

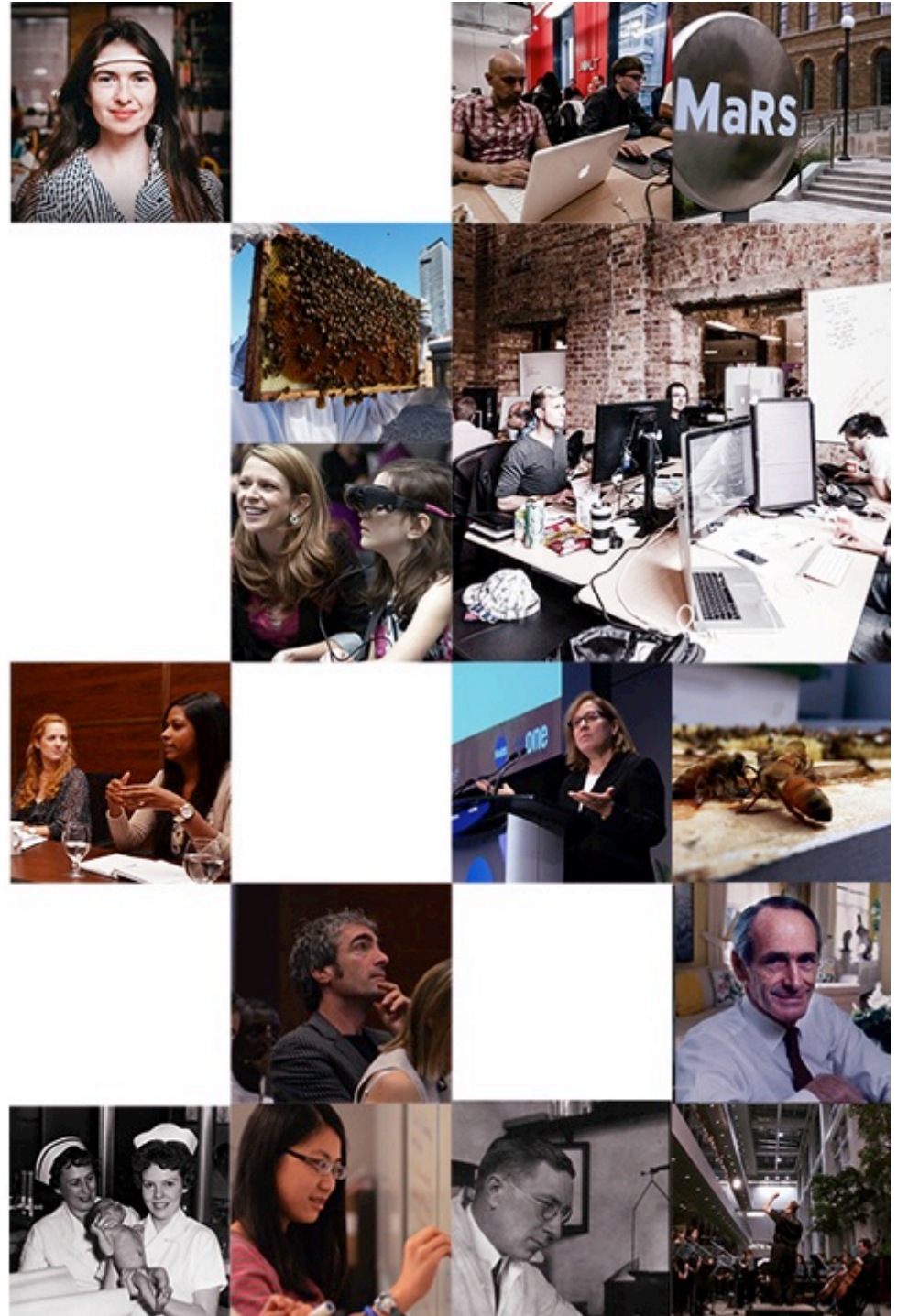


mindset foundation
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Social Finance & Drug Repurposing

FEBRUARY 2015

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Context

- The Mindset Social Innovation Foundation is committed to exploring complex social problems that will only be solved by radical new ways of thinking and organizing.
- MaRS Centre for Impact Investing is committed to exploring ways finance can be used to solve complex social problems and align incentives
- Mindset is interested in practical solutions that make medicines more affordable and are investigating a range of different options. The option that they have approach MaRS to consider relates to Drug Repurposing
- Mindset's interest in Drug Repurposing came out of its exploration work with Cures Within Reach (CWR), a US nonprofit that has developed a track record in drug repurposing. It is CWR's proposal to develop a Social Impact Bond to fund drug repurposing for rare diseases that prompted Mindset to explore how might social finance tools be used to accelerate proposals like CWR.
- MaRS' preliminary understanding is that existing process and incentives systems in medical research and drug development have been an obstacle to fully uncovering the potential of drug repurposing for rare diseases
 - Drug company's focus on more wide spread diseases
 - Issues around IP
 - Rare disease treatments tend to languish on lab shelves for lack of funding and perceived financial opportunity
 - Fragmentation of research efforts and associated funding
- The challenge is understanding whether new financial architectures or processes might overcome barriers and the appetite of stakeholders to engage with them

