

DISCUSSION PAPER No. 414

Supporting financial institutions to scale up investments in health under the Global Gateway

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Health is firmly embedded in the European Union's strategic agenda, reflecting its importance for resilience, competitiveness, and global partnerships. This has translated into stronger policy alignment across internal instruments and external initiatives such as Global Gateway. Building on this solid foundation, there is a clear opportunity to further evolve the EU's approach to meet rising health investment needs in partner countries by complementing grants with a broader set of financial instruments.

European financial institutions for development are well placed to mobilise additional capital for health. While their current portfolio allocations remain relatively modest, this reflects identifiable structural factors such as pipeline maturity, transaction complexity, and sector-specific capacity. Encouragingly, these constraints point to concrete areas where targeted policy action can unlock significant untapped potential:

First, the EU should invest in systematic pipeline development, including dedicated platforms and partnerships to generate bankable projects and strengthen technical expertise, building on models such as HDX.

Second, EU financial instruments, particularly guarantees, should be adapted to better support equity investments, innovation, and risk-sharing mechanisms (e.g., offtake and liquidity guarantees), while allowing greater geographic flexibility.

Third, scaling up technical assistance will be essential to improve project bankability, especially for early-stage investments, including through partnerships with philanthropic actors and results-based financing.

Fourth, a more coordinated strategy is needed to engage the European pharmaceutical industry, aligning DFIs, export credit agencies, and competitiveness policies.

Fifth, stronger integration between policy reforms and investment operations in partner countries will be critical to improve regulatory environments and unlock sustainable private investment in health.

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Acronyms

ACP TF	Africa Caribbean and Pacific Trust Fund
BIO	Belgian Investment Company for Developing Countries
CAPEX	Capital Expenditure
COVID-19	Coronavirus Disease 2019
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DFI	Development Finance Institution
DG	Directorate-General
ECF	European Competitiveness Fund
ECA	Export Credit Agency
EDFI	European Development Finance Institutions
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
FX	Foreign Exchange
GE	Global Europe
GEI	Global Europe Instrument
GG	Global Gateway
GIIH	Global Impact Investing Hub
GP	General Partner
HDX	Accelerating Human Development
HRDD	Human Rights Due Diligence
HRBF	Health Results-Based Financing
IDB	Inter-American Development Bank
IFDK	Impact Fund Denmark

INTPA	Directorate-General for International Partnerships
IT	Information Technology
LCY	Local Currency
LFI	Local Financial Institution
LP	Limited Partner
MAV+	Manufacturing and Access to Vaccines, Medicines and Health Technology Products in Africa
MDB	Multilateral Development Bank
MFF	Multiannual Financial Framework
OPEX	Operating Expenditure
PBL	Policy-Based Lending
PE	Private Equity
PforR	Program-for-Results Financing
PPP	Public-Private Partnership
PPS	Percentage Points
RBF	Results-Based Financing
SME	Small and Medium-sized Enterprise
TA	Technical Assistance
TCX	The Currency Exchange Fund
TGVC	Transforming Green Value Chains
UNCTAD	United Nations Conference on Trade and Development
VC	Venture Capital
WHO	World Health Organisation

1. Introduction

Health is a strategic priority for the European Union. Across both its internal and external agendas — from the [Strategic Technologies for Europe Platform](#) and the [European Competitiveness Fund](#) to [Global Gateway](#), the [EU Global Health Strategy](#) and the new [Global Health Resilience Initiative](#) — health is now positioned as a core pillar of Europe's economic security and competitiveness and the EU's offer to partner countries.

The case for investing in health has rarely been stronger. The Global Health Resilience Initiative positions the EU as a reliable, frontline actor in global health and frames investment in health systems, manufacturing and supply chains as mutually beneficial for Europe and its partners. This builds on the more than €6 billion already mobilised for the health sector in the context of the Global Gateway strategy, demonstrating its importance as one of its five priority sectors.

Beyond its strategic value, health is also a sound economic investment. Investing in health is one of the most powerful drivers of economic growth and job creation ([World Bank 2025](#)). Strong health systems build human capital and generate more and better-paid jobs — from frontline workers to local manufacturing of medicines and medical supplies, digital health, etc. — while strengthening resilience to shocks. The returns are well evidenced: the Lancet Commission on Investing in Health estimates that every dollar invested in health interventions returns between nine and twenty in low- and middle-income countries, where falling mortality already accounts for around 11% of recent economic growth ([Jamison et al. 2013](#)). The unmet need is vast: around 4.5 billion people still lack access to essential health services, and the world faces a projected shortfall of some 18 million health workers by 2030, even as the health and care economy is set to create over 40 million new jobs ([World Health Organisation 2026](#)). For Europe, meeting this demand is at once a development imperative and an industrial and competitiveness opportunity.

European financial institutions for development – DFIs, public development banks and multilateral development banks – are pivotal to mobilising private and public capital at scale. Health remains a modest share of their portfolios today, but this reflects identifiable and systemic factors: thin pipelines of bankable projects, transaction complexity, limited sectoral expertise, and conservative, asset-based risk frameworks. Each is a concrete entry point for action.

