

Briefing Note for
High Level Event:

MOVING THE NEEDLE:
**MENTAL HEALTH
STORIES FROM AROUND
THE WORLD**

April 2018



WORLD BANK GROUP

MOVING
FORWARD

“The global fight to transform mental health care will be won in ordinary communities, by ordinary people. Won in homes, schools, workplaces, local clinics, and small residential care facilities. Won by families, lay caregivers, nurses, psychologists, and patients providing peer support, as well as by psychiatrists. What will this great victory look like? It will look like normal life. Like individuals and families living happily, building strong relationships, working productively, where before they could not.”

**HEALING MINDS CHANGING LIVES': A MOVEMENT FOR
COMMUNITY-BASED MENTAL HEALTH CARE IN PERU**

World Bank Group and Cayetano Heredia Peruvian
University Report (2018)

MOVING FORWARD

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April 19, 2018



WORLD BANK GROUP

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INTRO DUCTION

This note summarizes work on global mental health that has been conducted recently with the support of the World Bank Group (WBG). It provides an overview of the global events, country programs, technical assessments, corporate policies for mental wellness in the workplace, and potential alternative financing platforms for scaling-up the global response to mental health.

Mental disorders such as depression, anxiety, and substance use disorders, impose an enormous global disease burden, four-fifths of which falls on low- and middle-income countries. They lead to premature mortality and affect people's functioning and quality of life. If left untreated, mental disorders can result in worse treatment adherence and outcomes for commonly co-occurring diseases, such as tuberculosis, diabetes, cardiovascular disease, and cancer. Yet parity between mental and physical health conditions remains a distant ideal.

For the last half century, the international community has been struggling to determine the place of mental health in a basic package of essential social services. Many decision-makers have agreed with one delegate to the 1958 World Health Assembly who was "alarmed" to find psychiatric care on the agenda of the World Health Organization (WHO), since mental health is "of far less immediate importance" than sanitation.¹ In 1993 the coordinator of the World Bank's Health Sector Priorities Review noted its failure to address the full range of neuropsychiatric conditions; mental health care was classed in the World Development Report of that year as a "low cost-effectiveness treatment."²

Research over the last two decades, however, has made clear that the unmet burden of mental illness and distress is a serious impediment to the global development agenda.³ It is also newly evident that their impact has been systematically underestimated.⁴ Poor mental health not only causes enormous suffering, it also impacts on economic development through lost production and consumption opportunities at both the individual and societal level. It is estimated that the lost economic output caused by untreated mental disorders as a result of diminished productivity at work, reduced rates of labor participation, foregone tax receipts, and increased welfare payments amounts to more than 10 billion days of lost work annually – the equivalent of US\$1 trillion per year.⁵ Reflecting this new understanding of their importance, the most recent edition of Disease Control Priorities dedicates an entire volume to mental, neurological and substance use disorders.

¹ World Health Organization (1958). Eleventh World Health Assembly, Minneapolis, 28 May - 13 June 1958, Resolutions and Decisions, Plenary Meetings, Verbatim Records, Committees Minutes and Reports, Annexes. Official Records of the World Health Organization No. 87. Geneva: WHO, p. 145.

² Jamison D. Introduction. In: Disease Control Priorities in Developing Countries. Jamison D, Mosley WH, Measham AR, Bobadilla JL, eds. Washington, D.C.: World Bank, p. 3; World Bank. Investing in Health: The World Development Report 1993, p. 66.

³ Patel V, Boyce N, Collins PY, et al. (2011). A renewed agenda for global mental health. *Lancet*. 2011 October 22; 378(9801): 1441–1442.

⁴ Vigo D, Thornicroft G, Atun R. Estimating the true global burden of mental illness. *Lancet Psychiatry* 2016; 3: 171–78.

Many countries are not prepared to deal with this often “invisible” and often-ignored challenge. Despite its enormous social burden, mental disorders continue to be driven into the shadows by stigma, prejudice, or fear of disclosure because a job may be lost, social standing ruined, or simply because health and social support services are not available or are out of reach for the afflicted and their families.

In spite of these challenges, there is growing support to move mental health from the periphery to the center of the global health and development agenda. As highlighted in WHO’s Mental Health Action Plan 2013-2020, a number of evidence-based, inter-sectoral strategies have proven to be effective, protecting and restoring mental health, well beyond the institutionalization approaches of the past. Properly implemented, these interventions represent “best buys” for any society, with significant returns in terms of health and economic gains with significant economic and public-health benefits. The World Bank has a critical role to play in the multilateral and inter-sectoral movement to bring mental health to the forefront.

To fully realize the goal of universal health coverage around the world, it is critical to integrate prevention, treatment and care services for mental health disorders, along with psychosocial support mechanisms, into accessible service delivery and financial protection programs – and particularly those at the community level. Additionally, health and policy leaders need to identify “entry points” across sectors to help tackle the social and economic factors that contribute to the onset and perpetuation of mental health disorders. The Bank is dedicated to assisting them through advocacy within the global policy community; by providing development funding via a variety of traditional and innovative lending instruments; and by sponsoring technical research and evaluation to bring tools of mental health care into the mainstream of development activity.

⁵ Chisholm D, Sweeny K, Sheehan P, Rasmussen B, Smit F, Cuijpers P, Saxena S. (2016). Scaling-up treatment of depression and anxiety: a global return on investment analysis. *Lancet Psychiatry*, May;3(5):415-24.

OVERVIEW OF CURRENT ACTIVITIES

1. Global Advocacy

Confronting mental disorders will require new sources of funding to bridge current resource gaps. Investment from a combination of national governments and international development partners could bridge these gaps and result in cost-effective mental health interventions. The World Bank has a key role to play in catalyzing this global commitment, and has sponsored a number of high-level advocacy events in the last few years.

Event 1: World Bank-WHO “Out of the Shadows: Making Mental Health a Global Priority”

The World Bank Group and WHO co-hosted the “Out of the Shadows: Making Mental Health a Global Priority” event as part of the WBG-IMF Spring Meetings held in Washington, D.C. in April, 12-14, 2016. The aim of this event was to engage finance ministers, multilateral and bilateral organizations, the business community, technology innovators, and civil society about the urgent investments needed in mental health and psychosocial support, and the expected returns in terms of health, social and economic benefits.

The meeting framed mental health not just as a neglected health issue, but as a development priority. It coincided with the publication of a WHO-led paper in *Lancet Psychiatry*, which outlines the extent of the mental health disease burden, its effect on economies, and what the return on investment is for every dollar invested in mental health. After the event, a summary of discussions was published as a Commentary in the *Lancet*. The summary and related documentation are available at: <http://pubdocs.worldbank.org/en/391171465393131073/0602-SummaryReport-GMH-event-June-3-2016.pdf>

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Event 2: “Healthy Brain Bonds: Is This a Feasible Option?”

Organized at the World Bank Group, this event was held on February 28, 2018 with a select group of global experts. It was intended as a learning exchange on the feasibility of developing a “Healthy Brains Bond” initiative, rather than a decision-making event. To this end, the meeting was structured as two sessions. The first session was dedicated to a learning exchange focusing on the accumulated experience with social and development bonds that might be relevant to the Healthy Brains Bond proposal. The second session focused on an exchange of perspectives on “what” the proposed Healthy Brains Bond should fund.

Meeting participants highlighted the importance of collaboration between basic research scientists and service delivery personnel, and the importance of avoiding a binary model in global mental health. However, they noted that while the overall objective should be integration of findings and holistic approaches, this would not preclude some separation of these different streams of work, particularly given the likely divergence in potential sources of financing. Meeting participants concurred that a menu of different funding instruments could be developed, emphasizing that the two streams (brain research and service delivery), would need to share a unified vision to capitalize on synergies. To advance this work, it was agreed to create three Working Groups with a specific timeline for the delivery of recommendations and action plans.

Event 3: “Moving the Needle: Mental Health Stories from Around the World”

The World Bank Group team, in partnership with the Embassy of Canada and the World Bank Group, with the support of World Health Organization and the Global Campaign for Mental Health, organized this high-level event to be opened by the Honourable Ginette Petitpas Taylor, Canada’s Minister of Health.

This event will take place on April 19, 2018, during the World Bank Group-International Monetary Fund Spring Meetings, at the Embassy of Canada in Washington D.C. (501 Pennsylvania Ave NW). The aim of this event is to continue to move mental health from the margins to the mainstream of the sustainable development agenda. Mental health and substance use disorders impose an enormous disease burden and an increasing obstacle to achieving the Sustainable Development Goals.

The issue is becoming ever more urgent in light of widespread forced migration, sustained conflict, and fragility we are seeing globally. The combination of overall lack of resources devoted to mental health and budgetary constraints in the world’s poorest regions means that the countries that can least afford lost economic output and increased healthcare costs are the ones affected the most. Despite these challenges, there is growing commitment around the world to begin a new era in which mental health moves from the periphery to the center of the global health agenda and becomes a centerpiece of sustainable development.

Bringing scientific evidence and country experience to bear, this event will support the mobilization of an international movement aimed at scaling up mental health services in primary care and community settings, wellness and health in the workplace programs, and other social protection and support mechanisms, including those targeted to vulnerable populations such women and children, adolescents and young adults, displaced populations and refugees, and indigenous populations.

