

Question 1: How have systems thinking approaches and tools been incorporated in activities to improve health equity? Were these approaches useful in achieving health equity goals? If so, what are the pathways by which these approaches helped to address the root causes of inequity?

# SAMRIDH- Healthcare Blended Finance Facility, under USAID supported PAHAL Program



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## Context

In India, public spending in the health sector has historically fallen short of requirements, with the government spending ~2% of the GDP for public healthcare, as opposed to the global average of ~6%. As a result, India faces a long-standing challenge of weak health systems with a persistent shortage of skilled workforce and infrastructure. The poor and vulnerable populations are mostly dependent on overburdened public healthcare facilities, expensive private sector services or unskilled healthcare providers. The inequitable access to quality and affordable healthcare services, have led to poor health outcomes among vulnerable populations, contributing to high out-of-pocket expenditure (OoPE) which depletes household savings and pushes people into vicious circle of debt and poverty. These inherent gaps in the healthcare system were further amplified during the COVID-19 pandemic as public health facilities collapsed due to a lack of resources and infrastructure and the private sector needed capital, supply chain, and technical support to address the surge in the COVID cases.

**Overall challenges of health ecosystem**

- Acute shortage of health workforce
- Inadequate infrastructure
- High dependence on imports for medical devices
- OoPE constitutes >60% of health expenses
- Threatened by "triple burden" of disease
- COVID-19 & other health Emergencies

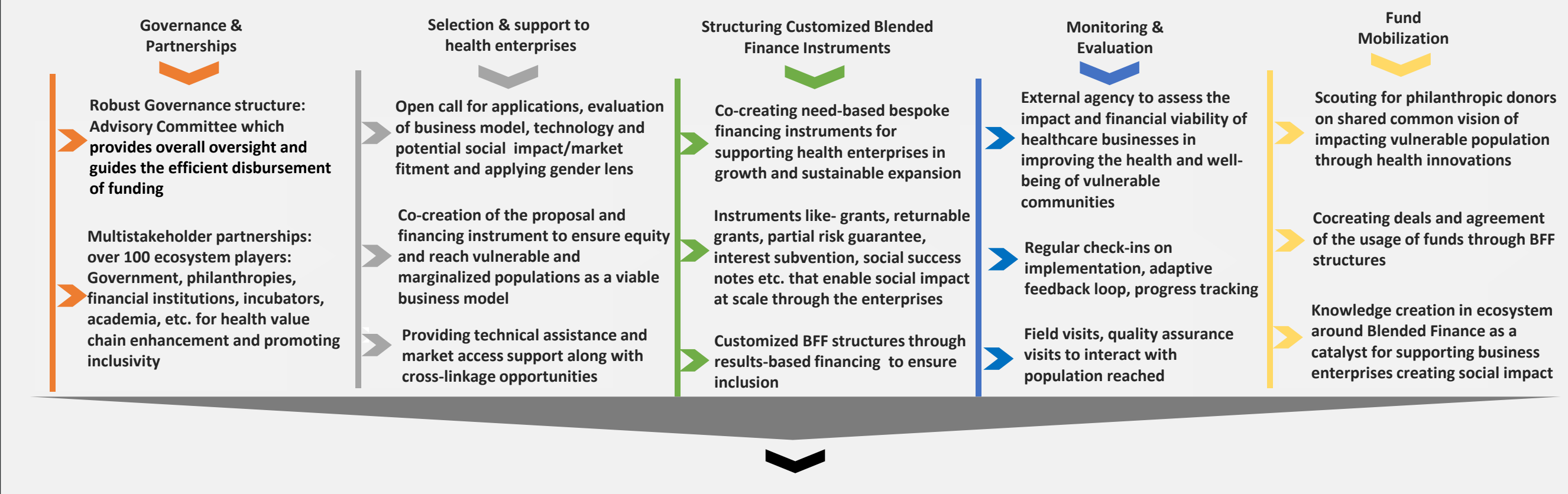
Recognizing these gaps and potential, in April 2020, USAID along with the National Health Authority (NHA)- Government of India tasked USAID supported PAHAL (Partnerships for Affordable Healthcare Access and Longevity) project- managed by IPE Global, to establish SAMRIDH- Healthcare Blended Financing Facility (BFF) for engaging diverse stakeholders especially the private sector to meet the surge demands of the COVID-19. SAMRIDH's immediate goal was to bridge the supply-side gaps in emergency health services and accelerate India's response to COVID-19. However, in the long term, it aims to strengthen comprehensive health services to improve access to affordable and quality healthcare for vulnerable communities and build resilient health systems to effectively respond to future health emergencies by effective utilization of resources and funds.

