



Health and Prosperity Initiative Investment Guidelines

DFC's focus in the health sector is to help low-income and middle-income countries attain a prosperous future by developing robust, sustainable health systems led by private sector innovators. As countries in the developing world face the immense challenges of the COVID-19 pandemic, addressing both communicable and the increasing prevalence of non-communicable diseases (NCDs) creates new strains on emerging market health systems.

DFC has developed the following questions to help you determine whether your project may be eligible to apply for financing from DFC under the Health and Prosperity Initiative. If you determine that you qualify, DFC encourages you to prepare a proposal in advance of reaching out to a project officer to help streamline the application process. With the exception of funding for certain technical assistance and feasibility study activities, DFC does not provide grant funding.

Health Sector Priorities and Requirements

- ✓ Does the proposed project support one of the following focus areas in the health sector?
 - 1) The global COVID-19 response
 - 2) Health supply chains (including the production and distribution of PPE, ventilators, therapeutics, diagnostics, vaccines, and other medical supplies/products/equipment)*
 - 3) Innovative care delivery systems
 - 4) Digital health and related IT systems
 - 5) Health care financing and insurance
 - 6) Data science innovations
 - 7) Medical technology and devices*
 - 8) Water and sanitization (WASH)
 - 9) Nutrition
 - 10) Pharmaceuticals*
 - 11) Biomedical research
 - 12) Other related investments that strengthen health system capacity

Note: If you are producing or distributing medical devices, equipment, pharmaceuticals, or other medical supplies, products must have FDA approval, CE certification, or equivalent.

General Eligibility Checklist for DFC Financing

DFC offers debt and equity financing, political risk insurance, and funding for technical assistance and feasibility studies.

- ✓ Are you proposing an investment in a developing country where DFC programs are available?

DFC programs support long-term, direct investments in developing countries. DFC loans and other financing is available to fund new investment activity; to expand and/or modernize an existing business abroad; and for privatizations. Acquisitions of existing operations are also eligible for financing if the investor contributes additional capital for modernization and/or expansion.

To review the list of countries and areas in which DFC programs are generally available, please visit [Where We Work](#). DFC places a priority on supporting projects in low-income or lower middle-income countries. Please note that, from time to time, statutory and policy constraints may limit the availability of DFC programs in certain countries, or countries where programs were previously unavailable may become eligible. Thus, investors are urged to contact DFC directly for up-to-date information regarding the availability of DFC services in specific countries.

The proceeds of DFC loans are utilized to fund a portion of the costs associated with the investment activity abroad. DFC does not offer financing of export sales unrelated to long-term investment. If you are seeking export financing, we recommend that you contact the [Ex-Im Bank of the United States](#) or the [Small Business Administration's \(SBA\) Office of International Trade](#).

- ✓ Is the borrower majority-owned by private sector parties?

DFC typically finances projects that are at least majority-owned by private sector persons or entities.

- ✓ Does the requested investment size fall within DFC's range of support?

DFC's Health and Prosperity Initiative will offer financing from \$5 million up to \$500 million per eligible project.

- ✓ Are the investors contributing an adequate level of equity to the project?

Investors must be willing to establish sound debt-to-equity relationships that will not jeopardize the success of the project through insufficient equity or excessive leverage. Although the financial structure may vary with the nature of a specific business, DFC generally will consider lending up to 50 percent of the project cost but may consider a somewhat higher participation in the case of an expansion of a foreign enterprise with a long track record of successful business operations, or for projects with significant off-

take agreements. DFC will not generally support more than 75 percent of the total investment.

- ✓ Do the sponsors have a successful track record in the industry?

All projects must be within the demonstrated competence of the proposed management, as evidenced by a recent, proven record of success in the same or a closely related business. Among other factors, DFC evaluates recent historical financial statements, which should demonstrate a record of revenue generation and successful business operations. For certain qualifying projects, DFC has the ability to provide funding for technical assistance and feasibility studies to advance project development.

- ✓ Will the proposed investment comply with DFC's Investment Policies?

DFC's mandate is to support investments that are environmentally and socially sustainable; respect human rights, including worker rights; and encourage positive host country development effects.

If you answered "Yes" to all of the questions above, DFC welcomes the opportunity to review a business plan that describes your growth plans and financing needs. Tips to creating the business plan begin on page 4 of this document.

