

# **Financing Mental Health Innovation: scaling societal benefits through cross-sectoral collaboration**

Whitepaper

## Executive summary

Poor mental health has become a global crisis and the subject of growing momentum among funders, entrepreneurs, healthcare stakeholders, and policymakers. New urgency and action are building on a foundation of consistent and strongly evidenced themes:

1. Mental health is everyone's responsibility, and all sectors face strategic opportunities and risks related to global mental health.
2. Greater coherence around, and innovation within, mental health metrics will increase opportunity and accountability for players across the mental health ecosystem.
3. Business models and financial mechanisms successfully deployed in other sectors remain, as yet, under-leveraged within the field of mental health.

In this paper, we provide examples of how the global mental health sector is expanding through each of the above themes, harnessing three pathways to scale:

- Pathway one: scaling through **integration of mental health into other areas of work**
- Pathway two: scaling through innovation in mental health **metrics**
- Pathway three: scaling through innovation in **financing**.

Each pathway is important in its own right and as part of a powerful sequence: integrating mental health action across society and the global economy builds the demand for innovation in mental health metrics, which helps to unlock new capital - and as more players join the ecosystem a virtuous cycle ensues.

Our annexes highlight a non-exhaustive list of examples that demonstrate each of these pathways and offer concrete opportunities for immediate action to accelerate impact in this space. This white paper and the accompanying annexes are working documents to inform our dialogue at the CGI private roundtable on September 19, 2023. They will be amended following that meeting.

## Purpose of this White Paper

The conversation on mental health is complex and ongoing. This White Paper aims to complement the efforts of others, and to ignite further action. Specifically, Kokoro and the McKinsey Health Institute hope to build on discussions held in the margins of this year's World Health Assembly, and, over time, to focus high-level energy on ever more compelling, actionable answers to the following questions:

- How can the private sector be further incentivized to invest in mental health interventions and programs that work, recognizing the significant size and rapid growth of this market opportunity, the recent market correction as innovations find their market fit, and the potential time needed to see returns (e.g. companies on average take 10 years to exit in the digital health space)?
- How can the overlapping objectives of stakeholders (e.g., government departments, CSOs, private businesses) be more quickly harnessed into sustainable, collaborative action?
- How can successful financing mechanisms from other sectors be translated ethically and effectively into action within mental health?
- How can people with lived experience be meaningfully integrated within the process to scale global mental health innovation?

## Why now?

The mental health crisis is both severe and global - reason enough to focus new energy and capital on this topic. But momentum has surged in the wake of the efficient, scalable capabilities that we now have to make a difference. Artificial Intelligence platforms give us extraordinary capacity to detect mental distress, to intervene, and to find new treatments. Online peer, community and professional support is now extending across the world, and we have increasingly rich real-world data to show a full range of interventions that work. **While the mental health crisis is not new, our powers to tackle it are. The opportunity for action is now.**

Note: Any examples in this whitepaper or accompanying annexes do not imply endorsement of specific programs, products, or services.

## Background

**Mental health is a core part of living a healthy, whole life. However, today, poor mental health is globally widespread.**

Mental health is inextricably linked to overall health. A recent global survey revealed that this broader definition of health – as more than the presence or absence of disease – is embraced by people around the world. In fact, mental health was rated the highest in importance across global respondents when reflecting on how they define ‘good health’, with social and spiritual health closely following ([Link](#)). Yet, mental health is too often overlooked, and poor mental health is widespread. An estimated 1 in 8 people are experiencing a mental health condition at any given time, and 1 in 2 people will experience a mental illness over the course of their lifetimes ([Link](#), [Link](#)). Mental illnesses and substance use disorders (SUDs), together with their comorbid physical health conditions make up 15 percent of global disease burden ([Link](#)). This estimated burden accounts for 333 million disability-adjusted life years; approximately half of which could be addressed by scaling interventions that work (Coe et. al, 2023). Yet only 23 percent of people with major depressive conditions receive minimally adequate treatment even in high-income countries; the percentage in low-income countries is a paltry 3 percent (Moitra et. al, 2022). Almost half the world’s population lives in countries where, on average, there is just one psychiatrist to serve more than 200,000 people and other mental healthcare providers (WHO MH Atlas, 2020), who are trained in the use of psychosocial interventions, are even scarcer (Endale et.al, 2020).