Drawing on desk review, interviews, and a structured consultation of BIO, DEG, EIB Global, IDB Invest, Impact Fund Denmark, Proparco, and Swedfund — focusing solely on their private-sector activity, and with the next Multiannual Financial

Framework approaching — this note sets out how to turn that potential into investment through five recommendations:

1. The EU should invest in systematic pipeline development, including dedicated platforms and partnerships to generate bankable projects and strengthen technical expertise – building on and scaling models on models such as the HDX Hub.
2. EU financial instruments, particularly guarantees, should be adapted to better support equity investments, innovation, and risk-sharing mechanisms (e.g., offtake and liquidity guarantees), while allowing greater geographic flexibility.
3. Scaling up technical assistance will be essential to improve project bankability, especially for early-stage investments, including through partnerships with philanthropic actors and results-based financing.
4. A more coordinated strategy is needed to engage the European pharmaceutical industry, aligning DFIs, export credit agencies, and competitiveness policies.
5. Stronger integration between policy reforms and investment operations in partner countries will be critical to improve regulatory environments and unlock sustainable private investment in health.

Taken together, these measures would let the EU invest in health with greater flexibility, impact and scale — reinforcing its competitiveness and strategic presence while helping partner countries build resilient, sovereign health systems.

2. From a strategic perspective

In a few cases — more commonly among MDBs than development finance institutions — health is explicitly designated as a priority sector. Where this occurs, the rationale is typically anchored in shareholder mandates, notably the strategic interests of national Ministries of Finance and Foreign Affairs, encompassing sustainable development objectives alongside broader geopolitical and economic considerations (Box 1).

Box 1: IFDK's strategic focus on health.

Since 2022, health has been one of the five focus areas of IFDK (alongside green energy, public infrastructure finance, sustainable food systems, and financial services). Investment in health is driven by the need to expand access to

affordable, high-quality services while strengthening public health systems – especially benefiting low- and middle-income communities. Though a fairly new area, a team oversees the investments in health. IFDK's impact priorities are healthcare accessibility, affordability and quality for the underserved. As part of the new strategy, Denmark will strengthen financing instruments to mobilise more capital for sustainable investments in Africa and other parts of the Global South, including in health.

This new strategic focus is linked to the growing importance of the health sector in the Danish economy, especially in life sciences, where Denmark counted 1,660 life science companies in 2020, representing over 50,000 full-time employees across the country.

Source: [DK Ministry of Industry, 2023](#)

More frequently, financial institutions for development's engagement in health remains ad hoc. Many institutions consider this approach better aligned with market realities, including a perceived limited pipeline of bankable projects despite a growing health market, their geographic concentration – often in middle-income countries – and the perceived reputational sensitivities associated with health investments.

Nonetheless, financial institutions for development generally maintain a broad scope within the health sector. Rather than restricting themselves to specific subsectors or geographies, they prioritise projects that demonstrably are financially sustainable and viable, and that can generate development impact. This pragmatic approach reflects a clear trade-off: overly narrow investment criteria would constrain already limited pipelines and reduce engagement opportunities.

3. From an operational perspective

3.1 The share of health in financial institutions' portfolio

From an operational standpoint, financial institutions for development's share of the health portfolio (out of the total portfolio) ranges from 1% to 7%, reflecting challenging market realities and internal incentives. Other sectors, for historical and business reasons, remain more attractive in view of financial institutions for development's need to satisfy impact and financial demands.

Table 1: Health portfolio of financial institutions for development.

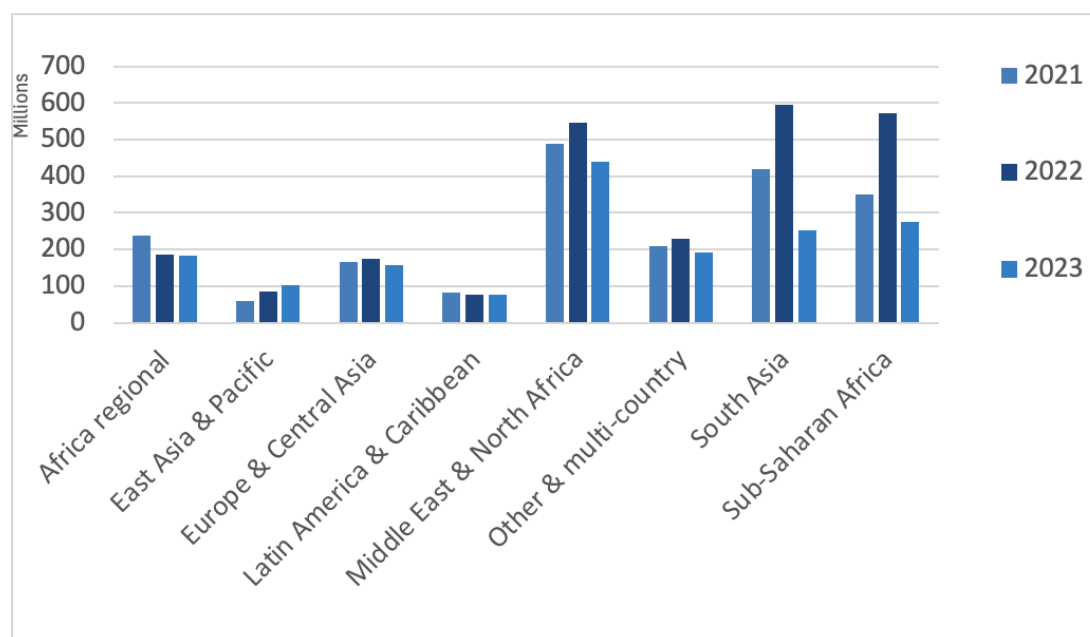
	BIO	IFDK	Proparco	DEG	Swedfund	EIB GLO	IDB Invest
Health as a share of the total portfolio in 2023	1.2%	6.3%	4.8%	3.7%	7.0%	3.0%	NA
Evolution from 2021 to 2023 in PPS	-0.2	+1.3	-1.5	=	-2.8	=	NA
Total of new investments between 2021 and 2023 in € million	1	21	258	215	29	2500	NA

Source: EDFI Data dashboard 2025, and EIB and IDB data.