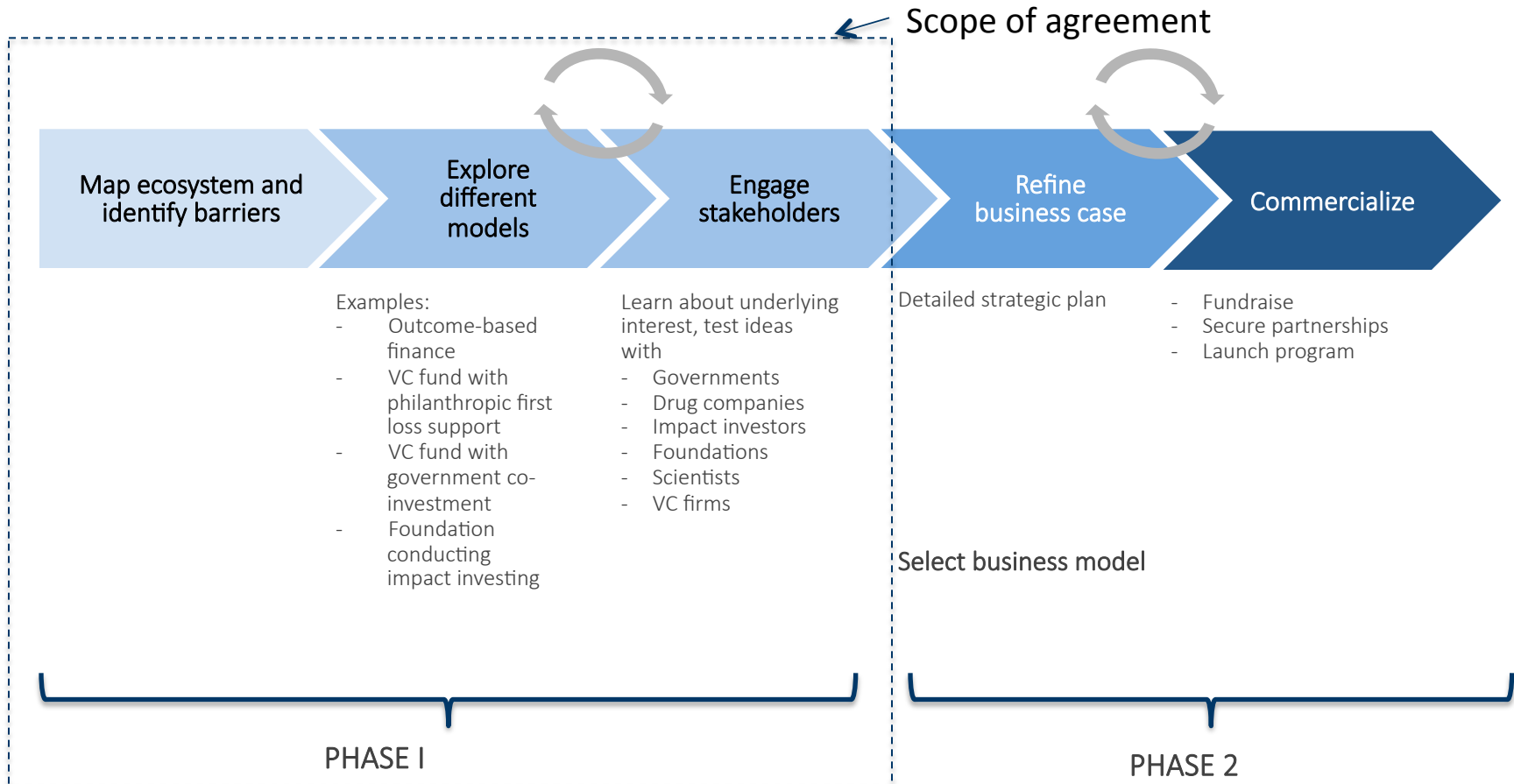


Key Research Questions

- Who, where, and how is drug repurposing being used to find cures or treatments for rare diseases?
- What are the financial constraints to this work and specifically for developed countries with universal health care systems - i.e. Canada and UK? What insights, if any, can be gained from for-profit businesses conducting drug repurposing?
- How might social finance tools overcome constraints? What changes, if any, would be needed to these tools for them to be effective? What changes might be needed in how drug repurposing is carried out? Tools to be considered will include:
 - Social Impact Bonds and other outcomes-finance arrangements
 - Impact-focused venture capital
 - Use of catalytic capital tools (e.g. first loss, guarantees, other)
 - Bringing of government and/or philanthropic funds with private investment capital behind a single strategy or goal
- How receptive are key stakeholders (with a focus on Canada) to consider drug repurposing for rare diseases and exploring new models of funding? What are the barriers or opportunities - e.g., awareness, readiness, perception of risk, policies, people, events etc? What's the chances of an initiative being developed in the next 5 years and the scope of such an initiative - e.g, general pilot, focus on particular set of diseases etc?
- How does the CWR proposal fare in relation to this knowledge and what do these findings say about the potential of social finance to more generally accelerate drug repurposing to deliver cures/treatments for rare diseases?



A phased approach will be used to explore the problem



Phase 1 deliverable: Presentation with feasibility considerations as well as design options, if any, for new financial instrument for drug repurposing



Possible conclusions from phase one of work

- 1) Limited appetite from stakeholders/partners to continue exploration; findings determine no appropriate impact investing solution
- 2) Appetite to explore more rigorously and prepare business plan for a new impact investing instrument/solution (Phase two)
- 3) New opportunity or new horizon to explore more completely (a non impact investing solution not yet considered)





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