Given the growing prevalence and burden of mental health conditions, mental health has become a global crisis. This crisis has been accentuated by the widespread effects of COVID-19 on the way we live. The World Health Organization (WHO) reported a 25 percent global increase in anxiety and depressive disorders in the first year of the pandemic ([Link](#)), disproportionately impacting vulnerable populations ([Link](#), [Link](#)). Beyond the pandemic, as other factors like the climate crisis and global conflicts continue to evolve, addressing the burden of mental health conditions becomes even more important.

**Mental health conditions cause distress and disability, plus societal and economic impacts.**

The economic implications of diminished mental health are significant and extend beyond the direct cost of providing healthcare. Indirect costs, such as higher rates of unemployment, loss of economic productivity, and the need for informal care, ([Link](#) – page 50, [Link](#)), also contribute to the burden. Furthermore, other sectors such as housing, education, transportation, and criminal justice bear higher costs when mental health conditions go undetected and untreated.

Mental health conditions alone are the leading cause of years lived with disability (YLD), accounting for 1 in every 6 YLDs globally ([Link](#)), and there are strong links between mental health and physical health conditions. It has been estimated that 12 billion productive work days are lost every year to depression and anxiety alone, at a cost of nearly \$1 trillion ([Link](#) – page 99). In fact, mental health conditions are projected to cost the global economy \$16 trillion by 2030 ([Link](#)), which could represent nearly 1 percent of a given country’s GDP ([Link](#)). In the United States alone, the annual economic impact of SUDs is some \$250 billion for alcohol misuse and \$193 billion for illicit drug use ([Link](#)).

A recent evaluation ([Link](#)) of patients receiving care for a mood or anxiety disorder within the UK’s National Health Service draws on extensive real life data to reveal that “the substantive costs of mental health disorders do not come from treating them, but rather from not treating them.”

**The role of mental health in promoting human development and capability makes it a critical enabler that can unlock progress across many aspects of society, including, but not limited to, work and economic growth, peace and justice, and social inclusion and equity.**

Although only one of the Sustainable Development Goals (SDGs) is explicitly focused on health (SDG3), mental health is linked across the SDGs through social determinants of health ([Link](#), [Link](#) – page 118, 129) and bi-directional relationships whereby poor mental health affects every area of life and the

economy, conversely, good mental health enables individuals and communities to tackle complex social issues.

**Because the implications of poor mental health on economic productivity and personal quality of life affect everyone, we all have a stake in improving mental health.**

Historically, the public and social sectors have led the charge, often with limited funding and ability to scale, under the priorities such as public health, human rights, happiness and national productivity ([Link](#)). Without the right incentives and a clear mandate on how to engage, the private sector has mostly been involved through philanthropic efforts. As a result, for much of the private sector, the objective has been to do something good for society rather than to evaluate ROI, which has often limited the magnitude of private investment.

We highlight two types of ROI: (1) impact returns focused on the outcomes of good and poor mental health and the ability of individuals to fully participate in society and (2) financial returns with a pre-established, commercial business case for investing in mental health (e.g., returned investor capital, savings on future expenses) ([Link](#)).

**Traditionally, financial returns have been less explored in mental health, given unfavorable economics (e.g., lack of coverage, poor reimbursement rates) and minimal consensus on what the exact 'success' metrics and outcomes are. As a result, financing models that have worked in other sectors are absent or nascent in the mental health space.**

There are many other options for the private sector to consider in financing mental and behavioral health services, outside of the more traditional grants (e.g., short dated working capital, redeemable warrants, supply chain financing, social impact bonds), and there are funders (e.g., venture capitalists, private equity firms) open to supporting mental health initiatives. But there hasn't always been a clear and scalable path to exploring these alternatives over a long enough period to allow for meaningful change.

**However, new technologies have transformed the private sector's role in mental health.**

Digital mental health has seen over \$10 billion invested by venture capital firms since 2017 and hundreds of thousands of service users have received care from companies that did not exist five years ago ([Link](#)). Collectively, these investments and innovations cover only a small part of the range of services needed, but represent a crucial step in a multi-step journey to transform mental health care ([Link](#)).