The high-level event will center on delivering three key outcomes:

- 1 Share lessons learned & progress:** Much has happened since the “Out of the Shadows: Making Mental Health a Global Development Priority” conference held during the 2016 World Bank Group-International Monetary Fund Spring Meetings—this event is a time to share key lessons and illustrate progress.
- 2 Update on current initiatives:** The meeting is an opportunity to share new initiatives, alternative funding platforms, and cross-sectoral entry points – to scale up global mental health efforts.
- 3 Discussion on progress and challenges:** Discussion involving diverse stakeholders to assess progress made, challenges, lessons that could be applied across countries, and possible actions that build on this progress and support close the mental health gap.

2. Investment Projects

Sectoral projects funded by the World Bank Group (WBG) are supporting the delivery of mental health interventions as part of integrated service delivery in a number of different sectors. They reflect an increasing commitment to incorporating treatment for mental illness into bottom-up, multidisciplinary efforts to reintegrate displaced population groups after conflicts and natural disasters, overcome barriers to securing employment among the poor and vulnerable, and other project-based activity.

- Afghanistan System Enhancement for Health Action in Transition Project (US\$653 million). Initiated in 2013, this project is expanding the scope, quality and coverage of health services provided to the population, particularly to the poor. The delivery of mental health services is included part of the Basic Package of Health Services.
- DRC, Burundi, Rwanda Great Lakes Emergency Sexual and Gender Based Violence & Women's Health Project (US\$44.4 million). Initiated in 2014, this project offers integrated support for GBV survivors and violence prevention at community and health facility level, including medical, mental, forensic, legal, social supports and economic empowerment. The project also promotes integration of GBV screening, support and prevention with maternal and reproductive services and other basic health services.

- Horn of Africa Emergency Health Project (USD30 million IDA/CRW grant). Active between 2011 and 2013, this project offered counseling and treatment to Somali refugees (most were women and children) in refugee camps in Kenya and Ethiopia, who were impacted by gender-based and sexual violence, as part of a primary care package
- Guinea, Liberia, Sierra Leone Ebola Emergency Response Project (US\$390 million). This project offered counseling and other psychosocial support for patients and families as part of an integrated package of interventions in response to Ebola crisis.
- Liberia Supporting Psychosocial Health and Resilience Project (US\$2.7 million). This ongoing project is providing psychosocial and capacity building support to improve long-term psychosocial health and resilience at the individual and community level.
- Lebanon Health Resilience Project (US\$150 million). This project provides mental health services at primary health care clinics as part of integrated package of essential health services benefitting poor Lebanese and displaced Syrian population.
- Lebanon National Volunteer Service Program ((US\$4 million). To improve social stability and service delivery in the most vulnerable Lebanese communities hosting Syrian refugees, this project is supporting youth volunteering, soft skills development, and psychosocial awareness activities.
- Nigeria North East Emergency Transition and Stabilization Program (NESTP) (US\$575 million). This project supports short and medium-term recovery, stabilization and peace building needs through a coordinated set of projects, including psychosocial support at different levels, training and support for health workers allowing them to recognize, support, and treat victims of sexual and gender-based violence, post-traumatic stress disorder, and mental illness more broadly.
- Serving People, Improving Health Project for Ukraine (US\$261 million). It is proposed that health interventions will be integrated as part of the delivery of primary care services at the community level in selected regions of the country.
- Yemen Emergency Health and Nutrition Project (US\$500 million). The provision of mental health services is included in the delivery of a package of essential health services along with general health services and trauma care, child care at all levels, nutrition, communicable diseases interventions, reproductive, maternal and newborn health care, non-communicable diseases services, and environmental health services.

3. Technical Assessments

The increasing interest among national as well as international actors in improving mental health services bears with it an increasing burden of technical assessment. As countries pursue reforms in the health system to increase the ability of mental health care, the World Bank has dedicated substantial resources to build its capacity in this area. The aim of Bank-sponsored technical assessments is to provide recommendations to inform policy and operational guidance for strengthening integration of mental health into primary health care and community-based service platforms. WBG teams are actively conducting technical assessments to inform policy dialogue for mainstreaming mental health and psychosocial support services across sectors.⁶

- World Development Report 2015: Mind, Society, and Behavior: <http://www.worldbank.org/en/publication/wdr2015>
- “Healing Minds, Changing Lives: A Movement for Community-Based Mental Health Care in Peru. Delivery Innovations in a Low-Income Community, 2013-2016” (2018): <http://documents.worldbank.org/curated/en/407921523031016762/>
- “How chronic depression affects welfare in a context of conflicts: The reality in Nigeria”: A new study in Nigeria shows that chronic depression is associated with a lower labor force participation and reduced investments in children’s schooling (2018): <http://documents.worldbank.org/curated/en/426301517948997939/How-chronic-depression-affects-welfare-in-a-context-of-conflicts>
- “The right way to ask” (2018): An experiment in Nigeria showed that psychological tools, like priming, can have powerful impacts on survey respondents: <http://documents.worldbank.org/curated/en/624501517952900812/The-right-way-to-ask>
- “Mental Health in Liberia. Comfort for Kids in the Time of Ebola” (2018): <http://documents.worldbank.org/curated/en/409071523526805205/>

⁶ These WBG reports and blogs are available on the WBG’s Global Mental Health website. <http://www.worldbank.org/en/topic/mental-health>

- “Resources for Psychosocial Support in Fragile and Conflict-Affected Settings” (2016). Contains information about recent WBG-supported projects in Afghanistan, DRC, Burundi, Rwanda, Liberia, Sierra Leone, Yemen, Lebanon”: <http://www.worldbank.org/en/topic/fragilityconflictviolence/brief/resources-for-psychosocial-support>
- “Ukraine Mental Health in Transition” (2017): <http://documents.worldbank.org/curated/en/310711509516280173/Mental-health-in-transition-assessment-and-guidance-for-strengthening-integration-of-mental-health-into-primary-health-care-and-community-based-service-platforms-in-Ukraine>
- “Mental Health Among Displaced Populations and Refugees: Making the Case for Action at the World Bank Group” (2017): <http://documents.worldbank.org/curated/en/916131486730755271/pdf/112742-WP-WBG-Web-MHDP-2017-PUBLIC.pdf>
- “Time for Mental Health to Come Out of the Shadows” Commentary in The Lancet” (2016): <http://pubdocs.worldbank.org/en/112241465393132401/Lancet-Comment-4th-June-2016.pdf>
- “Out of the Shadows: Making Mental Health A Global Development Priority” (2016): <http://documents.worldbank.org/curated/en/270131468187759113/Out-of-the-shadows-making-mental-health-a-global-development-priority>
- “Summary report for the 2016 WBG/WHO Global Mental Health Conference at the WBG-IMF Spring Meetings” (2016): <http://pubdocs.worldbank.org/en/391171465393131073/0602-SummaryReport-GMH-event-June-3-2016.pdf>
- Out of the Shadows: Making Mental Health a Global Development Priority: video of plenary opening panel (2016): <http://live.worldbank.org/out-of-the-shadows-making-mental-health-a-global-development-priority>
- Animation: Making Mental Health a Global Development Priority: <https://www.youtube.com/watch?v=THT43iz9E8Y>

4. Informal Engagement

In addition to high-level advocacy for global mental health, the World Bank Group is dedicated to promoting informal conversations with policymakers, academics and informed members of the public on matters of urgent concern. One key platform for this engagement is the Blog Series on Global Mental Health, which offers a panorama of the experiences of those on the ground, the challenges they face, and the solutions they have devised.

- Blog: Depression and its links to conflict and welfare in Nigeria: https://blogs.worldbank.org/nasikiliza/depression-and-its-links-to-conflict-and-welfare-in-nigeria?CID=POV_TT_Poverty_EN_EXT
- Blog: Mental Health Parity is Critical for Achieving Universal Health Coverage in Ukraine: <http://blogs.worldbank.org/health/mental-health-parity-critical-achieving-universal-health-coverage-ukraine>
- Blog: The case for physical and mental wellness programs in the workplace: <http://blogs.worldbank.org/health/case-physical-and-mental-wellness-programs-workplace>
- Blog: On World Health Day, why I'm choosing to talk about depression: <http://blogs.worldbank.org/health/world-health-day-why-im-choosing-talk-about-depression>
- Blog: Advancing global mental health action: lessons from Canada: <http://blogs.worldbank.org/health/advancing-global-mental-health-action-lessons-canada>
- Blog: Healthy women are the cornerstone of healthy societies: <http://blogs.worldbank.org/health/healthy-women-are-cornerstone-healthy-societies>
- Blog: Mental health services in situations of conflict, fragility and violence: What to do?: <https://blogs.worldbank.org/health/mental-health-services-situations-conflict-fragility-and-violence-what-do>
- Blog: Invisible wounds: Mental health among displaced people and refugees: <http://blogs.worldbank.org/voices/invisible-wounds-mental-health-among-displaced-people-and-refugees>
- Blog: Shining a light on mental illness: An “invisible disability”: <http://blogs.worldbank.org/health/shining-light-mental-illness-invisible-disability>

