

Addressing the Systemic Challenges of Underinvestment in Prevention

Background & aims

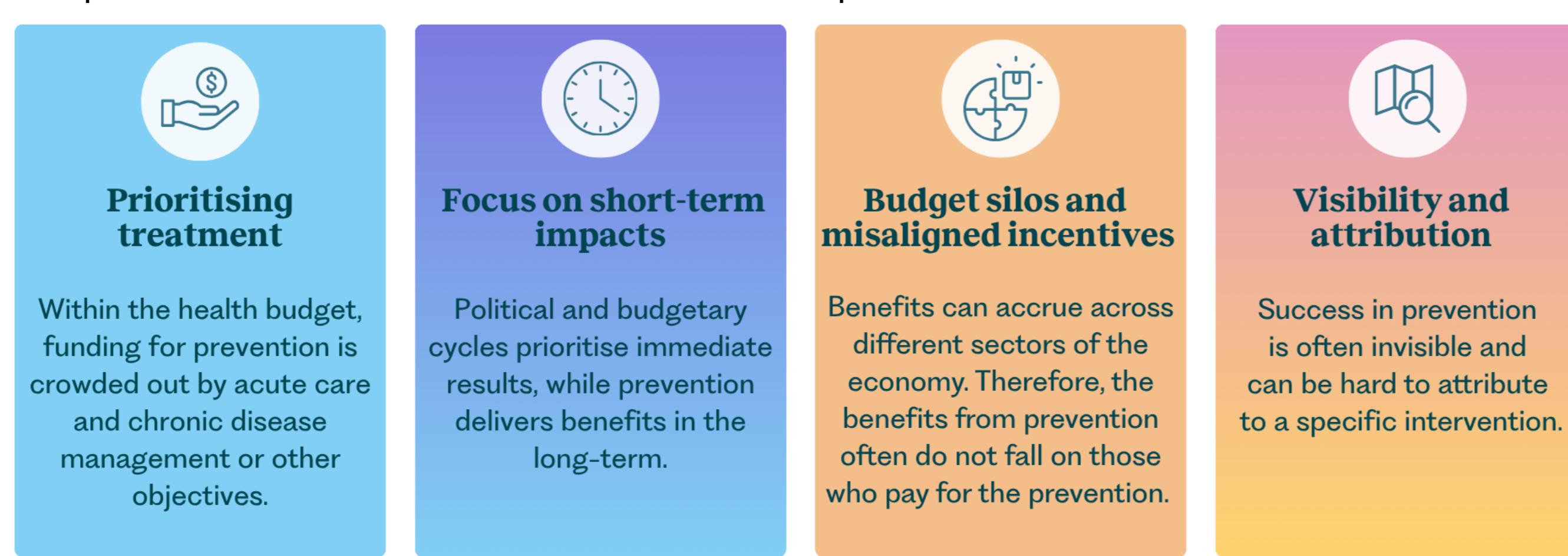
Background: Despite strong evidence supporting the cost-effectiveness of preventive health interventions, investment in prevention remains disproportionately low¹.

Aims:

- To explore innovative financing mechanisms to overcome barriers to prevention funding.
- To identify and highlight the characteristics that improve the likelihood of success of funding models for prevention.

