



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

**Health Strategy:
Tomorrow's Infrastructure for Health**

December 12, 2024

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Abbreviations

ADB	Asian Development Bank
AI	Artificial Intelligence
AIIB	Asian Infrastructure Investment Bank
AMR	antimicrobial resistance
CRF	COVID-19 Crisis Recovery Facility
CSO	civil society organization
ESF	Environmental and Social Framework
GBD	Global Burden of Disease
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development
IoT	Internet of Things
MDB	Multilateral Development Bank
NCD	non-communicable disease
OECD	Organisation for Economic Cooperation and Development
OOP	out-of-pocket
PHC	primary healthcare
PPP	public-private partnership
UHC	Universal Health Coverage
UN	United Nations
UNICEF	United Nations Children's Fund
USD	United States Dollar
WASH	water, sanitation and hygiene
WHO	World Health Organization

1. Introduction

- 1.1. The Asian Infrastructure Investment Bank (AIIB or the Bank) was established to (i) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia, and (ii) promote regional cooperation and partnership. The Bank's Corporate Strategy 2020-2030 defines the Bank's mission as financing Infrastructure for Tomorrow with a commitment to financial, economic, environmental and social sustainability and inclusion. AIIB adds value through four thematic priorities: green infrastructure, connectivity and regional cooperation, technology-enabled infrastructure and private capital mobilization. AIIB provides financing across infrastructure value chains for both sovereign and non-sovereign clients with a primary focus on Asia.¹
- 1.2. AIIB views health as central to its mandate, given the inseparable links between health, infrastructure and development. Improved health raises the human capital of a society, which is a critical long-term driver of economic growth. Equally, the health of a population cannot be maintained in the absence of economic development and infrastructure. The United Nations General Assembly recently reaffirmed this mutually reinforcing relationship by stating that health is a precondition for, and an outcome and indicator of, the social, economic and environmental dimensions of sustainable development.² At the same time, negative health effects may also occur from development such as via worsening air, soil and water quality. The Bank's policies and safeguards together with well-designed infrastructure can mitigate these and better support sustainable economic development, healthy populations and wellness.
- 1.3. Since its establishment, AIIB has supported infrastructure projects with major public health benefits, such as water and sanitation systems, waste management infrastructure and clean energy. In response to the COVID-19 pandemic, AIIB established the [COVID-19 Crisis Recovery Facility](#) (CRF) which included a significant focus on public health, and began building expertise in social infrastructure, particularly health. Through these initiatives, AIIB developed practical experience and insights into how it can add value to the health needs of its Members.³
- 1.4. AIIB recognizes the positive health impacts generated by financing infrastructure and the opportunities to maximize such impacts. Informed by the Bank's mandate and corporate strategy, the Health Strategy guides the Bank's health sector investments and seeks to maximize health co-benefits across all its infrastructure financing. The Health Strategy will help AIIB better support Members in preparing for and responding to public health emergencies such as pandemics and humanitarian crises, the public health impacts of climate change and nature degradation, and shifting demographic and societal trends.

¹ The Articles of Agreement define Asia as the geographical region and composition classified as Asia and Oceania by the UN.

² UN. (2019, September 23). *Political declaration of the High-Level Meeting on Universal Health Coverage: 2023* <https://www.un.org/pga/wp-content/uploads/sites/53/2019/07/FINAL-draft-UHC-Political-Declaration.pdf>.

³ At the end of 2023, health projects from regular financing amounted to USD1.147 billion, constituting 3% of the Bank's regular financing portfolio.

2. Health Context

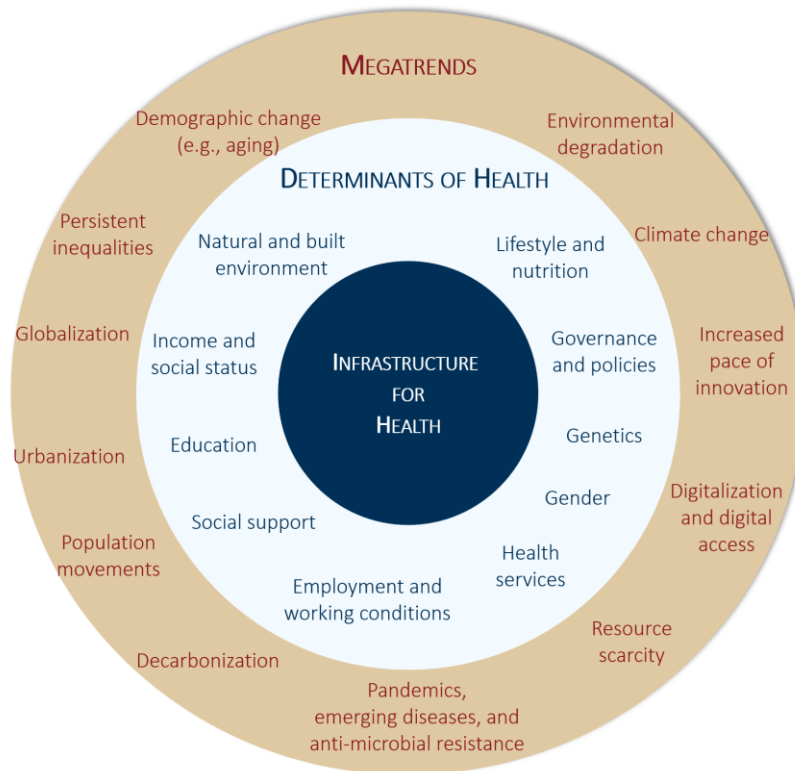
- 2.1. The Global Burden of Disease (GBD) study⁴ provides a measure to compare and assess the health of populations. GBD data indicates that the health status of populations globally, including across Asia, has been improving over the last three decades. However, significant regional and in-country variations persist, particularly in South Asia, Southeast Asia, and the Pacific Islands, where health outcomes are still below the world average. Although the COVID-19 pandemic once again highlighted the impact of infectious diseases, the general shift in disease burden from communicable to noncommunicable diseases (NCDs) continues, albeit unevenly.⁵
- 2.2. The COVID-19 pandemic and the impacts of climate change and nature degradation have not only reinforced the need to strengthen health systems at national and subnational levels but to also the need to think of health as a global public good. There is increased realization that resilient and sustainable economic development requires health systems that incorporate globalization and consider the cross-border impact of national health investments. To limit the negative impacts of future health crises, regional and global investments into preventive measures such as disease surveillance, local production capacities and diagnostics should all be considered as important parts of national health financing plans.⁶
- 2.3. Health is influenced by a wide range of megatrends and determinants of health as illustrated in Figure 1.

⁴ Institute for Health Metrics and Evaluation (2021). *Global Burden of Disease*. [Global Burden of Disease \(GBD\)](#).

