

# Marie Stopes International

## Investing in the world's most vulnerable women:

### Generating social and financial returns by investing in family planning – a “best buy” for global development

#### Family planning saves lives

Fewer unintended pregnancies and births mean fewer women and infants die, more girls stay in school longer and fewer infants are at risk of disease, malnutrition and HIV infection.

Family planning (birth control and the provision of contraception) is one of the most **cost-effective interventions in international development and global public health**.

Voluntary family planning helps stabilize the rate of population growth, enabling **improvements in per capita economic growth, agricultural output and food security**. Indeed it has been recognised that the “demographic dividend” played a role in the “economic miracles” of the East Asian Tigers (Hong Kong, Singapore, South Korea, Taiwan) and accounts for between one fourth and two fifths of the “miracle”.<sup>1 2</sup>

Family planning saves significantly more in public expenditures than it costs to provide. For example, Marie Stopes International's family planning and reproductive health services delivered in 2011 **saved national health care systems nearly \$500 million, or over \$4 for every dollar of donor investment**.

In some places in the world, this can be even higher. Analysis by the U.S. Agency for International Development (USAID) shows that family planning investments also save money in other development areas, including education, immunization, water and sanitation, and malaria. USAID found that every dollar invested in family planning has saved more than \$6 in Guatemala and Bangladesh, and up to \$9 in Bolivia in these other development areas, in addition to saving money for the national health system.

In 2012, a year of unprecedented focus on meeting the unmet need of over 200 million women who want contraception but don't have access, Marie Stopes International stands ready to harness the private health sector to deliver on the promise of the family planning revolution for millions of the world's poorest women.

#### Marie Stopes International's results and impact

Marie Stopes International (MSI) is one of the largest non-profit family planning organizations in the world. Over 10 million women in the world's poorest countries use modern contraception as a direct result of MSI services. By 2020, we will provide life-saving voluntary family planning services to more than 20 million women.

The total cost<sup>3</sup> for delivering these life-saving family planning services will be, on average, just over \$80 million a year.<sup>4</sup> With this investment Marie Stopes International can, over eight years, prevent:

- 55 million unintended pregnancies
- 7 million unsafe abortions
- 72,000 maternal deaths.

We started in 1976 to offer under-served women around the world access to a full range of reproductive health choices. Today we employ 8,500 staff and have a network of over 2,000 clinical sites in 38 countries. MSI's family planning and reproductive health services in 2011 averted the deaths of around 15,000 mothers, sisters and daughters.

MSI is a social enterprise – a UK charity that uses the best of the business world to achieve our social aims. Of our \$275 million in turnover in 2011, nearly 50% of our income was “earned” income rather than grant (donor) income.

We are proud of our triple bottom line with our focus on financial, social and environmental impact.

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<sup>1</sup> Bloom, David E. and Jeffrey G. Williamson, 1998, Demographic Transitions and Economic Miracles in Emerging Asia, World Bank Economic Review, 12: 419 - 455.

<sup>2</sup> Bloom, David E., David Canning and Pia Malaney, 2000, Demographic Change and Economic Growth in Asia, Population and Development Review, 26, supp. 257-290.

<sup>3</sup> This \$80 million/year covers the cost of providing family planning services to allow MSI to reach 20 million contraceptive users. This excludes Marie Stopes International recurrent costs to maintain our existing contraceptive users, which are assumed, for the purposes of this projection, to be funded under our current financing arrangements.

<sup>4</sup> For this investment over eight years we estimate that we would deliver: 7 million male and female sterilizations; 5.7m contraceptive implants (worth 3.5 years of contraceptive protection on average); 12.6m IUDs (worth 4.6 years of contraceptive protection on average). We will deliver these at a cost of approximately \$26.40 per female sterilization, \$26.25 per male sterilisation; \$21.25 per IUD, and around \$38 per (non-generic) implant. The total estimated cost = \$666 million. MSI focuses on long acting and permanent contraception to enhance choice, because in too much of the developing world, women have access to only short term methods or nothing at all. In Sub-Saharan Africa, for example, over 80% of all modern contraceptive use is short term methods

# Investing in MSI

## 1. Social Impact Bonds – payment by results

At MSI, we manage a number of results-based financing mechanisms throughout our global programs. For example, MSI manages an internal \$10m/year results-based financing mechanism which reimburses MSI country programs for the number of voluntary family planning services they provide at a pre-agreed rate. We are keen to enlarge our funding portfolio via other results-based mechanisms including social impact bonds.