Following review, DFC can provide initial feedback before you proceed to completing the online application for financing. For the list of selection criteria for the DFC Health and Prosperity Initiative Call for Proposals, please refer to Appendix 1. If a formal application is recommended by a DFC investment officer, the correct forms must be completed through the DFC forms portal:

- ✓ To apply for financing, complete DFC Form 001 (Application for Financing) through DFC's website (view a [read-only version of the form](#)).
- ✓ To apply for political risk insurance, use DFC Form 002.
- ✓ For investment funds, use DFC Form 004.

Note: The completed form must be accompanied by supporting documentation—namely, the business plan/PIM, a financial projections model incorporating the proposed terms of the DFC financing, and historical financial statements for the most recent three years.

Key Elements of a Business Plan for DFC Financing

This portion of the document is designed to help Project sponsors develop a business plan that incorporates the information that a DFC deal team seeks to preliminarily evaluate the Project. There is no right format and not every element listed below will be applicable to every Project. We encourage you to provide detailed responses for DFC to determine the creditworthiness and developmental impact of the Project.

Please note the following:

- ✓ All materials must be in English.
- ✓ All financial amounts should be provided in USD (and if converting from another currency, cite the exchange rate used).
- ✓ Numbers presented in this document should directly correlate with assumptions in the financial projections model.

Project Description/Status

- ✓ Describe the purpose for which the DFC loan is to be used and the Project development activities completed to date.
- ✓ Have market or feasibility studies been performed? If so, describe the scope of the study, identify the author, and identify the date of completion.
- ✓ Has the Project Company been incorporated in the Host Country? If so, what is the date of incorporation? If not, what is the timeline to establish the Project Company in the country?
- ✓ Has the land for the Project site been acquired by the Project Company? If so, when and by what financial means? If not, describe the timetable for acquisition.
- ✓ What is the amount (USD) of investment into the Project to-date? Who was the source of capital, and when was it invested? Provide an itemized list of expenses the investment satisfied.
- ✓ List all key operating agreements necessary to undertake the Project such as concession agreements, construction contracts, off-take agreements, environmental impact studies, feasibility studies, marketing studies, technical assistance agreements, management service agreements, leases, etc.
- ✓ Outline your expected timeline to complete key milestones (e.g., acquire permits/licenses, finalize environmental studies, achieve financial close) and commence commercial operations.
- ✓ Does your Project have any contractual deadlines that it must meet?
- ✓ Describe supplier networks needed for the successful operation of the Project.
- ✓ Describe the availability of necessary infrastructure (e.g., power, water, roads) for the Project.

Financial Plan and Credit Support

- ✓ What is the Total Cost (including any expenditures to-date) for the investment Project? Provide a breakdown of major expenditure categories. For each category of expenditure, provide data on bases for estimates.
- ✓ Of the Total Cost, what amount is being funded in equity capital by the sponsor(s)/investor(s)?
 - List each equity investor, including the amount (USD), form (e.g., cash), and status.
 - For non-cash investments, explain how value was determined and when.
- ✓ Of the portion of the Total Cost that is *not* being funded in equity capital per above, is the full amount being sought from DFC? If not, and other lenders will be participating in the Project, please identify the lender, loan amount, tenor, and describe how the loan is secured.
- ✓ **Note:** Does “Total Cost” minus “equity capital” minus debt from “other lenders” (as applicable) equal the DFC loan amount? If not, please revise the financial plan accordingly.
- ✓ List the desired tenor for the DFC loan and expected grace period on interest payments.
- ✓ What collateral is proposed to secure the DFC loan?
- ✓ What external credit enhancements/guarantees are available to support the DFC loan?

Project Ownership

- ✓ Provide complete Project Company ownership, tracing back through any and all holding companies or intermediary operating companies to individual shareholders owning (directly or indirectly) at least 10% of the Project Company. For each company, identify the country of domicile. For each individual, indicate citizenship, including whether the individual holds U.S. citizenship or legal permanent residency. Electronically attach an ownership chart, if available.
- ✓ Identify which of the shareholders are primarily developing the project, and the professional expertise of such individuals relevant to the proposed Project.
- ✓ Describe the Project Company management structure and professional expertise of individuals in key management positions that is relevant to the proposed Project. If any management members are committing less than 100% of their professional time to the Project, please identify the approximate percentage of time that will be dedicated to the Project.
- ✓ Describe management decision making/reporting and financial reporting systems.

