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IMPROVING HEALTHCARE, BUT FOR WHOM?

INVENTORY STUDY ON THE INTERNATIONAL FINANCE CORPORATION'S INVESTMENTS IN HEALTHCARE

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	5
METHODOLOGY	9
RESULTS	10
DISCUSSION	17
CONCLUSIONS AND RECOMMENDATIONS	21

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EXECUTIVE SUMMARY

This paper presents our inventory study of recent investments and advisory services in health of the International Finance Corporation (IFC), the private sector arm of the World Bank Group. Even though most of the IFC health investments have a strong focus on quality and availability of healthcare services and products, they almost never consider whether everyone can access those services and products. We recommend the IFC to increase its focus on health equity, ensuring that their private investments in the health sector promote equitable and universal access to care.

WHY THIS STUDY?

Many development institutions support private investments in health in low- and middle-income countries, often without expressing a clear vision on how these investments contribute to Universal Health Coverage (UHC). The IFC is one of the main development actors when it comes to financial support to the private health sector.

Wemos, along with many other civil society organisations (CSOs), is concerned about the implications of privatisation and commercialisation of healthcare services. We are thus interested in assessing the size and scope of IFC investments in health, and how they evolved after the policy changes caused by the Covid-19 pandemic, which made health a priority area.

In this paper, we analyse and discuss the work of the IFC in health and how it has changed since the Covid-19 pandemic. Our paper provides a useful overview for CSOs and institutions that are concerned about health equity and want to monitor how development finance is used in the health sector.

OUR FINDINGS

We find that the largest part of IFC investments in health goes to the manufacturing and supply of healthcare products. These investments have potential to strengthen health systems and have increased since the Covid-19 pandemic. The IFC also invests in areas whose contribution to UHC and specifically to health equity is less likely. While IFC projects in health focus on improving quality and availability of health services and products, only one out of 88 projects mentions equitable access as an expected development impact.

We propose the following recommendations for each area of investment in the health sector:

- Investments in manufacturing and supply of healthcare products have the potential to contribute to UHC. To further promote UHC, we recommend that these investments meet the following criteria:
  1) they lead to strengthened local production capacity;
  2) they cater to local needs; and
  3) they contribute to equitable access, including fair prices.
- Investments in private health insurers should be discontinued, as they misalign with World Bank and World Health Organization (WHO) recommendations on health financing and hamper UHC.
- Investments in Public-Private Partnerships (PPPs) for the provision of healthcare services should progressively be discontinued, due to their higher cost for citizens and the government, and the fiscal risks involved.[1]
- The decision to invest in private providers should be made after considering implications on equitable access to care during the impact assessment. For example, investing in high-end private hospitals is unlikely to contribute to equitable access to healthcare and can draw scarce resources (like health workers) away from lower-level health centres.
- Finally, the support for financial intermediaries operating in the health sector poses challenges regarding transparency. We therefore recommend a disclosure of the investments made by all intermediaries.

Not all private investments in health contribute to UHC, and some can jeopardise health equity. As noted by the WHO Council on the Economics of Health for All and by WHO experts "not everything goes in the path to UHC."

About Wemos
This paper was written and published by Wemos. Wemos is a Dutch civil society organisation that advocates the right to health for all. We analyse policies that affect health and propose policy changes to governments and multilateral organisations. We seek to raise public awareness of urgent health and health system issues, and to strengthen cross-border civil society learning and collaboration.

[1] For more detailed recommendations on this topic, please see our paper Risky business (2021) [LINK]

INTRODUCTION

The International Finance Corporation (IFC) is the largest development institution mobilising private finance and supporting business undertakings in low- and middle-income countries. Its mission is to *"advance economic development by encouraging the growth of private enterprise in developing countries*".[2] The IFC works with a number of instruments: it provides financial assistance (mostly loans and equity) to companies, and technical assistance (mostly advisory services) to financial institutions, companies and governments. The IFC operates in the health sector, among others, by investing in Public-Private Partnerships (PPPs), health insurers and providers, and manufacturers of healthcare products.

The IFC is not alone in its focus on strengthening and involving the private-for-profit sector in development. All five constituent institutions of the World Bank Group (WBG)[3] that operate according to a single strategy since 2013[4], known as the *One WBG Strategy,* focus on leveraging the private sector through the so-called Maximizing Finance for Development (MFD) approach.[5] This approach - often dubbed as the *'private first'* approach - prioritises private over public finance for development, seeks to expand or create markets for private actors in low- and middle-income countries, and uses public resources to finance or de-risk private investments.