3.2 The market focus of financial institutions' health portfolio

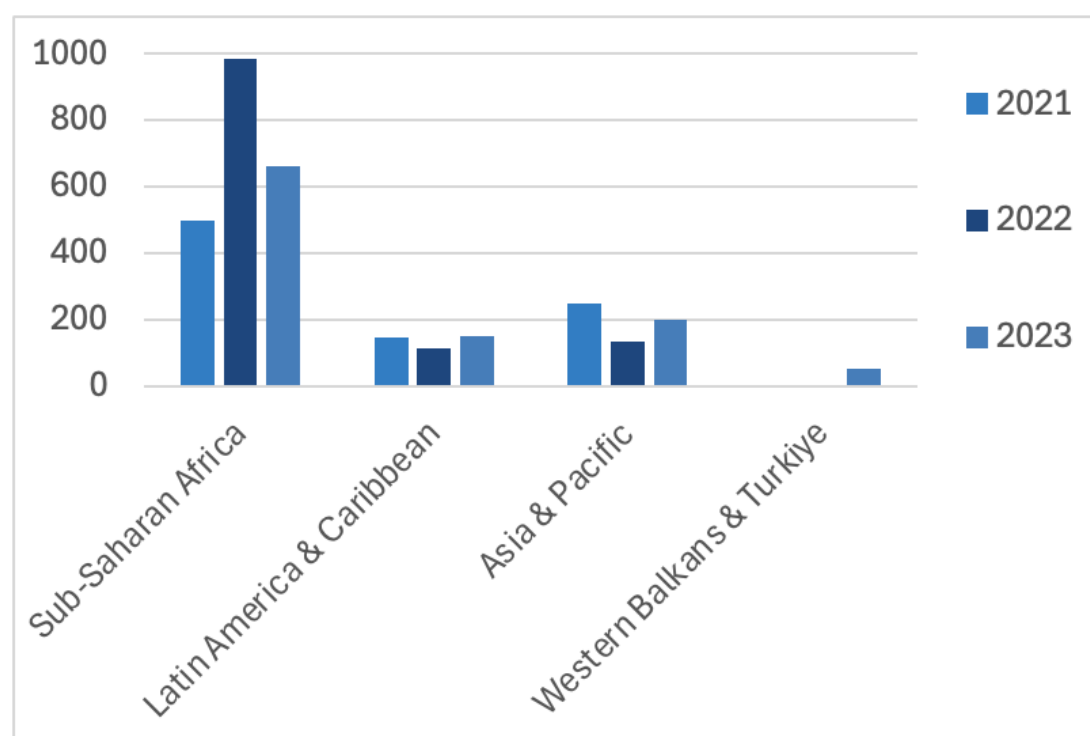
Partly because they are demand-driven and favour larger-scale transactions, financial institutions for development's health investments tend to focus on the more mature economies. In Africa, this would be the "[Big 5](#)": Morocco, Egypt, Kenya, Nigeria and South Africa (Daruty 2025). These markets combine larger, more mature private health industries and relatively more predictable regulatory environments, making them more compatible with DFIs' risk-return expectations and minimum ticket sizes. North Africa stands out as a manufacturing hub, hosting over [270](#) pharmaceutical manufacturers (around 40% of African producers) and accounting for about half of pharma-related FDI on the continent (UNCTAD 2025). Latin America and the Caribbean also attract health investments, mainly in Brazil, Mexico and Argentina.

Figure 1: EDFI health-related portfolio by year & region in € million



Source: EDFI, 2025

Figure 2: EIB GLO health-related portfolio by year & region in € million¹

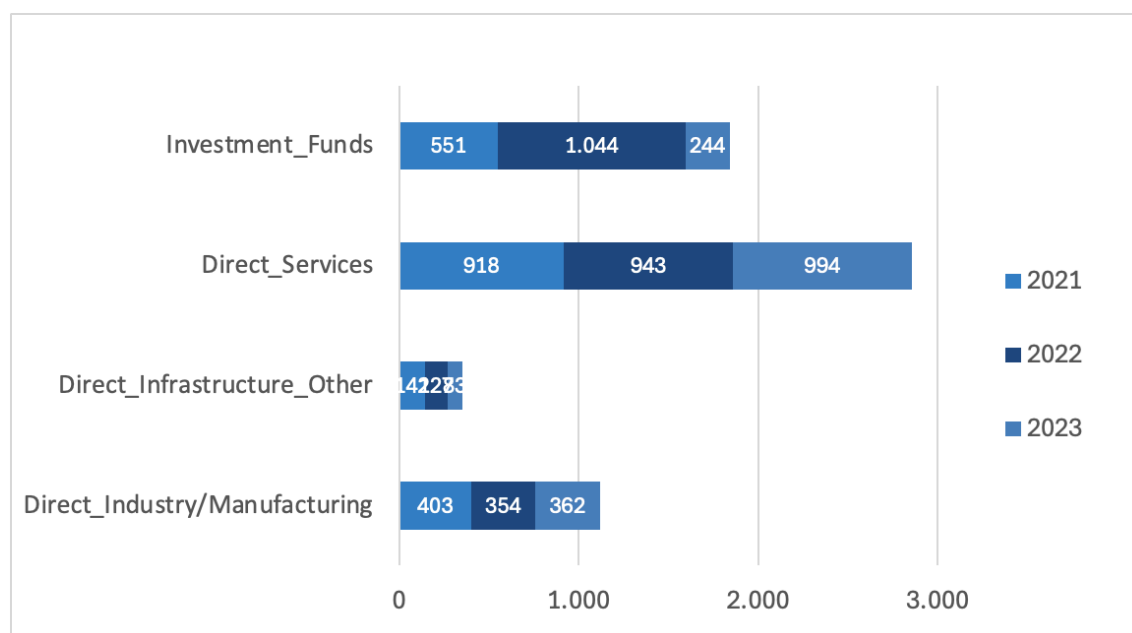


Source: EIB, 2025

¹ The portfolio presented in this table encompasses both public and private investments, yet the types and share of instruments used are similar between sovereign and private sector operations.

