

# Investing in Health: Taking a Systems Approach

Invest Health Workshop

September 29, 2016

# Warm up

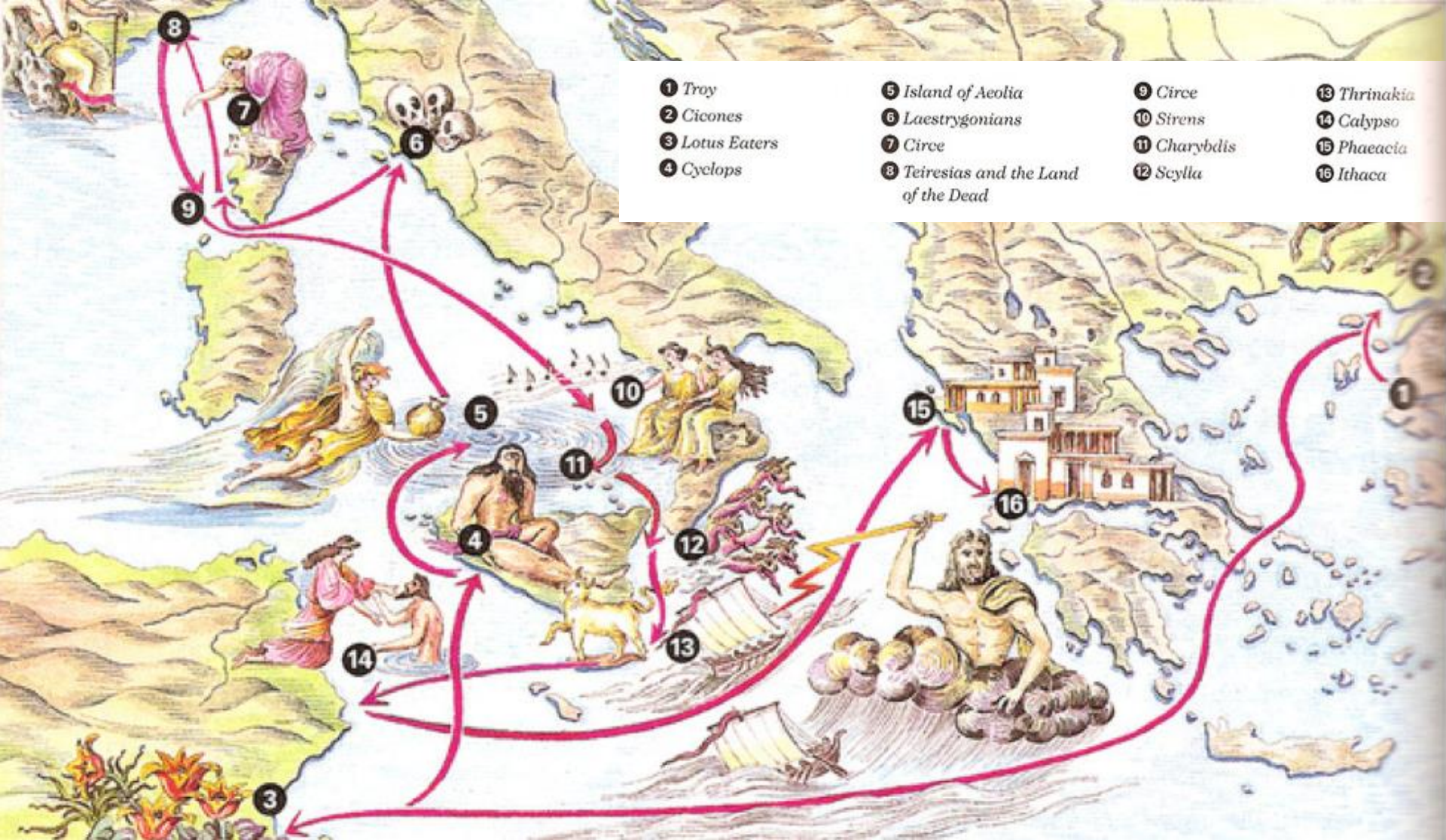
Pair up with someone at your table.

Take a minute to brainstorm with your buddy and name as many different types of investments you can think of that would improve health in your community. Be creative!