⁵ NCDs kill 41 million people each year, equivalent to 74% of all deaths globally. Cardiovascular diseases account for most NCD deaths, followed by cancers, chronic respiratory diseases, and diabetes. More than three quarters of global NCDs occur in low- and middle-income countries. Other NCDs, such as back and neck pain, depression and substance abuse disorders, also contribute significantly to the global NCD burden and many result in chronic disability. World Health Organization [WHO]. (2023). <https://www.who.int/news-room/fact-sheets/detail/noncommunicable-diseases>.

⁶ WHO (2022). *Imagining the future of pandemics and epidemics: A 2022 Perspective* <https://iris.who.int/bitstream/handle/10665/361252/9789240052093-eng.pdf?sequence=1>.

Figure 1: Megatrends and Determinants of Health



Source: Authors

Megatrends

2.4. A megatrend is a large-scale, long-term shift or pattern that has a major impact on societies and economies. The megatrends which have the biggest impact on health include:

- **Climate change and environmental degradation.** Injury and illness are increasing due to increased frequency of extreme weather events and their disruptions to the functioning of health systems. Indirect impacts include rising air pollution, poor water quality, reduced access to green spaces and emerging infectious diseases due to natural habitat destruction. Additional negative impacts include food insecurity, population displacement, slowing of economic growth and poverty aggravation. Vulnerable and marginalized populations, particularly those in low- and middle-income economies, often bear the brunt of these impacts.
- **Demographic change.** Aging populations are placing increased strain on national budgets and health systems. The elderly are beset with an increased prevalence of chronic illnesses such as cardiovascular diseases, diabetes, and neurodegenerative disorders and face functional decline. With a larger portion of the population now comprising older people, the demand for costly long-term and specialized care is projected to keep rising.

- **Persistent inequalities.** Economic condition is a major determinant of health and higher income is associated with better health.⁷ Persistent inequalities within and between countries are also a cause of poor health outcomes. An estimated 700 million people globally are still living in extreme poverty and the pace of poverty reduction is slowing after decades of progress.⁸ More than 1.6 billion people (22% of the global population) live in places where protracted crises and weak health services leave them without access to basic care.⁹ Inequalities are also a key driver for large-scale population movements, which climate change is likely to exacerbate.
- **Urbanization and associated population density.** The risk of transmission of communicable diseases, exposure to pollution and toxic substances, disparities in income and education, and mental health challenges due to overcrowding in urban areas is increasing. Urban slums often lack water, sanitation and hygiene (WASH) infrastructure. On the other hand, urban areas if well designed, tend to have better access to health facilities, clean water and sanitation, and greater economic opportunity.
- **Increased pace of innovation.** Digital transformation has been fundamentally changing how societies and economies operate, deliver value, and interact with clients and stakeholders. New medical technologies and digital applications are revolutionizing health and increasing the productivity of health systems. The challenge remains how to harness such benefits in a cost-effective manner and ensure equitable access to all.
- **Pandemics, emerging diseases, and anti-microbial resistance (AMR).** These are threatening regional and global health security with consequent economic and social impacts. Pandemics have been occurring more frequently due to increases in global travel, higher levels of urbanization and biodiversity loss. AMR is often referred to as the silent pandemic. As resistance builds up, treating infections will become increasingly difficult, leading to higher mortality rates and increased health costs.

Determinants of Health

2.5. The health status of populations is determined by many factors, called “determinants of health”. The long-term megatrends discussed above influence and shape the determinants. Determinants which are outside the health sector such as socio-economic status, education and gender have the most impact on health status. On the other hand, determinants linked to the health sector such as access and use of health services (which includes preventive, promotive, curative, rehabilitative and palliative care) have less of an impact, but are still important. Equitable investments in all determinants are needed to close health outcome gaps.

2.6. Gender plays a significant role in determining health outcomes and equity. Globally, women and girls experience 25% more time in poor health compared to men, and

⁷ Finkelstein, D.M. et.al (2022). *Economic well-being and health: The role of income support programs in promoting health and advancing health equity*. *Health Affairs* 41(12). <https://doi.org/10.1377/hlthaff.2022.00846>.

⁸ World Bank. (n.d.) *Poverty Overview*. [Poverty Overview: Development news, research, data | World Bank](#).

⁹ WHO. (n.d.) *Ten threats to global health in 2019*. [Ten threats to global health in 2019](#).

women have consistently less access to health services.¹⁰ Critical investments in physical infrastructure like healthcare facilities are essential for reducing the time women spend in poor health. Access to complementary infrastructure also has the potential to improve women’s empowerment while enhancing the health and wellbeing of women and girls. For example, inadequate water, sanitation and hygiene (WASH) infrastructure leaves women and girls more vulnerable to abuse, attack and ill-health, affecting their ability to study, work and live in dignity. Bridging the health gap requires substantial investment to enhance the efficacy of sex- and gender-specific strategies in prevention and healthcare management. As stated in AIIB’s Gender Action Plan, access to adequate healthcare infrastructure has the potential to improve women’s empowerment. Key health issues to address include reproductive health, mental health and wellbeing, infectious disease prevention and treatment, and workforce gender equity.¹¹

Case Study: Gender in Health

In Indonesia, AIIB is co-financing a health infrastructure upgrade project which benefits women's health. Jointly supported by partners such as the Asian Development Bank, Islamic Development Bank, and World Bank, the [Modernization of the Health System](#) project contributes to gender equity by improving women's access to quality health services. Highlights include the use of modern medical equipment for emergency obstetric care and telemedicine which brings specialized care to rural and remote health facilities.

Infrastructure for Health

- 2.7. Infrastructure in all sectors has an influence on health to varying degrees. For example, investments in water and sanitation infrastructure brings about direct health benefits as access to clean water improves and the risk of water contamination is reduced. Reducing emissions in transportation and energy production improves air quality which, in turn, impacts the incidence of respiratory infections, heart disease and lung cancer.¹² Infrastructure also indirectly affects health. For example, energy generation or mass transit systems promotes health as access to electricity and mobility enables socio-economic advancement, a key determinant of health.

¹⁰ McKinsey. (2024). *Closing the Women’s health gap: A \$1 trillion opportunity to improve lives and economies*. <https://www.mckinsey.com/mhi/our-insights/closing-the-womens-health-gap-a-1-trillion-dollar-opportunity-to-improve-lives-and-economies>.

¹¹ For more information, see: Asian Infrastructure Investment Bank. (2024). *Gender Action Plan*. <https://www.aiib.org/en/about-aiib/who-we-are/infrastructure-for-tomorrow/gender-infrastructure/AIIB-Gender-Action-Plan.pdf>.