Most financial institutions for development appear to focus their health investments on direct services (such as IT systems and digital transformation within health infrastructure, including hospitals) as well as on health private-sector development, primarily by providing financial support through investment funds (see Figure 3). This is followed by pharmaceutical manufacturing, including vaccines and generics; and, lastly, health infrastructure (hospitals, clinics, and laboratories).

Figure 3: EDFI health-related investment patterns by year in € million



Source: EDFI, 2025

For most subsectors, financial institutions for development recognise challenges around risk/return profile; the sustainability of investments; investment ticket size (tickets below €10 million are seen as more difficult); the struggle to generate a relevant pipeline of bankable projects (among other reasons for lack of boots on the ground); and the lack of secondary markets that significantly constrain the use of equity instruments.

3.3 Ticket size and financial instruments used in the health sector

The average ticket size of financial institutions for development differs according to their size and types. Financial institutions for development generally prefer large direct or indirect investments over smaller ones since the transaction costs are similar, yet the return on investment (from both financial and institutional perspectives) is more attractive. That is why they prefer financing investment ticket sizes from €10 million for DFIs and 80 million for EIB GLO².

² EIB GLO, through the Accelerating Human Development (HDX) guarantee, can finance operations of smaller scale (over €20 million).

However, there are exceptions like the Proparco initiative Digital Africa, which was set up to finance African start-ups (including in the health sector), allowing it to address small investment ticket sizes (from €200,000 onwards).

A large part of the financial institutions for development's transactions in the health sector is implemented through financial intermediaries, which are used to address transactions below €10 million. In turn, this allows financial institutions for development to achieve volume (as they use financial intermediaries as projects' aggregators) and potentially impact, since the intermediaries tend to operate with below €10 million investment ticket size.

Box 2: Direct and indirect investments in health – an explainer

Direct financing is typically applied where transactions require large ticket sizes (over €80 million), bespoke structuring, and enhanced governance oversight. Healthcare infrastructure—such as secondary and tertiary hospitals, integrated care networks, and pharmaceutical or vaccine manufacturing facilities—often involves long-tenor project finance, complex construction and operating risk, and stringent clinical regulatory compliance. Local banks rarely have the relevant financial products (especially regarding their maturity) and/or balance sheet capacity or sectoral risk appetite to underwrite these exposures.

Direct DFI involvement enables the use of equity and mezzanine instruments, subordinated or senior debt, blended finance, and political risk mitigation, while imposing robust ESG aligned with European standards, procurement, and clinical-quality frameworks aligned with WHO standards. Direct transactions also carry a strong catalytic signalling effect, crowding in private co-investors who rely on DFIs' due diligence capabilities in technically complex health projects.

Conversely, indirect financing – via healthcare-focused private equity/VC funds, credit funds, or LFIs – allows DFIs to reach high volume and target low-ticket healthcare SMEs that form the backbone of primary care delivery. Clinics, diagnostic centres, pharmacies, medical distributors, and digital health SMEs typically require working capital, asset financing, or short- to medium-term credit that DFIs cannot efficiently originate on a one-by-one basis. By channelling capital through intermediaries with local underwriting capacity, DFIs achieve scalability, risk diversification, and lower transaction costs while strengthening domestic financial markets.

The indirect financing approach is particularly effective in fragmented, informal, or rapidly evolving regulatory environments. Intermediated structures also support local currency lending, reducing FX exposure for providers with domestic-currency revenue streams. However, indirect financing can dilute

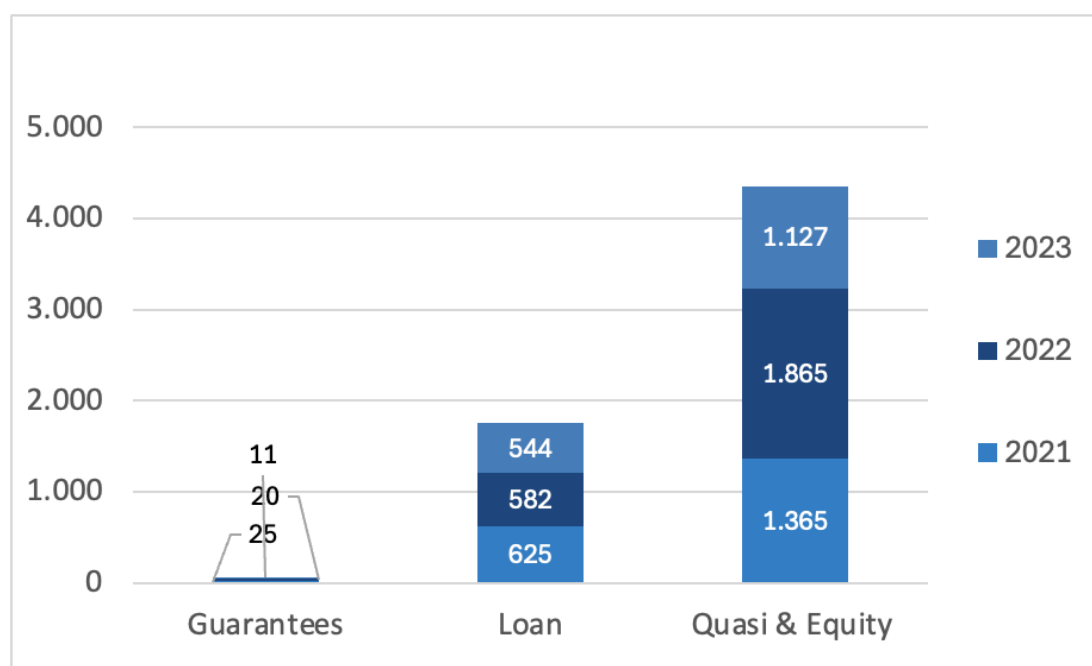
additionality if intermediaries engage in “cherry picking” or apply conservative collateral requirements unsuitable for asset-light health operators. Fund managers may prioritise financial returns over long-term developmental outcomes without an adequate investment framework that clarifies financial and developmental objectives. In other words, this modality is first and foremost market- (not policy) driven, which constrains its ability to align with donors’ policy objectives.