# Focusing on the supply of capital is not enough

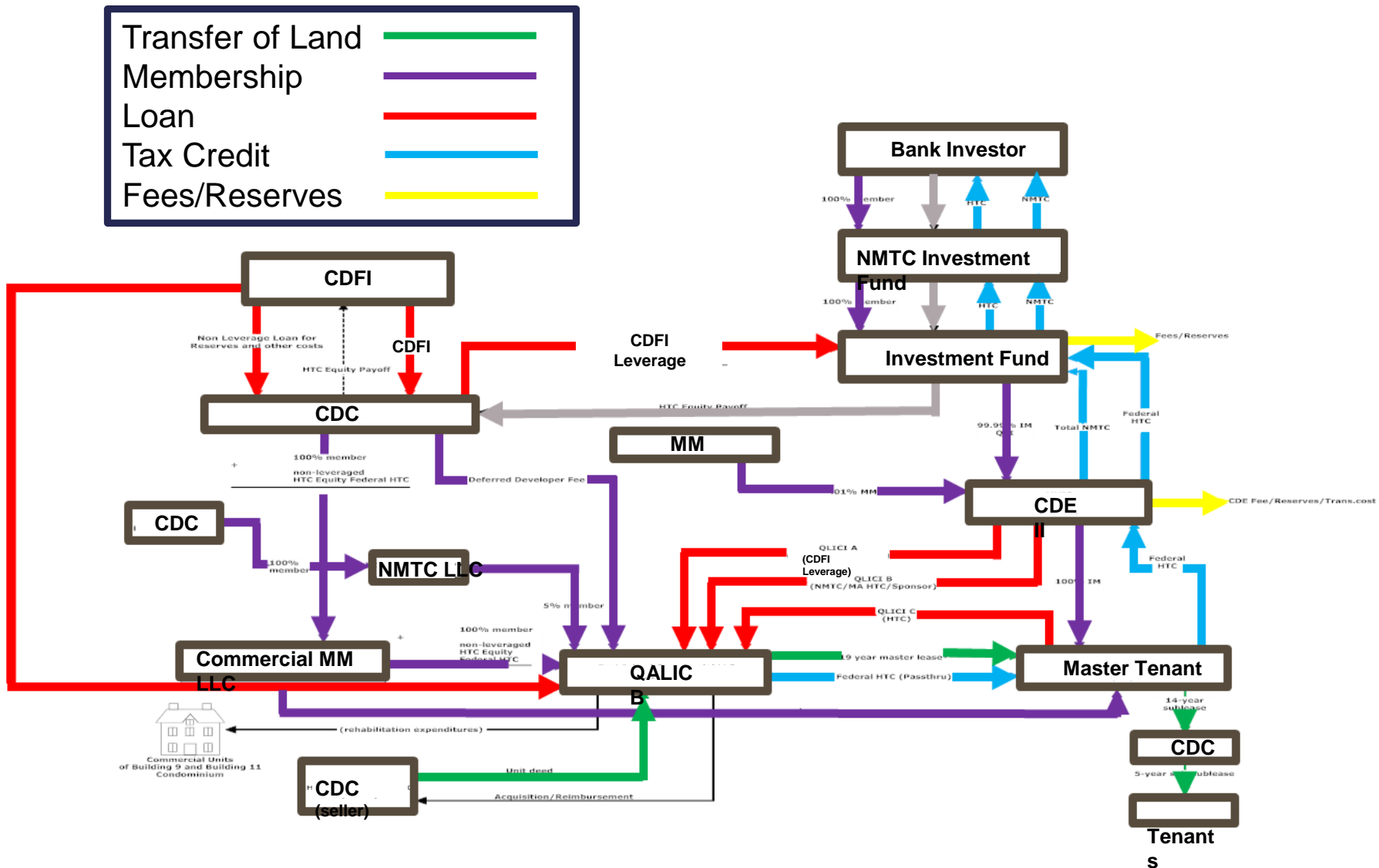


# Community Investment as a Heroic Quest

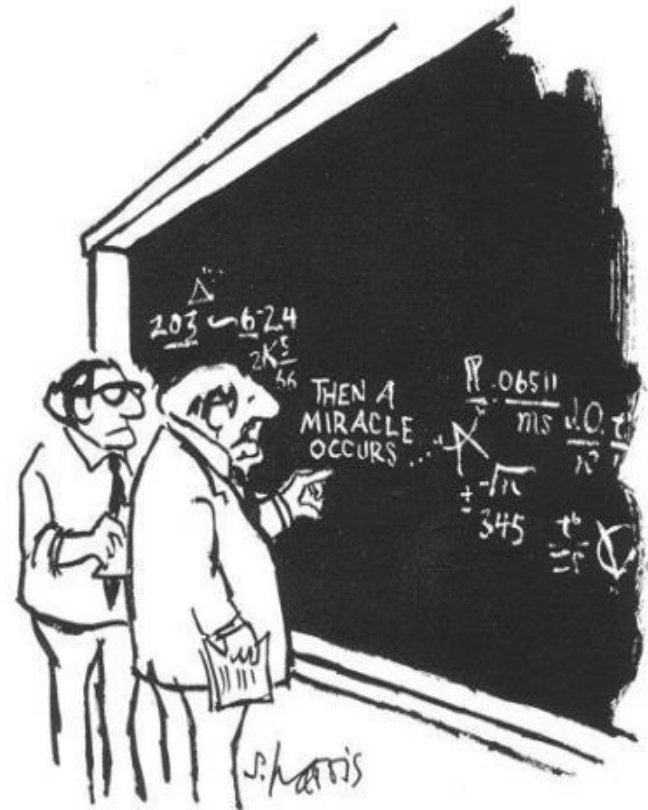


- |                |                                      |              |              |
|----------------|--------------------------------------|--------------|--------------|
| 1 Troy         | 5 Island of Aeolia                   | 9 Circe      | 13 Thrinakia |
| 2 Cicones      | 6 Laestrygonians                     | 10 Sirens    | 14 Calypso   |
| 3 Lotus Eaters | 7 Circe                              | 11 Charybdis | 15 Phaeacia  |
| 4 Cyclops      | 8 Teiresias and the Land of the Dead | 12 Scylla    | 16 Ithaca    |