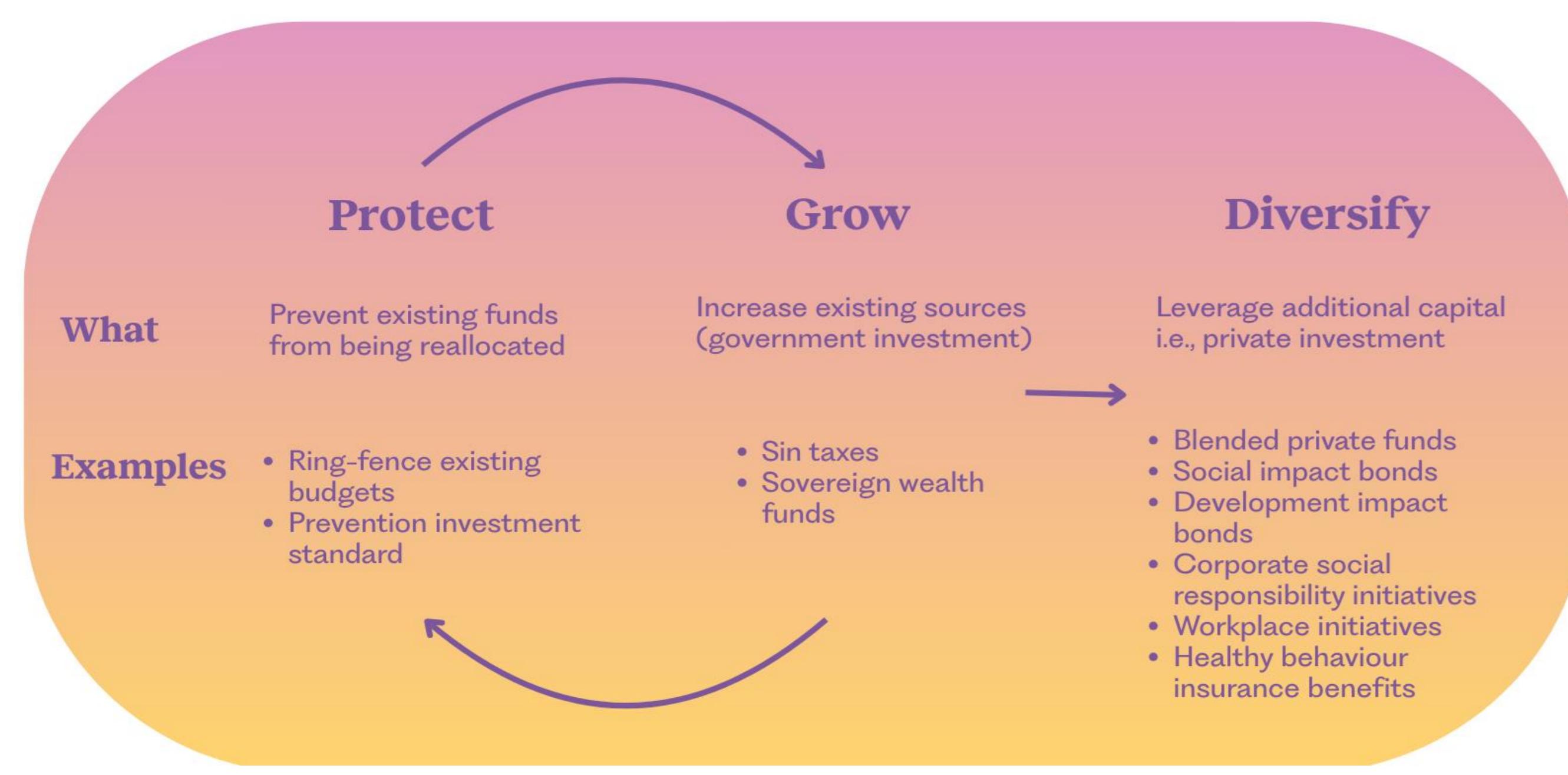
Saving Money, Saving Lives—But Still Not a Priority?

- There are four key challenges in that contribute to prevention not being prioritised and lead to underinvestment in prevention.



Funding the Future: How Can We Finally Back Prevention?

- We categorised the potential funding mechanisms into three groups: protecting, growing, and diversifying funds.
- **Protect:** Existing funding needs to be protected from crowding out during budgetary pressures, when prevention competes directly with acute care priorities.
- **Grow:** Additional prevention could be funded through generating additional government funds that can be directed to preventative healthcare.
- **Diversify:** Further funding for prevention could be achieved by mobilising new funding streams beyond government sources to attract private capital.