In practice, both modalities can be complementary. DFIs use direct finance to anchor complex, high-impact healthcare assets and indirect finance to build a resilient ecosystem of SMEs and financial intermediaries that can sustain long-term sectoral growth. Indirect financing is used to build pipelines of healthcare projects, where Funds’ General Partners (GPs) share potential equity investment opportunities with their LP DFIs (especially when the transaction size (+ EUR5 million) and financial and risk profiles are relevant to DFIs), which can co-invest – often by taking a senior position in the operation. Given the existing relation between the DFIs and the GP, DFIs often feel comfortable relying on the GP’s due diligence process.

Source: The authors

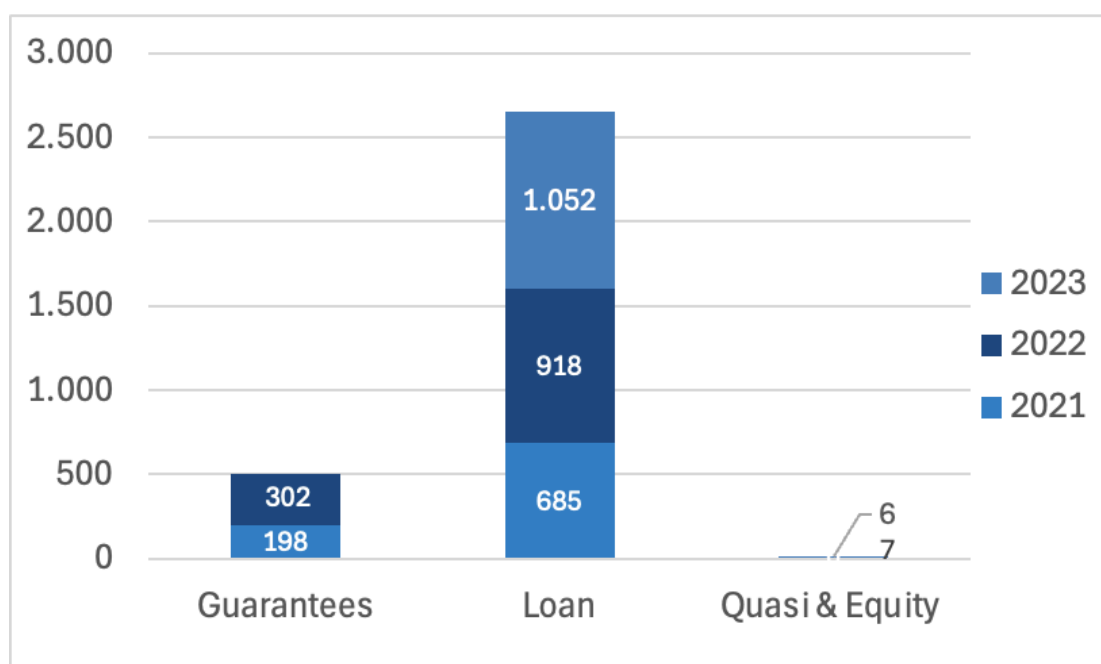
All financial institutions for development provide direct (and indirect) debt products, and fewer provide direct equity, quasi-equity and guarantee products. Interviewees acknowledge the limited relevance and additionality of financial institutions for development debt products, especially in the more mature markets such as Morocco. What is often missing is an equity ecosystem that could complement debt finance, and where EDFIs’ equity instruments (mostly indirect) would be well placed to play a role.

Figure 3: EDFI health-related portfolio by year & instrument in € million



Source: EDFI, 2025

Figure 4: EIB GLO health-related portfolio by year & instrument in € million³



Source: EIB, 2025

Equity is predominantly provided by EDFIs such as IFDK, Proparco, BIO and DEG (mostly through funds – which helps explain why volumes are relatively high

³ The portfolio presented in this table encompasses both public and private investments, yet the types and share of instruments used are similar between sovereign and private sector operations.

for this instrument), often to support health infrastructure and sometimes the local health private sector (including early-stage and high-growth). DFIs favour working through larger, multi-country, sector-agnostic private equity (PE)/venture capital (VC) funds rather than small, concentrated, single-country health funds, which increase concentration and exit risk. Beyond the risk profile, more established PE funds often mean higher returns.

Most European financial institutions for development have a mandate to invest in direct equity but are reluctant to use it. When DFIs invest equity directly, they often make “co-investments,” following the lead of an equity fund in which they are themselves investors: this practice is de facto akin to indirect equity. These direct equity transactions typically represent minority positions (5–20%), reflecting risk policies and the need to preserve governance leverage without assuming controlling exposure.