Furthermore, since the 90s, there has been an increasing involvement of private investors and financial intermediaries in health, as well as efforts to strengthen and expand private service providers and insurers.[6] The resulting commercialisation,[7] privatisation[8] and financialisation[9] has raised concerns about health equity among CSOs, including Wemos.[10] Without a comprehensive public health financing system, as is often the case in low- and middle-income

[2] IFC website, About IFC (website visited in March 2022)
[3] The World Bank Group comprises five constituent institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID) [LINK]
[4] World Bank Group Strategy (2013) [LINK]
[5] The WBG's Maximizing Finance for Development approach was adopted in 2017 and is summarised in this WBG Brief (2018) Maximizing Finance for Development (MFD) [LINK]
[6] Hunter & Murray (2019). Deconstructing the financialization of healthcare. Development and Change.
[7] Commercialisation: the increased provision of healthcare services through market relationships, where accessibility depends on willingness and ability to pay [Mackintosh & Koivusalo (2005). Commercialization of Health Care. Global and Local Dynamics and Policy Responses]
[8] Privatisation: the growth of the share of private sector involvement in public health systems. [Committee of Ministers of the Council of Europe (2019) Privatization of public undertakings and activities]
[9] Financialisation: a situation where financial motives, markets, actors and institutions play an increasing role in the provision of health services [Hunter & Murray (2019), Deconstructing the Financialization of Healthcare]
[10] See for instance Wemos Risky business (2021) [LINK] and In the Interest of Health for All? (2020) [LINK]. For concerns specifically with regard to WBG/IFC operations in health see: Oxfam's Investing for the few on IFC's Health in Africa initiative (2014), and A dangerous Diversion (2014) and Blind Optimism (2009); Eurodad (2021) Rebuilding Better; Eurodad (2018) History RePPPeated

countries, the use of private financing in health can be at odds with the universal human rights framework, the Sustainable Development Goal (SDG) target of Universal Health Coverage (UHC) and the goal to Leave No One Behind,[11] thus degrading universal and equitable access to healthcare.

Universal Health Coverage and health equity

Universal Health Coverage (UHC) means that "all individuals and communities receive the health services they need without suffering financial hardship" and is one of the SDG targets. Health equity is the absence of unfair, avoidable or remediable differences among groups of people, whether those groups are defined socially, economically, or by other dimensions of inequality; according to the UN, health equity is a requirement for UHC [UN 2019, Political declaration of the high-level meeting on UHC].

Due to the Covid-19 pandemic, which caused multiple crises and a setback in progress towards the SDGs, the WBG updated its overall ('One WBG') strategy with a notable emphasis on health and the role of the IFC.

To assess the health-related effects or possible impacts of current IFC operations on UHC, it is useful to understand how the IFC currently operates in the health sector. Although the IFC publishes its investments in a public database, there are no overviews available on the work of the IFC in health. To address this knowledge gap, we studied recent IFC investments and advisory services in the health sector, zooming in on size, scope and changes after the start of the Covid-19 pandemic. This paper presents the study findings and discusses them from a UHC and health equity lens.

WBG STRATEGY UPDATE: HIGHLIGHTING HEALTH AND THE IFC ROLE

The WBG responded swiftly to the Covid-19 pandemic with emergency funding and other measures. It also published 'The World Bank Group COVID-19 Crisis Response Approach Paper'[12] which explains how the WBG is responding to the pandemic. Beyond response to

[11] See: https://www.un.org/en/desa/leaving-no-one-behind
[12] WBG (2020) Saving Lives, Scaling-up Impact and Getting Back on Track. The World Bank Group COVID-19 Crisis Response Approach Paper [LINK]

immediate threats and damage caused by the pandemic, the paper reflects a longer-term outlook.[13] It can be seen as an update of the earlier mentioned *One WBG Strategy.* The paper states that "*Working as One WBG, the approach emphasizes selectivity and public-private joint interventions to scale up private sector solutions while staying focused on results."*

A few elements from this WBG strategy update stand out:

- It singles out health by mentioning the "health, social and economic impacts" of the crisis, the need to "preserve global public goods like public health". It also groups health and health systems strengthening-related operations in a separate thematic pillar called *Saving Lives,* the first of four thematic pillars. The other three pillars are *Protecting the Poor and Vulnerable People*, *Ensuring Sustainable Business Growth and Job Creation* and *Strengthening Policies, Institutions and Investments for Rebuilding Better.*
- It puts emphasis on strengthening the private sector, public-private interventions to scale up private involvement, and the central role of the IFC in the response to Covid-19.
- It emphasises selectivity in support operations and specifies what instruments it intends to use in each of the thematic pillars of operations. In the *Saving Lives* pillar, two IFC instruments are listed: the Global Health Platform (also see paragraph on Assumptions) and IFC's long-term financing of private providers and manufacturers.

MAIN AREAS OF IFC INVESTMENTS IN HEALTH[14]

When it comes to health, the IFC invests in five major areas:

1. **Manufacturing and supply of healthcare products**, such as vaccines, medicines, medical equipment and other medical commodities. This includes all phases: from research and development to the provision of raw materials, manufacturing, as well as transportation and distribution.
2. **Private healthcare providers**, such as private hospitals, clinics and diagnostic centres.
3. **Private actors that provide healthcare financing services**, such as private insurers, as well as tech companies that provide digital payment solutions and wallets.
4. **Public-Private Partnerships (PPPs) in healthcare.** Healthcare PPPs are long-term contracts between a government and a private company. The private company

[13] Eurodad (2021) 'Rebuilding Better', but better for whom? [LINK]
[14] This categorisation was developed by Wemos, observing the distribution of investments in the health sector

finances and runs a health service and/or develops infrastructure; it is then compensated by the government and/or through user fees.[15]

5. **Indirect investment in health through financial intermediaries** such as banks and equity funds. Instead of directly investing in a project, the IFC invests in a financial intermediary who, in turn, invests in the health sector, or in multiple sectors *including* the health sector.

