PANEL 3 | SESSION 03 | ROUNDTABLE DISCUSSION

BLENDED AND CATALYTIC FINANCING

Unlocking Scale in Healthcare Innovation

MODERATORS

Pompy Shridhar — Director, India, MSD for Mothers. 20+ years of experience in healthcare and finance; specialises in outcome-based and market-driven financing to expand access to affordable, quality care.

Sujay Santra — Founder & CEO, iKure Techsoft Pvt. Ltd. Social entrepreneur and architect of sustainable community-anchored primary healthcare delivery models; pioneer in last-mile health innovation across South Asia.

ROUNDTABLE SPEAKERS

TABLE 1 **Madhavika Bajoria:** Executive Director, Health and Nutrition Platform, AVPN. Leads AVPN's regional health strategy across Asia's largest network of 600+ social investors in 35 countries; mobilises catalytic capital for Asian-led innovations across climate-health, gender, mental health, and integrated disease solutions.

TABLE 2 **Carl Nicholas Ng:** General Partner & Head of Impact/ESG, Verge HealthTech Fund. Singapore-based early-stage health technology investor; led investments in Bot MD, OLI Technologies, and Pathway MD (acquired for $63M); MBA from Harvard Business School.

TABLE 3 **Arun Khanna:** Director, Karbir Asia; Former Asia President, Dun & Bradstreet. Extensive experience leading businesses across Asia in FMCG, data analytics, and impact consulting; regional and global roles at P&G, Cabot, Nestlé, and Johnsonville; advisory board member for multiple non-profit organisations.

TABLE 4 **Aparna Dua:** Partner, The Blended Finance Company (TBFC). Designed the ASPYRE student finance facility and India's first Social Impact Bond at Asha Impact; expert in outcomes-based and blended finance structures; MBA from INSEAD; began career at Credit Suisse and BCG.

1 PANEL OVERVIEW

Panel 3 examined the role of blended and catalytic financing in enabling healthcare innovations to scale sustainably — particularly in contexts where traditional market mechanisms alone are insufficient. Structured as a roundtable discussion, the session brought together diverse perspectives on how different forms of capital can be aligned to support innovation across its entire lifecycle.

A foundational distinction was established at the outset: blended finance combines government funding with philanthropic and private capital to share risk and attract investment; catalytic capital focuses specifically on absorbing early-stage risk in high-uncertainty environments. While structurally

distinct, both serve the same ultimate objective — enabling impact at scale by addressing different risk profiles at different stages of the innovation lifecycle.

The central argument of the panel was that while significant healthcare innovation exists — particularly in low- and middle-income settings — many promising solutions fail to transition from successful pilots to large-scale implementation. Financing models are a decisive factor in this transition: shaping not only capital availability, but the design, evaluation, and scalability of the innovations themselves. The panel called for a shift toward end-to-end financing strategies, where catalytic and commercial capital are aligned from the outset.

2 CONTEXT AND KEY ISSUES

Healthcare innovation ecosystems typically follow a fragmented funding trajectory. Early-stage innovations are supported by catalytic capital — grants and philanthropic funding — that enables pilots and proof-of-concept development. The transition to growth capital and private investment, however, remains a structural challenge across markets.

India was highlighted as a particularly active deployment environment for blended and catalytic finance in healthcare innovation — an emerging hotspot that is testing new models at meaningful scale.

Several interconnected issues were identified as central barriers to effective scaling:

- Funder misalignment across stages: Catalytic funders prioritise innovation and impact during pilot phases; private investors focus on scalability, financial viability, and market potential. This disconnect creates a gap in which many promising solutions fail to attract follow-on funding.
- Pilots designed for the wrong conditions: Pilot programmes are frequently conducted in controlled, well-supported environments that do not reflect real-world constraints. As a result, demonstrated pilot success does not reliably translate into scalable models.
- Public-private objective tension: Private capital seeks commercially viable and scalable opportunities; public health systems prioritise equity, accessibility, and population-level impact. Aligning these objectives within a single financing model remains one of the field's core challenges.