¹² The combined effects of ambient air pollution and household air pollution is associated with 6.7 million premature deaths annually (WHO. (2024). *Household air pollution*. <https://www.who.int/health-topics/air-pollution>). The World Bank estimated that air pollution caused productivity and healthcare cost of USD8.1 trillion in 2019 (World Bank. (2021). *The Global Health Cost of PM2.5 Pollution*. <https://documents1.worldbank.org/curated/en/455211643691938459/pdf/The-Global-Health-Cost-of-PM2-5-Air-Pollution-A-Case-for-Action-Beyond-2021.pdf>).

- 2.8. Within the health sector, operations are supported by core infrastructure which supplies water, electricity, medical and digital technology and treats waste. There are major gaps globally for health service infrastructure, particularly for vulnerable populations and communities. For example, electrification of primary health facilities could save more than 290,000 lives per year and WASH facilities for climate change adaptation more than 170,000 lives per year.¹³ Infrastructure also underpins broader health value chains, whether that be logistics, manufacturing for health products¹⁴ or training.
- 2.9. The quality and strength of health systems vary widely across Asia. This is partly explained by variant infrastructure levels and quality. Health infrastructure in many parts of Asia is inadequate, below global averages and World Health Organization (WHO) recommendations. Figure 2 provides a diagrammatic representation of infrastructure supporting the health services value chain and gaps can be found in all areas. Investments are especially needed to strengthen primary healthcare and advance regional innovation.

Figure 2: The Health Services Value Chain and Supporting Infrastructure

Health system Building block	Service delivery	Health workforce*	Health Information Systems	Essential medical products and technologies
Supporting infrastructure	<ul style="list-style-type: none"> • Primary healthcare facilities, including polyclinics • Pharmacies • Hospitals • Health-focused community centers • Integrated delivery networks • Water and waste management • Reliable energy • Oxygen and medical gas systems 	<ul style="list-style-type: none"> • Medical education and training institutions • E-learning infrastructure <p style="margin-left: 20px;">* Workforce is inclusive of clinical professionals, public health and community health workforce, biomedical technicians and engineers</p>	<ul style="list-style-type: none"> • Digital networks and connectivity • Data warehouses • Integrated information systems, including for health records, public health monitoring, commodity inventory tracking and durable asset management • Surveillance systems • Cyber security related infrastructure • Health data 	<ul style="list-style-type: none"> • Biotechnology, pharmaceuticals, medical devices, other health products • Related R&D and manufacturing capacities • Diagnostics • Supply chain and logistics infrastructure • Telehealth • Life sciences infrastructure

Source: Authors

3. Health Financing

- 3.1. Provision of adequate and sustained funding is critical to the development and growth of effective health systems. Health sector spending in many developing economies of Asia is still low, typically 3% to 5% of gross domestic product (GDP) compared to an average of 9% in Organisation for Economic Co-operation and Development (OECD) economies.¹⁵ Noteworthy is that health sector spending is on an upward trend. Across Asia-Pacific, per capita health spending had risen significantly between 2010 to 2019, with lower-middle income countries recording an increase of 65% and upper middle-

¹³ Alliance for Health Policy and Systems Research (upcoming publication), *All for Health, Health for All Investment Case 2025-2028 Methods Report*.

¹⁴ Health products include among others, vaccines, drugs, diagnostics, personal protective equipment, oxygen supplies.

¹⁵ World Bank Group. (2024). *World Development Indicators: Health Systems (Table 2.12)* <https://wdi.worldbank.org/table/2.12>.

income countries with 76% increase during this period.¹⁶ However, increases in health spending do not always translate to better health outcomes and increased access for all population groups. Health system design, funding mechanisms and public health measures are all critical to achieving better health outcomes.

- 3.2. The global health market is significant and growing, with estimated spending at USD10 trillion in 2021 and a forecast rise to USD21 trillion by 2030.¹⁷ As Asian economies continue to grow, consumer demand for better health services will increase costs of maintaining and developing health systems in absolute and relative terms. The Asian health market has seen rapid growth, rising to USD3.2 trillion in 2020 from USD1 trillion in 2010, with a forecast of USD4.2 trillion in 2024.¹⁸ On this trajectory, the Asian health market would reach USD5.7 trillion in 2030. Hospitals are the largest subsector, expected to total almost USD1.9 trillion in Asia by 2030, while digital health is the fastest growing area with anticipated annual growth of up to 21.8%.
- 3.3. In an environment of fiscal constraints and multiple demands on public funds, funding gaps to achieve Universal Health Coverage (UHC) are likely to increase. Maintaining sustainable funding can be facilitated by attention to efficiency improvements, including through the introduction of technology and financing innovations, and optimized supply chain management. A recent study concluded that significant efficiency improvements are still possible in developing Asia health systems.¹⁹
- 3.4. At least a third of the spending in health is transacted by the private sector—either as suppliers of goods and services to governments, or as sales to private health services providers and individuals. Governments are the primary financiers of health, accounting for 63% of global health expenditure in 2021. The average government expenditure as a proportion of total health expenditure across all economies was 53% in 2021.²⁰ The government share tends to increase as incomes rise: for low-income economies, it is 22%; lower-middle-income, 35%; upper-middle-income, 55%; and high-income, 65%.²¹ Demographic shifts and associated increases in NCDs, rising consumer expectations, higher levels of access to care, and government-sponsored insurance schemes are key drivers behind this trend. Many economies in Asia also experience high out-of-pocket (OOP) expenses, exposing citizens to lumpy and unpredictable health expenditures, which can lead to poverty and exacerbate inequalities, thus hampering progress towards UHC commitments.²²

¹⁶ OECD/WHO. (2022). "Health expenditure per capita and in relation to GDP", in *Health at a Glance: Asia/Pacific 2022: Measuring Progress Towards Universal Health Coverage*. <https://doi.org/10.1787/6d6794cf-en>.

¹⁷ Verified Market Research. (2021). *Global Healthcare Services Market Size By Type (Hospitals And Clinics, Pharmaceutical Companies), By Expenditure (Public, Private), By Geographic Scope And Forecast*. <https://www.verifiedmarketresearch.com/product/healthcare-services-market/>.

¹⁸ Quadria Capital. (2020). *Asian Healthcare Opportunity for Social & Financial Returns*. Asia-Pacific Economic Cooperation. <https://www.apec.org/docs/default-source/satellite/healthfinancing/private-equity-perspectives-presentation.pdf>.

¹⁹ Asian Development Bank [ADB]. (2023). *Health Spending Efficiency in Developing Asia*. <http://dx.doi.org/10.22617/WPS230471-2>.

²⁰ Using a simple average of government expenditure as a percent of total health expenditure by country.

²¹ Weighted averages. Data sourced from World Health Organization Global Health Expenditure database. Available at: World Bank Group. (2024). *Domestic general government health expenditure (% of current health expenditure)*. <https://data.worldbank.org/indicator/SH.XPD.GHED.CH.ZS>.