The pandemic also gave the much-needed impetus to the health ecosystem to focus on sustainable business models and innovations. Several business models and new-age solutions emerged, foraying into propositions to address complex healthcare challenges. Despite their promise to bridge the gaps in health systems, these enterprises face numerous hurdles to scale-up and deliver sustainable impact ranging from insufficient access to affordable capital, market access to regulatory blocks and market inefficiencies. SAMRIDH brought together stakeholders from diverse sectors and is a collaborative initiative with partners from the government, academia, private sector (including financial institutions, NBFCs), and industry associations. Using the distinct blended financing model, SAMRIDH leverages philanthropic funding as catalytic capital to mitigate barriers to private sector investments in the healthcare sector. In addition, through close engagements with enterprises and innovators the initiative understands their unique needs and go beyond financial support. We provide them with technical and business advisory services including guidance on business models, marketing strategies, and process and product improvements, ensuring the financial viability and sustainability of solutions, and making them investible.

## Activity Description

SAMRIDH aims at strengthening health services across the value chain comprehensively, to improve access to affordable and quality healthcare for the socio-economically vulnerable, marginalized and tribal populations and build resilient health systems. SAMRIDH operates through a Technical Support Unit (TSU), managed by IPE Global. The TSU follows a systematic evaluation approach to identify high-impact health solutions and then mobilize grants and facilitate debt funding support.

SAMRIDH follows a LEGO approach, where the result is important and different building blocks can be used creatively to achieve the same. In addition, following a 'Capital Plus' approach, it has built networks for healthcare enterprises and provide them with market access, business advisory and technical assistance to advance their expansion and sustainability plans. SAMRIDH's uniqueness lies in its ability to deliver social impact through market solutions.



### Affordable and accessible quality healthcare for the vulnerable and marginalized communities

**Governance & Partnerships**  
SAMRIDH has paved the way towards a conducive ecosystem for scaling-up market-based health solutions targeted to improve services for vulnerable communities by bringing stakeholders under one umbrella with a shared vision to create a "Social Impact".  
In addition, robust governance structure, with the Advisory committee comprising of senior bureaucrats, national-level government officials, academic experts, multilateral donors, and financial institutions brought extensive experience from their respective fields, provided oversight, and guided the efficient disbursement of funding. In effect, the committee ensured that the funded solutions were sustainable in the medium-to-long term while achieving social impact.  
SAMRIDH, as a cross-sectoral partnership, aims to unlock new pools of capital towards achieving equity in healthcare priorities and help the country be better prepared for future health emergencies.

**Selection & Support to Health Enterprises**  
The team scouts for home-grown-make-in-India health enterprises with high-impact innovative solutions for improving the accessibility and affordability of quality healthcare services among the vulnerable population. The team has strong technical and financial eligibility criteria for evaluation of solutions and preference is given to organizations led by women.  
Team focuses on co-creating the interventions to reach Tier 2/3 and rural geographies by incentivizing the solution with grant support and facilitating it as a viable business model.

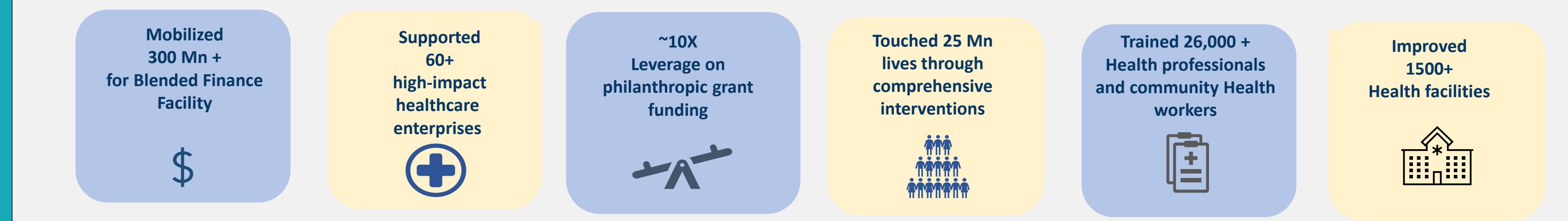
**Structuring the Blended Finance Instrument**  
At SAMRIDH, use of blended finance is focused on the need for risk capital for small and growing businesses in emerging markets that often are "too big for microfinance, too small for private equity, too risky and lack sufficient collateral for commercial banks, and lack the growth trajectory that venture capital seeks."

