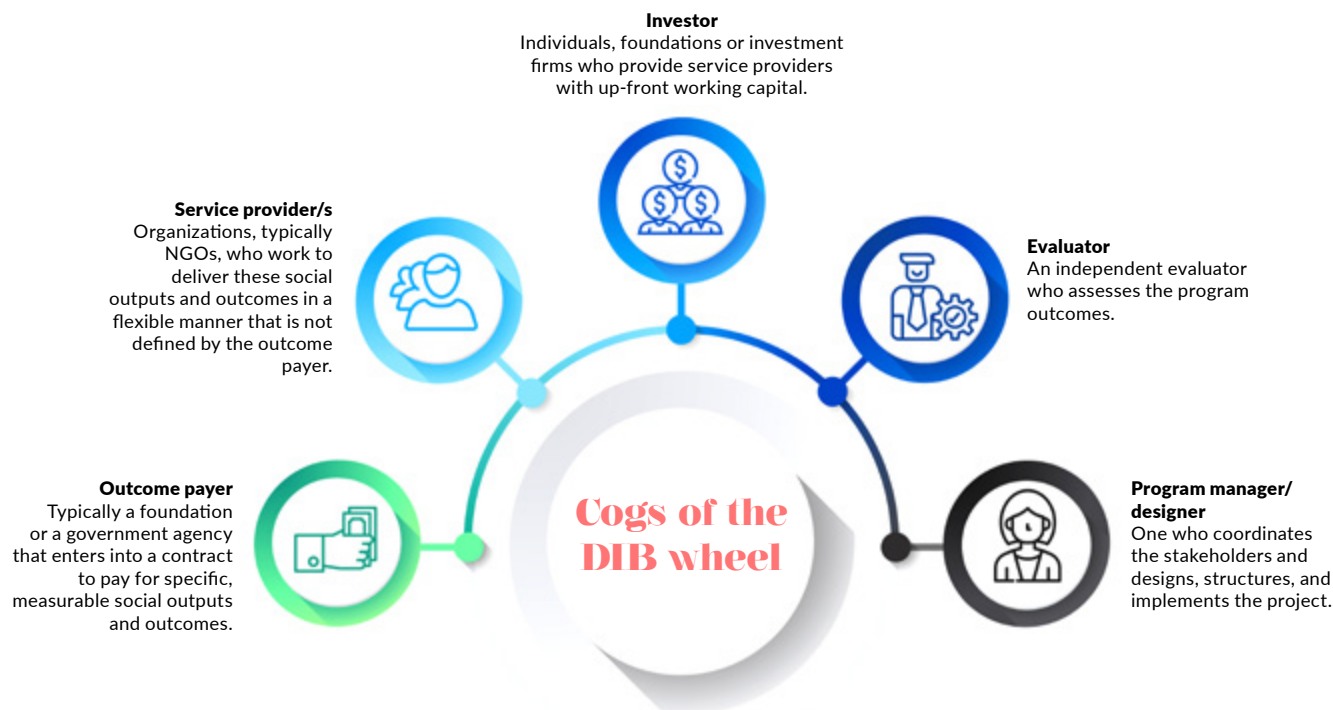


Margaret McConnell, associate professor of global health economics at the Harvard School of Public Health

“For us, right from the beginning, we had to make sure that results had to be where it had to be. We participated to ensure that the right indicators were present.”



Dr. Martina Baye, Coordinator, National Program for Reduction of Maternal Newborn and Child Mortality, Government of Cameroon



With the multitude of players involved, do DIBs become unwieldy to manage? On the contrary, says McConnell, it helps bring everyone—government, funders, communities, and evaluators—to the table, to exchange ideas. “It creates a team project because you discuss what the government really wants for their country.”

As for the Government of Cameroon, the idea behind the DIB was simple: to create a framework that could be used to scale up. And plans are afoot: the nurses trained in the DIB project will act as master trainers, injecting KMC to deeper parts of Cameroon.

However, scaling remains an unaddressed paradigm for DIBs.

What do DIBs offer?

One of the key ways that DIBs help is creating systems to generate robust data, and provide out-of-the-box solutions, along with space for course correction.

“In general, DIBs can enable high quality, rigorous evidence,” says McConnell, who is working on a KMC

project in the American state of North Carolina. “In order for a DIB to make sense, we need to establish a strategy for impact. There’s also the potential to look at financing models to deliver complex interventions that might otherwise be hard to finance.”

However, typical projects for DIBs might skew towards projects that are relatively short-term, such as KMC, says McConnell.

“Many of the things we care about take a long time to occur, and a long time to observe, and that then becomes challenging to fund,” she says.

Carrie, from Social Finance, agrees that the time taken by DIBs is an issue. “DIBs are typically in the low range—currently in the 10-15 million dollars range. It becomes tricky to justify the time required to design this.”

While the funder, Grand Challenges Canada, is not strictly a private player, having funded a KMC pilot in Cameroon that led to the creation of the service provider, Fondation Kangourou Cameroun, their shift from being an outcome funder to the

investor has increased confidence in the project. However, this also spotlights the difficulty of bringing market players into the system.

The Center for Global Development paper cites opacity of data regarding calculations of outcome payments, and non-standardization of reporting as among the two factors that need to be addressed to even be able to evaluate whether health DIBs are effective, and consequently, fund.

“We’ve spent a lot of time educating NGOs and large funders. Market building is also an ongoing issue, and effort,” says Carrie. One of the solutions that Social Finance is researching is to create an outcomes fund, where several funders pool in their money, with a fund manager deciding which project to fund, based on results—basically, a development finance equivalent of the mutual fund.

“It would solve several problems and also create efficiency,” adds Carrie. “It can also act as a price discovery mechanism.” 