²² Improvements to health services coverage have stagnated since 2015, and the proportion of the population that faces catastrophic levels of out-of-pocket health spending has been increasing continuously since 2000. This global pattern is consistent across all regions and most countries.

- 3.5. In many middle and high-income economies, the health sector is considered an engine of growth, with parts of the value chain, such as pharmaceuticals and biotechnology, exhibiting high economic value addition. Financing health infrastructure can therefore also facilitate industrial upgrading and transitioning from low-skilled activities.
- 3.6. Most multilateral development banks (MDBs) have significant health programs and project portfolios, with a major focus on health system governance, regulation and institution building. MDB activities include: (1) technical assistance on health policies, systems, regulations and institutions; (2) financing health infrastructure; (3) supporting provision of global and regional public goods to improve global health; and (4) catalyzing market development in health. MDB health sector portfolios have been growing over recent years—even before the pandemic. For example, the health sector accounted for 7.3% of the portfolio of the Asian Development Bank (ADB) in 2022 up from 1.5% in 2016, and 10% of lending by the International Bank for Reconstruction and Development (IBRD) and International Development Association to the East Asia and Pacific region in 2023, up from 8% in 2018.²³

4. Objective of AIIB's Health Strategy

- 4.1. The objective of the health strategy of AIIB is to provide the framework, principles and strategic priorities to guide AIIB's investments in health. The strategy embraces AIIB's mandate, vision, four thematic priorities and other institutional goals set out in the Corporate Strategy. It finds inspiration from global commitments to improve UHC and primary healthcare (PHC), as well as the Sustainable Development Goals with major health impacts.²⁴
- 4.2. AIIB respects and will be responsive to Members' health priorities and system designs. The strategy aims to maximize co-benefits in all its non-health sector investments while increasing the value of its investments in the health sector. AIIB seeks to support Members to improve their human capital, health and wellbeing by mobilizing finance and promoting connected, technology-enabled and green infrastructure.

5. Guiding Principles

- 5.1. Five principles will guide the design and implementation of AIIB's investments to assist Members in achieving their health objectives.
- 5.2. **Synergistic.** Infrastructure projects can lead to a wide range of health co-benefits. Investments in clean energy, green transport, water supply and sanitation, urban, digital and other infrastructure projects can generate health co-benefits by reducing negative environmental impacts, improving health and safety and promoting healthy lifestyles.

²³ The World Bank had a USD34 billion global health portfolio of 240 projects in 2022. The IBRD's health commitments increased from 7.2% in 2019 to 18.9% in 2022, before falling back to 8.1% in 2023. Data from World Bank annual reports.

²⁴ SDGs 2, 3, 6, 11, 12 and 13 specifically focus on improving global health outcomes or addressing challenges with significant health implications. They cover access to healthcare, disease prevention, environmental health, and sustainable development.

Having health considerations in mind when designing and implementing projects can maximize these co-benefits. This guiding principle means that AIIB will seek to add value to its infrastructure investments in non-health sectors by identifying and maximizing health co-benefits.

- 5.3. **Equitable and people-centered.** Health services must be accessible to all segments of the population, especially marginalized and underserved communities. People-centered health services prioritizes the needs and preferences of individuals, placing them at the center of decision-making and care delivery. It recognizes that health services should not only focus on treating diseases but also on promoting overall wellbeing²⁵ and addressing the unique circumstances and values of each person. AIIB will prioritize projects which could improve health equity and build in project design elements which ensure the needs of the marginalized are prioritized. Additionally, the Bank will ensure projects adopt people-centered approaches such as community engagements, health services coordinated around people’s needs and health infrastructure which contributes to health systems designed for people and not around diseases. AIIB will ensure investments that “do no harm” and “do better”, including with respect to gender equality.
- 5.4. **Innovative.** Embracing technology and innovation is essential for the modernization, accessibility, affordability, efficiency and greening of health. As an MDB, AIIB plays an important role in supporting innovation and disseminating information on the benefits of new innovations. AIIB will promote the adoption of innovative technology, processes and financing to enhance health infrastructure. These include digital and medical technology, improved processes that maximize efficiency gains, public-private partnerships (PPPs) and blended financing models. AIIB will carefully consider risks, including effects on equity, when considering new and innovative approaches.
- 5.5. **Sustainable.** AIIB’s approach will incorporate its strong commitment to sustainability. Health infrastructure financed by the Bank must be financially viable, generate positive economic impact and not exacerbate an economy’s debt sustainability. This can be ensured by conducting thorough economic and financial analyses prior to all investments. Additionally, health infrastructure must be accessible and in line with the equitable principle to guarantee social sustainability. Health infrastructure financed by AIIB must also be environmentally sustainable, such that the direct and indirect impacts on the physical and biological environment such as biodiversity, pollution and land and water use are properly addressed. Social and environmental sustainability of projects is assured through AIIB’s Environmental and Social Framework.²⁶ Proper maintenance of health infrastructure is also central to sustainability and will be emphasized in all investments.
- 5.6. **Collaborative.** As a lean institution with a focused mandate and geographic coverage, it is critically important for AIIB to build strong, long-term partnerships in achieving its investment objectives in health. Achieving health outcomes is dependent on highly

²⁵ WHO. (2023). *Achieving well-being: A global framework for integrating well-being into public health utilizing a health promotion approach*. <https://www.who.int/publications/i/item/9789240084858>

²⁶ Further details of AIIB’s *Environmental and Social Framework* can be found at <https://www.aiib.org/en/policies-strategies/framework-agreements/environmental-social-framework.html>.

interdependent components such as policy, institutions, regulatory development and quality of the health workforce. Thus, AIIB's investments cannot be undertaken in isolation. AIIB will ensure transparency and accountability in all partnerships to build trust and maximize effectiveness.

To achieve desired health outcomes, AIIB must partner and collaborate with those MDBs and reputable international and regional health organizations which have expertise and rich experience in the health sector and related financings. Doing so will leverage a range of different competencies, knowledge and resources that complement AIIB's expertise and mandate. Likewise, AIIB can supplement others with its expertise in governance and health system strengthening, with its focus on infrastructure and financing. Given the private sector's importance in the overall health ecosystem and AIIB's private sector operations, AIIB will actively develop connections with the private sector to understand the needs and more effectively mobilize both local and global private capital.

6. Strategic Priorities

6.1. This section presents six strategic priorities which respond to the challenges and opportunities presented by the megatrends and their impact on health and wellbeing. The strategic priorities do not take a disease-based approach but are instead flexible to enable AIIB to respond to the varying health priorities and changing disease patterns of Members. They are:

- Strategic Priority One: Pursuing health benefits across infrastructure sectors
- Strategic Priority Two: Enhancing Infrastructure for the Health Services Value Chain
- Strategic Priority Three: Safeguarding Health Security Amid Increasing Connectivity
- Strategic Priority Four: Green and Climate-resilient Health Systems
- Strategic Priority Five: Improving Health through Technology-based Solutions
- Strategic Priority Six: Mobilizing Finance for Health

6.2. The strategic priorities are centered on AIIB's infrastructure mandate and recognize the Bank's limited experience and resources. They are based on the Bank's comparative advantage in financing infrastructure and seek to complement the work of other MDBs which focus on upstream activities in policy and institutional development.