## Activity Impact

SAMRIDH has been at the forefront of India's response and preparedness to COVID-19 and other emerging healthcare challenges with focus on vulnerable population especially in tier 2 and 3 towns and rural areas of the country. It has supported diverse healthcare businesses and innovations to enhance the capacity of health workforce on the frontlines of managing the COVID-19 crisis and to enhance the infrastructure of healthcare facilities. Through initiatives, spanning across the healthcare landscape including infrastructure, diagnostic products and services, medical devices, vaccine supply and delivery systems, training and capacity building, Information, Education and Communication (IEC), SAMRIDH has made significant advancements towards the promptness and quality of service delivery, coverage of COVID-19 services, and resilience of human resources and health systems.

**Catalytic Impact**  
Through these efforts, SAMRIDH is trying to address prevailing inequalities in backward regions of the country and improve healthcare availability and affordability for the vulnerable population. The blending of capital under this program carves out a unique offering for early-stage health care organizations to access commercial capital at an affordable rate, helping to build long-term growth trajectory and financial sustainability for the organization. SAMRIDH's impact to improve access to comprehensive healthcare services thus promoting health equity can be captured at two levels, one to gauge the catalytic impact created by the blended finance facility and other is the social impact created.

- Owing to the partnerships, SAMRIDH, today is a \$300 million blended finance facility. As of now, the initiative has screened over 600 health solutions and deployed over \$16 million to scale 60+ high impact healthcare solutions across the healthcare landscape including infrastructure, diagnostic products and services, medical devices, vaccine supply and delivery systems, training & capacity building, Information, Education and Communication for behavior change. We are estimating leverage of 8 to 10X on the investment/support provided to the entities.
- Since its launch, the initiative has made significant advancements toward strengthening access, quality, and responsiveness of healthcare delivery in India. With a commitment of \$16+ million in grants, the initiative has leveraged \$ 160+ million capital in the form of debt, equity, and matching grants. Using an ecosystem approach, the facility has leveraged 10x capital to achieve social impact as well as financial returns for the entities. So far through our projects, across India, we have been able to reach 25 million lives.