While these are all investments in the health sector, it is important to note that they may not be classified as such by the IFC. For example, investment in financial intermediaries, even when operating exclusively in the health sector, can be categorised as "Equity Funds", "Commercial Banking" or "Other".

QUESTIONS

Our study investigates the size and scope of IFC health projects in the last five years (2017-2021), plus possible shifts in size and scope within this period. The questions are:

1. What type of support (loans, grants, equity, advisory) does the IFC provide in health projects?
2. What do IFC investments in the health sector consist of? And specifically:
    a) What are the volumes of money and relative distribution over the five health areas?
    b) Was there a notable change in the years 2020 and 2021 (i.e. since the Covid-19 pandemic)?
3. What do IFC advisory services in the health sector consist of?
4. What type of development impact indicators are attached to IFC projects in health?

ASSUMPTIONS

We expected to see the following changes in IFC investments in health, which we fact-checked after the analysis:

- **An overall increase in investments in health**. Because healthcare is mentioned as a "priority sector" in recent IFC annual reports,[16] we assume there has been a notable

[15] World Bank Independent Evaluation Group (2016). PPPs in health [LINK]
[16] IFC Annual Report 2020: Transformation [LINK]; IFC Annual Report 2021: Meeting the Moment [LINK]

increase in investments during the Covid-19 pandemic in 2020 and 2021, compared to earlier years.
- **An increase in investments in the manufacturing and supply** of vaccines and other medical commodities and of **healthcare service provision** in 2020 and 2021 (since the onset of Covid-19). This assumption is based on the plan to mobilise extra resources through the new *IFC Global Health Platform* in 2020, which *"will provide financing to manufacturers of healthcare products, suppliers of critical raw materials, and healthcare service providers so they can expand capacity for products and services to be delivered to developing countries."*
- **A decrease in investments in healthcare PPPs** over the period 2017-2021. This assumption is based on specific comments made by several World Bank and IFC Executive Directors during dialogues with CSOs in 2021, stating that PPPs in healthcare and in education are "being debated", "controversial" and "regarded as less suitable". This assumption is strengthened by the fact that the IFC instrument of PPPs is not specified in the health operations pillar (Pillar 1 – *Saving Lives*) and social pillar (Pillar 2 – *Protecting the Poor & Vulnerable*), whereas it is specified in the other two pillars (Pillar 3 – *Ensuring Sustainable Business Growth & Job Creation* and Pillar 4 – *Strengthening Policies, Institutions and Investments for Rebuilding Better*).

METHODOLOGY

The research project consisted of a desk review of IFC investments in healthcare between 2017 and 2021, through an in-depth exploration of the IFC database, https://disclosures.ifc.org/. When information in the database was incomplete, the data were complemented by an analysis of relevant documentation, obtained through Google search. A five-year span was considered to have a sufficient timeframe to compare how IFC investments evolved after the start of the Covid-19 pandemic.

In the assessment, we have included those financial intermediaries that invest only in health, not those that invest in multiple sectors, as it is not possible to determine the amount directed to the health sector. Throughout this paper, we call this category 'Financial intermediaries'.

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RESULTS

WHAT TYPE OF SUPPORT DOES THE IFC PROVIDE IN HEALTH PROJECTS?

We found a total of 88 IFC projects in health from 2017-2021. Most of the projects (65 out of 88) concern financial investments, while the remaining 23 are advisory projects, where the IFC provides technical (not financial) support. No grants were disbursed in the five-year span analysed. Investments were done in the form of loans and equity. Equity investments comprised direct acquisition of a company share (as in the case of this private hospital in Pakistan) as well as investments through private equity funds (as with these funds active in India and East Asia). Six of the 65 investment projects have a blended finance component, where the IFC uses part of its budget to leverage more funding from other financial institutions, by de-risking their investment. De-risking can be done in different ways; in the projects we analysed, it is done through subordination in returns[17] and through First Loss Guarantees.[18]

WHAT DO IFC INVESTMENTS IN THE HEALTH SECTOR CONSIST OF?

The trend of IFC financial investments in health over the five-year span shows a clear increase, both absolute and relative to the total of IFC investments (see table 1). Whereas between 2017 and 2019 the IFC spent an average of 424 million USD per year in health, this amount increased to 1.03 billion USD in 2020 and 1.73 billion in 2021.

[17] 'Subordination' refers to the rank of a company's debt. In the event of a liquidation, senior debt is paid out first, while subordinated debt is only paid out if funds remain. When the IFC acquires subordinated stocks from a company, for example, other investors will consider investing in the same company less risky, as their repayment will be prioritised in case of a default

[18] A 'first loss guarantee' is another de-risking mechanism whereby a third party (in this case, the IFC) compensates lenders if the borrower defaults, thus giving other investors more confidence to give out loans

	2017	2018	2019	2020	2021
IFC health investments (USD)	615,710,000	246,920,000	410,420,000	1,030,240,000	1,728,550,000
Total IFC investments (USD)	25,807,000,000	30,699,000,000	24,890,000,000	28,430,000,000	31,500,000,000
% of health investments on overall spending	2.4%	0.8%	1.6%	3.6%	5.5%

Table 1 – Total IFC investments in health per year, in absolute (USD) terms and as a percentage of total IFC investments.