6.3. Strategic Priority One: Pursuing health benefits across infrastructure sectors

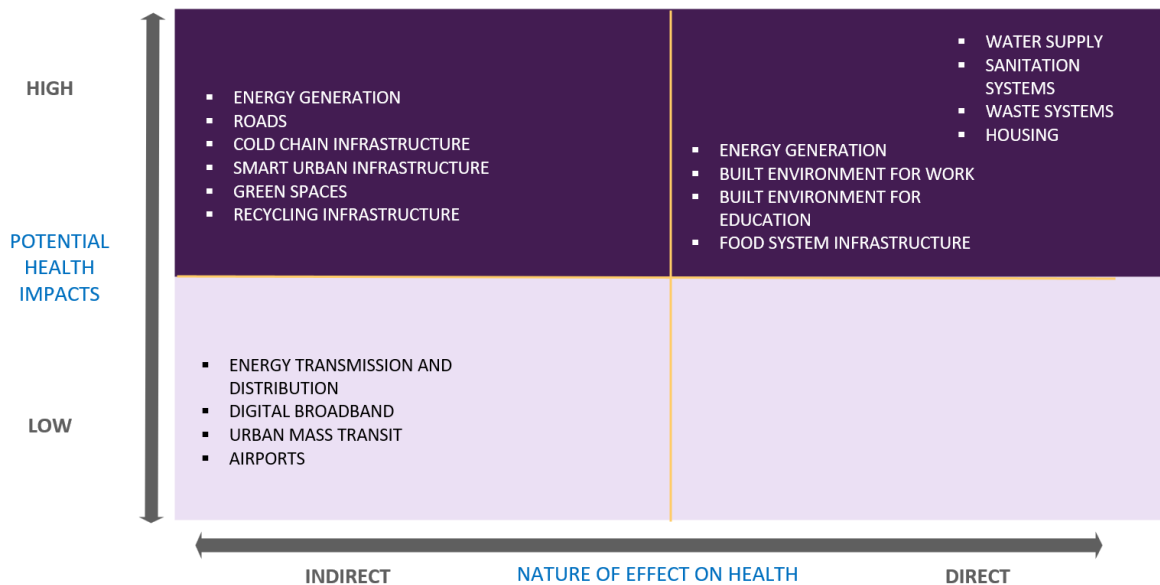
AIIB will pursue health co-benefits from its infrastructure financing where cost-effective solutions can be generated.

Figure 3 indicates the potential health effects of different types of infrastructure. The vertical axis shows the potential health impacts at a population level and is based on the magnitude, severity, likelihood and duration of impacts. These are influenced by many factors such as financing, regulations and policies (e.g., local planning).

The horizontal axis shows that some types of infrastructure have more direct effects on health while others have indirect ones. The effects are approximate at a regional level and vary in specific contexts. Synergistic benefits can accrue if investments are coordinated and aligned.

This strategic priority covers infrastructure projects outside the health sector with a view to leveraging investments to generate health co-benefits, in response to client demand and cost considerations. Projects which can improve health equity will form a key consideration. Infrastructure projects that may be leveraged to generate health co-benefits include durable structures and WASH infrastructure in informal settlements, health screening and quarantine infrastructure at border crossings, and logistic infrastructure for emergency food distribution following severe climate events.

Figure 3: Potential Health Impacts of Infrastructure



Source: Authors, developed in collaboration with the World Health Organization.

**Strategic Priority One:
Pursuing Health Benefits across Infrastructure Sectors**

Project Examples

- Incorporate greenspaces and parks in urban design
- Enhance safety features in road projects to reduce the risk of injuries and deaths
- Finance access to clean cooking fuel and technologies to reduce indoor air pollution
- Promote WASH infrastructure in underserved areas

6.4. Strategic Priority Two: Enhancing Infrastructure for the Health Services Value Chain

World leaders aspire to achieve Universal Health Coverage (UHC), as demonstrated by the political declaration adopted at a United Nations General Assembly High-Level meeting in 2023.²⁷ Equitable investments in health infrastructure to strengthen the PHC approach can accelerate progress towards UHC commitments. This strategic priority aims to reduce the infrastructure gap across the health services value chain and support advancement of UHC commitments, with a particular focus on PHC, populations with low levels of access and underdeveloped health ecosystems.

Infrastructure necessary for the delivery of quality health services includes the construction or upgrading of health facilities (primary, secondary and tertiary) and the development of water, waste management, digital, electricity and medical gas systems within these facilities. Health facilities also require modern medical devices to function properly. Infrastructure for the development of the health workforce such as medical education institutions is needed to help ensure that the health facilities are properly staffed. These institutions should be equipped with modern teaching infrastructure such as simulation laboratories and e-learning tools.

Primary Healthcare (PHC)

Primary healthcare (PHC) is recognized globally as the key to achieving health for all and addressing the social determinants of health. The [Alma-Ata Declaration of 1978](#) stated that PHC forms an integral part of a country's health system, addressing the main health problems in the community through promotive, preventive, curative and rehabilitative services. It includes many elements including adequate supply of safe water and basic sanitation, promotion of food supply and proper nutrition, and immunization against the major infectious diseases. The Alma-Ata Declaration recognized that PHC involves coordinated efforts across multiple sectors, in particular agriculture, food, industry, education, housing, public works, and communication.

Building on the principles of the Declaration of Alma-Ata, the [Declaration of Astana](#) (2018) reaffirmed the commitment of WHO Member States to primary healthcare as a cornerstone of sustainable health systems for the achievement of UHC and the health-related SDGs. Investing in PHC increases accessibility to basic medical services, improving health outcomes in rural and underserved areas. The WHO-UNICEF [Operational Framework for Primary Health Care](#) (2020) translates the global commitments made in the Declaration of Astana into actions and interventions. Funding and allocation of resources are recognized as a core strategic lever. Physical

²⁷ WHO. (2023). *World leaders commit to redouble efforts towards universal health coverage by 2030*. <https://www.who.int/news/item/21-09-2023-world-leaders-commit-to-redouble-efforts-towards-universal-health-coverage-by-2030>.

infrastructure, medicines and other health products, and digital technologies for health are recognized as operational levels.

Additionally, the health services value chain includes the manufacturing and supply of essential medical products. Infrastructure needed for reliable access to quality pharmaceuticals, medical devices and consumables such as manufacturing plants and logistics networks is another area for financing. Other areas of focus include infrastructure to prevent and treat NCDs, and support aging populations such as long-term care facilities and primary healthcare units embedded in community activity centers.

