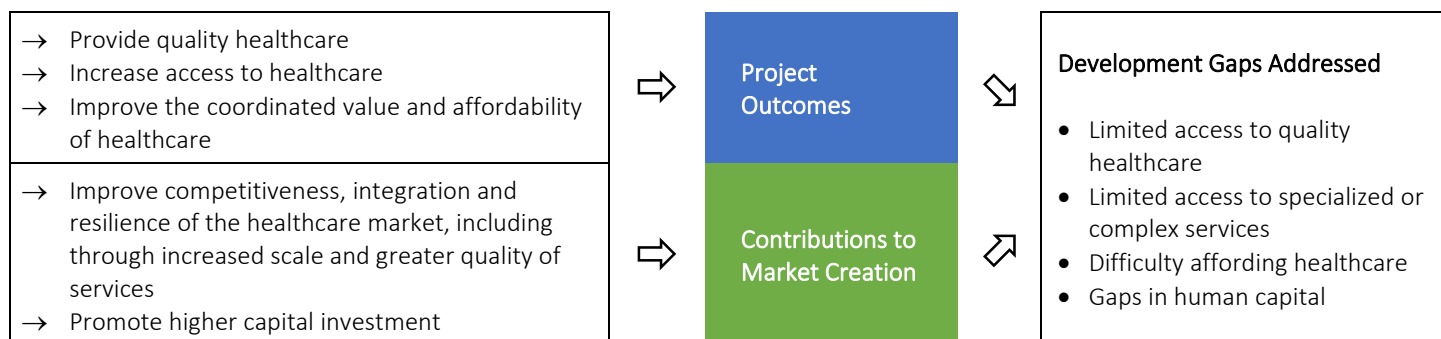


Development Impact Thesis – IFC’s operations contribute to the achievement of Sustainable Development Goal 3 that aims to “ensure healthy lives and promote wellbeing for all ages”. IFC’s investments and advisory operations support the increased coverage of essential health services, and the reduction of premature mortality from non-communicable diseases, among other outcomes. IFC provides financing and advisory services to firms in the health sector with the aim to:



Rating Construct – All AIMM sector frameworks include detailed guidance notes that help define project outcomes and contributions to market creation, aggregating to an overall assessment of development impact.

- For project outcomes, stakeholders and environmental effects are the key components for which industry-specific benchmarks define the context in which an IFC operation seeks to drive changes. This gap analysis is combined with a separate set of impact intensity estimates that specify the expected results using predefined indicators.
- For contributions to market creation, industry-specific market typologies define stages of development for five market attributes (or objectives): competitiveness, resilience, integration, inclusiveness, and sustainability. These market typologies, when combined with estimates of how much an intervention affects the development of a market attribute, provide the foundation for IFC’s assessment of an intervention’s market-level potential for delivering systemic changes.

PROJECT OUTCOME INDICATORS ¹		CONTRIBUTION TO MARKET CREATION INDICATORS	
Stakeholders	<u>Access</u> <ul style="list-style-type: none"> Patients reached (#) Patients from an underserved group (including female, rural, low income) (#) Bed occupancy rate (%) <u>Affordability</u> <ul style="list-style-type: none"> Price or cost relative to comparable quality providers, manufacturers, or retailers (%) Proportion of patients receiving care that is pre-paid (%) <u>Quality</u> <ul style="list-style-type: none"> Medical equipment (e.g. imaging, scanning) that were previously unavailable (#) Certification and accreditation (Y/N) <u>Effect on employees</u> <ul style="list-style-type: none"> Technical and specialized training days per person (M/W) Technical and specialized jobs to underserved groups % of women in management/senior positions % of women participating in boards % of women employed <u>Community effects</u> <ul style="list-style-type: none"> Community development outlay adjusted by project size (%) Provision of primary health services for local communities (#) Representation of local staff in leadership/senior positions (#) Local jobs as share of total jobs created (%) 	Competitiveness	<u>Effect through changes in market structure</u> <ul style="list-style-type: none"> Market structure through composition, entry, and exits <u>Quality standards and new technology</u> <ul style="list-style-type: none"> Price change <u>Effect through changes in product offering and innovation</u> <ul style="list-style-type: none"> Replication of market practices, quality and standards Adoption and replication of new technologies
		Resilience	<ul style="list-style-type: none"> Adopting technologies, planning, approaches that build resilience to shocks and stresses Addressing capacity constraints that reduce system’s ability to respond to health shocks such as disease outbreaks
		Integration	<u>Public and private health service integration</u> <ul style="list-style-type: none"> Better integration between the public and private health sectors measured through, eg # of referral systems between public and private sector <u>Integration across the health value chain</u> <ul style="list-style-type: none"> Better linkages across health value chain - including private, secondary and tertiary health services measure through eg # of players expanding their network to remote areas, # of players linking to a common hub that provides services across the country.
Economy-wide	<u>Economy:</u> <ul style="list-style-type: none"> Value add (USD) Employment, including indirect and induced (#) <u>Government</u> <ul style="list-style-type: none"> Tax payments (USD) 	Inclusiveness	<u>Inclusion of underserved customers</u> <ul style="list-style-type: none"> Services and products offered to underserved segments (e.g. market-wide adoption of inclusive business models, processes or standards) <u>Diversity of workforce</u>