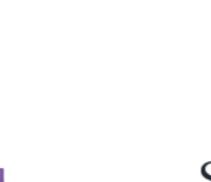
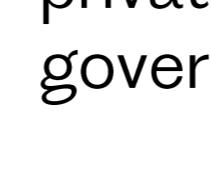
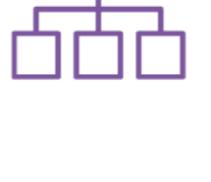
Methods

1. Conducted a targeted literature review to identify the key barriers to adequately funding prevention and a range of financing models which have the potential to address these challenges.
2. Generated a framework to classify different types of funding models.
3. Analysed two case study financing models: Social impact bonds and blended private funds (blended finance) using academic and grey literature.
4. Tested preliminary findings through interviews with experts.

How to successfully attract new funding?

- **Blended private funds (BPFs):** A tool for combining public, philanthropic and private capital into a single investment structure². The investments are used to finance projects that deliver both financial returns and broader impact — often social or environmental².
- Funders such as development finance institutions, philanthropic foundations and governments will typically accept high risks and/or lower returns for investments than private investors. Investment by these funders mobilises private investors who may not otherwise invest due to their risk-return portfolios.

Checklist for Success: Blended Private Funds

	Agreement Structure	<input type="checkbox"/> Anchor the finance to a clear goal (investment in preventative health).
	<input type="checkbox"/> Financial structure that aligns incentives among stakeholders.	
	<input type="checkbox"/> Clearly define the roles, responsibilities and financial exposure of each stakeholder.	
	<input type="checkbox"/> Design to ensure commercial sustainability in the long-term with a clear strategy for the duration of and exit from the fund.	
	<input type="checkbox"/> Alignment with domestic and international law. Impact objectives that are aligned from the inception of the agreement and verifiable — common monitoring and evaluation framework.	
	Systems	
	<input type="checkbox"/> Robust data systems to track and verify outcomes	
	<input type="checkbox"/> Financial management and compliance systems to manage multi-source capital efficiently.	
	Intervention	
	<input type="checkbox"/> Ensure fund investments directly contribute to disease prevention	
	<input type="checkbox"/> Measurable outcomes that are policy-aligned and meaningful to (concessional) investors.	
	People	
	<input type="checkbox"/> Experienced fund manager	
	<input type="checkbox"/> Diverse investor base	
	<input type="checkbox"/> Governance from an advisory board or investment committee with clear decision rights.	
	<input type="checkbox"/> Understanding of each investor's motivation, not a desire to change them.	
	<input type="checkbox"/> Shared understanding among stakeholders of the problem, intervention logic and success criteria	
	<input type="checkbox"/> Continued engagement between stakeholders to support transparency and to maintain trust and commitment.	

- **Social impact bonds (SIBs):** Outcome-based financing mechanisms where private investors fund social interventions and are repaid with interest by government bodies if pre-agreed outcomes are achieved^{3,4}.

Checklist for Success: Blended Private Funds

	Agreement Structure	<input type="checkbox"/> Formal relational contracting to allow for re-negotiation on the contract where needed.
	Systems	<input type="checkbox"/> Robust data systems to track and verify outcomes
	<input type="checkbox"/> Supportive legal and procurement frameworks that enable flexible contracting and co-design	
	<input type="checkbox"/> Realistic forecasting of service uptake to ensure financial viability	
	Intervention	
	<input type="checkbox"/> Evidence-based design with a clear theory of change	
	<input type="checkbox"/> Measurable outcomes that are policy-aligned and meaningful to commissioners	
	People	
	<input type="checkbox"/> Skilled teams with expertise in contracting, modelling and performance management	
	<input type="checkbox"/> Shared understanding among stakeholders of the problem, intervention logic and success criteria	
	<input type="checkbox"/> Collaborative leadership and trust-based governance across commissioners, providers and investors	

The Next Step: Turning Prevention Potential into Practice

- Protecting funding for prevention, growing existing funding and leveraging additional sources of capital provide a way forward for funding prevention.
- To determine which funding models are best suited in practice, we need to continue to develop our understanding of how to successfully implement the different funding models and how they can be most effectively used to fund prevention.
- Prevention also needs to become a priority. This means identifying how to incentive decision-makers to make prevention a priority that overcomes political cycles.

References

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3. Mutuals Information Service, 2010. *An Introduction to Social Impact Bonds (SIBs)*.
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