Around two-thirds (62%) of IFC investments between 2017 and 2021 went into financing companies involved in manufacturing medical commodities (see table 2). The remaining third went mostly into private healthcare providers (20%) and financial intermediaries (12%), and a small fraction was spent on PPPs (4%) and private insurance companies (2%).

Total IFC investments in health between 2017 and 2021 (USD and %)		
Manufacturing and supply	2,505,790,000	62%
Private healthcare provision	820,090,000	20%
Private health insurances and financing solutions	70,000,000	2%
Public-Private Partnerships (PPPs) in healthcare	145,960,000	4%
Financial intermediaries	490,000,000	12%
Total	**4,031,840,000**	**100%**

Table 2 – IFC investments in the health sector, divided by area of investment.

Figure 1 breaks down the amount of IFC investments in each area over the five years. As the figure shows, investments in manufacturing and supply of healthcare products (green) increased notably in 2020, and even more in 2021 compared to the previous three years. There is also a clear increase in investments through financial intermediaries fully focused on the health sector (blue), healthcare PPPs (light green) and private health insurances (dark green). Financial support for private healthcare providers (orange) fluctuated over the past five years, there is no apparent trend over this period.

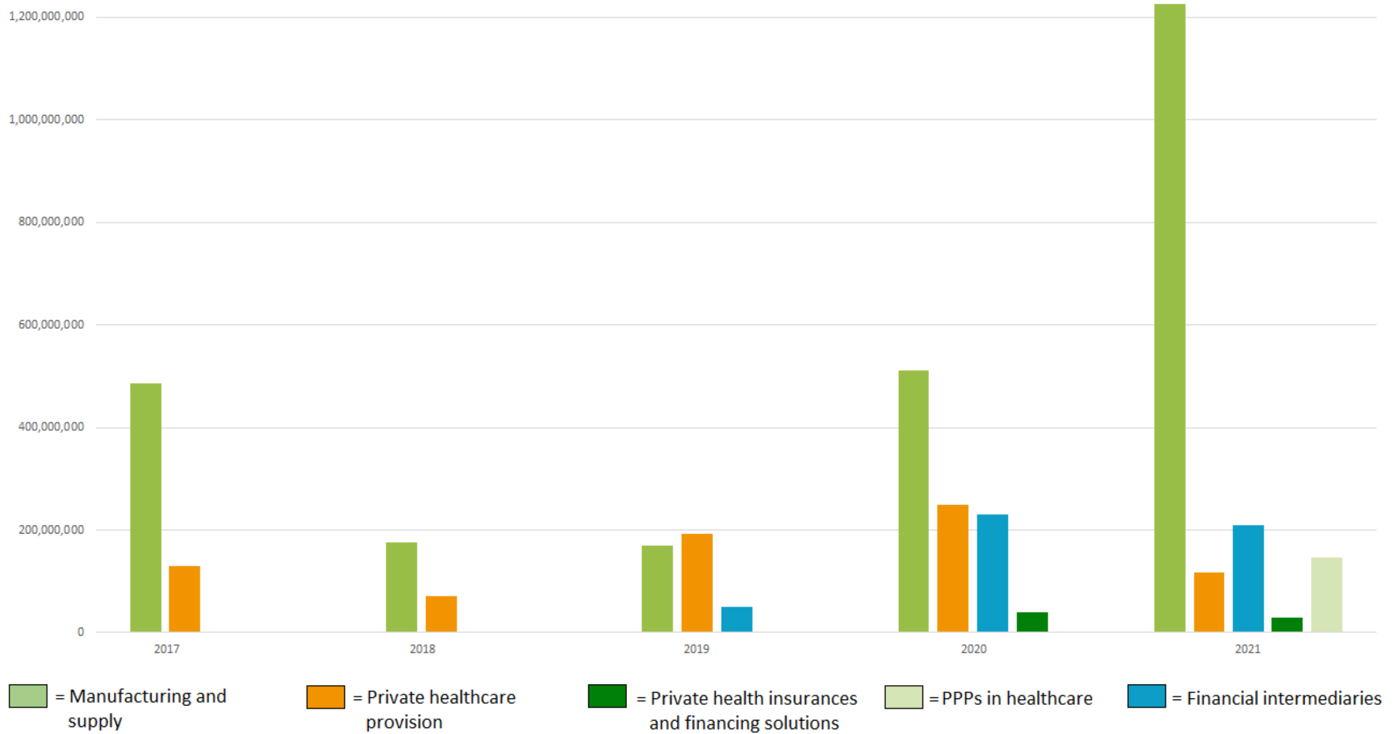

Figure 1 – Yearly IFC investments in the health sector (USD)

The distribution of investments per health sector area, in relative proportions, fluctuates over the years (see figure 2) making it difficult to identify a trend. On the next page, we describe each area.