¹ Note that the choice of indicator depends on the nature of the project. This means IFC would only include a few of these indicators on any individual project.

PROJECT OUTCOME INDICATORS ¹		CONTRIBUTION TO MARKET CREATION INDICATORS	
			<ul style="list-style-type: none"> Systemic improvements in workforce diversity (gender, minorities, etc.) through replication of standards and practices
Environmental / Social	<ul style="list-style-type: none"> Water and energy savings (USD) 	Sustainability	<ul style="list-style-type: none"> Health care providers (hospitals, clinics, etc.) following emerging sustainability and climate smart practices (e.g. water, energy, waste management, climate resilient infrastructure)

IFC's Environmental and Social Performance Standards define IFC clients' responsibilities for managing their environmental and social risks. While for most IFC investments, meeting Performance Standards reflects improved environmental and social performance, effects from implementation of the standards are only claimed in the AIMM framework where a clear counterfactual can be established and where the investment intent is to improve environmental or social outcomes.

Sector Specific Principles or Issues – The following principles will be applied for projects rated under this framework:

Principle or Issue	Treatment Under Framework
Broad approach	The assessment of impact considers the contribution that the project will make to the provision of healthcare that is efficient, effective, and equitable. This includes an evaluation of the type of healthcare provided, how much it costs, and its quality. The project is considered within the context of the specific country healthcare system in which it occurs. This includes a consideration of the regulatory context, availability of human resources for health, the payment structures including extent of out-of-pocket payments, other providers in the market, and the extent to which they are successfully fulfilling the needs of the population.
Benchmarking	Benchmarks use the best available information. This includes data from statistical agencies, international bodies, and information collected during the appraisal process. The framework also uses estimates of the burden of disease to understand gaps in the provision of care and changing patterns in the burden of the diseases the project is responding to.
Treatment of negative effects	A project's negative effects are mentioned in the AIMM assessment only when significant enough to mitigate the overall rating. The negative effects that projects can generate include effects on the broader healthcare system such as the effect on human resources for health in the public sector.
Frequency of monitoring	All project level outcomes are measured annually over the monitoring period of the investment. The period of monitoring will coincide with the life of the project even though outcomes would typically outlive the project's monitoring period. Market creation effects are measured less frequently since they represent shifts in the structure or functioning of a market whose lifetime is not necessarily linked to the project's.

Project Outcomes – The primary stakeholders are patients who will benefit from healthcare provided under the project. Patients benefit from healthcare by experiencing more timely access to better healthcare including improved access to preventative care, diagnostics, and curative care which leads to longer lives with less disability. Aside from the intrinsic value of improved health, increasing access to healthcare contributes to human capital, increased incomes, and economic growth. Healthcare can be provided through the provision of healthcare services, the production of medical products, and the distribution and sale of medical products. In some projects, support for the client is expected to go beyond financing and will entail support to help the client improve the quality of healthcare provided through the provision of advisory services.

The development gap is an estimate of the development challenge that is being addressed by the project and provides context for the project's development outcomes. The gap is sector- or segment-specific and is benchmarked against all emerging market and developing countries. The gap assessment uses data collected by IFC from various public sources. The table below illustrates an application of some of the main outcome gap indicators and their benchmarking. Apart from gap indicators that are naturally bound, all gap indicators are normalized to be scale-free (e.g. relative to GDP or to total population).

