

Terms of Reference for Financial Expert Consultant to develop a Feasibility Assessment for Innovative Health Financing in Rwanda

I. Position Information

Job Code Title: International Consultant
Department: Sustainable Growth Unit
Activity: Joint Programme under SDG Fund II– Preparation Phase
Reports to: Head of SGU, UNDP Rwanda
Timeframe: Sept 2020 – October 2020
Contract: Individual Contract
Category: International or National Consultant
Location: Kigali
Duration: 35 days within two months

II. Country Context

Rwanda has long been considered a pioneering country in the Global South in terms of public health, having achieved laudable progress in recent decades in health outcomes through effective policies as well as strong emphasis on local capacity building and technological innovations. The country is considered a leader in providing nearly universal access to health insurance with at least 90% of the population able to access healthcare services, primarily through the national community-based health insurance program (CBHI), at minimal cost. To support this position and strengthen health outcomes and impacts Rwanda has undertaken several studies and developed a significant number of national strategies at sector level that are relevant to ensuring universal health coverage and expansion of the national footprint of primary health care facilities. These are summarized in the following: National Health Policy, Health Sector Strategic Plan IV, Health Post Expansion Plan, Health Sector Financing Strategy. These documents set the broad parameters for sector development and codify the state's endorsement of expanding innovative health finance and in particular PPP models to reach HP coverage nation-wide to a target of one HP in each and every administrative cell of the country.

Rwanda recognizes the importance of tapping into private sector resources for the achievement of its development vision and the SDGs. To this effect, it has implemented business enabling environment reforms that have resulted in the country being ranked 2nd in Africa on the World Bank ease of doing business index, with energy being one of its key investment priority sectors. To achieve its development targets in the medium-term, Vision 2050 is implemented through Rwanda's first National Strategy for Transformation (NST, 2018-24). NST-1 is fully aligned to the 2030 Agenda and the 17 Sustainable Development Goals (SDGs). The ambitious and transformational development goals of Rwanda require a substantial increase in investments from around 26% to between 35% and 40% of GDP. Through blended financing approaches, existing (yet limited) financing and scarce grant and philanthropic funds could be leveraged more effectively. Moreover, by integrating investments in expanding health and energy access through a coordinated investment programme, GoR targets could also be reached more quickly.

The COVID-19 crisis, however, presents both a challenge and an opportunity in regard to these policy aims. On the one hand, public expenditures are expected to increase, yet projected reduced revenue from lower economic activity is expected to exert pressure on Government resources and fiscal space. On the other hand, the Government of Rwanda has developed an Economic Recovery Plan (ERP) to steer the country towards sustained economic recovery from the economic impacts of COVID-19. Among its priority measures include: strengthening the health response capable of responding to COVID-19 and future health emergencies whilst providing continued essential services to most at risk population groups, strengthening the health system more generally to ensure greater resilience and sustainability, supporting businesses to protect jobs, and promoting more coordinated multi-sectoral responses to boost economic activity. These new policy priorities are very well aligned to the objectives and potential benefits of the proposed investment programme for which seed funding is obtained.

The proposed investment project under design would directly contribute to the following SDG targets (among others) as set in the 2030 Agenda for Sustainable Development:

- Target 3.8: Achieve universal health coverage, including financial risk protection, access

- to quality essential health-care services and access to safe, effective, quality
- Target 3.c: Substantially increase health financing and the recruitment, development, training and retention of the health workforce, in developing countries, especially in least developed countries and SIDS
- Target 5.6: Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences

In 2019, the Ministry of Finance and Economic Planning (MINECOFIN) entered into an agreement with the United Nations Development Programme (UNDP) to implement a five-year programme focused on Innovative Development Policy and Finance for Impact. One of the agreed objectives of this cooperation is to enhance MINECOFIN's capacity to manage, monitor and coordinate development cooperation to achieve national development objectives, and to support MINECOFIN and GOR line ministries to effectively mobilize the investments needed and provide a structure that supports coherence across government in channelling resources to the pivotal areas to achieve the SDGs, such as social infrastructure and enhancing access to universal health coverage, especially in light of the emerging needs and development financing dynamics stemming from COVID-19. MINECOFIN and the Rwandan MoH has also been collaborating with UNDP and UNFPA on blended finance mechanisms to scale up the HP footprint, including the incubation of a social impact bond for One Family Health (OFH). Both agencies have PPPs and long-term agreements with social enterprises (SFH) and private health companies such as Laerdal Global Health and Abbott to further leverage co-investment from UN funding. A feasibility study carried out by Social Finance UK in 2018-19 also quantitatively modelled the viability of OFH's model for private HP franchises and demonstrated levels for viability and scalability with additional levels of growth capital,