Quasi-equity — convertibles, subordinated loans, and mezzanine — is used by EIB GLO, Proparco, IFDK, and occasionally DEG to support growth-stage health operators with constrained cash flows or an asset-light model but high development potential.

In addition, **(volume) guarantees are** mostly deployed by EIB GLO, which benefits from the European Commission’s Accelerating Human Development (HDX) guarantee (HDX) guarantee, and the EIB Africa Caribbean and Pacific Trust Fund (ACP TF), enabling coverage for health and pharma companies and unlocking local-bank participation. Yet, the use of this instrument, in comparison to equity and debt, remains limited.

Across these institutions, Local Currency financing (LCY) remains extremely limited. Most financial institutions for development lend in hard currency, placing foreign exchange (FX) risk on the project promoter — an exposure that has produced severe stress in markets such as Ghana and Kenya.

3.4 The role of technical assistance to support health investments

Technical assistance (TA) can play a key role in health financing, and can account for up to 10% of the financial transactions. For instance, financial institutions for development use TA to strengthen funds and/or companies in the areas of clinical quality, working conditions, gender equality, and business integrity, as well as to report on the development effects of the business. Yet, health industry-specific capacities to deliver TA are rarely internalised (given the limited annual volume of health investments), and often externalised to third parties (whether consultancies or civil society organisations, including

foundations). Importantly, these limited technical capacities (in addition to the limited local presence) impede financial institutions for development's potential to originate and finance a pipeline of bankable projects.

Box 3: Use of TA in the health sector

Ex ante TA plays a critical role in preparing transactions for investment approval.

Before financial close, financial institutions for development rely on TA to conduct enhanced human rights due diligence, clinical governance assessments, and commercial validation. Ex ante TA therefore enables DFIs to mobilise specialised external expertise – often funded through EU or national TA facilities – to identify material risks and design mitigation measures aligned with institutional safeguards as part of their environmental and social impact assessment. This work is central for DFIs operating under stringent risk-management frameworks.

Ex post TA supports the consolidation and sustainability of investments during implementation.

Post-investment TA strengthens operator capacity to execute ESG and HRDD action plans, improve financial management systems, enhance procurement and supply-chain processes, and implement clinical-quality standards. TA also facilitates the monitoring of impact indicators and supports the long-term viability of the investment, thereby reducing credit-risk deterioration.

TA intensity varies across subsectors. Hospitals, diagnostic networks, and PPP-based service providers require TA for clinical governance systems, accreditation, and operational optimisation. Pharmaceutical manufacturers and distributors rely on TA to strengthen good manufacturing practices compliance, pharmacovigilance, and supply-chain integrity. Digital health models require structured TA to ensure data-protection compliance and commercial validation. TA is particularly critical for health SMEs—clinics, pharmacies, diagnostic micro-providers—where financial reporting, pricing models and inventory control systems are underdeveloped.

Source: The authors.

3.5 Co-financing and ecosystem coordination

Financial institutions for development prefer to co-finance health investments whenever the actual and/or perceived risks are too high, the volume of the transactions is too large, and/or when co-financing (and the mobilisation of public and private capital) is part of their objectives and mandates. The most obvious complementarity in this regard is between MDBs' financing (often in the form of loans) and EDFIs' equity and quasi-equity financing. Several examples of co-financing exist between the EIB or IFC and Proparco, DEG and others. Yet, contrary to the IFC, EIB GLO cannot syndicate transactions — that is, it cannot arrange for other investors or lenders to participate in and share the financing of a project under a single financing structure. In turn, this may limit co-financing opportunities.

Another complementarity worth highlighting relates to co-financing (but also pipeline development) opportunities between investment funds and financial institutions for development, which are limited partners in the investment funds. In contrast to some financial institutions for development, some PE funds tend to rely on local teams and have more leeway to work with smaller ticket sizes (less than €7 million), provide different products (including to cover OPEX), and take more risks (to get more commercial returns for those PE/VC funds, and/or development impact for impact-driven PE funds). Working through and with investment funds allows financial institutions for development to finance health investments directly, in cases where the PE fund identifies an opportunity in line with financial institutions for development investment criteria.

Lastly, the collaboration and strategic partnerships between financial institutions for development and foundations can serve as a strong catalyst for their engagement in the health sector, in a way that translates into more impact-driven investments. This was clear from the collaboration among the European Commission, EIB GLO, and the Gates Foundation under the HDX guarantee. The Gates Foundation brings in technical expertise and local knowledge; the European Commission provides a financial guarantee to limit the risk, and EIB deploys the line of credit for projects that are both financially sustainable and impactful.

An increasing number of financial institutions for development are looking at supporting their national health private sector internationalisation in partner countries. DEG's [ImpactConnect](#) illustrates how targeted concessional finance can catalyse European SME investment in African health, supporting local production, job creation, and pandemic readiness (Box 3) (KfW DEG, n.d.). The EIB complements this by linking intra- and extra-EU investments, focusing on the

larger investment ticket size, as seen in [BioNTech Rwanda](#) (European Investment Bank 2025).