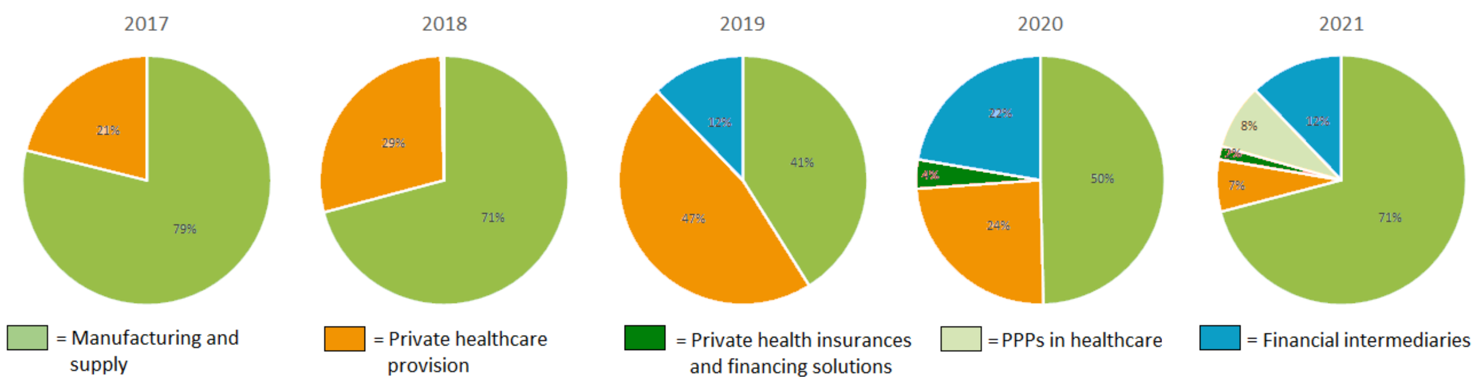

Figure 2 – Yearly IFC investments in the health sector (%)

1. Manufacturing and supply

Manufacturing and supply has absorbed the largest part of the IFC investments in health since 2017, except in 2019, when the proportion invested in private healthcare provision was slightly bigger. We see an increase in 2020 which becomes more pronounced in 2021. The IFC is investing in vaccine and drugs manufacturing, testing, medical equipment, and in suppliers of raw materials to produce personal protective equipment (PPEs) and other equipment.

2. Private healthcare provision

Private healthcare provision represents the second largest share of IFC investments in the health sector (table 2). A total of 18 direct investments in private healthcare providers were done in the five-year span. The IFC invested mostly in large private healthcare companies owning large hospitals or chains of hospitals, clinics and diagnostic services. The companies in which the IFC invested are usually owned by country nationals, although some are registered in a foreign stock market, as in this example of a hospital chain in Egypt that is registered in the London stock market. Based on the project disclosure, information retrieved online and the geographical location of the projects, we estimated that half of the 18 investments are directed to health service providers that cater for upper-middle income patients: privately insured populations, international patients, medical tourists and/or patients paying out of pocket.[19] Two of the remaining nine investments are for large private providers in Pakistan and Brazil. Both cater for privately insured or out-of-pocket paying patients, while a fraction of the services is dedicated to government programmes. Of the other investments, one is for an online platform selling private medical services in India; one is a loan to a non-profit hospital in Buenos Aires (Hospital Aleman); three investments are in healthcare providers (in Ghana, the Philippines and Mexico) catering for private customers, but focussing on low- and middle-income populations. The remaining two are directed to large providers seeking to expand in Egypt and Iraq, although it is unclear which kind of patients they cater for.

3. Private health insurances and financing solutions

Investments in private health financing solutions only appeared in 2020 in the scope of this assessment. The relative share is small compared to the other categories but can have an important impact (see discussion section below). The IFC invested in a healthcare company that provides health services and insurance (CIEL healthcare), in a medical administration service for private health insurances (MiCare), a digital

[19] Out of pocket expenses are the individuals' direct payments to healthcare providers at the point of service

platform for private healthcare (ESIP Vezeeta) and a health insurance company (Primary Group).

4. Public-Private Partnerships in healthcare

There was one investment in healthcare PPPs in the five-year span, located in Kerala (India) and approved in 2021. Although it is just one investment, it is a large one (the 4th largest health investment of 2021), with a cost of 146 billion USD. The investment encompasses four PPP hospitals, including two medical college hospitals. Note that the IFC also plays a role in healthcare PPPs by providing advisory services (see next chapter).

5. Financial intermediaries

As shown in figure 1, IFC's investments in financial intermediaries that operate exclusively in the health sector between 2017-2021, appeared after 2019. The IFC has been investing in equity funds that work exclusively in the health sector (such as Everstone and Quadria Fund). These funds invest in all areas of the health sector. Everstone, for example, invests both in private healthcare provision as well as manufacturing and supply. In 2020, the IFC set up a financing facility (the Africa Medical Equipment Facility) that supports private healthcare providers in a selection of African countries[20] to purchase medical equipment as part of its response to the Covid-19 pandemic.[21] The IFC is also working with Banco Santander in Brazil in a similar project that provides loans to private healthcare providers to purchase medical equipment. From the database search we cannot see how much of the allocated funds have been used because disclosure is limited. It is important to note that indirect investments in the health sector through financial intermediaries may be much higher: while doing the review, we calculated that the IFC invested more than two billion USD in financial intermediaries that invest in multiple sectors *including* health, in the last five years (and particularly in 2021).