As new technologies come online, the mental health market will be yet further transformed. The global mental health market reached \$419 billion in 2022 and is expected to grow to \$500 billion by 2028. ([Link](#)). Investment in the mental health and digital health space grew to \$5.5 billion in 2021, a 139 percent increase year-on-year with the average VC deal size also growing by 25 percent. There are now up to 20,000 mental health apps available ([Link](#)), and almost 100 new digital mental health start-ups every year. ([Link](#))

With Google processing around 10 million searches for mental health information each day ([Link](#)), growing awareness and reduction in stigma drive other new markets. For example, the global Femtech market (including women's mental health innovation) is predicted to double by 2025 from 2020 levels, with interventions that support PMS, PMDD, perimenopause, postpartum depression, and more.

**Investing in mental health can both help mitigate the global mental health crisis and lead to significant returns.**

For each life year without a mental health-related disability, on average, there is approximately US \$200,000 of economic value to society returned ([Link](#)). Returns on investment in scaling up treatment for depression and anxiety are enormous with a predicted 5-to-1 benefit-to-cost ratio, with this return projected to be even higher in lower-middle-income countries ([Link](#) – page 101).

What If Ventures' 2021 investor survey ([Link](#)) and investor summary ([Link](#)) also give a good sense of the flourishing for-profit investment scene for mental health. VCs poured \$2.1 billion into mental health

startups between 2020 and the end of 2022, according to Dealroom - four times the amount raised in the three years before. Nine new mental health unicorns were created in 2021 alone.

**Despite the global nature of the mental health crisis, a one-size-fits-all approach doesn't exist.**

Local culture and contextualization are critical to shape models for implementation with valuable lessons to be shared from many different regions of the world.

## **Pathway one: Scaling through integration**

Everyone, from the government to the private sector and civil society stands to benefit from improving poor mental health and building the conditions for mental strength – to enhance individual well-being and to bring societal-level advancements and productivity savings. If we can align and champion these incentives, the potential exists to see leaders across sectors invest significant human and financial capital into mental health for a myriad of systemic gains.

However, key stakeholders (e.g., governments, healthcare systems, civil society, private sector players) are not yet always aligned on the definition of mental health and on the role(s) each actor can - and should - play in this space. Given this lack of alignment, efforts to address challenges can often be disorganized, disconnected, and lacking the power and durability of a collaborative approach.

**As a starting point, we need to articulate the separate, but linked, definitions for mental health, mental health conditions, and social determinants of mental health** (e.g., socioeconomic status, basic needs such as housing, adverse early life experiences) ([Link](#)). While there have been attempts to do this ([Link](#), [Link](#)), opportunity exists to be clearer, more specific, and aligned on what each term represents. It is vital to center the voice of people with lived experiences and the communities within which they exist (including peer-led organizations), and to co-design answers with them ([Link](#), [Link](#)).

**Additionally, we need to learn from work around the world that seeks to better understand how supporting mental health can accelerate and unlock a broad range of related economic, health and social development outcomes.** By integrating mental health into existing areas of work, and leaning on already established investment and infrastructure, the mental health sector has the potential to expand rapidly through a range of win-win scenarios that avoid duplication of effort. For example, innovators already are engaged in initiatives such as:

- Improving academic performance by developing school-based mental health initiatives ([Link](#), [Link](#)).
- Supporting the adoption of climate adaptation measures by providing the support needed for psychological resilience in the face of enormous trauma, loss, and uncertainty. (See the case study below).
- Improving health outcomes for people with HIV by integrating mental health support into care ([Link](#)).
- Improving child nutrition by supporting for maternal mental health ([Link](#)).
- Seeking to improve national economic productivity by incentivizing employers to have stronger support for mental health in the workplace ([Link](#), [Link](#)).

**Real improvements will require coordinated action from multiple players across sectors.** One approach is for mental health to be included in national development plans and multi-term budgetary frameworks. This could help to expand the market for private sector innovation and create a stronger position from which to integrate private and public sector innovation, eventually driving more coherent and sustainable mental health interventions that draw on both public and private providers.

The following case study and 'ideas for scale' aim to inspire further action in this field.

## CASE STUDY: SCALING THROUGH INTEGRATION

### COP<sup>2</sup>: integrating psychological resilience into global climate adaptation work

Tackling the climate crisis requires strengthening our human ability to endure and adapt to massive emotional trauma, vulnerability and change. That coping capacity in turn anchors the mindsets and behaviours on which the transformation to a sustainable planet depends.