3 INSIGHTS FROM THE DISCUSSION

Designing for Scale from the Outset

A foundational insight from the panel was that innovations must be designed with scale requirements in mind from day one — not retrofitted for scale after a successful pilot. The recommended approach is to reverse the conventional sequence: begin by understanding what government systems and private investors require for large-scale adoption, then work backward into early-stage design.

This “end-first” approach ensures alignment with the expectations of scale-stage funders — including market size, cost structures, and operational feasibility — and closes the gap between early-stage validation and long-term commercial sustainability.

The Role of Catalytic Capital

Catalytic capital plays an irreplaceable role in absorbing early-stage risk in high-uncertainty environments, particularly for innovations targeting underserved populations or addressing unmet health needs where commercial viability is not yet established.

However, the panel was clear: catalytic capital is a bridge, not a destination. Its purpose is to de-risk and validate innovations until they can attract commercial investment and achieve financial sustainability. Effective catalytic support should extend beyond funding to include mentorship, ecosystem development, and access to procurement pathways — equipping innovators to navigate the full transition from pilot to scale.

Investment Readiness: What Signals Scale Potential

The discussion identified a structured set of indicators that determine when an innovation is ready for further investment. These signals matter to both catalytic funders deciding when to transition support and commercial investors evaluating entry:

- Strength and trajectory of evidence supporting the solution
- Technology maturity, assessed through frameworks such as Technology Readiness Levels (TRLs)
- Capability and resilience of the founding team
- Clarity of regulatory and intellectual property pathways
- Demonstration of unmet need and validated market demand
- Degree of market maturity for the specific solution category

Together, these indicators provide a practical framework for assessing capital deployment timing and transition readiness.

Market Dynamics and Equity Considerations

The panel explored the relationship between market maturity and innovation adoption. In underserved or rural markets, limited commercial viability can make innovations unattractive to private investors despite their social value. In these contexts, catalytic capital plays a critical bridging role — enabling innovations to demonstrate value, build market familiarity, and develop the evidence base needed to attract commercial interest over time.

Importantly, scalability — a primary concern for private investors — can align with public health goals when innovations are explicitly designed to reach large populations equitably. This convergence is the strategic foundation of effective blended finance.

Team, Ecosystem, and Adaptability

Strong leadership and organisational capacity were identified as non-negotiable factors for scaling. Founders must demonstrate the ability to build teams, form cross-sector partnerships, and adapt to regulatory, market, and operational changes.

Healthcare innovation does not occur in isolation — it requires sustained collaboration with governments, healthcare providers, regulators, and financing institutions. Organisations that can navigate these complex ecosystems, build trust across stakeholders, and adapt their models as conditions evolve are significantly more likely to achieve and sustain scale.

Designing Pilots for Real-World Scale

The panel emphasised that pilots must be designed not merely to demonstrate technical success, but to test scalability and surface operational challenges early. A pilot that succeeds in controlled conditions but fails to identify real-world constraints provides limited signal for investors or policymakers.

Effective pilot design requires:

- Testing under real-world conditions, not controlled or supported environments
- Explicitly identifying operational bottlenecks and system-level constraints
- Engaging both early adopters and broader user groups to test adoption dynamics
- Generating evidence directly relevant to policy approval and investment decisions

Pilots designed with these principles produce meaningful insight into whether an innovation can genuinely succeed at scale — and at what cost.

Blended Finance as a System Approach

Blended finance was identified as more than a funding mechanism — it is a system-level approach for aligning capital across the innovation lifecycle. By combining government funding, philanthropic capital, and commercial investment within a single coordinated structure, blended finance models can sustain innovations through each development stage.

For these models to function effectively, all stakeholders must agree on shared success metrics: scalability, sustainability, and measurable health impact. Without this alignment, blended structures risk becoming fragmented funding coalitions rather than integrated financing systems.

4 CHALLENGES IDENTIFIED

The panel identified several persistent barriers that limit the effectiveness of financing models for healthcare innovation:

- Controlled-environment pilots: Over-reliance on supported, non-representative pilot settings produces results that do not translate to real-world scale conditions.

