Health Credit Exchange (HCX) Program Partner Manual
2015
What is the HCX?

The HCX is a platform that connects business to credible and innovative health and wellness programs. Private contributions are aggregated in a Donor Advised Fund and paid to providers for the achievement of results-based outcomes.

Management Partners:
What we offer program partners

Catalytic, non-prescriptive, results-based funding

• Flexible capital to allow for essential system investments in local capacity building, facility improvements, improving supply chains, procurement and/or incentive payments to health providers
• Opportunity to build a track record of success and creditworthiness with private sector partners, donors and financial institutions
• Focus on management and results
• Space to innovate in design and local adaptation
Program Selection

Selection preference for programs:

- Addresses a priority health focus in high-burden country
-Aligns with national health sector strategies and donor priorities

- Inputs (direct and indirect expenses) are pre-funded
- Context-specific and defined need for incentive payments (e.g. reward payments, system investments)
- Promotes integrated delivery of high quality products and services

- Capacity to measure intermediate outcomes
- Ability to manage payments to local staff (if required)
- Program commensurate with principles of accompaniment and additionality, and is cost-effective
Partner Selection

Selection criteria for partners

• Record of success in implementing health programs in proposed area
• Ability to build capacity of local partners or providers
• Mission alignment with GBCHealth, HCX and common goals for the program
• Experience monitoring intermediate outcomes
• Legal registration in proposed country of operation
All time periods are estimates. From submission of initial concept note to posting could take as little as 4 months or as long as 1 year. First milestone payment will be available no sooner than 1 year from date of posting.
HCX Concept Note

• 2-5 pages in length
• Should cover the following aspects of the program:
  – Problem statement and innovative approach
  – History of success in delivering outcomes
  – Program design and site overview
  – Existing M&E framework and indicators
  – Proposed results-based metric for HCX funding
  – Rationale for performance/results-based incentive
  – Total budget required to cover marginal costs of accelerated scale up or to incentivize better results (USD$1-$5mm)
  – Demonstrated alignment with national or global sector strategy
  – Any cost-effectiveness data or evaluation of intervention (on current project site or other)
Creating Metrics

Metrics are *intermediate outcomes* such as *bed nets used* or *patients screened* that are co-designed with program partners with the intent of unlocking particular obstacles to scale and improving patient outcomes.

Metrics should be:

1. Understandable — easily communicated
2. Relevant — corresponds to shared values of providers
3. Attributable — clear link between activity and outcome
4. Measurable — no undue burden on partner
5. Verifiable — record of activity can be audited
Pricing Outcomes

Outcomes for the HCX should be priced as the marginal costs (above and beyond current costs) associated with improving results or accelerating scale up. For example, if the current program costs $2.5 million over a catchment area of 500,000 people, then the current program costs $5/person.

Ask yourself:
What would the marginal costs be of incentivizing staff to focus on certain outputs, adding an additional service, or reaching more beneficiaries in the short term? Said another way, what are the obstacles to scale and/or why is the current program not achieving better outcomes.

HCX Deal size = (Cost of new activity + Incentive payment) x size of target population

In the example above, adding a $1 nutrition intervention and a $1 incentive payment to the provider to deliver the integrated service would add a marginal cost of $2/person. Across the catchment area of 500,000 people the total HCX cost would be $1 million. Milestone payments would then be made, depending on results, on an annual basis over the remainder of the program.
Due Diligence Documents

- Confirmation of existing funding for proposed program (award letter)
- Evidence of organization’s registration in country of operation
- Concept note related to initial funding for program
- Concept note for partnership with HCX (2-5 pages)
- One prior example of intermediate outcome/output monitoring
- 1-2 years of financials (audited at HQ level, unaudited at country office level)
- Bios of primary management with contacts
Due Diligence Process

1. Identify internal HCX point person
2. Co-design metrics and outcome pricing (budget or cost per activity)
3. Submit concept note and due diligence documentation
4. HCX analyst will compile data and submit to Investment Committee made up of GBCHealth leadership, board and technical advisors
5. Investment Committee will approve partner program or will return to analyst for further refinement

Due diligence will take appx. one – three months.

Metrics, payments and responsibilities will be formalized by an MOU signed with the partner. See Timeline slide.
Monitoring results and reporting results

• Indicators that are agreed and formalized during the diligence period will be monitored *by the partner* over the course of the program.
• Program results will be reported at pre-determined intervals and verified by HCX analysts or a third-party.
• Inconsistencies in data will trigger an audit either by a third party, trained fellow or randomized sampling.
• Results will be compiled into impact reports that will be shared with corporate credit buyers and disseminated publicly.
Impact reports will be developed by GBCHealth with support from the program partner. Data on program results will be disseminated broadly to bolster shared knowledge and provide a joint platform for marketing successes.

**Impact reports contain:**

- Project overview and description of project area
- Outcome metrics and payment milestones
- Description of performance incentive
- Results attribution percentage based on level of contribution
- Impact summary in standardized format
Payments

• Once results are certified, payments will be remitted to partners *within 30 days* following procedure agreed to in the MOU

• Payments will be made at milestones or at the end of the program period following the terms of the MOU

• *If results are achieved*, payments will proceed

• *If results are not achieved*, partners could receive partial payment or may be permitted to renegotiate timelines with the HCX following the terms of the MOU
GBCHealth intentionally casts a broad net to engage corporate entities in our health work. Our gift acceptance policies are consistent with those of major donors and the WHO, and will be shared upon request.
Mitigating risk and minimizing burden

Collaborative program design
- Limits new document creation
- Protects against negative outcomes
- Ensures metrics are appropriate and fit within current M&E structure of the program
- Reporting of impacts to credit buyers led by GBCHealth

Clear payment framework
- MOU process to define responsibilities and create expectations for payment
- Dispute resolution mechanism
- Good faith 30-day payment commitment
GBCH has a strong legacy of mobilizing business resources and expertise to address priority health and development issues in partnership with families, governments, donors and civil society.

- Innovative platforms which generate cross-sector partnerships and drive collective action on health
- Recognition and visibility for partner-led health and wellness initiatives
- Champion and share knowledge of best practices in business engagement on health and development
- Convene and connect with like-minded organizations
- Strong track record of mobilizing and harmonizing business action on priority health issues