- Blog: “The zero hour” for mental health: <http://blogs.worldbank.org/health/zero-hour-mental-health>
- Blog: Mental Health: Time for a Broader Agenda: <http://blogs.worldbank.org/health/mental-health-time-broader-agenda>
- Blog: Is Violence a Public Health Problem?: <http://blogs.worldbank.org/health/violence-public-health-problem>
- Blog: Is Unemployment Bad for Your Health?: <http://blogs.worldbank.org/health/unemployment-bad-your-health>
- Blog: Healthier Workplaces = Healthy Profits: <http://blogs.worldbank.org/health/healthier-workplaces-healthy-profits>

WBG resource websites on mental health and psychosocial support:

- Resources for Psychosocial Support in Fragile and Conflict-Affected Settings: <http://www.worldbank.org/en/topic/fragilityconflictviolence/brief/resources-for-psychosocial-support>
- World Bank mental health website: <http://intranet.worldbank.org/WSITE/INTRANET/SECTORS/HEALTHNUTRITIONANDPOPULATION/INTMH/0,,menuPK:382836~pagePK:151716~piPK:176772~theSitePK:382828,00.html>
- Violence against Women and Girls--Resource Guide: <http://www.vawgresourceguide.org/>

5. Mental/Psychosocial Health at the World Bank Group Workplace

There is a robust body of evidence showing that investment in workplace wellness programs is not only good for employees but also for the bottom line of companies. Workplace mental health interventions focused on individuals are a critical component of occupational health. Such programs can be centered on either treatment or mental health promotion such as cognitive-behavioral approaches targeting stress reduction. Organizational-level workplace interventions can include policies that address prevention and early intervention. There is some evidence that an integrated approach to workplace mental health, involving harm prevention through reducing workplace risks, mental health promotion, and treatment of existing illness, provides the most comprehensive management of mental health needs.

As a major funder of health care interventions, the World Bank Group considers it of great importance to model mental and psychosocial health intervention as an integral component within the spectrum of individual and organizational health.

Recent initiatives which implement various elements of the above approach to mental health include:

- The WBG Health and Wellness platform, available to all staff, dependents, and retirees, which incorporates a comprehensive health and wellness assessment. The assessment incorporates the PHQ4 mental health screening tool, which if triggered automatically serves up the GAD7 and PHQ9 screening tools for anxiety and depression. Confidential reach out to at risk participants identified through these screening tools is conducted by a third-party health provider, with access to stress management coaching or more intensive condition management support, depending on the risk profile.
- An HQ on-site primary health care facility managed by a third party medical service provider, now providing access to on site mental health consultation services, and available for staff, dependents, and retirees.
- The HSD Personal and Work Stress Counseling Unit services have recently been supplemented by a 24/7 counseling helpline that provides urgent, multi-lingual counseling to all staff on a global basis.
- Focusing on mental health support in the challenging and stressful operational environments associated with FCV locations, HSD in conjunction with the CMT, piloted a program providing enhanced psychosocial support to staff and

dependents in Kabul, Afghanistan. This has been highly appreciated by staff, and has evolved to a full-fledged support program with two psychologists undertaking regular on-site support missions, videoconference trainings and workshops, resiliency briefings, individual counseling (face-to-face and via Skype), and critical incident responses to all staff based in, and who travel on mission to, the Kabul office. Further, they have facilitated the translation of the HSD Counseling Unit newsletter into Dari and Pashto, and developed packages of written materials that have both been placed in all guest house rooms (for visiting missions), and made available to staff at the office. This is a best practice support model that HSD intends to expand to other duty stations where psychosocial pressures on staff are significant.

- Working together with the WBG Staff Association and the US National Council of Behavioral Health, a series of "Mental Health First Aid training courses are being offered to staff. This training is aimed at providing a deeper understanding of mental health issues, how to recognize when they may be manifesting either in the workplace or elsewhere, and how to respond/offer support in an appropriate way when needed.
- Recognizing the wide spectrum of mental health concerns that affect the World Bank Group family, HSD sponsors a lunchtime speaker series with subject matter experts, livestreamed to all offices. Recent topics include sleep dynamics and 'hygiene'; marital conflicts revolving around money matters; and parenting issues with adolescents with an emphasis on managing social media concerns.

These initiatives have augmented the ongoing delivery of the core counseling services, the utilization rate of which has risen steadily over the past five years, exemplified by the 39 percent increase in the number of initial consultations with staff from FY16 to FY17 and the delivery of counseling services in 92 countries in FY17. In FY17, ten percent of all individual appointments were with staff in FCV locations.

AGENDA FOR FUTURE ACTION

1. Potential Financing Mechanisms to Support Country Mental Health Services Scale-Up

The World Bank Group has been playing a lead role in international assistance adopting alternative financing mechanisms to support the development of countries. It is clear that to support the scaling up of the mental health agenda as part of integrated health and social service delivery approaches under universal health coverage initiatives, it is imperative that alternative financing mechanisms be explored, including strengthened domestic resource mobilization efforts. This section presents a variety of possible financing mechanisms, along with specific examples of their application.⁷

Social Impact Financing

Social impact financing provides financial resources to solve social issues world-wide. There is a significant need for financing to solve a variety of social issues, from climate change to pandemics. There is also significant interest from a variety of financing sources, both public and private, to fund initiatives that would address many of these issues.

Many institutions, including the World Bank, are trying to figure out the best ways to combine these various sources of financing to achieve the optimal outcome and provide the much-needed resources to address these issues.

Types of Social Impact Financing

Pure private sector financing. This category usually involves tapping into capital markets to raise financing that will be used for specific social purposes. It includes various types of social-focused bonds (e.g., green bonds, gender bonds, etc.). Capital markets offer a largely untapped source of financing for social issues. Key issues related to accessing this type of financing include:

- Establishing credibility for specific type of issue among investors.
- Identifying projects that qualify for financing.
- Developing a transparent and reliable process to report the use of funds.

⁷ The information in this informal note is intended for discussion purposes only. Further analysis would be required, and the internal clearances would need to be obtained prior to advancing to the next stage.

Blended financing. Blended financing uses public/donor financing as leverage to provide private capital by raising additional financing from private institutions. This includes a variety of financial engineering schemes. Public institutions and donors have a limited amount of capital and are increasingly looking for ways to increase the amount of capital they can deploy by leveraging private sources. This is a key part of the World Bank's strategy and the institution has developed mechanisms to achieve this. One such example is the Pandemic Emergency Financing Facility (PEF).

Public/Donor Financing. It is financing provided by donors or public institutions such as Multilateral Development Banks (MDBs); for example, loans or grants provided by the World Bank. An innovative example of such financing is the Global Concessional Financing Facility (GCFF).

Following are examples representing each of the above three types of social impact financing which have been used by the World Bank. One or more of these examples may serve as models for designing a financing mechanism to address mental health financing needs.

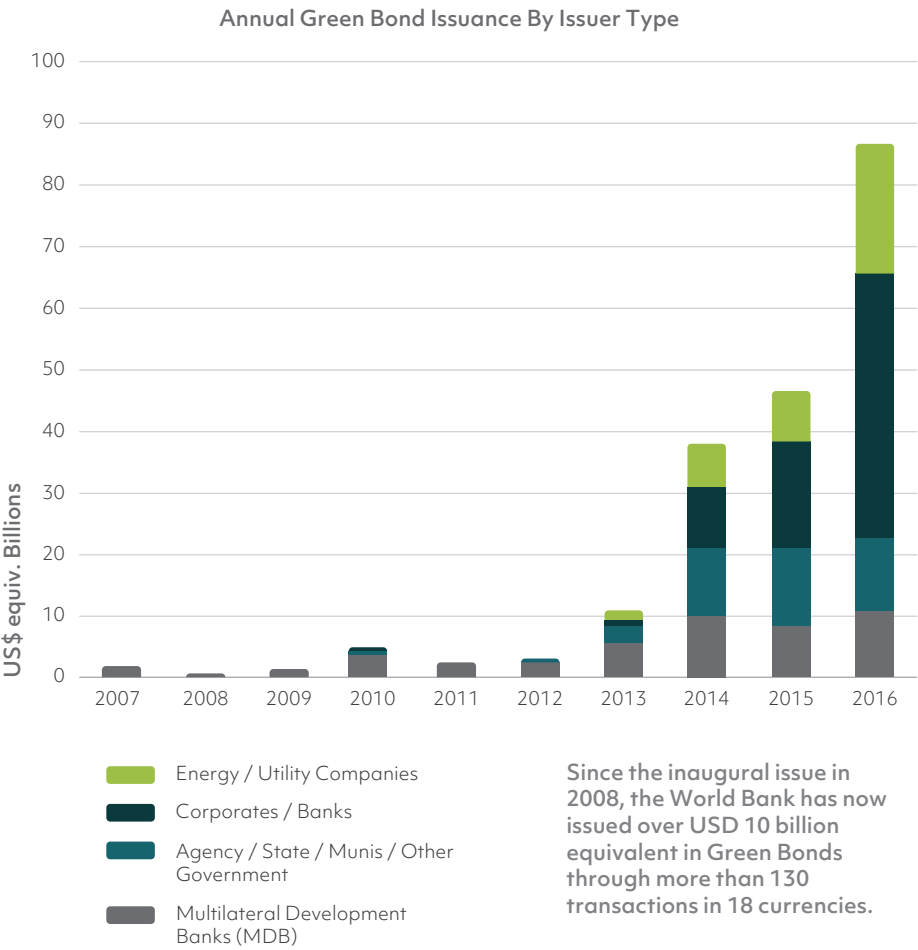
Examples of Social Impact Financing

Green Bonds (Pure Private Sector Financing)

Green bonds are bonds that raise money from investors to fund new and existing projects with climate change or environment benefits. Green bonds may be the most suitable example of a social impact financing bond after which a potential healthy brains bond could be modeled. For a bond to be "green," an issuer must comply with three requirements:

- Assign bond proceeds solely to the financing or re-financing of projects intended to improve or protect the environment.
- Declare the bond to be green (before issuance).
- Commit to a level of transparency and reporting on the bond's use of proceeds.