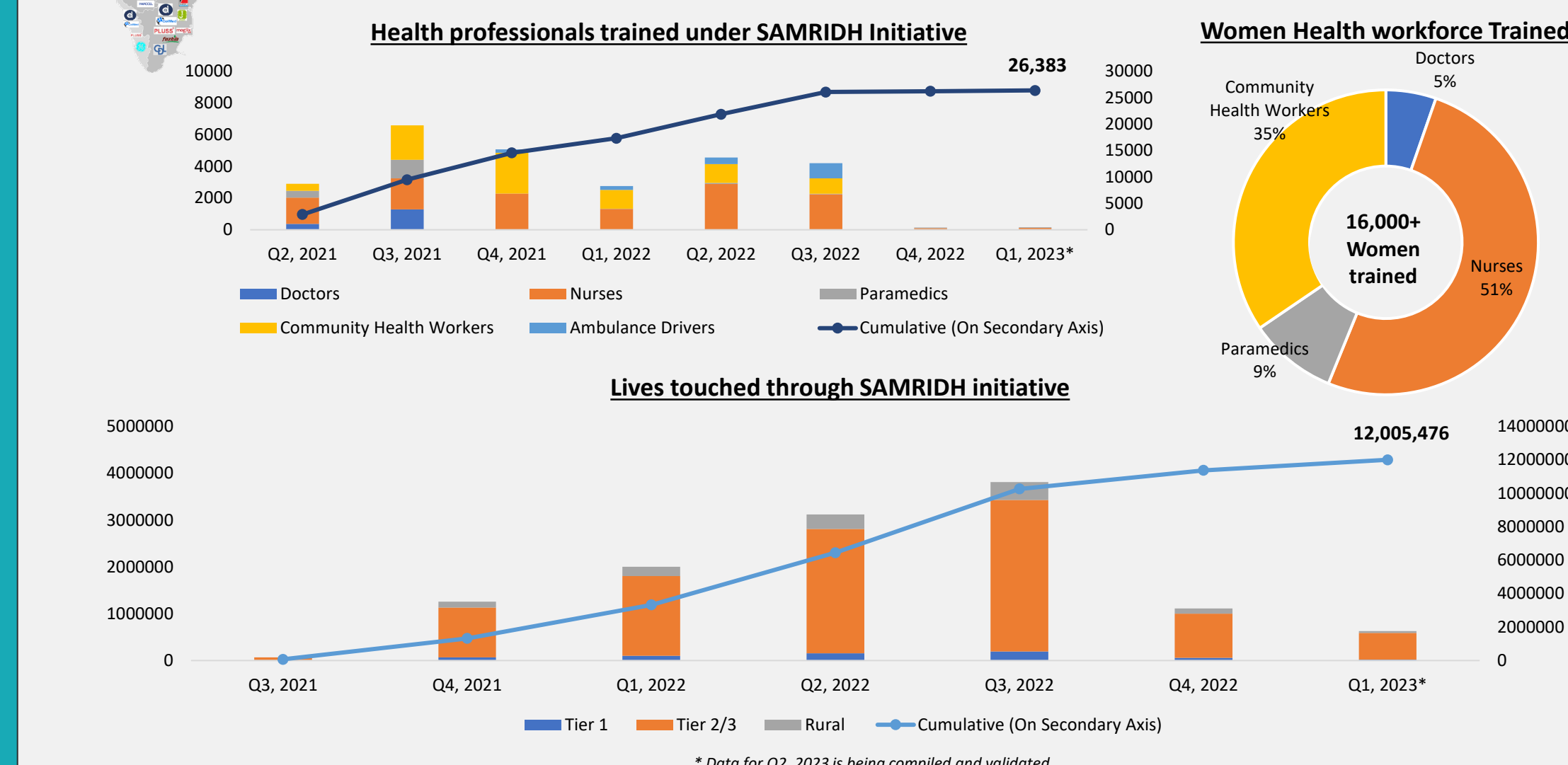


## Evidence

SAMRIDH has supported 60+ healthcare enterprises whose innovative solutions are deployed across 28 States in India. This is in line with its objective to serve vulnerable and marginalized populations residing in Tier 2/3 cities, rural and hard-to-reach areas. SAMRIDH follows robust methodology to monitor and evaluate impact through external third-party agencies. The research partners conduct monitoring, evaluation, and validation of the data to measure social and programmatic level impacts.

**60+ Health Enterprises**  
28 states

- Out of 12Mn people reached through SAMRIDH interventions, 90% are PMJAY (public insurance) beneficiaries, marginalized population, people from hard-to-reach and tribal areas. In addition, over 60% are women.
- SAMRIDH supported interventions have trained 26,000+ healthcare professionals, including doctors, nurses, paramedics and community health workers. Of these, 62% of the trained workforce are women and 38% were men. Over 80% of trained health professionals are from tier 2/3 and rural areas ensuring health equity.



**Key Accolades of SAMRIDH**

- SAMRIDH is the first Indian initiative to have won the 2022 P3 Impact Award, led by the Office of Global Partnerships at the U.S. Department of State, Concordia, and the University of Virginia Darden School of Business Institute for Business in Society. This award is a testimony to the power of collaboration showcased by SAMRIDH.

**SAMRIDH HEALTHCARE BLENDED FINANCE FACILITY**  
Sustainable Access to Market and Resources for Innovative Delivery of Healthcare (SAMRIDH) is a Blended Finance Facility supported by USAID and implemented by IPE Global in partnership with varied stakeholders from government, philanthropies and financial institutions, private sector, incubator/accelerators and academia. SAMRIDH works to address the weak health systems and persistent shortage of skilled workforce and infrastructure which have been exacerbated by the pandemic in India. SAMRIDH continues commercial capital with public and philanthropic funds to drive greater investments in under-served health solutions. SAMRIDH's immediate goal was to bridge the supply-side gaps in emergency health services and accelerate India's response to COVID-19. In the long term, it aims to strengthen comprehensive health services to improve access to affordable and quality healthcare for vulnerable communities and build resilient health systems to effectively respond to future health emergencies.