Box 4: Engagement of European pharma companies in the health sector

The same as HDX, DEG's ImpactConnect (formerly AfricaConnect) programme also provides a relevant illustration of how targeted concessional debt can catalyse private investment in Africa's health sector, particularly by European SMEs seeking to expand into underserved markets. It provides German and European private sector subsidiaries in partner countries with attractive debt products (up to 10 million and 7-year maturity with possible grace periods). A representative transaction is DEG's €1.4 million loan to *Das Labour GmbH*, enabling the expansion of medical diagnostic laboratories in Togo and Benin, as well as the local production of COVID-19 rapid antigen tests in Côte d'Ivoire. The investment — structured as an unsecured medium-term loan with flexible currency options and an interest-rate incentive linked to measurable development impact — supported a total project size of approximately €2.9 million. It strengthened essential diagnostic capacity, created skilled jobs, and improved pandemic response readiness in markets with structurally underdeveloped laboratory infrastructure. This transaction demonstrates how ImpactConnect can cover both CAPEX (facility expansion and equipment) and quasi-operational expenditure linked to scaling local production. It further highlights the programme's ability to de-risk projects by sharing risk with the sponsor, requiring an adequate equity contribution, and embedding robust ESG due diligence. With over 90 transactions to date and more than €328 million deployed across sectors, including health, ImpactConnect represents a scalable instrument for mobilising European private-sector expertise to address critical healthcare gaps in Africa while aligning with EU development, resilience, and localisation priorities.

Going forward, stronger coordination with export credit agencies and alignment with EU competitiveness priorities are needed to maximise the development objectives and geostrategic interests of the EU.

4. Conclusion and recommendations

A more substantial mobilisation of development finance in health is both necessary and achievable for private-sector operations, provided that EU instruments are adapted to how health business models actually work (longer investment horizons, equity, and local-currency financing needs, etc.). Such adaptations could help position the European Union to significantly enhance its impact in global health, while reinforcing its competitiveness and strategic presence in key partner countries.

The next Multiannual Financial Framework and the Global Gateway scale-up offer a timely opportunity to recalibrate the European financial offer for strategic sectors like health, enabling the EU to act with greater flexibility to achieve impact at scale.

Five recommendations could support it:

1. Adapt and replicate the HDX Hub model to strengthen pipeline development.

a. HDX Hub Model

An efficient way to scale health investment is to build a stronger pipeline of bankable projects. In this context, the HDX Hub model could be adapted and scaled by combining European Commission, member state, and foundation resources to identify, develop, and de-risk a stronger pipeline of impactful health investments, while leveraging foundations' technical expertise, catalytic funding, stakeholder networks, and market signalling. The HDX Hub feeds primarily EIB GLO's pipeline (which works with other DFIs since the EIB finances only up to half of any deal) and could further evolve into an open platform, building on the experiences of EDFI European Financing Partners or the Interact Climate Change Facility. DFIs' expansion in Africa, with local offices, will also facilitate project origination and a more nuanced risk assessment.

b. Additional options to develop the pipeline of health projects

Outside of the HDX Hub and in parallel, financial institutions for development should better leverage their collaboration with PE and VC funds, and especially their origination capacity and local intelligence to facilitate one of the most complex issues, which is building a solid pipeline of investments. This requires clear signalling and an intentional approach from financial institutions for development, which can make a more strategic use of their position as limited

partners to steer the orientation (and efforts) of the asset managers towards health investments.

c. Ensuring the alignment between EU policy objectives and pipeline development

To generate more health investment opportunities, but also development impact – in line with EU policy priorities and Global Gateway flagship projects such as the Manufacturing and Access to Vaccines, medicines & health technology products in Africa (MAV+) TEI, financial institutions for development could, where relevant, use performance-based mechanisms when working with funds to incentivise them to do more impact-driven investments in the health sector, where they could also co-invest downstream where relevant. The uptake of such a modality could be facilitated by the European Commission, EU member states, or foundations, through the provision of grants in the form of TA. This model should be seen as complementary to the efforts of the HDX Hub (not a substitute), as the pipeline of projects would not be driven primarily by EU policy priorities, but rather the market itself.

2. Target guarantees support towards equity, liquidity and offtake in key partner countries

Designing an EU guarantee to support an equity programme dedicated to health and innovation investments in selected partner countries, where DFIs could co-invest with private investors, would be additional, scalable and replicable (the current HDX guarantee allows EIB to do debt and quasi-equity but not equity) and aligned with EU policy objectives. Such a guarantee could build on the Boost Ventures Africa model, with a focus on health, markets where financial institutions for development can support regional champions (South Africa, Nigeria, etc.), and countries aligned with MAV+ priority countries. Under the current Boost Africa programme, several supported funds are invested in health tech projects, and more is expected to be done under the follow-on programme, Boost Ventures Africa. In particular, the guarantee could support the deployment of junior equity via the EIB or another MDB, with other DFIs and private investors investing in senior equity. To have greater development impact, funds acting as intermediaries should preferably be based in the country of operation and have a specific focus on health, supporting health segments that address accessibility/affordability, such as vaccine manufacturing and active pharmaceutical ingredient production.

Currently, the cap on geographies in the EU budget programming, and more specifically in EFSD+, can prevent financial institutions for development from investing in and building experience and track record in the health sector.

Guarantees remain central to unlocking financial institutions for development investment at scale. EFSD+ guarantees under the open architecture window are capped per region, which may impose strict limits on the opportunities they can pursue. As a result, investment opportunities that align with policy priorities and fall within the remit of certain DFIs may be overlooked if the volume of funding was not identified during the design phase of the guarantee mandate. Taking into account that the period between a guarantee proposal and the actual start of the project can be several years, having a geographical limitation from the start only limits the capacity of DFIs to identify the most aligned, impactful and sustainable investments throughout the implementation phase.

In practice, in the next MFF, part of the Global Europe Instrument dedicated to health could be covered by the global envelope, which is meant to serve global public goods such as health. This would complement what can be done under regional envelopes, while allowing for the necessary flexibility and agility, in line with EU policy objectives.

Another use of the EU guarantee could be targeting offtake: Guarantee design must also evolve to match the risk features of health investments. This includes introducing volume or offtake guarantees for pharmaceutical manufacturing operations, where the demand is uncertain, which then affects the appetite of investors to support such operations. Such volume guarantees should cover longer time horizons than currently provided (two to three years), to facilitate equity financing, whose lifecycle often lasts around eight years.