- Pilot-to-scale financing gap: Structural absence of clear, well-resourced pathways for transitioning from catalytic funding to growth-stage investment.
- Public-private objective misalignment: Difficulty reconciling financial sustainability requirements with equity, accessibility, and population health goals within shared financing structures.
- High capital barriers: Significant upfront capital requirements for certain technology categories limit the pool of willing investors and slow deployment.
- Exit planning gaps: Insufficient early engagement with growth-stage investors and lack of structured exit planning reduces investment confidence and prolongs funding uncertainty.
- Market demand validation: Challenges in demonstrating sustainable market demand and competitive differentiation to potential investors, particularly in underserved or low-income markets.

These challenges underscore the need for more integrated, coordinated, and sequenced financing approaches that treat the innovation lifecycle as a single system.

5 OPPORTUNITIES AND PROPOSED SOLUTIONS

The panel identified clear pathways to strengthen financing ecosystems for healthcare innovation. Each represents an actionable area for investment and system reform:

End-to-end financing strategies: Align catalytic and commercial capital from the earliest stages of innovation design. Ensure that pilot objectives, evidence generation, and operational models are structured to meet the requirements of both early-stage funders and scale-stage investors simultaneously.

Real-world pilot design standards: Develop and adopt evaluation frameworks that require pilots to be conducted in representative field conditions, generate investor-grade evidence, and explicitly identify operational constraints before scale-up decisions are made.

Innovation ecosystem strengthening: Build structured support infrastructure — including mentorship networks, regulatory navigation support, and procurement access pathways — to help innovators move through the transition from pilot to scale without losing momentum.

Government as anchor market: Engage government procurement systems as early adopters and proof-of-scale partners, particularly for solutions addressing public health challenges. Government adoption provides anchor market validation that accelerates private investor confidence.

Blended finance model expansion: Scale blended finance structures that combine public, philanthropic, and private capital with shared success metrics. Ensure that commercially marginal but high-impact innovations addressing critical health needs are not excluded due to limited near-term commercial viability.

6 KEY TAKEAWAYS

- Financing pathways must be designed for scale from the outset — not added as an afterthought once a pilot succeeds.

- Catalytic capital is a bridge to commercial funding, not a permanent solution. Its purpose is de-risking, validation, and transition — not sustained subsidy.
- Investment readiness is a structured condition: strong evidence, capable teams, regulatory clarity, and validated market demand are non-negotiable signals.
- Pilots must be designed for real-world scalability testing — controlled environments produce misleading signals and delay genuine scale readiness.
- Blended finance works when stakeholders share metrics. Without aligned definitions of success, multi-capital structures fragment into competing agendas.
- Government procurement as anchor market is an underused lever — early public adoption provides the validation and scale that accelerates private investment.
- Cross-sector collaboration is not optional. Navigating healthcare systems at scale requires sustained partnerships across government, providers, regulators, and investors.

7 IMPLICATIONS FOR FUTURE HEALTH SYSTEMS

Panel 3 made clear that fragmented funding approaches are a structural barrier to healthcare innovation at scale — and that resolving this requires treating the entire innovation lifecycle as a single financing system, not a series of discrete funding decisions. Future health systems must move beyond grant-to-pilot cycles and build coordinated, multi-stakeholder financing ecosystems that align incentives across public, private, and philanthropic sectors from the earliest stages.

Strengthening pathways from catalytic to commercial capital — supported by real-world pilot evidence, government anchor markets, and structured blended finance models — will determine whether promising innovations reach the populations that need them or stall in the pilot-to-scale gap. The diversity of financing approaches now being deployed across global markets signals momentum; the task is to systematise and connect them.

Ultimately, financing is not a constraint to be managed around. It is a strategic tool that shapes what innovations survive, what models get tested, and which populations ultimately benefit. Health systems that design their financing architecture with the same intentionality they apply to clinical or operational design will be best positioned to turn innovation into lasting, equitable impact.

> “Financing is not a resource constraint to be managed — it is the architecture of impact. Health systems that design their financing with the same intentionality as their clinical models will define which innovations survive, which models scale, and which populations are ultimately served.”
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> **— Panel 3 Closing Statement — Workshop Proceedings**