Track Record

- ✓ How many years has the Project Company been revenue-generating? If the Project Company is a subsidiary of a parent/holding company that is revenue-producing, how long has the parent/holding company been revenue-generating?
- ✓ How does the company track record qualify the applicant for this Project?

- ✓ Are historical financial statements audited? If so, to what accounting standards and by which accounting firm?
- ✓ Describe the financial position of the Project Company (and parent/holding company, as relevant). What has been Annual Revenue, EBITDA, and Net Income/Loss each year for the last three years (or for the maximum number of years of operations if less than three)? Does the company have any existing borrowings? If so, identify lender, amount outstanding, tenor, and security/collateral.
- ✓ Provide explanations of key drivers behind the numbers with regard to profitability, operating cash flow, etc.

Market Analysis

- ✓ Describe recent market trends, any sector reforms, and the competition.
- ✓ Describe the products or services the Project will produce, in what volumes, and whether for the local market or for export (and, if for export, to which countries, at what volumes, and in what timeframes, if seasonal).
- ✓ Describe anticipated pricing for the products/services and how this compares to the competition.
- ✓ Provide estimates on what will be the Project's market share and why the applicant expects to achieve this.
- ✓ What are the bases for the estimation of market projections, and sources of underlying data?
- ✓ Who are the customers? Where applicable, include any draft customer contracts, letters of interest from customers, or lists of potential future customers.
- ✓ How will the company target customers?
- ✓ What assumptions have you made about the prices these customers are willing to pay?
- ✓ Describe the company's strategy and tactics for building a customer base and strengthening customer relationships.

Developmental Impact

- ✓ Provide a narrative on how this Project will help with the development of the country (i.e., employment, training and managerial capacity transfer, etc.).
- ✓ How does the Project contribute to women's economic empowerment?
- ✓ Why is the applicant seeking the participation of DFC?
- ✓ What have been the applicant's efforts to source commercial sources of debt for this Project? Which reasons have been cited for the unavailability of commercial debt for the Project? If commercial debt is available, why is it inadequate?

Legal, Economic, and Political Environment and Government Participation

- ✓ List Host Country laws, regulations, or pending reforms that will impact the Project or the sector.

- ✓ Describe the economic and political climate of the Host Country and the specific region in which the Project is located, as relevant to the development and successful operation of the Project.
- ✓ Describe any government or multilateral involvement in the Project or the sector and any government incentives such as tax holidays.
- ✓ Describe any litigation or community dispute or complaint resolution processes that have occurred or are occurring involving the Project, the Project Company, or shareholders.

Project Strengths/Risks and Risk Mitigation

- ✓ Describe those factors that strengthen the Project economics and contribute to the long-term viability of the Project.
- ✓ Describe Project risks such as credit risks, sector/market risks and competition, construction risk, operational and management risks, technology risk, political/economic risks, foreign exchange risk, legal/regulatory risks, and environmental and social risks.
- ✓ What steps are/will the Project Company take to mitigate such risks?

Appendix 1 – Selection Criteria

1. Credibility and thoughtfulness of the proposal; consistency and clarity of the investment thesis and proposed strategies.
2. Previous track record of the management team making or managing investments in emerging markets, and the team's experience in the health sector.
3. Experience, depth, credibility, and cohesiveness of the management team.
4. Ability to show a compelling business plan that addresses a market opportunity and logistics delivery capacity needed to improve health outcomes.
5. The management team's experience servicing debt obligations or acting as a fiduciary in managing institutional capital, and meeting reporting requirements.
6. Ability to mobilize additional capital within a reasonable time.
7. Demonstration of how the proposed investments may have a sustainable, positive developmental impact on the host country/countries in support of country priorities in areas including, but not limited to health outcomes, job creation, infrastructure improvements, social policies, and corporate social responsibility initiatives, as well as innovation, technology and knowledge transfer.
8. Ability of project to comply with DFC's policies related to environmental and social sustainability as well as respect for human and workers' rights. For further details on DFC policies, please visit [DFC Policies](#).
9. Ability of the project to specify and meet pertinent metrics, articulate how and why it will produce specific outcomes, and evaluate performance.
10. DFC prefers, but does not require, a "U.S. Connection," which means that the project company must either (i) be a U.S. entity that is at least 25% U.S.-owned or a foreign entity that is majority U.S.-owned, OR (ii) raise investment capital from U.S. investors that is equal to or greater than 25% of the DFC loan or other support.