

The Surging Pandemic of Health and Food Financialization - Society for International Development

# World Bank Group: improving healthcare, but for whom?

The International Finance Corporation and the Africa Medical Equipment Facility

Mariska Meurs – 30 January 2024

# The World Bank Group and the International Finance Corporation (IFC)

- **WBG: largest development bank**
  - **public sector arms** (IDA and IBRD, loans & grants to governments)
  - **private sector arms** (IFC and MIGA, promote private investment)
- **IFC:**
  - Supports and promotes private-sector development
  - Mobilises private investment



# The “Cascade”, or Private Sector-First approach

- Adopted in 2015, following the adoption of SDGs
- Not enough money for achieving SDGs
- List of steps to undertake for private finance mobilization
- Promised to transform “Billions” into “Trillions”



*I agree that it's easier to think of healthcare as a public and socially delivered need. But the reality is, in most countries in the world, that does not work really well. There is not enough money in government budgets to provide for Universal Health Care. There are no governments in the world that are capable of doing that today.*

Ajay Banga, President of the World Bank Group



# Wemos studies on IFC

- Exploring investments in health
- From an equity lense

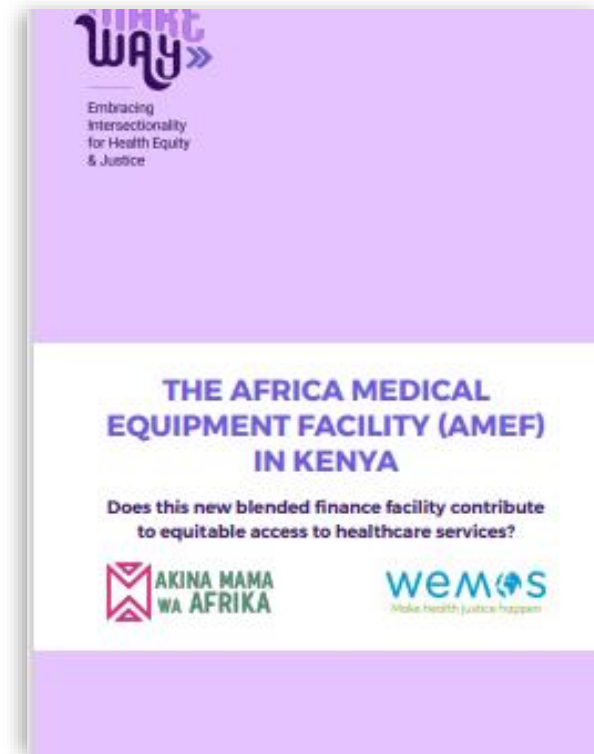
Why?

Earlier NGO work: risks private finance for health equity well known

WHO: private healthcare financing to be regulated, not encouraged

IMPROVING HEALTHCARE, BUT FOR WHOM?

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





## IFC investments in health: a large and growing portfolio

	2017	2018	2019	2020	2021
<b>IFC health investments (USD)</b>	615,710,000	246,920,000	410,420,000	1,030,240,000	1,728,550,000
<b>Total IFC investments (USD)</b>	25,807,000,000	30,699,000,000	24,890,000,000	28,430,000,000	31,500,000,000
<b>% of health investments on overall spending</b>	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.*

# Type of IFC support

- A total of 88 projects between 2017 – 2022, totalling USD 1.73 billion:
  - 67 financial investments
  - 23 advisory services
- Types of investments:
  - 62% manufacturing and supply – can contribute to health equity if under the right conditions
  - 24 % private provision and one (large) Public-Private Partnership
  - 12 % health financial intermediaries: private equity funds such as Everstone, Quadria Fund
  - 2 % private health insurance
- And another USD 2 billion to Financial Intermediaries that invest in multiple sectors – health untraceable

# Findings

- ▶ Expected health impact – as stated by IFC – focuses on improving quality, access to credit
  - few projects aim at improving affordability or equitable access
- ▶ Continued disregarding evidence on Financing for UHC
  - new PPP investment – in spite of known risks
  - private provision and health insurance
- ▶ Transparency: financial intermediaries





Expertise &gt;&gt; Health

# IFC's Africa Medical Equipment Facility

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## IFC Financing to Increase Access to Essential Medical Equipment

IFC is partnering with financial institutions in Africa and medical equipment manufacturers worldwide to help small and medium-sized healthcare providers in East and West Africa secure local-currency loans to purchase or lease needed medical equipment. The Africa Medical Equipment Facility aims to improve sector healthcare delivery by enabling hospitals, clinics, pathology labs and diagnostic imaging centers to acquire the advanced equipment that can improve the quality and reliability of care provided.