COUNTRY CONTEXT	Small Gap	Medium Gap	Large Gap	Very Large Gap
Access and Quality	<ul style="list-style-type: none"> Decline in burden of disease treated by the Project Health Access Quality Index score of more than 80 	<ul style="list-style-type: none"> Growth in burden of disease treated Health Access Quality Index score by disease treated of 70 to 79 	<ul style="list-style-type: none"> Burden of disease has grown by more than 10% over the last ten years Health Access Quality Index score by disease treated of 50 to 69 	<ul style="list-style-type: none"> Burden of disease has grown by more than 20% over the last ten years Health Access Quality Index score disease treated of less than 50

“Core outcomes” for health operations include the provision of quality care provided and the affordability of that care within a market context and for the population group served. These are the main drivers of the overall project outcome potential. Quality of products/services and operational improvements (e.g. implementation of clinical governance, and systems for assuring quality) are important for the health sector as they contribute to the effectiveness of healthcare provision.

The core indicators include introduction of effective healthcare treatments, putting in place systems for adverse event reporting, mortality and morbidity review, maternal death review coverage, and a system in place to review comprehensive sets of relevant data on quality of care and to take appropriate action. Where applicable and available, other outcome indicators, including hospital-acquired infection rates, readmission rates, and percent of patients with chronic disease under control are considered. Affordability is critical in developing countries where stakeholders struggle to afford healthcare services and where patients may face financial stress from paying for public or private healthcare or cannot afford access to needed treatment. Core indicators include pricing and cost of services and products, income level of patients reached, and coverage from insurance or other forms of prepayment.

PROJECT INTENSITY	Below Average	Average	Above Average	Significantly Above Average
<ul style="list-style-type: none"> • Cost per procedure, or medical product • Patients served receiving government or facility-provided subsidy • Provision of new, more effective treatments, or medical products, equipment, services • Number/proportion of health facilities with quality accreditation, certification (GMP), and/or centrally coordinated quality system for adverse event reporting and learning 	<ul style="list-style-type: none"> – Price or cost relative to comparable quality providers, manufacturers, or retailers: higher than other providers – Income level of patients in the target market: higher than patients reached by comparable facilities in service area – Quality of care or quality of medical products score: below norm in service areas 	<ul style="list-style-type: none"> – Price or cost relative to comparable quality providers, manufacturers, or retailers: same as other providers – Income level of patients in the target market: similar to patients reached by comparable facilities in service area – Quality of care or quality of medical products score: at norm in service areas 	<ul style="list-style-type: none"> – Price or cost relative to comparable quality providers, manufacturers: less than other providers – Income level of patients in the target market: lower than the norm for patients reached by comparable facilities in service area – Quality of care or quality of medical products score: higher than norm in service areas 	<ul style="list-style-type: none"> – Price or cost relative to comparable quality providers, manufacturers, or retailers: more than 10% less than other providers – Income level of patients in the target market: substantially lower than patients reached by comparable facilities in service area – Quality of care or quality of medical products score: substantially higher than norm in service areas

The AIMM methodology considers the uncertainty around the realization of the potential development impact being claimed, making a distinction between the potential outcomes that a project could deliver and what could be realistically achievable in the project’s development context:

PROJECT LIKELIHOOD	Operational Factors	Sector Factors
Assessment Considerations	<ul style="list-style-type: none"> • Experience and track record of the company, especially in the target area • Project’s projected growth relative to the recent history • Expansion into new areas • IFC providing AS that mitigate any of these operational risks • Risks from large purchasers 	<ul style="list-style-type: none"> • Target sector’s market risks • Specific regulatory risks

Contribution to Market Creation – IFC’s health operations are expected to promote competitiveness, inclusiveness, integration, or resilience. The typical markets affected by health projects are:

- Health services markets – These markets are typically determined by the type of treatment provided. For example, providers of dialysis treatments serve a range of patients who need their services. The markets in the sector are often evaluated by the

type of provider (multi-specialty primary, secondary or tertiary care, or specialized care), and different types of diagnostics (pathology labs or imaging). The geographic extent of these markets is affected by the distance that patients are willing to travel to receive the service.

- Medical product markets – These markets are determined by the type of device or medicine sold. The geographic reach of these markets can be national but also regional or international if the company exports.
- Distribution and retail markets for medical equipment – These markets are determined by what they sell. The geographic extent of these markets is ultimately determined by how far patients are willing to travel, or the extent to which distribution networks reach patients in different areas.

The table below focuses on core market attributes that IFC investment projects typically affect. IFC’s detailed guidance note includes more information on how IFC investment projects may contribute to changes in the other market attributes.