[20] Côte d'Ivoire, Cameroon, Senegal, Kenya, Tanzania, Uganda and Rwanda. Other countries may be added at IFC's discretion, such as Nigeria, Ghana and DRC [LINK]

[21] The Africa Medical Equipment Facility (AMEF) partners with local banks and medical equipment manufacturers to establish risk sharing facilities for small businesses to access up to 300 million USD in loans and leases across East and West Africa. This platform provides guarantees for loans made to small and medium size facilities to help them purchase medical equipment. To date, two banks and two medical equipment manufacturers have partnered with the facility: The Cooperative Bank of Kenya and NSIA Banque Côte d'Ivoire, along with medical equipment manufacturers GE Healthcare and Philips Healthcare (other manufacturers may be added in the future; at the moment of writing, Philips and GE are the only manufacturers that qualified for the programme). For example, a 10 million USD deal signed with the Cooperative Bank of Kenya is enabling the bank to lend up to 20 million USD to small and medium health care facilities in the country

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WHAT DO IFC ADVISORY SERVICES CONSIST OF?

The IFC advisory services were mostly provided in PPPs (12 projects), followed by manufacturing and supply (four projects). These advisory services were provided to governments interested in undertaking a PPP project. Most PPP advisory projects in the last five years were set in the Middle East/Central Asia (Uzbekistan [three projects: 1, 2, 3], Kyrgyzstan, and Saudi Arabia), East Asia/Pacific (Vietnam, Philippines, Timor-Leste, Papua New Guinea, Fiji), plus one project in Colombia and one in Albania. The IFC advises on the structuring of PPP contracts and the tendering process. The intended PPPs mostly concern building or refurbishing health infrastructure, as well as providing high technology chronic care and diagnostics, such as dialysis, radiotherapy and cancer treatment.

Notably, advisory services in manufacturing of medical supply increased recently, with four advisory projects being set up in 2021 alone.

The remaining four projects cannot be grouped in one category. These are:

- Three projects (Health Africa, Health Egypt, Health Global) to upgrade health facilities;
- TechEmerge Health East Africa and TE Brazil Health, which aim to introduce technological innovations in private and public healthcare facilities;
- GISEC-Allianz, a project to design and implement a model for healthcare financing including microinsurance;
- an advisory project to set up the Africa Medical Equipment Facility.

WHAT IS THE EXPECTED DEVELOPMENT IMPACT OF IFC INVESTMENTS IN HEALTH?

The IFC website database describes the anticipated outcome of all IFC investments and advisory projects in a section called 'expected development impact'. For health projects, the most mentioned expected impact is to increase the quality of health services and medical commodities. More precisely, the expected impacts per area are described as follows:

1. **Manufacturing and supply**: investments in manufacturing mainly have an expected impact on increased supply of healthcare products (38 projects out of 41), often connected to health system strengthening or increased resilience of the health system (13 projects). An expected impact on quality (27 projects) and affordability (21 projects) of healthcare products (such as vaccines, medicines and medical equipment) is also described. As such, this type of investments have the potential to contribute to UHC.

2. **Private provision**: in nearly all projects (19 out of 20 projects), the main expected impact is increased quality of health service provision; seven projects mention lower costs (or improved affordability) for the patients, although one of them mentions it in terms of more competitive costs for medical tourists; two projects (in Pakistan and Iraq) mention accessibility and one of them mentions increased availability in underserved areas. Four projects mention health system strengthening as an expected impact: in two projects this is because of increased training of medical personnel; in one project it is because the provider has a few services dedicated to governments programmes; in one case the reason is not specified.

3. **Private insurances**: in this case, the expected impact is more related to economic development such as increased competitiveness or market creation. The only health-related expected impact is increased quality of health services, found in two out of five projects.

4. **Healthcare PPPs:** these also have an expected impact on quality of services (nine out of 13 projects), followed by accessibility (four projects) and affordability (three projects). One project mentions equitable access to health services; this is the only project that mentions equitable access in all five areas.

5. **Financial intermediaries:** the most common expected development impact is increased access to credit (all projects) and competitiveness (three out of five projects) for companies operating in the private health sector. Two projects mention increased quality of health services.

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DISCUSSION

IFC investments in the health sector increased considerably in absolute and relative terms after 2020. This is in line with our assumptions (see the introduction), as health is mentioned as a priority sector due to the Covid-19 pandemic in the IFC's 2020 and 2021 annual reports.[22]

The manufacturing and supply area increased the most. Since the onset of the pandemic, the IFC expanded its investments in the manufacturing sector across the supply chain of medical commodities needed in response to the pandemic. Again, the increase was expected.

The second largest increase is in the share of health investments invested indirectly through financial intermediaries, at least in the last three years of the five-year period. In these types of funds, it is hard to discern trends in a relatively short time frame because they typically get installed and/or replenished for a period of multiple years. Note, however, that our analysis comprises only those intermediaries that invest exclusively in health. The total indirect investments in the health sector through intermediaries is likely much higher – as we calculated that the IFC invested 2.01 billion USD in financial intermediaries who invest in various sectors, *including* health between 2017 and 2021. Investments in financial intermediaries affect the transparency, because the investment portfolios of financial intermediaries are often not public. As such, exact expenditures and their intended impact on development is harder to track for the public.

