

IMPACT INVESTING IN GLOBAL HEALTH: JAPAN'S COMMITMENT AS A FRONTRUNNER

Global health's importance is garnering attention. To encourage capital inflows to this sector, the Japanese government is advocating the promotion of impact investing. We asked SHIBUSAWA Ken, who chaired the government's study group, about impact investing's potential.

The G7 Hiroshima Leaders' Communiqué from the Summit in May included the following sentence: "We emphasize the important role of the private sector towards sustainable financing in global health, including through impact investments and endorse the Triple I (Impact Investments Initiative) for Global Health." In the wake of the COVID-19

pandemic, the concept of global health, which aims to address public health in a way that transcends national borders and to have a tremendous impact on the world's economies and societies through international collaboration, is rapidly spreading. To support this, the G7 has declared to the world that it will promote impact investing in global health.



After working in the investment bank and hedge fund industries, he founded the advisory firm Shibusawa and Company as well as Commons Asset Management in 2008 in order to promote long-term investment as a form of asset-building for Japanese individuals. He also founded &Capital in 2023 for impact investments into Africa from Japan. He is a member of the Japanese government's Council of New Form of Capitalism Realization as well as the SDG Impact Steering Group in the United Nations Development Programme (UNDP). He is also involved in promoting the ideas of his ancestor SHIBUSAWA Eiichi, the "father of Japanese capitalism."

Since the late 1990s, the Japanese government has been committed to human security and has supported initiatives related to the healthcare sector in order to achieve universal health coverage (UHC) around the world, particularly in the Global South.

IMAMURA KENSHIRO/JICA



SHIBUSAWA Ken, chair of the Japanese government's Study Group on Impact Investment for Global Health, said, "Japan has long emphasized global health in its overall diplomatic strategy. In addition to that, one of the core components of the Kishida administration's 'new form of capitalism' is 'investing in people,' and health is the bedrock of human capital."

The goal of impact investing is to not only generate a financial return, but also have a positive, measurable social impact. Of particular importance is the "intent" for impact, and to show intent, impact must be measurable.



Ahead of the G7 Hiroshima Summit, promoting impact investing in global health was also a topic of discussion at the G7 Health Ministers' Meeting. The meeting was held in Nagasaki, the site of the atomic bombing that followed that of Hiroshima. After the meeting, ministers from each country visited the Nagasaki Peace Park and offered flowers to the victims of the bombing. KYODO NEWS/GETTY IMAGES

Some believe that impact investment is "post ESG" in that it is more proactive compared to ESG investment ("E" for "environment", "S" for "society", and "G" for "governance"), where the investor is usually the one who demands disclosure on non-financial values. While "E" and "G" are easy to measure, "S" has been more difficult due to the different characteristics of regions and cultures, as well as the dearth of science-based metrics.

However, healthcare includes vital metrics that can be measurable and is science-based, hence the potential to be a universal "common language" for the category of "S." Some Japanese companies, like the major pharmaceutical company Eisai and the venture company SORA Technology, are taking the initiative to express their corporate value in relation to this category. For example, Eisai was the first company in the world to disclose the positive social impact of its product.

Shibusawa said, "Just as GX (Green Transformation) is not regarded as increased costs but an opportunity for innovation and the growth of new industries, global health is also not just about the cost—it is an initiative to stimulate a growth industry for private sector businesses, and impact investing is a new concept being developed for the valuation of that industry."

Japan is a country that has long promoted global health for the developing countries of the Global South, and as such is in a good position to lead initiatives involving impact investing that promote a new flow of private sector capital for this very important global issue of "leaving no one behind." ●