Preliminary evidence from Rwanda and other Sub-saharan Africa countries has shown evidence that effective PPP and blended financing approaches that would be catalyzed by the project would create a self-sustaining business model and result in cost savings generated to the MoH and RSSB from avoided wages to public staff, and efficiencies gained from community-based point of service delivery and accelerated delivery of health insurance receivables. To date, 150 HPs have been established by MoH partners. Yet the resource requirements to reach full coverage requires a level of investment in five years for which public budget resources are inadequate. A recently evaluation (USAID, 2015) in the health sector identified "inadequate resources for effective private sector engagement and PPP development", and insufficient "risk pooling" and concessional credit mechanisms, as key opportunities for strategic inventions to ensure a full national footprint of HPs and increased delivery efficiencies.

Similarly, while the national health insurance system has made significant strides towards universal coverage, and TA is envisioned to be provided from UN partners to accelerate digitization of processes, long delays in the execution of claims reimbursement processes threaten the viability and bankability of existing PPP models, with payment cycles stretching half a year on average. Further evidence from existing pilot programmes indicates adequate cash flow in privately operated HPs to be one of the most material challenges to ongoing financial viability and scale-up.

Against this background, UNDP Rwanda, in association with MINECOFIN, is looking for an financing expert consultant to develop a feasibility assessment to validate the feasibility of a partial risk guarantee or receivables financing facility to accelerate the scale-up of health post. The study will be used to critically inform a full project proposal and investment feasibility study for a broader integrated programme that will expand the footprint of rural Health Posts to serve vulnerable Rwandans through technological innovations as well business support services, resulting in key gains to public health, gender and social equality, and climate resilience. s, bottlenecks to upscale proven public-private partnership models for primary health care in Rwanda will be removed.

This consultancy seeks a seasoned and experienced candidate who is expected to bring two sets of competencies: (1) proven understanding of financial engineering of loan guarantee and/or invoice factoring or receivables financial products, especially in developing country contexts, (2) a proven understanding of risks associated with establishing innovative blended development financing instruments in Subsaharan Africa.

III. Functions / Key Results Expected

Summary of key functions:

Under the proposed One-UN Joint Programme “1000 Health Posts in the Land of a Thousand Hills” it is expected that the UN SDG Fund will support the co-financing of innovative financing mechanism(s) for rural health facilities to enable financial sustainability and rapid upscaling of the national footprint. The mechanisms to be put in place should serve to de-risk existing investment barriers and thereby help crowd in additional private investment, ensure the continuation of critical existing private lending support to the health sector, and promote broader market uptake or replication of a product offer.

The expert will review all relevant documents and policies as part of a desk review and conducted targeted interviews with stakeholders to assess key parameters and design options for guarantee or receivables facility in line with current GoR plans, regulations, and standards. Based on the assessment of existing financing challenges suited to Rwanda context, as well as existing products and financing approaches being applied to primary health care delivery in Rwanda, the consultant will then undertake a preliminary modeling of viability of these potential financing options that can be partially underwritten by the UN in the form of targeted grant support. Following the completion of the above task, s/he will develop feasibility report indicating most suitable mechanism based on an evaluation of viability and relative pros and cons against each other and present the findings at a validation workshop of all key stakeholders. The consultant shall further assist UNDP to ensure that the key findings are integrated into a full project proposal to be submitted to the UN SDG Fund Secretariat. This will be used to facilitate the business case and resource mobilization for scale-up of additional HPs nationwide through multiple funding sources.

Summary of key deliverables:

1. **Inception Report:**

The first deliverable shall comprise an inception report that can be used by all stakeholders to facilitate future planning and financing of HPs. Tasks involved include:

- (a) Conduct a comprehensive stakeholder mapping.
- (b) Survey, compile, and synthesize all existing knowledge including any related assessments and feasibility studies to create a first snapshot of potential innovative financing mechanisms for health posts in Rwanda.
 - i. Baseline instruments to survey include an existing commercial credit line offered through Ecobank to OFH (i.e. after a down payment, nurse franchisees qualify for an OFH-sponsored start-up loan). and an invoice factoring product offered through the fintech BeneFactors, which is not specifically tailored to health insurance claims.
- (c) Identify factors or financing bottlenecks that, if lifted, would have the most significant impact on the financial sustainability and accelerated expansion of Rwandan health posts. Estimate rough scale of capital investment requirement to establish a viable guarantee fund or receivables facility based on various scenarios of market participation and growth, including typical thresholds for risk-sharing based on presence of other similar financial products in the health or other social sectors.