Direct investments in private provision decreased, in relative terms, since 2020. However, our findings show that most of the money channelled through the health financial intermediaries is invested in private healthcare provision. Thus, we observe that the IFC continues to invest in private healthcare provision, only in a less direct way.

Our assumption that the IFC investments in healthcare PPPs would decrease, was proven wrong. There was one large investment (concerning multiple PPP hospitals) in 2021. The year of the investment can be a coincidence. And by itself it does not indicate a trend, because an investment of this size and complexity is not likely to occur every year. However, the consistent occurrence of advisory projects for healthcare PPPs in the recent five years, rather indicates that IFC's financial support for such PPPs is in the pipeline and not decreasing.

Finally, private health insurances represent the smallest category of IFC's health investments

[22] IFC Annual Report 2020: Transformation [LINK]; IFC Annual Report 2021: Meeting the Moment [LINK]

and only appear in the latter two years (2020 and 2021) of the five-year span we looked at. Due to the limited period of analysis, we do not know whether this indicates a trend.

THE EXPECTED DEVELOPMENT IMPACT OF IFC HEALTH PROJECTS

It is interesting to see how the expected development impact of IFC projects is described in the IFC database. Most of the projects do not aim to contribute to affordability and accessibility of health services; equitable access to health is mentioned only once as a development impact. The main expected outcome of the projects is an improved quality of services. Although this may seem positive, it might represent a problem. Because improving quality alone, without addressing affordability and accessibility, can reinforce health inequalities (see next paragraph). As principle for aid effectiveness, all donor-supported investments related to health should contribute to – or at least not harm – universal and equitable access to care. This brings us to two fundamental issues, discussed below.

INCREASED PRIVATE INVESTMENTS IN HEALTH DO NOT ALWAYS CONTRIBUTE TO UHC GOALS

When it comes to the health sector, the increase in private (commercial) investments does not necessarily contribute to (and might even hamper) UHC, as noted by CSOs,[23] scholars,[24] and the WHO.[25]

Depending on the context and set-up, investments in private healthcare provision and insurances can hinder - instead of contribute to - progress towards UHC. Whereas private provision often plays a role to fill gaps in public provision, if it leads to payment requirements, this can impede the poorest from accessing these services. Furthermore, if investments are made in private hospitals or clinics targeting middle- and high-income groups in a resource-constrained setting, this draws scarce health system resources, such as healthcare workers, to serving people who can afford health services, limiting their availability for others.

In low- and middle-income countries, private healthcare provision is often financed through

[23] Oxfam (2009). Blind Optimism: Challenging the myths about private health care in poor countries
[24] Mackintosh, M., & Koivusalo, M. (2005). Health systems and commercialization: in search of good sense. In Commercialization of health care (pp. 3-21). Palgrave Macmillan, London
[25] WHO Council on the Economics of Health for All (2021) Financing Health for All: increase, transform, redirect

private voluntary health insurance and out-of-pocket spending. These kinds of parallel financing structures, that collect benefits from and cover services only for specific population groups, undermine the pooling of resources. Pooling of resources is an essential health financing objective that allows cross-subsidisation between poor and rich, and between healthy and sick populations, and enables strategic purchasing of health services, in line with health equity needs.[26]

WHO guidance on health financing for UHC recommends reducing reliance on private financing, to progress towards a system that relies primarily on public financing,[27] and to minimise out-of-pocket expenditures.[28] Moreover, the WHO advises against promoting private insurance, as it is likely to hamper UHC.[29] Likewise, World Bank health financing guidance recommends reducing reliance on voluntary forms of health insurance to progress towards UHC.[30] The investments in private health insurers operated by the IFC thus misalign with both the recommendations of WHO and World Bank.

Private investment can also be a problem when it is part of an agreement with the public sector, as in the case of healthcare PPPs, which have been criticised by many CSOs, including Wemos.[31] Health PPPs increase the costs for governments and shift the priorities of healthcare systems towards the most profitable areas instead of the most needed in terms of health equity. As shown by numerous interactions between the WBG and CSOs,[32] the WBG is aware of the controversiality of such investments, and PPPs are not explicitly mentioned in the health operations pillar. Therefore, we expected investments in PPPs to stop or decrease. But this did not happen, as is shown by the financial investment in India.

INCREASED PRIVATE INVESTMENT IN HEALTH CAN BE POSITIVE, IN TERMS OF UHC GOALS

Private investment has a predominant role in the manufacturing and supply of healthcare products, where, under the right conditions, it can contribute to UHC, as highlighted by the

[26] WHO (2019) Financing for Universal Health Coverage: Dos and Don'ts [LINK]
[27] WHO (2020) Country assessment guide: the health financing progress matrix [LINK]
[28] WHO (2016) Health financing country diagnostic: a foundation for national strategy development
[29] WHO (2019) Financing for Universal Health Coverage: Dos and Don'ts [LINK]
[30] World Bank (2019) report, High-Performance Health Financing for Universal Health Coverage; World Bank (2021) discussion paper, From double shock to double recovery
[31] Wemos (2021) Risky Business
[32] See for example our session on PPPs in health at the 2021 Civil Society Policy forum ahead of the WBG spring meetings [LINK]

WHO[33] among others. Increased local production[34] and better supply chains can decrease the dependency of poorer countries on imports, lower costs and contribute to health system strengthening. This idea is also at the basis of some of the projects of the IFC's Global Health Platform.[35] Thus, the increased investment in manufacturing in 2021-2022 appears coherent with the announced strategy of the WBG[36] to strengthen the supply chains through private investment. The recent announcement[37] of expansion of Covid-19 vaccine manufacturing capacity in Africa further confirms the interest of the IFC in manufacturing of healthcare products, especially vaccines.