Guarantee for liquidity: By providing a liquidity backstop for investors in impact funds – enabling them to exit their holdings – a liquidity guarantee addresses one of the most persistent impediments to private capital deployment in frontier markets: illiquidity related to the lack of secondary markets. In doing so, it adds yet another key tool to help address gaps and develop market infrastructure in emerging markets for companies in the health sector. The EFSD+ guarantee October Liquidity Guarantee Facility could serve as a model that could be provided and further tailored to the health market. In turn, this would incentivise investment funds in the health sector and facilitate private sector capital mobilisation. The guarantee could be provided based on a set of criteria reflecting EU policy objectives, ensuring that investments have both a financial and a development focus.

Beyond new types of guarantees, some EFSD+ guarantees, such as the TGVC, could be topped up, as they helped deliver investments in the health sector; whilst others, such as those supporting TCX, are expected to help facilitate local currency financing in the health sector by EDFIs.

3. Maintain and expand technical assistance

Technical assistance and investment-reimbursable grants are often needed to improve the risk/return profile of an investment and make it bankable, particularly for early-stage, capital-intensive projects (see more information in Section 3.3. Technical assistance). Yet, access to TA funds is expected to be increasingly difficult, with some EDFIs already indicating that access to such funds from their member states has been cut. In this context, EU support is expected to play an increasingly important role.

From this perspective, philanthropic and private funders have been central to the global health landscape for many years ([Koster et al. 2025](#)). Private foundations, in particular, have catalysed major advances and innovations, offering the flexibility and creativity needed to push the sector forward. In this context, foundations could provide grants or de-risk investments and/or provide expertise to financial institutions for development. A more systemic and strategic approach should be developed to better engage foundations, including in the next MFF.

When it comes to grants and technical assistance, health service programmes based on “payments-by-result” or “financing-not-linked-to-costs” have shown promising outcomes in the health sector. Notably, the World Bank’s Health Results-based Financing (HRBF) practice has proven it can improve efficiency and quality in the services provided, as long as it is closely connected to the broader health sector context in the targeted country (Brenzei and Naimoli 2009). For governments to have better assurance about the appropriate use of public funds, subsidies can be tied to expected performance on health impact ([GIIH 2025](#)). The EIB, with a guarantee from the European Commission, in collaboration with Gates, has also operationalised results-based finance for polio eradication. Building on these practices and lessons learnt, the European Commission could explore supporting this type of modality, especially for health services delivery, infrastructure, and medical devices/equipment-related investments. In addition, different forms of grants, such as repayable/convertible grants, should be encouraged to maximise the use of public funds.

4. Work towards a better and more strategic engagement of the European pharma industry in partnership with key partner countries

A strategic approach to European pharma private-sector engagement is required, drawing lessons from recent approaches and initiatives. Financial institutions for development are increasingly active and developing new approaches, backed by donor funding, as seen in the examples of EIB GLO, IFDK

and DEG. Despite their potential, export credit agencies (ECAs), whose mandate is to support national economic interests by providing mostly political risk insurance and also debt and equity in some cases, have rarely been involved thus far in the health financing ecosystem. A better understanding of their role and the complementarity between them and financial institutions for development will be key to positioning (and operationalising) health as a simultaneous competitiveness and development priority. In turn, this could boost the budget allocated to health, including in negotiations on the next MFF. It will be crucial to see how the recently launched Global Gateway Investment Hub and the broader Team Nationals could also help support the engagement of ECAs and pharma companies in INTPA regions.

Investment grants may be needed in order to incentivise large corporations to internationalise their activities in Africa (though such an effort could not be sustained at scale, and should be used selectively given grants scarcity). In contrast, the experience of DEG with smaller tickets shows that €1 to €5 million debt products with a 7-year tenure that can cover CAPEX and partly quasi-OPEX (such as early-stage working capital) are also relevant for engaging European pharma SMEs, particularly those focusing on the provision of diagnostic and medical devices.

In addition, linking intra-EU investments under the current InvestEU and EFSD+ (and between the European Competitiveness Fund (ECF) and the Global Europe Instrument (GEI) under the next MFF) will be key. In this context, a greater understanding of how extra-EU investments can help achieve internal policy objectives, while creating win-win situations for EU companies in partner countries, will be essential for moving forward with a strategic approach to the health sector.

5. Better coordinate policy reforms and investments in health

Coordinating policy reforms and improving the regulatory environment in partner countries, as is endeavoured through MAV+, is essential to enable financial institutions for development to invest at scale in the health sector.

Health investments – whether in hospitals, pharmaceutical manufacturing, diagnostics, or digital health – carry long payback periods and are highly sensitive to regulatory uncertainty. When regulatory frameworks are fragmented or unpredictable, financial institutions for development face elevated credit and compliance risks that render projects non-bankable, even when the underlying demand is strong. Yet, financial institutions for development often lack a clear and timely overview of ongoing donor interventions, resulting in a greater likelihood of siloed approaches and missed investment opportunities. This

fragmentation limits the potential for private-sector mobilisation and constrains opportunities for both partner-country firms and European operators.

The introduction of **policy-based lending** (PBL) under the next MFF provides a strategic opportunity to bridge this gap. By linking disbursements to targeted health-sector regulatory reforms, PBL can create a predictable, investment-enabling environment while ensuring DFIs are systematically consulted during reform design. In doing so, PBL can directly enhance project bankability, crowd in additional capital, and anchor a more coherent, investment-oriented policy dialogue across the EU's external financing architecture.

Disclaimer

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