2. **Technical report:**

The second deliverable is a technical report to complement a wider investment feasibility study, comprising analyses to fill information gap(s) that ensure any proposed health financing project components are feasible, scalable, and sustainable in the country's current market, banking, and regulatory environment. The technical report should be approximately 40-50 pages in length with annexes.

The analysis should provide the GoR and PPP stakeholders a comprehensive understanding of the following parameters: (i) Confirm viability for a sustainable receivables facility based on estimate of demand, invoice throughput, market growth, and interest rate scenarios. (ii) outline business requirements and conditions precedent

for banks and financial intermediaries that would be necessary to operationalize partial-risk guarantee or receivables fund including minimal scale and expected transaction costs; (iii) recommend optimal potential innovative financing mechanism and preferred model (e.g, partial credit risk guarantee, subsidization of transaction costs for receivables financing facility or product line, etc) best suited to needs and market context, based on lessons learned and stakeholder interviews, taking also into account timelines and constraints based on existing operating guidelines; (iv) develop key recommendations for an operational plan to implement innovative financing scheme in next phase of the project, including risk mitigation matrix.

Supervision:

The consultant is expected to work in collaboration with a project development and co-ordination team representing several UN agencies as well as technical experts and planners in the Ministry of Health. This UN coordination team will provide overall strategic guidance to the entire process, harnessing feedback from Government of Rwanda line ministries and other stakeholders including private and non-governmental partners to identify the most viable and promising financing approaches based on an analysis of cash flow, risk and lending appetite of banks and fintechs in Rwanda as well as private HP operators. As the recommendations will be validated in the final stakeholders' workshop, the consultant is expected to be participate and be available to present when scheduled.

UNDP Rwanda will provide technical backstopping and day to day inputs and guidance of the consultant, who will report to the Head of Sustainable Growth Unit and a Resource Mobilization and Development Effectiveness Advisor, who shall also be primarily responsible for approving the deliverables under the contract. The consultant will offer bi-weekly updates on implementation progress by means via email or phone communication UNDP and the NPDR Unit of Ministry of Finance and Economic Planning.

Delivery timeline and payment:

Deliverables	Expected time (days/months)	% of payment
Inception report	5 days from signing	20%
Draft technical feasibility report on financing mechanism options	30 days from signing	80%

Payments will be made upon approval by UNDP.

V. Recruitment Qualifications

Academic Qualification	<ul style="list-style-type: none"> Advanced University degree (Master's degree or equivalent) in Finance, Business, or Health Economics.
Experience:	<ul style="list-style-type: none"> At least 7 years of experience in the general field of investment and financing, in particular innovative financing mechanisms for SDG or impact finance; Demonstrated experience of at least 3 years in financial engineering. Demonstrable knowledge of innovative financing tools and instruments for social sectors or public infrastructure and specific experience developing guarantee products or receivables fund will be an added advantage. Demonstrated ability to steer consultations with senior government officials and facilitate discussions among a wide group of stakeholders. Experience working in Rwanda and track record of positive collaboration with a development partner, development finance institution, commercial bank, or central government agency will be an added advantage. Experience in working on innovative health financing will be an added advantage. Experience in supporting governments and UN agencies developing

	investment partnerships will be an added advantage.
Language Requirements:	Excellent command of English is required. The knowledge of French and/or Kinyarwanda is an asset.

VI. Selection Criteria

	Weight	Max. Point
<ul style="list-style-type: none"> Academic Qualifications 	10%	10
<ul style="list-style-type: none"> At least 7 years of experience in the general field of investment and financing; in particular innovative financing mechanisms for SDG or impact finance; 	40%	40
<ul style="list-style-type: none"> Proposed methodology 	30%	30
<ul style="list-style-type: none"> Local market knowledge and demonstrated understanding of national contexts, including language skills 	20%	20
Total	100%	100

VIII. Institutional arrangement

The consultants will work under the direct supervision of the Head of Sustainable Growth Unit and a Resource Mobilization and Development Effectiveness Advisor.

IX. Copyright and ownership

All developed intellectual property will be the sole property of the Government of Rwanda, its partners as stipulated under existing PPP arrangements, and UNDP. The selected company shall not use the design and the final products for its own purpose without explicit written permission by Ministry of Finance and UNDP. The consultant will be requested to sign a confidentiality and non-disclosure agreement to ensure the privacy of sensitive commercial information that may be shared in order to complete the assignment.

Prepared by:

Signature:

Name and Designation: Alexis Ndayisaba, Programme Analyst

Date of signing :

Reviewed and cleared by:

Signature:

Name and Designation: Amandine Musinguzi, Head of Unit

Date of Signing :

Approved by:

Signature:

Name and Designation: Stephen Rodrigues, Resident Representative

Date of Signing: