



Republic of Rwanda

Ministry of Finance and Economic Planning  
(MINECOFIN)



Empowered lives.  
Resilient nations.

## **Concept for Innovative Health Sector Financing: the Rwanda Treasury & Health Bond (RTHB)**

### **What**

The Rwanda Treasury & Health Bond (RTHB) is an innovative financing mechanism developed and marketed by the Rwanda Ministry of Finance and Economic Planning (MINECOFIN) and the National Bank of Rwanda under consultation with the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and the support from the United Nations Development Programme (UNDP).

### **Aim**

The Rwanda Treasury & Health Bond aims to unlock additional funding to the Rwanda health sector.

### **Modalities**

Using the National Bank of Rwanda's 5-year, 7-year, 10-year and 15-year Treasury Bonds quarterly-issuances, the Rwanda Treasury & Health Bond is integrated as an innovative financing instrument with the aim to attract social and philanthropic investment.

As compared to traditional coupon payments on Treasury Bonds, investors to the new Health tranche of the Treasury Bond will have the non-binding ability to sweep, over the duration of the bond, either 50 % or 100 % of annual interest payments into a new Health Endowment Fund managed by the Rwanda Government.

### **Health Sector Revenue Generation / Results**

- The Republic of Rwanda issues a 7-year Rwanda Treasury & Health Bond for RWF 10 Billion (US\$12 Million) with a 12% coupon per annum
- Under this 7-year RTHB, a US\$ 4 Million tranche is assigned to the Health Component of the Bond
- The Health Component Investors agree to sweep 6% of coupon per annum (50% of annual interest payment) into a Health Endowment Fund, i.e. up to US\$ 1.68 Million over 7 years. Health Component Investors may also agree to sweep 12% (100% of annual interest payment) into the Health Endowment Fund i.e. US\$ 3.36 Million over 7 years.
- At the end of the 7 years the Republic of Rwanda repays the principal in full.
- Primary results: up to US\$ 3.36 Million of additional funding secured for the Rwanda Health Sector.
- Secondary results: once successful, the proof of the RTHB concept can be used to take it not only further to scale in Rwanda, but also to roll it out towards other key countries in need of additional funding to the health sector.

## Characteristics of the Rwanda Treasury & Health Bond

- **Innovative Financing** liable to attract Foreign Investment as backed by Treasury and with clear and measurable health benefit impact
- **In-country scalability** and generation of proof of concept for other markets
- **Generation of high quality and predictable finance** in support of budgetary planning and allocation
- **Alleviation of dependency on Official Donor Assistance** and tapping into the global non-Sovereign social investment and philanthropic market
- **Debt sustainability**: no additional debt creation as integrated into the traditional Treasury Bonds
- **Investor appetite**: Rwanda's Treasury Bonds are traditionally oversubscribed by 150-200 % with high coupon rates of 12 to 12.5% per year
- **Stability**: Rwanda is seen as attractive to foreign investors due to its political and economic stability and the presence of strong public financial management systems
- **Tested in other markets**: In Indian Mutual Funds (Housing Development Finance Cooperation (HDFC) issuances used to support the Indian Cancer Society)
- **Visibility & Communication**: RTHB is a new concept to close the health related funding challenges. Its success will generate high interest and visibility for investors stepping up to the challenge

## Next steps

- **September 2017** - The Rwanda Ministry of Finance and Economic Planning (MINECOFIN) and UNDP to test appetite and to receive feedback from investors
- **October 2017** - Investors to be invited to attend a presentation meeting by the Rwanda government in Geneva on 13 October 2017; this meeting to be held in the margins of the 2<sup>nd</sup> UNDP Geneva Social Good Summit
- **October-December 2017** - Structuring of the offer, roadshows and marketing to be set up according to feedback and interest received.
- **Beginning of 2018** - Target issuance date for the first Rwanda Treasury & Health Bond

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