The dynamics of Covid-19 vaccines distribution displayed the importance of increasing manufacturing and supply of medical commodities in many low-and middle-income countries: the reliance on imports from Europe and North America limited the availability of vaccines and increased their costs for poor countries (which in some cases paid more for the vaccine than rich countries[38]), creating what has been defined "vaccination apartheid". Furthermore, Covid-19 increased the need for a broad range of medical equipment, such as ventilators, PPEs, and diagnostic tools, whose supply can be improved through private investment. However, as highlighted by the WHO, investment in manufacturing alone does not guarantee local distribution and fair prices, because it requires government policies to ensure availability, affordability and quality of the products, for example through medicine pricing policies.[39] Transparency of net prices and research & development costs is also critical to promote affordability of healthcare products.[40]

It will become increasingly important to follow investments in manufacturing and supply (especially of vaccines) to see if this will lead to more equitable distribution and increased self-sufficiency. Whereas these projects can increase the resilience and self-sufficiency of the African continent against the current and future pandemics, it is important to ensure that the vaccines produced in Africa will be made available and affordable for the local population.

[33] World Health Organization (2011) Local production for access to medical products: developing a framework to improve public health.
[34] "Local Production" is a spectrum; production goes along a continuum, which goes from a total dependency from imported, finished medicines, to the production of active substances and processing to produce the required pharmaceutical dosage forms. For example, packaging of already formulated medicines can be defined local production (although to a very small degree)
[35] COVID's Legacy Can Be Stronger Health Systems and Supply Chains [LINK] (accessed on 18.03.2022)
[36] WBG (2020) Saving Lives, Scaling-up Impact and Getting Back on Track [LINK]
[37] March 2022, Biovac and Development Partners Collaborate to Support South Africa's Vaccine Manufacturing Expansion and Advance Long-Term Health Security Across Africa [LINK]
[38] Price Check: Nations Pay Wildly Different Prices For Vaccines [LINK]
[39] WHO (2011) Local production for access to medical products: developing a framework to improve public health.
[40] WHO (2019) Improving the transparency of markets for medicines, vaccines, and other health products

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HEALTH UNLIMITED

CONCLUSIONS AND RECOMMENDATIONS

IFC financial investments in health have increased between 2017-2021, from an average of 424 million USD per year between 2017 and 2019 to 1.73 billion in 2021. In these five years, 62% of the IFC investments went into financing companies involved in manufacturing medical commodities, 20% into private healthcare providers, 12% into financial intermediaries, 4% was spent on PPPs and 2% on private insurance companies.

While IFC projects focus on improving quality and availability of health services and products, only one of the 88 IFC projects in health from 2017-2021 mentions equitable access as an expected development impact.

The investments in manufacturing and supply increased since the start of the Covid-19 pandemic and have the potential to contribute to health system strengthening. In view of the vaccine inequity during the Covid-19 pandemic and the need for a better response to future disease outbreaks, it is particularly important to ensure that such investments do indeed contribute to UHC. Therefore, we recommend that:

- **the IFC investments in manufacturing and supply of healthcare products meet the following criteria before approval**:
  1) they lead to strengthened local production capacity;
  2) they cater to local needs; and
  3) they contribute to equitable access, including fair prices.

The IFC also invests in areas whose contribution to UHC and specifically to health equity is less likely. We propose the following recommendations for the other four areas of investment in the health sector:

- **Investments in private health insurers should be discontinued,** as they misalign with World Bank and WHO recommendations on health financing and hamper UHC.
- **Investments in PPPs for the provision of healthcare services and infrastructure development should be discontinued**, due to their higher cost for citizens and the government and the fiscal risks involved.[41]
- **The decision to invest in private providers should be made after considering implications on equitable access to care during the impact assessment.[42]** For example, investing in high-end private hospitals is unlikely to contribute to equitable access to

[41] For more detailed recommendations on this topic, please see our paper Risky business (2021) [LINK]
[42] The Anticipated Impact Measurement and Monitoring Framework used by the IFC can be found here [LINK]

healthcare and can draw scarce resources (like health workers) away from lower-level health centres.

- Finally, the support for financial intermediaries operating in the health sector poses challenges with regards to transparency and we recommend **a complete disclosure of the investments made by all intermediaries.**

As health is a human right that takes precedence over commercial interests, private investments in the health sector should ensure that they promote equitable and universal access to quality care. As noted by the WHO Council on the Economics of Health for All[43] and by WHO experts,[44] when it comes to private investments in the health sector "not everything goes in the path to UHC."

[43] WHO Council on the Economics of Health for All (2021) Financing Health for All: increase, transform, redirect
[44] Kutzin, J. (2012). Anything goes on the path to universal health coverage? No. Bulletin of the World Health Organization, 90, 867-868.