IFC: Supporting US Medtech to Improve Health in Emerging Markets

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International Finance Corporation
IFC is a Member of the World Bank Group

- **IBRD**
  International Bank for Reconstruction and Development
  Loans to middle-income and credit-worthy low-income country governments

- **IDA**
  International Development Association
  Interest-free loans and grants to governments of poorest countries

- **IFC**
  International Finance Corporation

- **MIGA**
  Multilateral Investment and Guarantee Agency
  Guarantees of private sector investment's non-commercial risks

- **ICSID**
  International Center for Settlement of Investment Disputes
  Conciliation and arbitration of investment disputes
About IFC

- AAA credit rating
- ~60-year history of investing in Emerging Markets (EM)
- Largest global development institution focused on the private sector in EMs
- Owned by 184 member countries
- Global footprint: 100+ regional offices
- 3,860 staff (56% based outside Washington DC)

~2,000 Private sector clients

Global presence in 94 countries

A network of over 900 financial Institutions
What We Do: Investing and Advising to Create Opportunities

1. Investment
- Loans,
- Equity,
- Trade Finance,
- Syndications,
- Derivative & Structured Finance,
- Blended Finance

2. Advice
- Health PPP advisory to government
- Other advisory services include M&A, E&S

3. IFC Asset Management Company
- Mobilizing
- Managing Capital for Investment
Financed over $4.3 billion in over 200 projects
Improving 142 million patients’ access to quality, affordable healthcare

**Sector**

- **Integrated Health Service Providers**: 63%
- **Labs**: 4%
- **Life Sciences**: 29%
- **Other Health**: 4%

**Geography:** Support private health players in 57 countries
IFC’s Value Add to US Medtech: A Long Term Partner for your Expansion in EMs

1. Reduced Political Risk
   - Government relations
   - Enhanced profile vis-à-vis local authorities, hospitals, and partners
   - Neutral broker role: IFC is viewed as a neutral broker building credibility for the transactions it assists

2. IFC Privileges
   - Preferred creditor status: preferential access to foreign currency in the event of a country foreign exchange crisis
   - No withholding tax on IFC loans

3. Global Industry Expertise
   - Global IFC investment team dedicated to the healthcare sector in emerging markets
   - 30+ senior staff investment and industry professionals focusing on healthcare
   - World Bank Group team of 150+ staff focusing on healthcare

4. Global Presence & Regional Access
   - 100+ offices in 94 countries with focus on local presence and expertise
   - Investment professionals in regional hubs and large country offices, with over half of IFC’s staff based in emerging markets
   - IFC is a trusted partner with strong local connections to the business community

5. Long-term Funding
   - One-stop-shop for financing: equity, debt, structured finance, etc., based on client needs
   - Longer investment horizon and less cyclical than most financial investors: up to 10-12 years

6. Local Currency
   - Local Currency Financing in 40+ countries
   - Potential to structure multi-currency facilities
IFC’s Medtech Strategy

Medtech represents an opportunity for both commercial and development returns

**Commercial**

- Positive **growth trends** across MedTech in emerging markets ($520bn market globally by 2020)
- Increased **healthcare spend** across emerging markets
- **Demographic shifts** point to increased demand for certain technologies
- Emerging markets present **expansion opportunities** for manufacturers
- Investments in infrastructure improve the absorptive capacity of beneficiary countries, increasing target addressable market

**Development**

- **Mismatch** between technology available in beneficiary countries, public health need and absorptive capacity
- **Emerging markets are underserved**; represent disproportionate share of global burden of disease
- Healthcare often provided by community health workers and nurses **driving need to ease provision of care**
- Limited availability of, and access to, **affordable technology** results in increased morbidity and mortality
IFC is Active in Supporting Medtech

IFC Supports Medtech in EMs

2016: US$33m Debt to support Bbraun’s manufacturing plant in Indonesia

2014: US$20m Debt to support Essilor’s manufacturing plant in Lao

2007: US$20m Debt to support Weigao’s expansion in China followed by another $97mn investment in 2015.

IFC Advises and Finances MES and PPPs

Problem

- Low quality public hospitals, due to:
  - Outdated equipment and lack of maintenance and upgrading
  - Lack of trained technicians
  - Complicated legal and procurement frameworks

Description / Main Features

- Help governments and manufacturers negotiate MES contracts for equipment
- WB: WB can support the government in structuring and negotiating the contract
- IFC Investment: IFC can finance medical equipment manufacturers

Managed Equipment Services (MES)

Public-Private Partnerships (PPP) Advisory and Financing

- In many EMs, public provision of healthcare services suffers from low quality due to lack of skilled public management, and limited financial resources
- E.g.: Turkish PPP program

- WB: Setting up of PPP framework and gov. capacity building post PPP implementation
- WB: Provide advisory support and technical assistance to governments interested in structuring PPPs
- IFC Investment: Provide financing to winning consortiums and mobilize further private financing
IFC Venture Capital: Supporting Innovation Ecosystems Through 4 Core Pillars

**IFC Startup Catalyst**
$30M Facility to invest in Accelerators and Seed Funds in emerging markets

Average $1-2M investment into target investees. Strong development impact

**VC Funds**
LP investments in top VC tech funds with presence in emerging markets

$50-70M/year in 3-5 funds per year

**Direct VC Investments**
VC investor in tech-driven late venture/growth companies with impact in emerging markets

Typically Series B-C, average $5-20M investments

**TechEmerge.org**
IFC acceleration program matching startups with corporate customers in emerging markets

Non-investment program, grants up to $100k to support tech pilot projects
### IFC Venture Capital: How Do We Evaluate Investments?

*Per year, we evaluate >1000 qualified investment opportunities, and do ~12 new deals*

**CRITERIA WE EVALUATE:**

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**INVESTMENT SWEET SPOT:**

- Late venture and early growth companies
- Proven products / business model with revenues
- Focus sectors: health, edu-tech, internet, e-logistics and cleantech
- Minority investor, US$5-25mm typically
- Tier-1 institutional co-investors
- Preference to lead/ co-lead investment round
- Board seats typically
IFC Venture Capital: Healthcare Portfolio Snapshots

Portea Medical is an emerging home healthcare service provider
$7 MM Equity
India, 2015

Eye Q is an end-to-end eye care services provider
$5 MM Equity
India, 2015

Salauno is an early-stage, high-growth eye care and surgical operation company
$2.25 MM Equity
Mexico, 2014

Nephroplus is India’s largest dialysis center network
$7 MM Equity
India, 2014
IFC Venture Capital: TechEmerge

**Building commercial partnership in healthcare**

Matchmaking program that connects health tech innovators globally to new clients

Adoption of new technologies in Emerging Markets with the goal of improving healthcare delivery and patient outcomes.

### What companies get?

- Access to a vetted global network of health innovators
- Funding to support a field test of new technology
- Guidance to source high performing startups and reduce the risk of adoption

### Successful in India, Scaling to the World

- Matched 17 tech companies with 15 Indian providers to implement pilots
- Accelerated adoption of rich user-experience and data-driven global technologies

### Selection of Healthcare Providers participating in the TechEmerge

For more info see techemerge.org
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