INCREASING INTEREST IN GREEN BONDS AMONG A VARIETY OF ISSUERS



Source: Bloomberg, World Bank and other public sources

GREEN BONDS HAVE AN ADDITIONAL COMPONENT TO REGULAR BOND ISSUANCE TO ACCOUNT FOR SPECIALIZED USE OF PROCEEDS.

ISSUING A REGULAR BOND	ISSUING A GREEN BOND	
1. Get rated		
2. Get market intelligence on the currency, tenor and size you're aiming at.	1. Set green bond guidelines or principals — Define eligibility criteria of green use of proceeds	4. Get a pre-issuance second opinion from a third party verification reports (recommended early in the process)
3. Decide on underwriters based on the above	2. Within defined criteria, put in place a project selection process and select eligible projects	
4. Register with local regulator (i.e., securities and exchange commission)	3. Set up accounts and process to earmark and allocate proceeds — Ring-fencing the proceeds	
5. Issue prospectus		
6. Comfort Letter/Due Diligence (if applicable)		
7. Outreach through roadshows and sales effort		
8. Launch bond		
9. Price and allocate bond to help successful secondary market performance		
10. Communication to the capital market	5. Allocate the proceeds to the projects disbursements	
11. Monitor secondary market	6. Monitor the projects	
	7. Publish the impact report	
	8. Post-issuance audit (as applicable)	

To compensate for their added requirements, green bonds provide a number of benefits for both issuers and investors.

Benefits for issuers include:

- Diversification of the investor base.
- Send a strong proactive message about mission and values to stakeholders.
- Appeal to millennials as employees and customers.

Benefits for investors include:

- Meet client needs or requests and satisfy ESG⁸ mandates.
- Avoid reputational risk.
- Balance risk-adjusted financial returns with sustainability benefits.

The World Bank can provide guidance and advice on structuring a green bond and can help leverage private sector financing. In particular, the World Bank can assist by:

- Sharing international experiences and best practices, especially in developing guidelines.
- Providing guidance on what qualifies as a green project.
- Building capacity and providing implementation support for developing Green Bond Frameworks.
- Helping countries consider policy incentives to support the local green bond market.
- Facilitating demonstration issuances by government, corporates and financial institutions by:
 - Helping identify suitable projects.
 - Advising on the specific green bond process.
 - Facilitating the delivery of second opinion based on the highest environmental, transparency and market standards.
- Building capacity for local institutional investors to identify green assets, improve transparency of holdings and adopt ESG principles in investment-decision-making.
- Facilitating the development of local green bond certifiers to acquire the technical expertise needed to launch green bond ratings.
- Providing World Bank guarantees to leverage private sector financing, as appropriate.

Green Bond Process. Eligible projects supported by the Green Bond program are selected by World Bank environment specialists and meet defined World Bank eligibility criteria for low-carbon and climate resilient development.

⁸ ESG stands for Environmental, Social and Governance.

In addition to meeting the Green Bond eligibility criteria, these projects, like all World Bank projects, undergo a rigorous review and approval process to ensure that the projects meet client countries' development priorities. The process includes early screening to identify potential environmental or social impacts and designing policies and concrete actions to mitigate any such impacts in accordance with the World Bank's environmental and social safeguard policies. Every World Bank project is approved by its Board of Executive Directors – a resident Board with 25 chairs representing its member countries.

The Project Selection Criteria are applied to screen projects resulting in a list of eligible mitigation and adaptation projects. Once approved, these projects disburse over several years during the implementation stage. Corresponding amounts are deducted on a quarterly basis from the account created to support the allocation of World Bank Green Bond proceeds to eligible projects.

Earmarking and allocating World Bank Green Bond proceeds. The proceeds are credited to a separate Green Cash Account and are invested in accordance with IBRD's conservative liquidity policy until used for the support of the World Bank's financing of eligible Green Bond Projects. Disbursement requests for eligible projects take place in accordance with IBRD's established policies and procedures. Disbursements are often made over a period of several years, depending on when each project milestone is reached. As disbursements are made for Green Bond Projects, corresponding amounts from the Green Cash Account are allocated to the general lending pool on a quarterly basis.

Impact and Compliance Monitoring. The World Bank supervises the implementation of all projects it supports –including the Green Bond Projects. Client countries implement the development projects in accordance with the project loan agreement.

The supervision process comprises regular reports by the implementing government agency on project activities, including a mid-term review of project progress. The project's progress, outcomes and impacts are monitored by the government and the World Bank throughout the implementation phase in order to obtain data to evaluate and measure the ultimate effectiveness of the operation in terms of the objectives it was set to achieve. World Bank project information is available on the main World Bank website and includes documents with detailed information about the projects (e.g., Project Appraisal Documents). In addition, summaries and key impact indicators of the Green Bond Projects are provided on the World Bank's Green Bond website with links to relevant documents with more detailed project information. Green Bond newsletters also provide highlights of these projects.

Projects eligible under the Green Bond program comply with World Bank safeguards, procurement policies and other procedures addressing project integrity.

Compliance is assessed at the individual project level and through independent reviews of about a quarter of all projects. Project level reviews by the Bank's specialists in environment, social aspects, financial management, and procurement ensure that adequate controls and management capacity are in place at

the country/project level. In addition, the World Bank's Independent Evaluation Group (IEG) assesses the performance of about one out of four projects, measuring outcomes against original objectives, sustainability of results and institutional development impact.

The World Bank Treasury follows procedures specific to its Green Bond program including selecting and reporting on eligible projects, maintaining the separate Green Cash Account and reviewing portfolio implementation progress to provide updated information for impact reporting purposes.

WBG Treasury Advisory Role on Green Bonds. The World Bank Treasury collaborates with Finance, Competitiveness and Innovation (FCI) Global Practice and Environment and Natural Resources (ENR) Global Practice to help governments develop domestic green bond markets. The World Bank Treasury's role is that of technical advisor. ENR helps with identification of eligible green projects. FCI staff based in the country office coordinate with the client.

Treasury's role. Treasury leverages its experience as the first issuer of labeled green bonds, and its knowledge as market leader in this space, to advise on country-level action plans to help governments kick-start local green bond markets. Specifically, Treasury provides technical assistance on the development of regional/national green bond standards, guidelines, and regulations; helps governments identify appropriate policy tools; facilitates demonstration green bond issuances; helps private sector issuers navigate government policies; provides technical assistance on measuring and tracking environmental impact, etc.

WBG role in the Green Bond space:

- As issuer: The WB is one of the pioneers of green bonds, having issued the first labeled green bond in 2008. To-date the WB has issued more than \$10bn of green bonds. IFC has issued (as of 30th June 2017) \$5.8 billion in green bonds.
- As promoter of market integrity and transparency: The WB and IFC Treasuries are both closely involved with International Capital Markets Association (ICMA) and other international financial institutions in developing guidelines and environmental impact reporting procedures for the green bond market.
- Advisory for issuers: The WB facilitates the issuance of Green Bonds by providing technical assistance to issuers on the process for issuing green bonds. We always come in from the angle of the sovereign client, helping the government create the enabling environment and the private sector navigate government policies.
- As investor: IFC Green Cornerstone Fund: The \$2bn Fund will buy green bonds issued by banks in Africa, Asia, the Middle East, Latin America, Eastern Europe, and Central Asia. The fund will be managed by Amundi's Emerging Market Fixed Income team, based in London.

- As guarantee provider: Different parts of the WBG (WB, MIGA, IFC) can provide credit enhancement in the form of guarantees to backstop the issuer's obligations under the Green Bond transaction.

Country Examples:

Malaysia: First green sukuk in the world

In January 2017, the World Bank joined a Technical Working Group with the Central Bank and Securities Commission of Malaysia to explore options to encourage investments in green or sustainable projects through the development of green Islamic finance markets. The World Bank identified the opportunity to leverage Malaysia's role in Islamic finance to combine the sukuk (Islamic Bond) and the green bond to meet Malaysia's need for financing green initiatives. The Technical Working Group promoted the concept of the green sukuk and shared international experience of green bond issuance with various stakeholders. Specifically, the World Bank:

- Identified the complementarity between Malaysia's SRI (socially responsible) Sukuk Guidelines and Green Bond Principles to enable potential issuers to issue green sukuk in the absence of a nationally adopted green bond framework;
- Provided guidance on how the government can kick-start the local market by facilitating and reducing costs to issuers through incentives;
- Provided guidance on eligible green projects and helped identify potential issuers for demonstration issuances;
- Advised on the role of independent third-party reviews; convened international certifiers; and facilitated the role of local institutions to conduct assurance tasks at low cost;
- Helped the first issuers navigate government policies and international best practices.

On July 27th, 2017 Tadau Energy Sdn Bhd, issued the first green sukuk in the world, raising MYR250 million (\$59 million) to finance a 50MW solar photovoltaic power plant in Sabah, Malaysia. The sukuk was issued under Malaysia's SRI sukuk framework, endorsed by the Shari'ah Advisory Council, and received the highest rating by the Center for International Climate and Environmental Research Oslo (CICERO).

Tadau Energy went on to win a number of prestigious international awards, including the Environmental Finance Award for Innovation (see [here](#)), the Green Bond Pioneer Awards (see [here](#)), the Islamic Issue of the Year 2017, and Malaysia Capital Markets Deal of the Year 2017. Cicero also won the Environmental Finance Award

for External Assessment Provider of the Year for the work on Tadau Energy's issuance (see here). The WB team comprising the WB Treasury, FCI, and Malaysia WBG Knowledge and Research Hub won the WB President's Award for Excellence.

Since then the team has supported the issuance of four other Green Sukuk and one Green Bond in Malaysia. Thanks to the success of the green sukuk market development initiative, the Malaysian central bank has requested the WB Treasury to expand the scope of Technical Assistance to help it develop ESG (Environmental, Social and Governance) guidelines. The engagement has just started with participation from FABBK and PEN.

Fiji: First sovereign green bond by an emerging market

On October 17, 2017 Fiji, a small island country exposed to floods and tropical cyclones, became the first emerging market to issue a sovereign green bond. The issue came three weeks ahead of COP23, which was chaired by Fiji, and provided an opportunity for the country to send a clear signal to others that climate actions are the responsibility of all nations, big and small. Fiji's contribution to carbon emissions is quite low at 0.04% compared to the global average. Green bond proceeds will therefore be largely used to finance climate change adaptation projects, in a departure from other sovereign issuers. Fiji's Green Bond Framework is aligned with the "Green Bond Principles" and was verified as "credible and transparent" by Sustainalytics, a leading ESG and Corporate Governance research and ratings provider.

The 100 million Fijian dollar (US\$50 million) bond (5 and 13-years with 4.00% and 6.3% coupon rate, respectively) received overwhelming interest from investors (domestic commercial banks, insurance companies, the Fiji National Provident Fund, and the Unit Trust of Fiji), including for the first time overseas investors for a FJD-denominated bond. The bond was structured with technical assistance from the WBG (IFC and WB) under a three-year Capital Markets Development Project supported by the Australian Government.

The WBG team helped establish a green bond steering committee to oversee the work; developed Fiji's green bond framework, identified eligible green projects, and advised on a suitable communication strategy to gain maximize visibility for the bond. Currently the team is advising on monitoring and reporting of use of proceeds and expected environmental impact.

Fiji won the Climate Bonds Initiative Green Bond Pioneer Award in recognition of their achievement.

ASEAN Green Bond Standards and Indonesia Green Bond Regulations:

The WB Treasury supported the development of the ASEAN Green Bond Standards (the first regional green bond standards in the world) and the Indonesia Financial Services Authority Green Bond Regulations. Treasury worked with FCI

EAP on the above and provided Technical Assistance to the ASEAN Capital Markets Forum for the development of the ASEAN Green Bond Standards and to the Indonesia Financial Services Authority (OJK) for the development of the Green Bond Regulations, both of which are expected to catalyze green bond issuances to finance green investments in the region.

Indonesia Green Bond/Sukuk issuance:

The WB Treasury is currently working with FCI to facilitate the issuance of a green bond/sukuk by the Indonesian Infrastructure Financing company PT SMI. The bond is expected to be issued by June 2018. Treasury Bankers supported the transaction by explaining the concept to the issuer as well as potential investors, developing the green bond framework for SMI, advising on eligible projects, etc.

Nigeria's Green Bond Market:

The WB Environment and Natural Resources global practice was the main counterpart to the client. Treasury's supported the global practice and the Ministry of Finance with capital market expertise on the green bonds by highlighting best practices, sharing the Bank's internal processes and methodologies currently in place for selecting projects, and segregating proceeds and reporting on impact. At the same time, the WB Treasury trained and developed presentation materials for the global practice staff to conduct a workshop locally on green bonds.

Guide on Proceeds Management and Reporting for Public Sector Green Bond Issuers

The WB Treasury (jointly with FCI) is developing a Guide to clarify green bond proceeds management and reporting requirements for public sector green bond issuers. Compared to a regular bond, a green bond carries the issuer's commitment to use proceeds for defined "green" purposes, to track results, and to disclose this information to investors. The Guide is expected to help issuers meet these additional proceeds management and reporting requirements.

Others

In addition to the above, the WB Treasury is helping countries such as Vietnam and Russia understand the concept, pros and cons of developing local green bond markets; participating in conferences to move the green bond agenda forward; delivering webinars and training to staff and clients such as debt managers, etc.

Gender Bonds (Pure Private Financing)

Gender bonds are a type of sustainable development bonds that the World Bank issues to raise funds for investing in sustainable development projects. The World Bank is the single largest investor in the social sectors worldwide with a portfolio of approximately USD 40 billion invested in over 600 projects for social development. The World Bank projects aim to:

- Improve health care, nutrition, childhood development and education
- Strengthen social security, pension and legal systems
- Protect and empower the most vulnerable groups of society, including women and the poor in rural areas
- Reduce poverty, improve living standards and raise incomes and productivity.

On January 9, 2018 the World Bank issued a Sustainable Development Bond to raise awareness of how empowering women and girls is one of the most effective ways to accelerate economic development, reduce poverty and build sustainable societies around the world. The bond, referred to as the Gender Bond, raised CAD1 billion from institutional investors in the Canadian dollar market.

Achieving gender equality is one of the 17 Sustainable Development Goals, and one of five key themes under Canada's 2018 presidency of the Group of Seven (G7). It is central to the World Bank's goals of ending extreme poverty and boosting shared prosperity in a sustainable manner.

Marking the World Bank's first return to the Canadian dollar-denominated market in two years, the bond attracted remarkably strong participation from Canadian investors. In addition to offering the year's first high quality opportunity in this market, the bond's sustainable development and gender equality focus offered investors an attractive opportunity to align financial and social objectives. The bond was comfortably oversubscribed, with more than 40 investors placing orders for more than CAD1.2 billion.

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Pandemic Emergency Financing Facility (Blended Financing)

The Pandemic Emergency Financing Facility (PEF) leverages capital markets to provide a fast financing source for pandemics. It is one example of blended financing. There are also other financing mechanisms that would fall under blended financing whereby funding from external sources could be combined with funding provided, for example, by an MDB such as the World Bank.

In June 2017, the World Bank launched first-ever Pandemic Bonds which are specialized bonds aimed at providing financial support to the Pandemic Emergency

Financing Facility (PEF), a facility created by the World Bank to channel surge funding to developing countries facing the risk of a pandemic. This marked the first time that World Bank bonds were being used to finance efforts against infectious diseases, and the first time that pandemic risk in low-income countries was being transferred to the financial markets.

The PEF will provide more than \$500 million to cover developing countries against the risk of pandemic outbreaks over the next five years, through a combination of bonds and derivatives priced at bond launch, a cash window, and future commitments from donor countries for additional coverage.

The transaction, that enables PEF to potentially save millions of lives, was oversubscribed by 200% reflecting an overwhelmingly positive reception from investors and a high level of confidence in the new World Bank sponsored instrument. With such strong demand, the World Bank was able to price the transaction well below the original guidance from the market. The total amount of risk transferred to the market through the bonds and derivatives is \$425 million.

The World Bank announced the creation of the PEF in May 2016 at the G7 Finance Ministers and Central Governors meeting in Sendai, Japan. The PEF will quickly channel funding to countries facing a major disease outbreak with pandemic potential. Its unique financing structure combines funding from the bonds issued at launch with over-the-counter derivatives that transfer pandemic outbreak risk to derivative counterparties. The structure was designed to attract a wider, more diverse set of investors.

The PEF has two windows. The first is an 'insurance' window with premiums funded by Japan and Germany, consisting of bonds and swaps including those executed at launch. The second is a 'cash' window, for which Germany provided initial funding of Euro 50 million. The cash window is available from 2018 for the containment of diseases that may not be eligible for funding under the insurance window.