AIBB supports WHO's vision of hospitals as being complementary to other parts of the health system, providing services for acute and complex conditions in a well-functioning referral network. This strategic priority also supports the WHO-UNICEF Global Framework for Action to achieve universal water, sanitation, hygiene, waste and electricity services in all health facilities to achieve quality health services.²⁸

**Strategic Priority Two:
Enhancing Infrastructure for the Health Services Value Chain**

Project Examples

- Network of primary care facilities in rural and/or urban setting which incorporate gender-sensitive design improving access to quality maternal care and family planning services
- Hospital in an area with coverage gaps
- Medical equipment
- WASH infrastructure in health facilities
- Training facility and digital tools to support workforce development
- Regional logistics centers for medical consumables and drugs
- Networks of transitional care facilities and rehabilitation centers for the elderly

6.5. Strategic Priority Three: Safeguarding Health Security Amid Increasing Connectivity

Health security refers to safeguarding population health from infectious diseases, pandemics, and other health emergencies. In an increasingly connected world, COVID-19 showed that health issues in one location can quickly affect health in other locations

²⁸ UNICEF, WHO. (2024) *Global Framework for Action 2024–2030: Universal water, sanitation, hygiene, waste and electricity services in all healthcare facilities to achieve quality healthcare services.* <https://knowledge.unicef.org/resource/global-framework-action-2024-2030-universal-water-sanitation-hygiene-waste-and-electricity>.

and become a global concern with immense cost. AIIB's connectivity and regional cooperation thematic priority aligns with AIIB playing a role in enhancing pandemic prevention, preparedness and response in the face of greater health risks.

Addressing the health risks that arise at the intersection of human, animal and environmental health is also crucial for health security. The One Health²⁹ approach involves controlling public health risks arising from humans interacting with animals and the environment. It requires regional cooperation and infrastructure that supports multi-sectoral approaches from the public health, veterinary, and environmental sectors.

AIIB can play a role in bolstering regional and global health security through supporting infrastructure which improves the health of populations in the region, in particular infrastructure which prevents and controls the spread of infectious diseases and improves pandemic prevention, preparedness and response. This may include financing infrastructure to support essential public health warning and surveillance functions, prevention of zoonosis, human and animal vaccine manufacturing and border infrastructure. Laboratories capable of AMR surveillance are particularly important.

Resilient national and regional supply chains for medical devices, pharmaceuticals, and vaccines are critical features for health security—particularly given COVID-19 experiences. Resilience improves stability of supply chain and lowers inventory and logistics costs. AIIB may also finance scientific and research and development infrastructure, including for pharmaceuticals and clinical trials, where this fits with national priorities and where risks can be appropriately managed.

**Strategic Priority Three:
Safeguarding Health Security Amid Enhancing Connectivity
Project Examples**

- Infrastructure to strengthen primary care, including networks of clinics in high risk areas for emerging pathogens
- Networks of public health and microbiology labs linking urban and rural settings for surveillance and diagnostic purposes
- Animal health surveillance and livestock sanitation
- Health screening infrastructure at border entry and exit locations
- Manufacturing facilities for human and animal vaccines
- Training hubs for lab and hospital equipment technicians, drug and device manufacturing workforce, or emergency supply chain management

²⁹ One Health is an integrated, unifying approach to balance and optimize the health of people, animals and the environment. It is particularly important to prevent, predict, detect, and respond to global health threats such as pandemics.

6.6. Strategic Priority Four: Green and Climate-resilient Health Systems

Climate change is having a dramatic and increasingly negative impact on health, particularly for vulnerable and marginalized populations. At the same time, health systems face many challenges in adapting to the complex impacts arising from climate change. Health systems will need to be capable of anticipating, responding to, and adapting to climate-change induced impacts both to ensure continuity of operations and to better anticipate the health implications of climate change.

This strategic priority recognizes that health systems and associated supply chains contribute to climate change and have environmental impacts, generating approximately 5% of global greenhouse gas emissions and other air pollutants. They generate waste, including hazardous waste, and account for about 8% of global energy consumption.³⁰ In line with AIIB's green infrastructure thematic priority and climate finance objectives, as outlined in the Bank's [Climate Action Plan](#), AIIB aims to reduce the climate and environmental impact of the health system through, for example, the integration of energy and water efficiency, green building standards and material waste reduction. AIIB's Environmental and Social Framework and commitment to be fully aligned with the Paris Agreement, further ensure that all projects incorporate environmental safeguards and add value by maximizing climate components. Furthermore, AIIB supports increasing the financing of climate adaptation and resilience measures based on thorough climate risk assessment. Climate-proofing the location of health facilities, the construction of new health facilities and retrofitting of existing facilities are key dimensions. The use of new technologies for better delivery, such as solar-powered photovoltaics and smart water pumps is also critical. Opportunities for climate-focused policy-based financing within the health sector will also be actively explored.³¹

**Strategic Priority Four:
Green and Climate-resilient Health Systems
Project Examples**

- Non-incineration waste management equipment for hospitals and/or rural health facilities using integrated hub and spoke models
- Water-saving tools for health facilities
- Greening of transport of patients and goods to health facilities
- Upgrading of health infrastructure to accommodate climate-induced health threats and changing disease burden such as mental health

³⁰ Watts et. al. (2021), *The 2020 report of The Lancet Countdown on health and climate change: responding to converging crises*. *The Lancet*, 397 (10269), 129-170. [https://doi.org/10.1016/S0140-6736\(20\)32290-X](https://doi.org/10.1016/S0140-6736(20)32290-X).

³¹ AIIB. (n.d). *Climate-Focused Policy-Based Financing*. [Climate-Focused Policy-Based Financing](#).

6.7. Strategic Priority Five: Improving Health through Technology-based Solutions

Technology and innovations have had transformational effects on human health and development for decades. New technologies, such as wearable devices, robotics, telemedicine, the Internet of Things (IoT) and Artificial Intelligence (AI) are further revolutionizing health. Application of technology and digital solutions can enhance health promotion and prevention, service delivery, improve efficiencies, reduce environmental impact, and expand access to quality health services.

This strategic priority focuses on leveraging technology to improve health operations. Digital infrastructure can facilitate the integration of health systems and expand access in ways that assure patient-centered care through, for example, seamless sharing of patient data across different levels of care and providers. Digital infrastructure also supports better management of essential health commodities, as well as scientific research and innovation. AI holds substantial promise as a tool for medical professionals to provide better diagnostics, drugs, personalized medicine, and treatments. Imaging systems, robotic surgery tools and wearable health monitors can also improve diagnostic accuracy, treatment precision and patient monitoring.

Digital management information systems are needed within and beyond health facilities to ensure that the national health system is operating effectively. They also help improve transparency and accountability. These include management information systems for disease surveillance, laboratory and radiology, inventory and logistics, accounting and finance, human resources and medical records. Expansion in telemedicine infrastructure would be another area of focus given its contributions to health equity.