We are seeking \$10 million in new, private social investment to provide up-front funding over two years for MSI's life-saving and life-changing family planning services. This social impact bond would work as follows:

- MSI and the investor would agree the results to be achieved with the \$10 million investment;
- If MSI achieves the results, we would receive the entire \$10 million from the investor. If we exceed the results, we may receive marginally more than the \$10 million. If we do not achieve the results, we would receive only a pro-rated amount of the \$10 million. MSI would carry the risk. If we don't deliver, we don't get paid.

- The \$10 million investor would aim to sell the Bond, perhaps in smaller amounts, to other investors (Foundations, private philanthropists, or other donors) at a premium. For example, each \$1 million sub-bond might be sold for \$1.2 million. If MSI achieves all the results, the original investor would receive \$12 million from his/her backers, making a \$2 million profit. The original investor would receive this \$2 million profit because he/she carried the up front risk, in anticipation of onward-selling the \$10 million bond to donors.
- Donors, philanthropists and Foundations would benefit because they would be able to fund life-saving family planning services with no risk. If MSI doesn't deliver concrete family planning results, MSI (and the original investor/bondholder) would not get paid.

Financing social impact bonds with Marie Stopes International will generate impressive social benefits as well as a financial return on your investment.

## 2. MSI Social Investment Fund

MSI's commercial division generates a surplus of around \$15 million per year. This surplus is critical to MSI's health impact. It funds innovations, bridges funding gaps between donors, and helps us to invest in new health products, services, and markets for the poorest women around the world. We generate this surplus by managing our clinics with business-like efficiency and productivity, putting the customer first, and operating related commercial ventures worldwide. Our commercial teams in the UK, Australia, Mexico, China and India stand poised to generate greater surpluses in their countries and other emerging markets. But MSI's current discretionary funding is largely dedicated to generating social and health impact for the poorest in the developing world.

MSI seeks **\$5 million of investment** in our surplus generating activities around the world. MSI would contribute \$1 million of its own funding to this **MSI Social Investment Fund**.

We seek private social investment that would fund activities that generate a surplus from additional or expanded MSI health clinics, product and medical equipment marketing, and consultancy services. MSI is already using some of its discretionary funding to explore potential investments. We are negotiating with several pharmaceutical (contraceptive) and medical equipment manufacturers in China, brokering their commercial entry into Africa and Asian countries.

In addition to the \$1 million financial contribution to the MSI Social Investment Fund, MSI would provide the management, market research, and in-kind support from its existing operating platforms worldwide. In return for the investment, we propose that MSI splits the net surplus with the investor at a mutually agreed rate.

## 3. Program Related Investments

MSI has experience of managing a long-term \$7 million loan facility from the Packard Foundation, a Program Related Investment, or PRI. This has enabled us to purchase surplus generating clinics in our commercial and developing country programs. In ten years we have repaid over 80% of the original capital/funds received (plus the interest), and will repay the remainder in the next 2 years.

MSI currently owns around 175 of its 660 properties globally. These properties have a net book value on our balance

sheet of \$37 million, but we estimate that they are in fact worth around \$50 million or more. Owning our clinics makes financial sense where rent inflation is extremely high and real estate dramatically appreciates in value in our markets.

We are seeking opportunities to replicate this PRI for property or other investment opportunities referred to in section #2 above (MSI's Social Investment Fund), with an investment of \$5 million, at a mutually agreed interest rate, for repayment over 10-15 years.