The bonds and derivatives for the PEF's 'insurance' window were developed by the World Bank Treasury in cooperation with leading reinsurance companies Swiss Re and Munich Re. AIR Worldwide was the sole modeler, using the AIR Pandemic Model to provide expert risk analysis. Swiss Re Capital Markets is the sole book runner for the transaction. Swiss Re Capital Markets and Munich Re are the joint structuring agents. Munich Re and GC Securities, a division of MMC Securities LLC are co-managers.

Swiss Re Capital Markets Limited, Munich Re and GC Securities were also joint arrangers on the derivatives transactions. The bonds were issued under IBRD's "capital at risk" program because investors bear the risk of losing a part or all of their investment in the bond if an epidemic event triggers pay-outs to eligible countries covered under the PEF.

The PEF covers six viruses that are most likely to cause a pandemic. These include new Orthomyxoviruses (new influenza pandemic virus A), Coronaviridae (SARS,

MERS), Filoviridae (Ebola, Marburg) and other zoonotic diseases (Crimean Congo, Rift Valley, Lassa fever).

PEF financing to eligible countries will be triggered when an outbreak reaches predetermined levels of contagion, including number of deaths; the speed of the spread of the disease; and whether the disease crosses international borders. The determinations for the trigger are made based on publicly available data as reported by the World Health Organization (WHO).

Countries eligible for financing under the PEF's insurance window are members of the International Development Association (IDA), the institution of the World Bank Group that provides concessional finance for the world's poorest countries. The PEF will be governed by a Steering Body, whose voting members include Japan and Germany. WHO and the World Bank serve as non-voting members.

IBRD buy-down: Botswana Health/HIV/AIDS Project (Blended Financing)

The IBRD loan buy-down mechanisms were developed to increase the flexibility and concessionality of funding for projects where it is justified by global public good or cross-border externalities. This instrument relies on donor resources to lower the cost of an IBRD loan targeted at a priority health intervention, with the release of the donor funds dependent on project performance, as measured against jointly agreed indicators and targets. Botswana's Ministry of Finance requested an IBRD buy-down mechanism to support its requested HIV/AIDS Prevention and Support Project, with the expectation that the additional financial and technical resources would support a more efficient and evidence-based response to the HIV/AIDS epidemic.

The World Bank Group responded to this request by developing its second IBRD buy-down globally (and first in Africa), which enabled the design of a US\$50 million project.

The European Commission (EC) agreed to support the financing of this project by helping reduce the interest rate cost to Botswana of the project's buy-down loan. To this end, the EC approved an additional a €14 million (US\$20 million) in its four-year Economic Development Framework to support Botswana's access to the IBRD loan.

Critically, the EC agreed to provide its funds directly to Botswana's Ministry of Finance and Development Planning once performance targets are achieved, ensuring swift and direct support.

Notably, for mental health, this project included a \$1 million grant to develop a mental health and psychosocial support program for HIV-positive teenagers, in addition to other mental health and psychosocial support interventions supporting HIV/AIDS prevention-related activities among vulnerable populations.

IDA buy-downs (Blended Financing)

An IDA buy-down can be regarded as a form of debt cancellation or a conversion of an IDA credit into a grant. Under a IDA credit-buy-down, the WBG extends a regular credit to the borrower through its IDA allocation. Following project approval by the World Bank Board, the donor pays in the estimated cost of the expected future buy-down into a World Bank trust fund. The cost represents the estimated present value of the foregone credit reflows to IDA (principal and charges) over the life of the credit. As an incentive to achieve results, grant money from foundations and bilaterals “buy-down” the loan or credit if the agreed results are achieved. IDA’s experience with the buy-down mechanism has supported its polio pilot program. This 2003 pilot started with a total of five projects in Pakistan and Nigeria aimed at polio eradication. Financial support was provided by the Bill & Melinda Gates Foundation, United Nations Foundation, Rotary International and CDC, totalling over \$72 million to buy-down projects with a face value of \$174 million.

Global Concessional Financing Facility (Public/Donor Financing)

There are also ways for MDBs to leverage donor financing to achieve more desirable outcomes for clients. One innovative example of this is the Global Concessional Financing Facility (GCFF).

The Global Concessional Financing Facility provides development support on concessional terms to middle-income countries (MICs) impacted by refugee crises across the world. (Concessional financing is normally reserved for lower income countries only.)

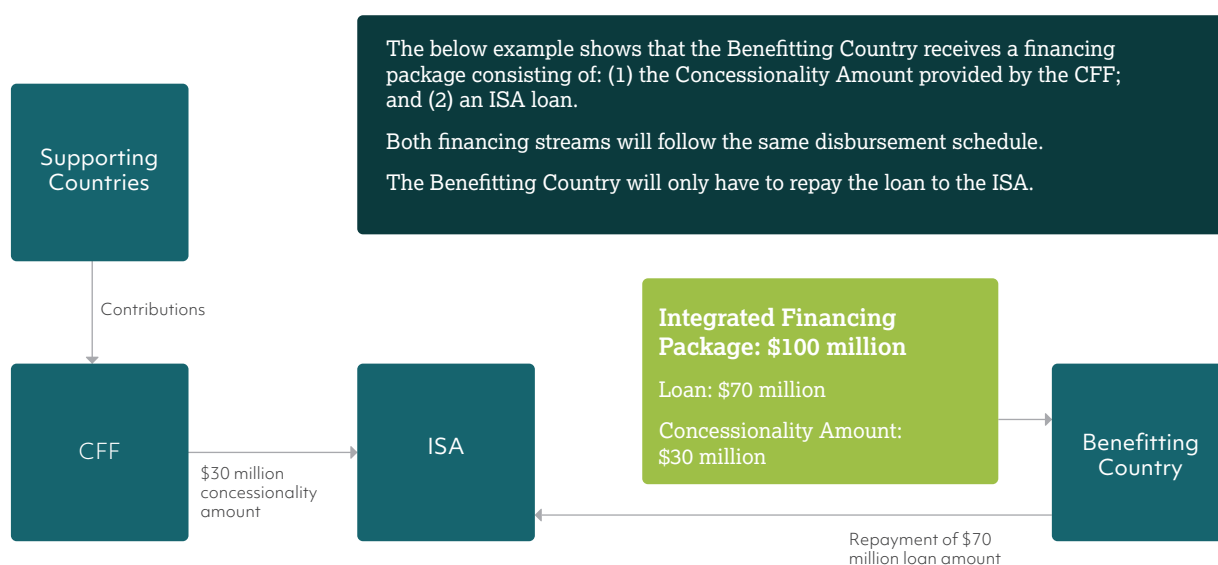
Established in April 2016 in full partnership by the World Bank, United Nations, and Islamic Development Bank, the GCFF is an innovative response to the influx of Syrian refugees into Jordan and Lebanon which has evolved into a global platform capable of providing concessional financing to help middle-income countries (MICs) address refugee crises wherever they occur.

In its first year, the GCFF approved \$200 million in funding and catalyzed \$1 billion in concessional financing for seven development projects across a range of key sectors in Jordan and Lebanon, including job-creation, business competitiveness, water infrastructure, health, transport, and more.

While these achievements are considerable, the needs in Lebanon and Jordan are greater still, and participants agreed it is critically important for the international community to follow through on the commitment to meet the GCFF’s financing objective to raise \$1 billion in grants for Jordan and Lebanon, as well as a further \$500 million for all MICs over the course of five years.

In 18 months, donors have pledged \$390 million to the GCFF, and \$270m have been paid-in to date. At the meeting, donors stepped up with significant new pledges, amounting to \$80 million in additional support, with Denmark pledging 300mDKK (eq. \$50m), Canada pledging CAD20m (eq. \$16m), and Norway pledging 120mNOK (eq. \$15m). Other countries also announced their intention to provide new support in the future. The follow two graphs demonstrate how the GCFF works.

CONCESSIONAL FINANCING FACILITY FINANCING PROVIDED TO COUNTRIES AS A SINGLE INTEGRATED PACKAGE



Other Types of Financing

Sin taxes. A potential source of dedicated funding may come from the taxes raised from tobacco, alcohol, and sugar sweetened beverages (SSB), that are disproportionately used by the mentally ill. Data from the World Bank Group based on work done in more than 30 countries over the 2016-2018 period indicate that the annual tax revenue from excise taxes on tobacco could be substantial as shown for example in countries such as the Philippines and Ukraine, total taxes on tobacco fluctuate between 1 and 2 percent of GDP (see country reports at WBG Tobacco Site <http://www.worldbank.org/en/topic/tobacco>). Price and tax measures on tobacco, alcohol, SSB can be an effective and important means to reduce tobacco consumption, alcohol abuse, obesity, and health care costs, and represent a revenue stream for financing for development in many countries. Besides the potential health benefits of this fiscal measure, it could help broaden the tax base and generate additional revenue to support budgetary capacity to finance universal health coverage (UHC) and mental health scale-up.

Social Impact Bonds (SIBs) are an investment vehicle designed to encourage private funding for promising social programs. Bonds currently cover areas such as: criminal justice, homelessness, workforce development and youth services, with a newfound exploration in health, social care, and drug rehabilitation. The bond relies on private sector investments to fund the intervention through non-profit contractors. The government contracts out in order to improve program service delivery.