COP<sup>2</sup> ([Link](#)), Care of People x Planet, is a global network of 430-plus organizations bringing together intersectional learning, science and lived experience to bolster the psychological resilience and mental health of people in the face of environmental change.

In 2022, COP<sup>2</sup> joined with the UN's Race to Resilience to include in its "Sharm-el-Sheikh Adaptation Agenda" a cross-cutting ambition to "grow the capacity for psychological resilience of 4 billion people living in communities most vulnerable to the impacts of climate change."

By plugging psychological resilience into a global effort that is already mobilizing thousands of businesses, regions, cities, investors and grassroots organizations to accelerate global climate resilience, COP<sup>2</sup> can accelerate global access to mental health training, tools and care services. They aim to support communities on the front line of the climate crisis, including those living in informal settlements, smallholder farmers, youth and women in low-resource settings.

Each project will convene climate adaptation and mental health experts and stakeholders in a joint effort that measures progress across both mental health and climate adaptation metrics, creating an opportunity for win-win outcomes that incentivise funding for scale from a pool of funders who care about climate and/or mental health outcomes.

### Additional ideas for scale

- Build a coalition of public and private leaders at national and sub-national levels who advocate for integrating mental health across all policies and all SDGs; establish mental health indicators that will help to accelerate progress within each SDG or area of public policy, and accountability mechanisms that incentivize intersectoral collaboration.
- Establish dedicated and sustainable mental health leadership at the heart of a country's legislative and executive power structures to help all departments develop and deliver a mental health lens to their work. The National Mental Health Programme ([Link](#)) as a central governing body for mental health in Lebanon is an example of this.
- Embrace innovation and technology to i) educate stakeholders and get their buy-in on the 'mental health in all policy' approach at scale and ii) form a community of practitioners globally to rapidly spread best practices and learnings. For example:
  - Via global platforms like Apolitical ([Link](#)), which facilitates learning for policy makers.
- Integrate mental health into holistic outcomes/data collected by governments (including data on direct and indirect costs as well as on people's experiences). For example:
  - Wales Wellbeing of Future Generations Act.
  - Australia Measuring What Matters framework.
  - Gross National Happiness (GNH) as a measure instead of a sole focus on GDP.
- Scale funding to expand pilots that have holistic reporting on mental health outcomes and use this data as a basis from which to spark new business models. For example:
  - Wisdo Health and health insurer Humana jointly reported that Wisdo's platform to alleviate loneliness led to striking health improvements for their members (e.g., after one month, participants had an average decrease of 6.5 days in the number of mentally and physically unhealthy days they experienced, a 10 percent decrease in inpatient visits, a 4 percent reduction in ER visits and 6 percent reduction in urgent care visits) ([Link](#)).
- Capture and share the win-win benefits of integrating mental health into other sectors, perhaps through dedicated research and communication that each year shines a light on mental health integration case studies such as COP<sup>2</sup>, facilitating learning across pilots and building the evidence for investing in mental health as a tool to accelerate progress in correlated sectors.

- Replicate pilots; ensure an open, common framework to capture and disseminate data. For example:
  - Partner with existing initiatives such as GOLab and UNESCO Sport for Life.
- Identify the existing global standards around mental health and wellbeing (e.g., ISO:45003, ISO:45001) to help advocate for their widespread adoption.
- Ensure meaningful and authentic integration of people with lived experience across sectors in global mental health (research, policy, service development and delivery, monitoring and evaluation). For example, Global Mental Health Peer Network ([Link](#)) focuses on people with lived experience to help change and transform global mental health through empowerment, peer-to-peer mentorship, peer support, and more.
- Empower and integrate the voices of the families of those suffering with poor mental health - they are often the ones navigating support across the different sectors and government departments, as well as being first responders, payers and healers.

## Pathway two: Scaling through innovation in metrics

In the wake of COVID-19, government and business leaders worldwide have noted mental health as a top priority. We have ample evidence for what types of mental health interventions work and we are investing in promising strategies, collecting data, identifying trends, and reporting conclusions. In parallel, many leaders are innovating on a quest to find solutions to some of the thorniest challenges in mental health. Nonetheless, some sectors are moving faster in their timeline of moving effective interventions from research to practice. So, we must ask ourselves, where is the broken link? The answer is in the details.