Technology-based solutions can also be used to better meet differential health needs. For example, a wide range of technology-enabled, consumer-centric products can be adopted and scaled to address female-specific conditions such as maternal and menstrual health; as well as certain general health conditions that affect women disproportionately or differently such as cancer or osteoporosis.

The uptake of these technologies in health sectors across Asia has been variable for several reasons, including regulatory uncertainties, costs, social and economic inequities, limited capacities for operating and maintaining technologies.³² Challenges in obtaining private sector financing have also affected uptake. AIIB's thematic priority on technology-enabled infrastructure will guide the Bank in financing both the adoption of technologies and their development and commercialization. As in other sectors, AIIB financing can mobilize private sector partners to spur the development of innovative technologies, speed up commercialization and fund adoption at scale.

³² Transform Health (n.d.) *Closing the Digital Divide: More and Better Funding for the Digital Transformation of Health in Asia*. <https://transformhealthcoalition.org/wp-content/uploads/2023/08/Asia-Regional-Brief-English-v2.pdf>.

**Strategic Priority Five:
Improving Health through Technology-based Solutions
Project Examples**

- Infrastructure to support mobile health, such as mobile applications and networks, data management systems
- Digital infrastructure to support integration of health information systems, electronic medical records or fintech for health
- Telemedicine infrastructure especially for supporting women and mental health services
- Platforms to support the adoption of innovative technological tools for health services, such as precision medicine, big data analytics, IoT and AI
- AI innovation hub for local disease needs and research on new antibiotics
- Venture to improve the generation and use of disaggregated data (e.g., gender disaggregated) in health promotion and delivery of care, improving overall health analytics and intelligence

6.8. Strategic Priority Six: Mobilizing Finance for Health

Aligned with the Bank's thematic priority on private capital mobilization and the [Strategy on Mobilizing Private Capital for Infrastructure](#), AIIB seeks to close the financing gap in developing efficient and inclusive health systems by mobilizing the resources of the private sector to complement public sector financing. Barriers to increasing financing of health in Asia have been enumerated and MDBs have been instrumental in not only mobilizing finance but also in overcoming such barriers and promoting successful approaches. Innovation has occurred in the application of PPP approaches, in the use of blended finance or in risk-sharing approaches. However, significant barriers remain in attracting private finance into health in Asia and particularly in mobilizing private resources for less financially viable operations including serving the needs of marginalized groups. This strategic priority seeks to use AIIB's convening power to both increase and broaden private sector financing while at the same time ensuring that AIIB plays an effective role in reducing inequities resulting from private sector involvement.

AIIB will focus on enabling and mobilizing greater private sector financing at the project level. It will continue to explore innovative financing models including building on its successful PPP experience ensuring that risks and costs are appropriately shared. At the same time, the full range of MDB financing products will be explored including, for example, longer tenor financing, use of local currency, performance linked incentives or first loss mechanisms. Secondly, AIIB seeks to mobilize large-scale private capital by promoting and developing viable health products and markets. This will include the replication of mobilizing and pooling structures such as funds, credit lines deployed through local financial intermediaries, asset trusts or possibly health-related asset-backed securities. Accessing global capital markets to develop investor interest in

emerging market infrastructure is a key priority for AIIB. Building on its experience, efforts will be made to develop health-related bonds, debt swaps or mobilize its own balance sheet through the Bank's [Sustainable Development Bond Framework](#). As has been the case for green and climate related bonds, AIIB understands that it has a clear role to play in developing the market including in developing taxonomies and demonstrating the viability of investments.

Recognizing the difficulty in mobilizing private resources into emerging markets in Asia, AIIB will also focus on creating and coordinating partnerships that allow parties to work better together but also mobilize a full range of resources needed to address emerging market needs. This includes maximizing the sourcing and use of concessional finance to both prepare projects or enhance project viability.

**Strategic Priority Six:
Mobilizing Finance for Health
Project Examples**

- Health-related bonds, for example supporting issuances that align with the ICMA social bond principles or that benefit women under specified criteria, or supporting health infrastructure specific bonds
- Asset recycling or monetization structures such as health asset trusts
- PPPs for the construction and operation of health facilities

7. Risks

7.1. Financing of health infrastructure requires consideration of multiple aspects, such as (i) policy and regulatory frameworks; (ii) governance and coordination mechanisms; (iii) risk pooling and cross-subsidization for financial protection and equitable access; (iv) the mix of funding sources from government budgets, social health insurance contributions, private health insurance premiums, out-of-pocket payments and donor funding; (v) the evolving nature of health services due to new technologies and delivery models; (vi) cost containment; (vii) and quality assurance. These complexities give rise to a set of key risks that AIIB must manage for its health financing.

7.2. **Regulatory and Policy:** Changes in government policies, regulations, or priorities can impact the implementation and sustainability of health projects. Gaps in regulatory regimes or weak regulatory capacities with respect to risk pooling, health insurance, technology assessments, and safety approvals may pose risks to AIIB financing. Regulatory environments may also not have the systems and capacities in place to ensure quality of care. There are risks that regulatory regimes do not effectively deal with, such as moral hazard and adverse selection.³³ AIIB can mitigate this risk by

³³ Moral hazard can lead to overutilization of health services, unnecessary treatments, and increased costs. Failure to address moral hazard can increase health costs, lead to inefficient resource allocation, increase inequities and diminish quality of care. Adverse selection can lead to imbalances in risk pools, higher premiums, and financial

working with other MDBs and WHO to follow regulatory changes and new developments, and by performing regulatory risk analysis for health projects.

- 7.3. **Governance:** Governance arrangements can change quickly with far-reaching implications for project effectiveness, design and implementation. Capacities to govern also vary, with sub-national levels often facing more constraints. The management and configuration of health systems is often complicated by different branches and levels of government owning different types of facilities within the same areas. The inefficient design of funding systems for public health facilities may lead to waste, while at the same time, some facilities face frequent shortages of basic resources needed to operate properly. AIIB can mitigate these risks through comprehensive due diligence on the governance and political economy surrounding potential investments.
- 7.4. **Dependencies:** The benefits of infrastructure financing are conditional on a wide range of other resources, such as workforce, health products, institutional performance, and regulatory incentives. For example, successfully increasing rural primary care clinics and community-based facilities requires solutions to support the community health workforce. Digital solutions require supervision, technical support, and maintenance funding to be successful. These factors are outside the control of AIIB but are critical to ensuring financial sustainability and development impacts. AIIB can mitigate this risk by working together with other MDBs and other relevant multilateral, national and local partners. Pairing infrastructure projects with technical assistance from others may be an effective mitigation measure.
- 7.5. **Inequities:** In many parts of Asia, individuals or households may face financial hardship due to out-of-pocket payments for health services. This burden may be unexpected and can result from major illnesses, accidents or other health emergencies. This risk can lead to catastrophic health expenditures, pushing families into poverty. Private sector actors have limited incentives to provide health services to low-income people and those in remote areas. There are risks of private sector clinics providing specific services that appeal to consumers paying out of pocket but have little grounding in evidence-based medicine. Large flows of private funding may suck financial and human capital away from providing basic primary healthcare, exacerbating inequities. In addition, gender significantly determines levels of health equity. AIIB will evaluate these risks, taking into account the country context and the particular design of the infrastructure to find opportunities for investments which can improve health equity, including addressing gender inequities in health.
- 7.6. **Technology:** Technology can become obsolete over the financing period or over project implementation. AIIB will manage this risk by adapting the maturity of its debt to the expected life expectancy of the asset, and by investing in technology-neutral assets, where universal access to the infrastructure is not restricted by defensive technological standards. The diversification and specialization of technological developments make the effective identification and selection of investment projects a key challenge. This is particularly the case for projects involving new technological