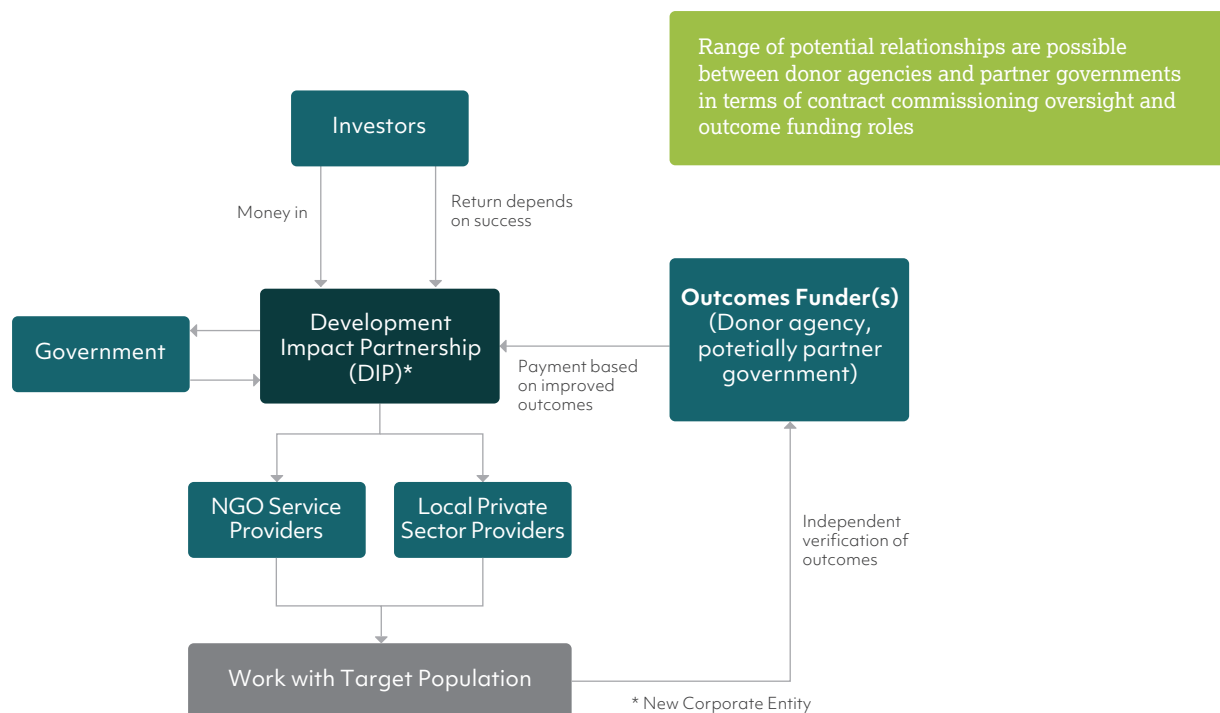
Terms: Investors are repaid their upfront capital plus a return if the program meets the performance metrics. They are typically repaid through government programs. Some SIBs have been structured with a guarantee of principle, paid back to certain investor classes. Interest has ranged from 2.5% to 13%.

Approximately US\$32 million of investment has been committed to SIBs. Besides the US and the UK, SIBs have been issued in 19 countries across 8 sectors. Since August 2017, 89 SIBs have been contracted globally.

Development Impact Bonds (DIBs) are similar to SIBs but are structured around defined social outcomes and address issues around results based approaches. This bond requires a mature market. The model structure is built upon the SIBs model. In order to generate an outcome, the DIBs should be structured from 3 to 10 years.

Terms: Outcome funders pay into the partnership if the metrics are on target (similar to SIBs). Private investors fund the desired outcome. Investors are typically socially motivated individuals/organizations willing to take on risk.

Development Impact Bonds are mostly in progress, are scalable, and have yet to meet their full potential.

POTENTIAL DIB STRUCTURE

In 2003, the IFFIm started selling Vaccine Bonds, using long-term pledges from donor governments, in capital markets, in order to make large sums of money available for GAVI programs. It is forecasted to disburse US\$ 1.3 billion to GAVI over 2016-2020 funding period. US\$ 100 million has been transferred in 2016.

Terms: In 2006, it was the first aid financing entity to attract legally binding contracts for a maximum of 20 years from donors. This increased predictability and the ability to plan ahead regarding immunization programs. This transformed GAVI's financial landscape, nearly doubling funding for their programs. The World Bank acts as a treasury manager.

More than US\$ 5.7 billion has been leveraged over the 2006-2016 period with the World Bank as treasurer. US\$ 6.5 billion in donor contributions over 25 years from donor governments.

TYPE OF BOND	WHAT IS IT	BOND TERMS/MODEL	FUNDS OBTAINED	BONDS SERVICED/ REPAID
SOCIAL IMPACT BOND (SIB)	<p>Funds social programs in developed countries through private sector engagement.</p> <p>Covers areas such as criminal justice, homelessness, workforce development, and youth services.</p> <p>Newfound exploration in health, social care, and drug rehabilitation.</p>	<p>Relies on private sector investments to fund an intervention through non-profit contractors.</p> <p>An intermediary (Overall SIB manager) raises capital from investors and selects the NGO service provider.</p> <p>An independent accessor determines if the preexisting conditions were met.</p>	<p>The bonds are financed through government investment, loans from banks (e.g. Goldman Sachs) and impact investors.</p>	<p>Investors are repaid their upfront capital plus a return only if the performance metrics are met.</p> <p>The Bonds are typically repaid from government programs (EX: Lottery Funds).</p> <p>Some SIBs are structured with a guarantee of principal, paid back to certain investor classes.</p> <p>Investors have been paid back with interest ranging from 2.5-13%.</p>
DEVELOPMENT IMPACT BOND (DIB)	<p>Structured around defined social outcomes in developing countries.</p>	<p>Builds upon the Social Impact Bond model.</p> <p>In order to generate an outcome, the DIB should be structured between 3-10 years.</p>	<p>Private investors fund the desired outcome.</p> <p>Because they are fairly new, most investors are socially motivated individuals/organizations who are willing to take on the risk (includes: trusts/foundations, development finance institutions, and high net worth individuals).</p>	<p>Outcome funders (donor agencies and governments) pay into the partnership if the metric is on target (similar to SIBs).</p>
REEN BOND	<p>Bonds to fund potential environmental and social impact in areas such as:</p> <ul style="list-style-type: none"> • Renewable energy and energy efficiency • Transport • Water, Wastewater, Waste Management • Agriculture, Land Use, Forests, Ecological Resources • Resilient Infrastructure, Built Environment 	<p>The same as standard bonds but with an added "green" feature.</p>	<p>Loans from investors to issuers, with interests paid to bond owners for a given period before the principal is repaid.</p>	<p>Most green bonds are taxable besides a small few that are tax free.</p> <p>Interest payments are not determined by the specific project, therefore the creditworthiness are dependent on the financial health of the issuer.</p> <p>No difference in the terms, structure, risk/return of a green bond versus a regular bond.</p>
VACCINE BONDS	<p>The IFFIm created a financing entity to make funds available for GAVI programs.</p>	<p>The first aid finding entity with a legally binding contract.</p> <p>Builds upon the Social Bond Principles.</p>	<p>Funded through long-term pledges from donor governments in capital markets.</p>	<p>The contract is legally binding for a maximum of 20 years to the donor.</p> <p>The World Bank acts as the treasury manager.</p>
PANDEMIC BONDS	<p>Specialty Bonds launched in 2017 by The World Bank aimed at providing support to the Pandemic Emergency Financing Facility (PEF).</p>	<p>Bond is issued under IBRD's "capital at risk" program.</p> <p>Combination of bonds and derivatives, cash window, and future commitments from donor countries.</p>	<p>Insurance window funded by Germany and Japan.</p> <p>Funding for the cash window was initially provided by Germany for Euro 50 million.</p>	<p>Funds are made available through the bond for pandemic outbreaks in eligible countries.</p>

2. A HYPOTHETICAL EXAMPLE: Considerations for designing a mental health financing mechanism

If one considers the varieties of social impact financing described above and the examples provided, one may tentatively reach the conclusion that private sector/capital markets financing raised through a special social purpose bond, such as a "healthy brains bond", may provide the most financial leverage. Further analysis and market/investor sounding would be needed to confirm this would be the most suitable mechanism. For the purposes of this note, and for the time being, we will assume the bond approach is the most suitable and we will lay out the issues and challenges that would need to be tackled in order to have a healthy brains bond issued. To do so, we shall use template the model provided by green bonds, which we discussed earlier. Following is a very preliminary enumeration of the issues that would need to be addressed.

Healthy Brains Bond Process

In the earlier green bond example, the bond issuer was the World Bank. This is not always the case. The issuer may be a country or countries for example and the World Bank may play the role of facilitator and guidance provider to the issuer or issuer(s). Thus, among the first questions to address would be who the issuer is. For the purposes of this note, we will assume that potential issuer would be the World Bank. Under this assumption, we outline the issues to be addressed below.

Project selection criteria

- Who and how will define "mental health" in the context of a healthy brains bond?
- How would one determine which projects or programs would be eligible for financing from the bond's proceeds?
- Who will establish the relevant criteria for healthy brain bonds, and how?