One hypothesis is that, while our efforts are robust in nature, the ability to demonstrate impact on the outcomes that society values is limited. And even when we do, the exact metrics to which we want to hold ourselves accountable are not consistently agreed upon across stakeholders. While outcomes measurement is vital, clear opportunity exists for us to assess collectively *what* we are measuring, *why* it matters, and *how* we are tracking our impact.

How do we best capture quality of care together with access to care? How do we drive consistency of metrics that make it easier to analyze and learn from larger data sets, while also embracing a field of exciting innovation?

**Steps are being taken to broaden the consistency of mental health metrics.** For example, in 2019, Countdown Global Mental Health 2030 was launched as a collaboration between Global Mental Health @ Harvard, the World Health Organization, UNICEF, the GMHPN and United for Global Mental Health to monitor progress on global mental health through country-level data on around 50 priority indicators ([Link](#)). Furthermore, in 2020, the International Alliance of Mental Health Research Funders' Common Measures Board for Mental Health Science was established - a community of mental health research funders, medical journals and data measurement experts that commits to adopting common measures ([Link](#)). The goal is not to identify perfect or gold-standard measures, but instead to identify low-burden, low-cost and high-information standalone tools that can produce meaningful data in the widest of possible contexts that can maximize the potential of mental health research to lead to improved lives.

**Innovation in mental health measurement and evaluation is happening, too** - from new programs that facilitate data sharing, such as the launch earlier this year of The Global Center for AI and Mental Health ([Link](#)), to the growing field of digital phenotyping (acquiring health data through wearables and mobiles and using AI to assess the trends or predict future health outcomes) ([Link](#)). Charities such as Waves For Change have embraced new technology through, for example, monitoring Heart Rate Variability as an additional way to track and understand the impact of their important work ([Link](#)).

**The field of mental health metrics is also becoming a more meaningful sector for ESG measurement.** Just as companies and organizations manage the risks and opportunities that come with understanding their role within the climate crisis, so there is a critical role for metrics in shaping how leaders understand their role within the global mental health crisis, capturing how their products, services and ways of operating impact the mental health of their employees, their customers, their

communities or their suppliers and creators. Increasing innovation in this field can open up a new pathway to accountability and opportunity.

## **CASE STUDY: INNOVATION IN METRICS**

### **Prospira Global: Mental Health Sector Impact Reports**

Prospira Global ([Link](#)), founded by mental health expert Elisha London, has launched mental health and well-being sector impact reports, which will focus on understanding how mental health and well-being risks and opportunities differ across sectors.

**Underpinning the reports is the concept that mental health and well-being is the next material issue for business – no longer a nice-to-have but an expected and vital part of doing business in today’s world due to escalating societal need, shifting consumer awareness and demand, increasing investor interest and expanding employee expectations.**

However, the data is not yet strong enough for companies to be able to fully understand the universe of mental health and well-being risks and opportunities that impact their business, and conversely how their business impacts the mental health and wellbeing of those in their spheres of influence.

Prospira Global is working with companies that want to provide leadership across their sector on mental health, convening ESG, mental health, and industry experts to develop and drive the impact measures and metrics most relevant for their sector as a map for common measurement and reporting including:

- How significantly and in what ways mental health and well-being affects the sector’s ability to perform and grow;
- How significantly and in what ways does the sector’s offerings and business activities affect the mental health and well-being of employees, consumers and society; and
- Which of these impacts are most important to stakeholders and why.

These reports are the first to go beyond an organization’s sphere of influence to understand mental health and well-being impacts; identify business risks and opportunities across the sector; and engage stakeholders with the goal of developing metrics and benchmarks to drive individual and collective accountability.

