

## Chapter 22: Health

This document is intended to provide an overview of the way MCC conducts due diligence on a programs containing health sector activities.

Investing in people, through health services and targeted programs to improve health status, is an important precondition for sustained economic growth. These priorities are reflected in MCC's country selection criteria. Health systems include those services, functions, and resources in a country or geographic area whose primary purpose is to affect the health status<sup>1</sup> of the population. This covers both the public and private health sector, and the availability and access of populations to a full range of health services, including community health, prevention and health promotion, and primary, secondary, and hospital services. It also includes the administrative and financial systems for health, the body of legislation relevant to the health system, and ancillary institutions that affect health services or health status.

MCC expects proposals for MCA funding to emphasize those interventions that support economic growth and enhance labor and productivity, particularly for the poor. These might include, for example, child health programs that reduce mortality and morbidity, and improve physical and mental development and ability to learn; programs that provide reliable and consistent maternal health care thereby reducing complications and maternal and infant mortality; programs aimed at reducing mortality and/or morbidity in adults from communicable and/or non-communicable diseases; and programs that ensure healthy work force entry and promotion of healthy lifestyles among adolescents and young people.

Proposed projects are reviewed for their contribution to poverty reduction and economic growth. Projects must clearly indicate how the activity will impact both short-run (5 – 7 years) and long-term (7 years and beyond) opportunities for economic growth. Evidence from the health sector indicates that this will likely result from improved health status (reduced mortality and disability) and/or cost savings in the health sector (improved cost-effectiveness). In many countries, improving infrastructure for primary and district health services delivery, improving health services quality, improving access to health care facilities and services (especially for women and other vulnerable groups), increasing private sector involvement in various aspects of the health system, and developing human resources for health will be important economic investments. Proposed projects must be in compliance with MCC's Environmental Guidelines and Gender Policy.

Proposed investments will probably fall under one of the following three categories:

### 1) Interventions to Directly Strengthen Health Outcomes

- ★ Illustrative activities that have clear evidence for generating strong economic contribution outcomes in many countries include:
  - ★ Micronutrient and expanded childhood immunization programs
  - ★ Antenatal, delivery and health services for mothers and newborns
  - ★ HIV/AIDS, tuberculosis, and malaria prevention, treatment, and disease control
  - ★ Primary care and district hospital strengthening
  - ★ Disease specific needs – e.g., ancillary infrastructure for a national anti-retroviral treatment program for HIV/AIDS
  - ★ Support for communicable and non-communicable disease prevention strategies

### 2) Interventions to Improve Cost-effectiveness of the Health System

Illustrative activities that increase the effectiveness of resources utilized for health include:

- ★ Improved monitoring and surveillance for program design and evaluation
- ★ Targeting of public expenditures to population subgroups with poorer health status
- ★ Rationalization of hospital infrastructure and health staff
- ★ Drug management and logistics; laboratory and blood bank improvements

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<sup>1</sup> Health status is defined as the level of illness or wellness of a population at a particular time, and is measured through life expectancy, mortality, disability and disease prevalence rates

- ★ Strengthening public sector management systems hardware, software and training; performance-based outsourcing

### 3) Interventions Beyond the Health Sector

Optimizing health impacts of interventions beyond those in the health system should also be considered. Illustrative interventions that have large impacts on health status include investments in:

- ★ Sustainable access to good quality water sources
- ★ Urban and rural sanitation
- ★ Girls' primary and secondary education
- ★ Improved cook stoves for reduced indoor pollution
- ★ Urban air pollution clean up
- ★ Interventions to improve food security and nutritional outcomes
- ★ Addressing the causes of and preventing gender based violence
- ★ Proposal Requirements

In general terms, due diligence can begin once all the required components of a Concept Paper have been received.

Hallmarks of a strong proposal include thorough review of epidemiological conditions, assessment of the effectiveness of the current health system in addressing critical issues of mortality and morbidity, assessment of social and gender related health needs and outcomes, review of constraints to accessing health care facilities and services, and emphasis on evidence-based interventions for improving health status.

The proposal will also respond directly to the Constraints Analysis and include:

- ★ Thorough description of the physical (population or geographic region affected), social, gender and economic dimensions of the problem, including how the government has tried to address the problem;
- ★ Indicators, if available, of life expectancy, mortality and morbidity, access to services, or other measures that will provide a dimension that will quantify the magnitude of the problem and serve as measures of the effectiveness of the solution. This data should be analyzed by gender whenever possible. Gender indicators should be included as appropriate.
- ★ Impacts of the proposed activity on financial and human resources for health (including demographic or geographic target populations of beneficiaries and the process for selecting them). If possible, present sex-disaggregated data.
- ★ Regulatory, policy or legislative changes required, including steps necessary to secure these changes
- ★ Likely poverty and gender impacts of the proposed activity
- ★ Country (or comparable) studies or data on economic returns for the specified interventions
- ★ Initial cost-benefit analysis;
- ★ Detailed risk analysis on all proposed investments;
- ★ Criteria and process used to select specific institutions for intervention;
- ★ Performance data on institutions or systems (e.g. health outcomes and other impact evaluation results from past projects);
- ★ Past and potential roles for private stakeholders in improving efficiency, equity, quality and maximizing impacts of public expenditures;
- ★ Potential demand-side and supply-side financing strategies to ensure the project's long-term sustainability; including opportunities for results-based financing; and
- ★ Opportunities to leverage or complement other donor interventions.

### *Due Diligence Questions*

Following acceptance of the Concept Paper, MCC's Human Development Division will begin due diligence on the proposed investments. Below are examples of questions which are pursued during the due diligence phase (as relevant to the sub-sector). As possible, this information would already be incorporated into the Concept Paper:

- ★ Does the project design clearly identify economic and social benefits from the proposed project? How will economic gains be apportioned among project beneficiaries?
- ★ Have stakeholder analysis and adequate consultation been undertaken?

- ★ Will the proposed activity strengthen coverage and access for the poor?
- ★ What is the effectiveness of proposed programs in reducing maternal and infant mortality?
- ★ Have both supply side and demand side constraints to project achievement been assessed?
- ★ What is the evidence on effectiveness of proposed demand-side measures in increasing desired health services utilization?
- ★ What is the evidence for the effectiveness of proposed community based interventions?
- ★ Has the role of the private sector in meeting this objective been assessed? Have opportunities for partnering with/strengthening private sector response been included?
- ★ Have constraints to project effectiveness and sustainability been adequately identified and addressed?
- ★ Are behavioral change objectives appropriately identified and resourced?
- ★ Have human resources for health issues been identified and addressed?
- ★ Have project risks been identified and mitigated in project design?
- ★ Have intergenerational issues been assessed and addressed?
- ★ Have gender issues been considered and have gender concerns been integrated into project objectives and activities?
- ★ To what extent are other donors engaged in related activities? How will coordination be ensured?
- ★ How does this relate to on-going or planned health-related activities by US Government agencies or organizations (e.g., USAID, CDC, NIH, DOD, et alia)?
- ★ To what extent will fiscal, legal or administrative policies constrain project success? Have these constraints been mitigated or will they be changed through project activities?
- ★ How will any proposed pilot projects or impact evaluations relate to or contribute to state of the art knowledge in health?
- ★ Are project governance and implementing structures clearly defined? Have institutional capacities been assessed and constraints mitigated?