Selecting projects that would be eligible for financing by World Bank Healthy Brains Bond process. All World Bank projects are designed to reduce poverty and improve local economies. Mental health projects would need to meet this test and in addition specifically focus on tackling mental health issues that directly impact developing countries.

In addition to meeting the Healthy Brains Bond Criteria (to be established), these projects, like all World Bank projects, would need to undergo a rigorous review and approval process to ensure that the projects meet client countries' development priorities. The process includes early screening to identify potential [environmental] or social impacts and designing policies and concrete actions to mitigate any such impacts in accordance with the World Bank's [environmental] and social safeguard policies. Every World Bank project is approved by its Board of Executive Directors – a resident Board with 25 chairs representing its member countries.

The lifecycle of a typical project financed by the World Bank (IBRD) follows a number of stages (usually six). World Bank Healthy Brains Bond Projects not only would need to follow the same stages as other World Bank financed projects, including the due diligence and monitoring process throughout the project cycle, but in addition undergo more steps. From the outset of the Healthy Brains Bond Project cycle, [health] specialists would need to get involved in order to identify projects that meet the Healthy Brains Bond Criteria (to be established).⁹

World Bank (IBRD) Healthy Brains Bond Project Cycle. The Project Selection Criteria would be applied to screen projects resulting in a list of eligible mental health projects. Once approved, these projects would disburse over several years during the implementation stage. Corresponding amounts would be deducted on a quarterly basis from the account created to support the allocation of World Bank Healthy Brains Bond proceeds to eligible projects.

Earmarking and allocating World Bank Healthy Brains Bond proceeds. The proceeds would be credited to a separate Mental Health Cash Account and would be invested in accordance with IBRD's conservative liquidity policy until used for the support of the World Bank's financing of eligible Healthy Brains Bond Projects. Disbursement requests for eligible projects would take place in accordance with IBRD's established policies and procedures. Disbursements are often made over a period of several years, depending on when each project milestone is reached. As disbursements are made for Healthy Brains Bond Projects, corresponding amounts from the Mental Health Cash Account would be allocated to the general lending pool on a quarterly basis.

Monitoring and reporting on impact of supported project. The World Bank supervises the implementation of all projects it supports – this would include the Healthy Brains Bond Projects. Client countries implement the development projects in accordance with the project loan agreement.

The supervision process comprises regular reports by the implementing government agency on project activities, including a mid-term review of project progress. The project's progress, outcomes and impacts are monitored by the government and the World Bank throughout the implementation phase in order to obtain data to evaluate and measure the ultimate effectiveness of the operation in terms of

⁹ Go to <http://www.worldbank.org/projectcycle> for more information on the World Bank project cycle.

the objectives it was set to achieve. World Bank project information is available on the main World Bank website and includes documents with detailed information about the projects (e.g., Project Appraisal Documents). In addition, summaries and key impact indicators of the Healthy Brains Bond Projects would be provided on the World Bank's Healthy Brains Bond website (to be created) with links to relevant documents with more detailed project information. Healthy Brains Bond newsletters may also provide highlights of these projects.

Ensuring compliance. Projects eligible under the Healthy Brains Bond program would need to comply with World Bank safeguards, procurement policies and other procedures addressing project integrity. Compliance is assessed at the individual project level and through independent reviews of about a quarter of all projects. Project level reviews by the Bank's specialists in environment, social aspects, financial management, and procurement ensure that adequate controls and management capacity are in place at the country/project level. In addition, the World Bank's Independent Evaluation Group (IEG) assesses the performance of about one out of four projects, measuring outcomes against original objectives, sustainability of results and institutional development impact.

Healthy Brains Bond Process: The World Bank Treasury would need to follow procedures specific to its potential Healthy Brains Bond program including selecting and reporting on eligible projects, maintaining the separate Mental Health Cash Account and reviewing portfolio implementation progress to provide updated information for impact reporting purposes.

The Imperative of Strengthening Domestic Resource Mobilization.¹⁰

Domestic resource mobilization (DRM) is a core priority of the sustainable development agenda. The 2015 Addis Ababa Action Agenda on Financing for Development emphasized that the "mobilization and effective use of domestic resources ... are central to our common pursuit of sustainable development." The Addis Tax Initiative, a multi-stakeholder partnership of more than 45 countries and organizations launched at the same conference, pledged "to double ... support for technical cooperation in the area of taxation/domestic revenue mobilization by 2020." Under the United Nation's 2030 Agenda for Sustainable Development Goals, the international community committed to "... strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection."

DRM is also a priority for the World Bank and other international financial institutions. At the 2015 Addis Ababa conference, the World Bank and the International Monetary Fund (IMF) resolved to "strengthen ... diagnostic tools, developing new

¹⁰ World Bank Group. 2017. Strengthening Domestic Resource Mobilization: Moving from Theory to Practice in Low- and Middle-Income Countries (includes tobacco taxation as source of revenue)". Available at: <https://openknowledge.worldbank.org/handle/10986/27265>

methodologies where needed, to enable member countries to identify priority tax reforms and design the requisite support for their implementation.”

The World Bank has incorporated tax reforms into its technical assistance instruments and has more than 100 staff members supporting tax operations. Through the Platform for Collaboration on Tax, the World Bank also has coordinated its work with the IMF, the Organization for Economic Co-operation and Development, and the United Nations to ensure common benchmarks for analysis, and 70 percent of fragile and conflict-affected countries fall below this 15-percent baseline.

In addition to generating greater resources for public investment and spending, reform of tax policy and administration can also enhance overall governance. Expanding a country’s DRM is likely to be politically feasible and sustainable only if it is associated with improved rule-of-law, accountability, and transparency standards. Cooperation with increased tax collection efforts requires public confidence in public expenditure. Moreover, increased tax collection capacity can improve the fairness of the tax system in eliminating exceptions or special treatment for those who were able to exploit the inadequacies of the previous system.

Looking toward the future, increased DRM efforts will face several challenges, from the structural features of the economy and the institutional distribution of power to more specific tax policy and administrative issues. Tax reform will need to be measured, not only on the basis of the overall quantity of tax collection, but also on the quality of tax composition. It will also require sustained political will from governments and broad support from the private sector and the wider public.

CON CLUSION:

MOVING FORWARD

The international community has a long way to go to successfully promote investment, resources, and accountability in the mental health sector. Key next steps include enhanced international cooperation; the creation of private–public partnerships, particularly with technology companies; integration of mental health into other health and development sectors; and exploration of alternate models of mental health financing, such as the dedicated use of revenue from higher taxes on tobacco and alcohol. Another important need is for the development of lay-led, interdisciplinary mental health interventions that are sensitive to the broad scope of mental health as individual and communal wellbeing, and not simply the absence of illness. Each sector must keep the momentum going, and it is only by increasing collaboration and resources to make mental health a global development priority that progress will be made.¹¹

In moving forward, key policy actions are¹²:

Mental health advocacy and leadership: Visibly increase the attention given to mental disorders at the national and international levels (including migration and humanitarian aid; social inclusion and poverty reduction; and human rights protection and universal health coverage). Strong leadership is needed to make mental health a priority, to commit to innovative and quality services, to channel resources toward mental health systems, and to strengthen community services.

Mental health in the work place: Introduce or strengthen programs that promote and protect mental well-being into general health services (integrated care), school curricula (life skills), and occupational health schemes (wellness at work); and promote better coordination across these platforms and sectors.

Mental health financing gaps: Devote additional resources from development assistance donors and domestic health budgets towards implementing community-based mental-health programs and strengthening the overall treatment of mental disorders as part of the progressive realization of universal health coverage.

¹¹ Kleinman A, Estrin GL, Usmani S, Chisholm D, Marquez PV, Evans TG, Saxena S. Time for mental health to come out of the shadows. *Lancet* 2016 Jun 4;387(10035):2274–2275.

¹² Mnookin S., Kleinman, A., Evans, T., Marquez, PV, Saxena, S, et al. Out of the shadows: making mental health a global development priority report. Geneva: World Bank Group and World Health Organization, 2016.

World Bank Live. Out of the Shadows: Making Mental Health a Global Development Priority. April 13–14, 2016. <http://live.worldbank.org/out-of-the-shadows-making-mental-health-a-global-development-priority> (accessed May 25, 2016).

World Bank Group, WHO. Report of Proceedings of Event “Out of the Shadows: Making Mental Health a Global Development Priority.” Washington, DC: World Bank Group, 2016. <http://www.worldbank.org/en/topic/health/brief/mental-health> (accessed May 31, 2016).

The recent flurry of activity in the area of global mental health is very promising. It offers the possibility of a broad cultural shift leading to real change in the state of health in every human community. The possibility of improving the conditions of those with chronic mental illness is worth fighting for, and is what all those concerned with meaningful development at a global level must work to advance. The World Bank Group is deeply dedicated to that objective. As Arthur Kleinman put it in 2009, "The moral failure of humanity in the past does not mean we must tolerate this failure any longer."¹³

¹³ Kleinman A. (2009). Global mental health: a failure of humanity. *Lancet*, Aug. 22; 374: 603-604.