### **Additional ideas for scale**

- Advocate for stronger government data. In addition to SDG indicators for mental health (suicide rate; SDG 3.4.2) and substance use (treatment coverage for substance use disorders, SDG 3.5.1; and alcohol use per capita, SDG 3.5.2), the WHO plans to leverage new levels of attention to mental health by its member states. This would step up efforts to measure increased service coverage for mental and neurological conditions (in line with targets set out in the Comprehensive Mental Health Action Plan 2013-2030 and the Intersectoral Global Action Plan on Epilepsy and Other Neurological Disorders 2022-2031. This can be achieved by a) supporting administration of population-based surveys capable of capturing both prevalence and service uptake rates, and b) strengthening routine health information systems for mental health at the sub-national level.
- Support common frameworks for measuring benefits (individual and societal) and costs (e.g., healthcare spend) as a foundation for measuring programs in a comparable way.
- Build upon the work in carbon trading by identifying modifiable causes of poor mental health, such as the effects of excessive time on social media, and measure these “negative externalities.”
- Move from digital health apps as isolated tools to an integrated “operating system” of care that works across entire mental health pathways, including through using comprehensive data and tools that help end users and providers feel confident in navigating across the digital mental health sector safely ([Link](#)).



## Pathway three: Scaling through innovation in financing

The mental health space is ripe for innovative financing. As with many other major global crises (e.g., climate change), the needs in mental health are so large and cross-cutting with other issues that the traditional models of financing are insufficient to create the impact that is required. At the same time, evidence for programs and interventions has accumulated at a rapid pace, readying the field for a massive infusion of resources.

Climate investing has seen a rapid transformation in the past two decades. To encourage investments from players outside the existing public-social ecosystem, many stakeholders are exploring innovative funding models (e.g., blended finance) and are establishing networks to scale these models further ([Link](#)). Multilateral banks are also exploring models where they take on the initial losses in funding vehicles to manage risk and encourage private investors ([Link](#)). Similarly, the justice and welfare sectors have pioneered social impact bonds, which are public-private partnerships that fund social services through performance-based contracts ([Link](#)), and have been more widely adopted in other sectors such as education.

**While there is much to learn from other spaces, financing models that work for social enterprise / other sectors require a proof of the concept in the area of mental health.** Even now that we have seen a massive upsurge in the size of the mental health market, we have not yet aligned on any ‘gold standard’ incentives, outcomes, or impact metrics as our “North Star.” Instead, we rely on metrics that are sector- or organization-specific (e.g., Patient Reported Outcome Measures in US Healthcare, productivity in the workplace). The lack of consistency around outcomes metrics has contributed too to the limited quality control of mental health innovations offered by the private sector. This puts the onus on the individual to compare and contrast what works best for them.

**Models of private finance that take into consideration social impact along with an assessment and quantification of the return on investment (ROI) of that impact (in financial terms) may hold the answer.** The challenge is to clearly define what is being ‘monetized’ and who is going to pay for the improvements in mental health, as well as how do we ensure positive, holistic, and longitudinal outcomes across the lifespan.

**These novel financing models may have the potential to transform mental health investing and more efficiently allocate resources to interventions in the space** (e.g., performance-based contracting that can de-risk investments by holding programs accountable to tangible outcomes). This approach could also be attractive to philanthropic investors looking for a closer connection between expenditure and results (with real-time data providing feedback).

**To fully unlock the potential of these mechanisms, behaviors would need to evolve.** Private sector investors have to be willing to invest and traditional funders (e.g., government funders, development agencies) also need to be open to exploring new options of financing.

There are a growing number of examples of this kind of innovation now being developed within the mental health sector, some of which are already helpfully captured by the Government Outcomes Lab’s knowledge bank ([Link](#)), based in the Blavatnik School of Government, University of Oxford to investigate how governments partner with the private and social sectors to improve social outcomes.

For example, earlier this year, the UK Government Outcomes Lab published its first evaluation report of the Mental Health and Employment Partnership (MHEP) projects commissioned under the UK Government’s Life Chances Fund to drive the expansion of high-quality employment support programs for people with mental health issues. MHEP houses 5 social impact bonds (SIBs), backed by social investment from Big Issue Invest and outcome funding from Life Chances Fund. Social Finance leads the contract and performance management as an intermediary and co-commissioner to the providers and corresponding local authorities.

## **CASE STUDY: INNOVATION IN FINANCING**

### **Outcomes contracting to support mental health goals**

Outcomes contracting has been successfully operating in other sectors since the end of the last century (with at-scale adoption of the model in employment services), creating a meaningful way for public and private funders to contribute different forms of capital at different stages in order to achieve commonly agreed goals for both financial and social return – aligning the incentives of funder and service provider. The first Social Impact Bond was implemented in 2010, bringing in social investment to cover the cash gap that can be created when the funding is linked to the outcomes.