MARKET TYPOLOGY	Highly Developed	Moderately Developed	Underdeveloped	Highly Underdeveloped
Competitiveness	<ul style="list-style-type: none"> – Market is primarily formal and value-based competition occurs, leading firms to operate at scale, have brand recognition and meet international standards – Market has at least 7 major players – HHI is less than 1,500 – Companies and public sector typically operating at best practice (e.g. introduce international best practice, up to date technology, processes, systems, and/or business models that improve outcomes at similar (or lower) cost 	<ul style="list-style-type: none"> – Firms face competitive pressures but have some market power that allows them to affect prices – 3-4 firms operate at efficient scale and comprise a substantial proportion of the market – HHI is 1,500-2,500 – Private and public sector operate below best practice in some limited areas 	<ul style="list-style-type: none"> – Fragmented market with predominantly very small or informal players and not operating at minimum efficient scale or meeting minimum standards – Many small firms operating at an inefficient scale, low quality levels, largest firm has <20% market share – Market has 3 or less major players, with largest comprising >50% of market share – The HHI \geq 2,500 – Companies, and public sector, are operating far below best practice – Technology outdated, processes slow, care delayed 	<ul style="list-style-type: none"> – Clinically appropriate services and treatments not provided in the market
Inclusiveness	<ul style="list-style-type: none"> – Formal programs exist to reach underserved patients, especially outside of urban areas – Advanced product and services standards – Services widely available for all segments – Most market players in line with world standard of best practice in the sector 	<ul style="list-style-type: none"> – Mix of patients’ categories with pockets of underserved groups can only be effectively reached through explicit targeting efforts – Emerging standard of practices across increasingly numerous market players motivated by business case 	<ul style="list-style-type: none"> – Underserved patients do not have access to advanced products and services and rely on informal or small service providers with low standards – Practices only adopted by leading players with social mission 	<ul style="list-style-type: none"> – Practices non-existent

In general, most individual projects are not expected to make a significant and immediate systemic market change, unless the project is a pioneer in a non-existent or nascent market. Instead, most projects are expected to have incremental effects on the market. In other words, it takes more than one intervention to move a market to the next stage. This means that integrated and concerted efforts are often needed to generate substantial market effects. For example, cumulative World Bank Group efforts over time will have a stronger effect on markets than non-integrated and non-concerted interventions. Where a project is explicitly part of a programmatic approach, the expected movement induced by the program should be the basis for the assessment of where timebound movements, market effects, and indicators are available.

The most important effects from IFC's health operations are:

MARKET MOVEMENT	Marginal	Meaningful	Significant	Highly Significant
Competitiveness	The key components of competitiveness are introducing a new or innovative business model, product, technology or know-how (knowledge or technology transfer through demonstration effects), where projects can trigger other market players to up their game, through the adoption of competitiveness-enhancing measures that enable the firms to compete with new and innovative approaches. Changes in market structure are also relevant, where projects can promote a change through increasing competitive rivalry (greater number of players, reduced concentration, entry of efficient private players, and entry and expansion of a highly competitive firm), or promoting increased scale, and improved efficiency, by driving consolidation through lower prices, or providing better value for money. Highly significant impact is associated with projects that support a first mover, operationalize significant innovations or regulatory reforms, with strong replication potential. The project contributes to competitiveness marginally when there is limited scope for market-wide adoption, weak attribution of market creation impacts to the project, or the channel for delivering impact is not well established.			
Inclusiveness	The key components of inclusiveness relate to patients or staff; where a project promotes broader adoption of inclusive business models through demonstration and replication effects, and more generally the spillover of ideas, and/or by building capacity and skills that open the market to new opportunities.			
Integration	The key components of integration are spatial integration and referral networks. Projects that address special integration are those that alter hard and soft infrastructure bottlenecks. The hard infrastructure in health typically relates to investments that facilitate the distribution of medical products or services across markets. For soft infrastructure, projects facilitate the transfer of explicit and tacit knowledge about healthcare delivery.			

The market likelihood adjustment follows the principles for the likelihood adjustment for project outcome potential. In general, the likelihood assessment includes sector-specific, as well as broad country risks that may prevent potential catalytic effects from occurring, plus political economy or policy/regulatory risks that may constrain market systemic change. Due to the diversity of market creation attributes and channels, most of the likelihood factors are expected to be sector, or intervention specific.

MARKET LIKELIHOOD	Sector Factors	Political / Policy Factors
Assessment Considerations	<ul style="list-style-type: none"> • Capacity constraints that impede market development • Strength of the channel for competitive pressures and incentives to improve service offerings • The degree of integration of regional markets 	<ul style="list-style-type: none"> • Regulatory changes can impede market development • Government capacity to implement policies and program commitments • Potential changes in government approach to the private sector engagement