

“The Study Group on Impact Investment for Global Health”

Final Report

March 2023

Executive Summary

In the field of global health, with the ever-growing financial demands especially in the low and middle income countries (LMICs) resulting from COVID-19 pandemic, it is essential to mobilize both private funds and public funds to meet the needs. To serve this purpose, impact investment is attracting public attention as a measure to generate a new flow of private funds.

Impact investment was first introduced in 2013 by the United Kingdom, the then G8 Presidency. As an approach to further advance ESG investment, impact investment was developed with an intention to measure “impact” in addition to traditional “risk” and “return,” rendering “solution to social challenges” as another evaluation scale of the capitalism. With the recent advancement of the relevant activities, the magnitude of the world market is estimated to be approximately \$1.164 trillion as of end of 2021. Impact investment is considered to be a promising measure to promote “The New Capitalism” advocated by the Kishida Administration.

This study group has had a series of active discussion with an aim to promote impact investment in the field of global health at the occasion of the G7 Hiroshima Summit.

What is important for the promotion of impact investment is for business owners in the private sector to visualize the impact within the global value chain, including development, manufacturing, and distribution, with an aim to provide solutions to the many social and global challenges we face. With that, they are expected to increase the value of the company (with an appropriate economic return) resulting in a solid evaluation from investors, and eventually to create a business model to realize a sustainable society.

To this end, it is required to introduce such a business operation into routine

practices such as measuring the impact quantitatively, improving the business or making corporate decisions based on the result of the measurement, and increasing the impact (impact measurement and management: IMM).

Because the fundamental element of the global health includes epidemiologically and medically sound scientific evidence, global health is thought to be an area with high affinity to impact investment based on the performance of the IMM. Of note, the Impact-Weighted Accounts Initiative (IWAI), is a project aimed at creating financial accounts that reflect a company's impact that was measured. Eisai co. ltd. calculated the social impact of free provision of DEC tablets, used for the treatment of a tropical disease, in 2022 and a new drug used for the treatment of dementia in 2023 by applying the impact-weighted accounting (IWA) method.

We propose that Japan receive the baton of “impact investment” from the UK and demonstrate its leadership in the field of global health, which Japan has long been championing at the G7 platform, by announcing its commitment to work toward creating an environment suitable for the promotion of impact investment as the G7 presidency. This should be a great opportunity to create an ecosystem for circulation of money to realize the “impact economy,” which is expected to support tackling the many social challenges of the global south.

Our vision for 2030, the target year of SDGs, is to realize the “impact economy” in which “impact” is considered by all the stakeholders in making every corporate decision, which leads to increase of the corporate value. Toward the realization of a new society, we here propose the following actions to be taken: [a] launch of a G7 framework for mobilizing innovative resource mobilization for promoting impact investment, [b] active communication to create a new trend and creation of a platform for discussion among relevant stakeholders, [c] improving the environment for impact investment and active dissemination of the idea, [d] support for impact investors and business operators and [e] improving the basic environment of and provision of support for the implementation of IMM and IWA.