# Why is Community Investment so Hard?



# What does it take for a city to attract and deploy capital to improve health?



"I THINK YOU SHOULD BE MORE EXPLICIT HERE IN STEP TWO."

# Capital absorption builds the landing strip for socially beneficial investment



# Common Error Patterns

- Assume lack of capital is the problem
- Assume a pipeline of investable deals
- Develop technical solutions to adaptive challenges
- Build from investor needs, not community priorities
- Focus on \$ at the expense of other resources
- Leave finance to the finance people



# Capital absorption as a set of functions

**Strategic  
Priorities**

**Pipeline**

**Enabling  
Environment**

# Strategic Priorities

Ensure there is a coherent, shared, community-endorsed vision specific enough to shape investments

## Considerations in Setting Priorities:

- **Health impact**
- **Drivers of urgency (“wet cement moments”)**
- **Equity and social co-benefits**
- **Community preferences**
- **What can be financed?**
  - **Repayment source?**
  - **Risk/return parameters**
  - **Payback period**
- **Politics**

# Priorities – Instructions (15 minutes)

- Choose a facilitator and a scribe for this exercise (you will switch these roles for the next exercise)
- Define the priorities of your team (not the vision, not an individual project)
- Name the priorities that guide investment in your community
- How do your team's priorities align (or not) with the priorities that currently guide investment in your community?

# Pipeline

Identify and develop potential investments that together add up to the realization of the community's strategic priorities

- Spot opportunities
- Frame the projects
- Select project participants
- Overcome barriers to investment
- Leverage public resources
- Assemble capital, including identification and blending of sources
- Structure and underwrite investments
- Align deals and projects with vision and priorities

# Analyzing the Pipeline

- Deals help you see the system
  - Strengths and gaps
  - Chokepoints
- Ask: What's already moving?
- Consider:
  - Who is engaged and who is missing?
  - What sources of finance are being used?
  - How would you rate the sufficiency, efficiency and impact?
  - What are the barriers/constraints?

# Parameters for Assessing the Pipeline

- **Sufficiency:** How much of the identified need is being addressed
- **Efficiency:** How smoothly deals progress, how long they take, what level of transaction costs are involved
- **Impact:** To what extent deals achieve the desired social and economic returns

# Pipeline – Instructions (20 minutes)

- Choose a different facilitator and scribe
- Name 3-5 investable opportunities that embody your team's priorities (these may be actual projects, or if there aren't any, ideas for investments that if they were done would advance your priorities)
- Assess the group:
  - What aspects of your priorities are addressed/missing?
  - How well are transactions like these moving in your community?
  - Are the investments having an impact?



# Enabling Environment

Shape the context that facilitates realization of the priorities.

- Set and enforce policies and regulations
- Determine and align resource flows
- Ensure availability of needed skills and capacities
- Foster formal and informal relationships
- Build forums and platforms for ongoing collaboration
- Influence practices and processes
- Generate and provide data

# Enabling Environment – Instructions (20 minutes)

- Yet another facilitator and scribe
- Talk about what you already do that contributes to success in addressing your priorities/moving your pipeline
- Discuss the 3-4 policies, practices, capacities, relationships, forums that if they existed would really improve your results. Could be a change in zoning, a new funding source, a regular meeting among certain stakeholders, inviting a CDFI or developer to work in your region...

# Make the System Visible in Order to:

- Identify/expand system boundaries (actors and resources)
- Surface/improve relationships among existing actors
- Spot/open choke points
- Highlight gaps between strategic priorities and ongoing activities and then align them
- See opportunities for improvement

# Next Steps – Instructions (10 minutes)

- Last time—new facilitator and scribe
- Now, identify who (individual or institution) is missing from your table in order to have a productive conversation about strengthening your community investment system
- Getting started: what 2 things could you do in the next 30 days to start harnessing the investment system to advance your priorities?
- 2 things before year-end
- 2 things in the next 6 months

**For more information:**

**Come to office hours TODAY 4:30-5:30 in the  
Windows Room (2d flr)**

**Contact:**

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**Or visit [www.kresge.org/library/community-  
investment-focusing-system](http://www.kresge.org/library/community-investment-focusing-system)**