### What AMEF provides:

Small- and medium-sized healthcare companies in East and West Africa often face difficulties when trying to access financing for the purchase or lease of equipment. Financing may not

# Africa Medical Equipment Facility (AMEF)

It is:

- Financing facility
- Small and Medium Size Enterprises
- To buy Medical equipment
- Regional focus, started in Kenya and Cote d'Ivoire

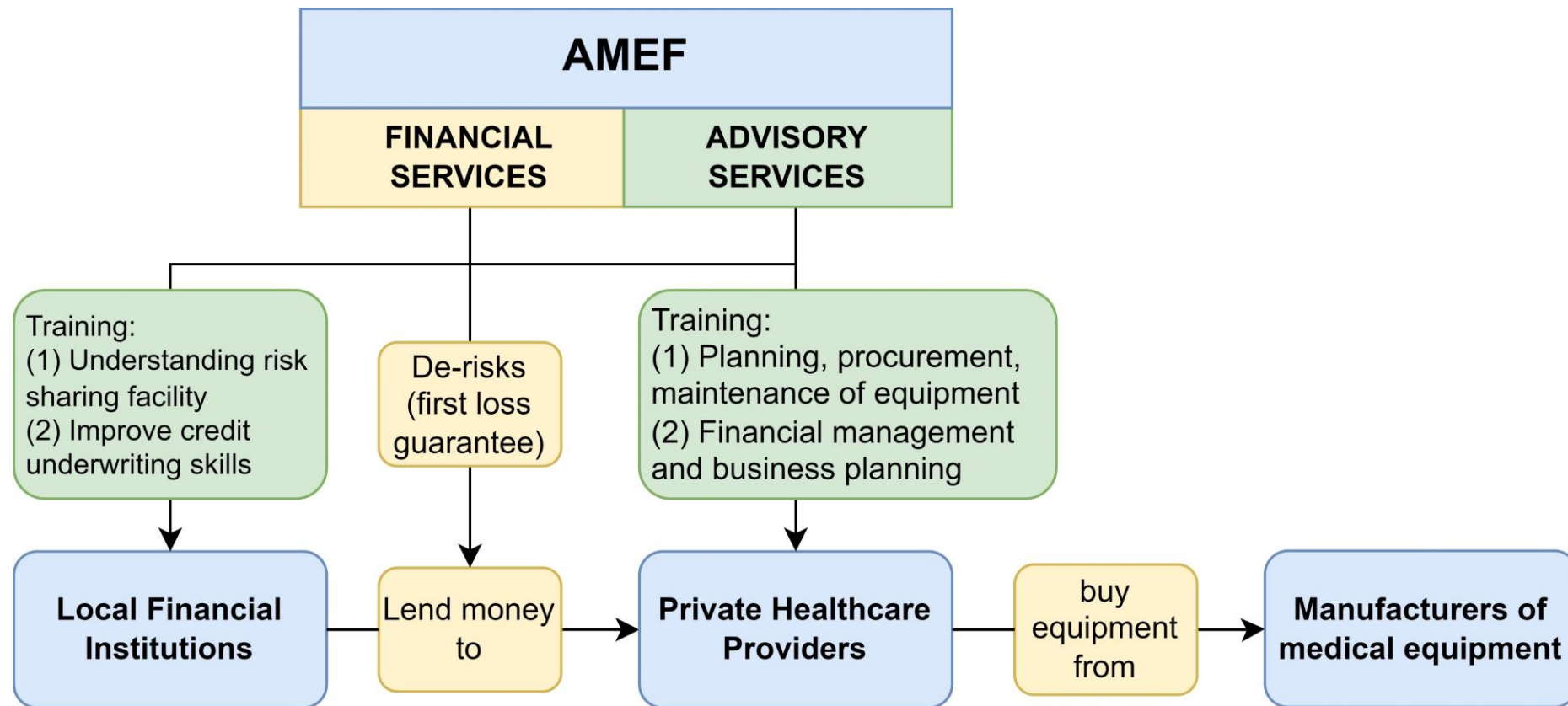
Goals:

- Increase health care provision
- Foster innovation
- Demonstrate bankability of private health sector

## AMEF actors

- Co-funded by two international channels for public funds:
  - Cote d'Ivoire: International Development Association Private Sector Window (**IDA** PSW)
  - Kenya: Global Financing Facility (**GFF**)
- Local Financial Institutions (LFI): E.G Cooperative Bank
- Healthcare Small and Medium Enterprises (HSME)
- Original Equipment Manufacturers (OEM)

# How does the AMEF work?



# Key findings and thoughts

YES...	... BUT
Private healthcare providers were interested and rather positive...	... but civil society and public health actors were sceptical.
It allows private facilities to access more financing and directly choose what equipment to purchase...	... but the choice is limited, high-end and expensive.
The willingness of the AMEF to work with more affordable manufacturers is positive...	... but so far only large international manufacturers have expressed interest. Not local/lower-cost manufacturers.
One of GFF's key areas of interest is to support the most disadvantaged populations and close health inequalities...	... but the AMEF does not seem to contribute to this mission. Its loans are unlikely to benefit small, low-end healthcare providers. Furthermore, low-income populations access healthcare mainly through the public sector.
Interviewees also pointed out a lack of communication, public consultation and/or transparency with regards to the AMEF.	

# No development rationale for private investment in for-profit healthcare

- ▶ WHO: regulate, not encourage, private healthcare financing (WHO (2020). The health financing progress matrix)
- ▶ Equitable access to healthcare is not considered in the impact assessment (Wemos (2022), Improving healthcare, but for whom?)
- ▶ Numerous human rights violations from for-profit providers (Oxfam (2023), Sick Development)





## Some common donor responses

- ▶ “study comes too early” / “this is just one case” - But:
  - evidence is piling up and this is not new
  - still no sign of improved monitoring
  
- ▶ “we need private money to fill public funding gap” – But:
  - very little effort made to increase public funding
  - not anything goes – private-for-profit finance cannot fill this gap
  
- ▶ “private providers play an important role” - But:
  - questionable in itself
  - and not answering to the issue of private finance