- SAMRIDH has been recognized among 'India's top 50 COVID-19 last mile responders' by the World Economic Forum.
- SAMRIDH recognized and felicitated by USAID as Gold Standard Reporting Champion in 3 different categories.
- White Paper on Blended Finance launched with apex Government Institution - Atal Innovation Mission, NITI Aayog, Government of India

## Facilitators

SAMRIDH has brought together diverse stakeholders with different objectives to invest alongside each other while achieving their own objectives in terms of financial return, social impact or a blend of both.

SAMRIDH has forged strategic cross-sectoral partnerships that has enabled to combine resources and expertise from organizations - including the Government, Development Agencies, Corporates, Financial Institutions, Entrepreneurs, Incubators/Accelerators, and Academia.



SAMRIDH has a strong network of partners from different Government Organizations including the National Health Authority, IIT-Delhi for overall guidance & ecosystem support. Donors and Philanthropic organizations like USAID, The Rockefeller Foundation, and Morpho Foundation for supporting the grant pool. Financial institutions like HDFC Bank, Axis Bank, Caspian Debt for extending debt support to health enterprises and technical partners for programmatic support, mentoring and data validations etc.

## Challenges

- Low awareness of blended finance applications and limited managerial capabilities** - The healthcare enterprises working to solve on-ground challenges often lack the business and financial knowledge to explore new pools of capital available.
- Limited knowledge and capabilities to measure and monitor impact** - Limited exposure of private-sector entities towards the importance of measuring and communicating impact has been one of the biggest challenges. The partnership has focused extensively on building theory of change for each funded entity and in building their capacity to understand and monitor the same.
- Focused mandate restricts flexibility** - Each party involved in a blended finance transaction has its own focused mandate, sometimes restricting the flexibility of blended finance solution to be deployed
- Limited adoption of innovation in public health systems** - The public health systems prefer traditional solutions thereby limiting the adoption of innovation. Hence, enhanced efforts are required for penetrating the market leading to financial pressure on healthcare enterprises.
- Limited transparency on blended finance activity hinders its scalability** - Concessional capital providers do not publicly disclose financial terms or ex-post development outcomes, limiting the evidence base for blended finance as a development tool, while private investors do not disclose data on financial performance due to confidentiality concerns. Together, this hinders blended finance from scaling.

## Lessons Learned

The blended finance market in India is growing, inviting the participation of public, private, and philanthropic capital, which can play a crucial role in unlocking the additional financing required to achieve efficient health systems & the SDGs

- Facility or platform-level blended finance structures enable greater reach and impact:** SAMRIDH experience shows rather than having case-specific blended finance structures, which are more time and cost-intensive, the platform-level approach where donors and financial institutions pool in their resources is much more effective.
- Private sector mobilization required:** Funding available from institutional donors and philanthropies can act as catalytic funding to enable more private sector investments towards SDGs. Blended Finance is an effective tool to enable this and needs to be promoted for enhanced levels of private-sector engagement.
- Need for favorable regulatory compliance, policies, and ecosystem support:** Policy alignment for promoting blended finance as an approach to social development is needed. For instance, mobilizing Corporate Social Responsibility (CSR) funds towards blended finance or governments adopting blended finance as a way of financing projects needs to be enabled through necessary policy actions.
- Adopting ESG Framework and Gender Lens Investing (GLI) facilitates transactions:** Currently, the ESG framework and GLI have a theoretical basis and have not been operationalized on the ground. ESG and GLI metrics would be critical for mainstreaming blended finance.
- Knowledge Management & Transfer:** To mainstream Blended Finance it is essential to document and disseminate the learning and achievements through knowledge products like white papers, case studies, etc. on Blended Finance as it has tremendous potential in development-policy-finance space.

Blended finance can be a positive tool for creating investment opportunities and promoting tri-sector collaboration between public, private, and philanthropic organizations toward scaling impact for development. Globally, blended finance is entering the mainstream; traditional policymakers and grant-making agencies are adjusting their perspectives and exploring opportunities that can be leveraged to revolutionize the development finance sector.