instability for insurance providers. Failure to address adverse selection can lead to unstable insurance markets, limited access to coverage, inequitable distribution of risks, and financial unsustainability.

solutions such as AI or personalized medicine. Projects involving the development of technologies and innovations will require assurance that standards for research ethics have been met.

AIIB is cognizant of the risks of digitalization and data privacy with respect to public health and safety. In line with national legislation and specific country contexts, AIIB will consider risks and impacts associated with cybersecurity, data protection and privacy for health projects involving the management of digital personal data or reliance on digital services and technologies. As AI legislation and common practices develop, AIIB will continue engaging with other MDBs through the Digital Infrastructure Regulatory Risk Forum, currently chaired by AIIB, to understand good practices and regulatory challenges associated with AI. AIIB will apply the latest practices as they emerge.

8. Implementation Approach

- 8.1. AIIB health financing will focus on being responsive to the needs of Members as guided by the principles and strategic priorities set out in this strategy. Project design will align with relevant national strategies and policies.
- 8.2. Implementation of the strategy will be progressive. In the first instance, AIIB will build on its experience of financing similar infrastructure and progressively move towards more complex operations. This will be supported by internal capacity development including allocating adequate resources, developing knowledge and partnerships, and adapting implementation policies. Increasing capacities and understanding of the complex financing environment will enable the Bank to undertake more complex standalone financing, where institutional and implementation capacity has been well demonstrated. This progressive approach will allow AIIB to identify specific areas where it can add unique value and, over time, assume more of a lead financing role.
- 8.3. The implementation of the health strategy will promote equality of opportunity and women's socioeconomic empowerment via AIIB's systematic consideration of gender through the project cycle, using both 'do no harm' and 'do better' approaches. In doing no harm, AIIB will ensure gender inequalities are not exacerbated, and women are not disadvantaged due to the project. AIIB will also seek opportunities to incorporate project design features that reduce gender disparities and improve overall development outcomes.
- 8.4. Effective implementation of the strategy will require strong partnerships and collaboration to ensure AIIB financing supports the objectives of its members, complements the financing of peer institutions, and responds to the needs of local communities. Where possible, AIIB will cooperate with peers, in full recognition of the need to develop the necessary capacities to appropriately mitigate risks and ensure AIIB financing adds value. Strategic partnerships with key development and knowledge players, including CSOs and especially those players with deep ground level knowledge, will always be essential to ensuring maximum impact of AIIB's financing.

- 8.5. AIIB's health investments will follow AIIB's sound banking principles and contribute to growing the Bank's balanced and diversified portfolio. All health projects will be designed and implemented in accordance with the Bank's policies and procedures. Projects will be considered for financing based on their strategic fit and alignment with AIIB thematic priorities, value-addition, and operational considerations related to the project's readiness and risk profile.

9. Monitoring Results

- 9.1. AIIB will monitor outcome and output indicators to assess the alignment of its evolving health portfolio with the strategic priorities of the strategy. The Results Monitoring Framework is attached in the Annex.

Annex: Results Monitoring Framework

AIIB will monitor results (outputs and outcomes) from its health investments as part of implementation of the strategy. A small set of results indicators will be aggregated at the portfolio level to track progress towards implementing the strategy.

Strategic Priority	Portfolio-level result indicator	Investment amount (USD million)	Examples of project-specific results indicators
2. Enhancing infrastructure for the health services value chain	Number of people benefiting from improved health facilities/services (millions), disaggregated by gender	<ul style="list-style-type: none"> ▪ Amount of AIIB investments in enhancing infrastructure across the health value chain 	<ul style="list-style-type: none"> ▪ Number of people benefiting from improved health facilities/services, disaggregated by gender ▪ Number of health facilities built/upgraded ▪ Number of health facilities with improved WASH facilities ▪ Number of health facilities with adequate medical equipment to address women's health concerns (e.g., breast and cervical cancer screening/early detection)
3. Safeguarding health security amid increasing connectivity	-	<ul style="list-style-type: none"> ▪ Amount of AIIB investments in supporting global health security ▪ Amount for cross-border connectivity projects 	<ul style="list-style-type: none"> ▪ Number of laboratories built or upgraded ▪ Number of additional tests conducted at improved animal health laboratories ▪ Percentage of reduction in reporting time (in national disease surveillance systems for event and indicator-based surveillance)
4. Green and climate resilient health systems	Number of health facilities that have implemented measures to reduce carbon footprint and adopt green	<ul style="list-style-type: none"> ▪ Amount of AIIB investments in greening health systems 	<ul style="list-style-type: none"> ▪ Number of health facilities that have implemented measures to reduce carbon footprint and adopt green

	technologies in their operations		technologies in their operations
			<ul style="list-style-type: none"> ▪ Total electricity generated from renewable sources
5. Improving health through technology-based solutions	-	<ul style="list-style-type: none"> ▪ Amount of AIIB investments in technology-based solutions for health 	<ul style="list-style-type: none"> ▪ Number of health facilities with improved digital management information systems ▪ Number of community health workers equipped with mobile applications which facilitate the delivery of health services ▪ Number of mammography units per million females ages 50-69
6. Mobilizing finance for health	Capital mobilized by AIIB from other private and public sources	<ul style="list-style-type: none"> ▪ Amount of financing mobilized on health projects 	<ul style="list-style-type: none"> ▪ Private sector capital mobilized ▪ Public sector capital mobilized

As AIIB recognizes the importance of health outcomes beyond the health sector itself, AIIB may also use health outcome indicators for infrastructure investments outside the health sector, where relevant. Example of such indicators include reduction in road traffic deaths, number of people benefiting from improved air (from clean energy and clean transport), number of people with access to WASH facilities, or increase in access to health facilities because of better transport and communications infrastructure.