However, it is only very recently that the opportunity to work in this way has been introduced into global mental health. For example:

The Healthy Brains Global Initiative (HBGI) is looking specifically to use outcomes contracting to attract philanthropy and investment, and to address the global lack of understanding and services around mental health. HBGI is also using their expertise in this contracting model to advise existing commissioners of mental health services.

In the US, HBGI has been commissioned to review the current contracting of Full Service Partnerships (FSPs) in California. These are services targeting homeless people with severe mental illness, funded by billions of dollars raised through a state-wide wealth tax ring-fenced for mental health. HBGI is working with a group of counties to develop proposals: (a) to strengthen the performance management of the existing programs, drawing on lessons from outcomes contracting, and (b) pilot new services with outcomes contracts, such as employment services for people on FSPs and programs to address workforce challenges, and reaching new target groups, including jail leavers and homeless families.

In South Africa, HBGI is partnering with a mining company, to combine newborn immunization that they currently fund with mental health checks (and treatment and referrals) for the mothers. Outcomes contracts will be used for these new services. The company is covering 18 months of development costs, as well as the outcomes payments. The rich, live data generated from delivery will be used to leverage in additional financing from the private sector and international development organisations, to increase scale further and expand across the continent. Engagement with local governments, again using the live data to show clear accountability and the relationship between expenditure and impact, will be used to build long-term sustainability and government capacity in better contracting and performance management.

### **Additional ideas for scaling**

- Launch ambitious pilots that give different funders concrete opportunities to get involved in work that aims to shift the paradigm of mental health funding.
- Establish national or regional public-private funds for mental health modeled after similar structures in adjacent spaces of housing, education and climate.
- Educate existing funding systems (including government and in development settings) by identifying, simplifying and demystifying new financing options beyond grant funding.
- Tell the mental health story in classic return terms. For example:
  - Global mental health market at \$419 billion in 2022; expected to be \$500 billion by 2028. ([Link](#))
  - Mental health unicorns such as Calm (\$2 billion), Talkspace (\$1.4 billion), Ginger (\$1.1 billion), Digital behavioral health benefits Spring Health (\$2.5 billion)
  - The growth of capital: 2021 mental health space + digital health investments: \$5.5 billion globally across 324 deals, a 139 percent increase YoY.
  - VCs poured \$2.1 billion into mental health startups between 2020 and the end of 2022, according to Dealroom. That's four times the amount raised in the three years before.
  - While healthtech saw lower deal sizes in 2022, mental health companies' median VC deal size grew from \$8 million in 2021 to \$10 million in 2022.
  - Buy low advantage - valuations used to be 10x rev; they're now 4x.
  - Big pharma is a well-traveled exit route.

- Starting to see dedicated mental health funds (new outfits and new funds in existing outfits), which is a new route for LPs and new risk funding for start-ups.
- Small-ticket investors are also welcome through collective outfits such as what if ventures syndicate, which takes more than 5,000 tickets and is dedicated to mental health.
- Focus on innovation centers of universities (research labs, entrepreneur programs) and offer for-profit attractive spin-out opportunities for founders in residence and outside investors (fair equity for founders, easy transfer of technology, long-term revenue-based royalty sharing).
- Create approaches to improving mental health that capture the benefits by design, such as a program that helps people with mental health conditions get back to work might measure the societal return (e.g., tax receipts) alongside the investment to generate that return (e.g., costs of providing mental healthcare). Such “closed-loop” programs (that measure individual ROI at scale) highlight the positive impact of mental health improvement and are strong candidates for sustainable funding.

## Next steps

We hope that in reading this paper you have sensed the urgency of the mental health crisis, the momentum of those investing human and financial capital in this field, and the inspiration of those innovating to unlock the societal benefits of positive mental health. We hope you also feel more equipped with actionable ideas to take your impact to the next level. For follow up, our annexes contain tangible opportunities for action and contact details for those who can give further information. We hope to continue building out these annexes with live projects that fit each pathway, crowdsourcing ideas from funders and experts around the world.

- Annex 1: Opportunities for action: integration and metrics (pathways one and two)
- Annex 2: Opportunities for action: innovating financing (pathway three)

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