

# Private sector engagement in sexual and reproductive health

A LOOK AT MODALITIES OF DONOR SUPPORT

## SUMMARY

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## About this briefing

Countdown 2030 Europe is a consortium of 15 non-governmental organizations in 12 European countries working to hold European donor governments and the European Union institutions to account for their policy and funding commitments on sexual and reproductive health and family planning.

In recent years donor governments and international institutions have increasingly advocated engagement of private sector actors in development. Private sector engagement has also received increasing focus in sexual and reproductive health, and this is expected to continue over the coming decade.

Engagement with the private sector in sexual and reproductive health has taken a variety of forms and involved a diverse set of stakeholders, ranging from global corporations to traditional community-based service providers. Advocacy for private sector engagement often lacks specificity about the forms of engagement to support, and there is a lack of common language and understanding of the issues and the private sector actors involved.

This briefing discusses modalities of donor support for private sector engagement in sexual and reproductive health across several key areas. It is a summary version of the Countdown 2030 Europe report *Private sector engagement in sexual and reproductive health: A look at modalities of donor support*.<sup>i 1</sup>

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<sup>i</sup> Please consult the full report for further details and analysis.


# 1. Context and trends

## WHAT IS THE PRIVATE SECTOR?

The private sector in sexual and reproductive health includes a range of actors involved in getting services and products to their final users. At global level, the private sector is a key player in product development and manufacturing, supply chain, and distribution. At country level, the private sector role varies widely. It is an important player in service delivery in many countries, with private sector service providers at all levels of the health sector from hospitals and professionally staffed clinics to local pharmacies and traditional community health service providers. Actual and potential involvement of the private sector in each country depend on the structure of the health system and government policies for private sector engagement.

The review underlying this briefing was focused on the for-profit private sector. It only included not-for-profit organizations in their role in coordinating social marketing and social franchising networks and other initiatives which involve for-profit providers.

The current development environment and discourse are moving towards a greater focus on private sector participation, both as a means of providing the financial and technical resources needed to achieve the Sustainable Development Goals, and also to tap into the sector's potential contributions to design and implementation of innovative and sustainable approaches to social development. There is a growing emphasis on a market-based approach to development, seen as a way to achieve sustainable change and reduce future dependence on subsidies. On the downside, there are concerns that a market-based approach may lead to insufficient focus on equity in low- and middle-income countries, excluding many from access to education, health, and social support. Although health in general and sexual and reproductive health in particular have special characteristics which may make a market-based analysis less appropriate, changes in the development landscape are reflected in sexual and reproductive health. Major organizations and networks in the field are developing strategies and approaches to increase private sector engagement during the next decade.



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## 2. Modalities of donor support

Donors have supported different modalities of private sector participation in sexual and reproductive health in both global and country spaces. They have provided support for private sector activities in finance, product development and manufacturing, procurement, market planning and development, supply chain, service delivery, and capacity building to strengthen public sector stewardship of mixed health systems on the path towards universal health coverage. Select modalities of donor support across key areas are discussed below:<sup>ii 2</sup>

### Finance

Finance is one of the principal problems facing health, including sexual and reproductive health, in low- and middle-income countries with limited government budgets, low allocations to health and sexual and reproductive health, rising health costs, and inefficiencies in spending.

Modalities employed by donors to incentivise private sector finance for sexual and reproductive health have included risk mitigation schemes, results-based financing mechanisms, and Development Impact Bonds (DIBs). The private sector has also provided financing for sexual and reproductive health through corporate donations, including in the framework of donor-supported mechanisms, such as the Global Financing Facility (GFF).

### Product development and manufacturing

Sexual and reproductive health medicines, such as drugs for maternal health, reproductive health and safe abortion, and contraceptive supplies are produced by the private sector. Research and development (R&D) and product pricing are important areas of engagement between donors and manufacturers.

Donors have encouraged development of new sexual and reproductive health products and their placement in markets, including through support for pre-qualification and country registration. For selected products, donor interventions have also lowered prices through volume guarantees. Possible downsides of such interventions and subsidies are effects on market competitiveness and creation of barriers for other manufacturers.

### Procurement

Most donor-funded procurement of sexual and reproductive health supplies, including contraceptives, for low- and middle-income countries is done by international organizations and procurement agencies, with UNFPA Supplies and USAID as the major players. UNFPA Supplies provides third-party procurement services for countries with limited procurement capacity and/or small markets.<sup>3</sup> Low- and middle-income country governments also procure locally and regionally, applying their own quality control and product registration procedures.

Donors have supported procurement aggregation and negotiation of reduced prices with contraceptives manufacturers, such as through the Implant Access Program and for Sayana® Press.<sup>4</sup> Cheaper supplies benefit buyers but can reduce competitiveness in markets, create barriers to entry for other manufacturers, and potentially skew national purchases towards the methods covered by the programmes.<sup>iii</sup>

ii For a more detailed discussion of these and other modalities, please see the full report.

iii The methods covered may also not always be the most cost-effective or appropriate for a country.

## Market development and planning

Donors have supported market assessments, which serve as building blocks for planning. Assessments serve to identify the role of public and private sector actors, including supply chain participants and service providers. As health systems are different in each country, national sexual and reproductive health market assessments are an important first step to identify potential for private sector engagement.

Approaches to market assessment and planning that have been funded by donors include Sustaining Health Outcomes through the Private Sector (SHOPS) Plus market assessments,<sup>5</sup> Making Markets Work for the Poor (M4P),<sup>6</sup> and Total Market Approach (TMA) processes.<sup>7</sup>

## Supply chain

Donors have provided support to strengthen a range of supply chain elements at global and country levels. Donor activities to strengthen the global elements of

supply chains (from manufacturers to countries) have included support to coordination of procurement and development of visibility and analytics networks to track product movement through the global supply chain.

In-country there may be several supply chains for sexual and reproductive health products. Products distributed through the public sector usually use the same public sector supply chain and infrastructure as other health products. Manufacturers normally have their own distributors and supply chains in-country. Private sector supply chains can be complex and include many agents, each with a markup on the products.

Supply chain can be a fruitful area for private sector involvement as it is a core competence area of many specialist transport, distribution, and logistics companies at global and at country level.<sup>8</sup> There has been total and partial outsourcing of supply chain work to the private sector, for example, contracting out of warehousing and transportation functions. Feasibility of private sector involvement depends on the quality of existing infrastructure in the country, such as roads, warehousing, and cold chains.



## Service delivery

Donors have supported a range of private sector engagement initiatives in delivery of sexual and reproductive health services and supplies. These have included:

- **Results-based financing and other pay-for-performance schemes** including private sector clinics, usually contracted by the public sector for delivery of specific sexual and reproductive health services.<sup>9</sup>
- **Social franchising**, including complete franchised clinics and partial franchises, where sexual and reproductive health services are added on to private doctors', nurses' or midwives' existing service menus.<sup>10</sup>
- **Social marketing** of condoms, contraceptives, and medical abortion products through a range of agents including pharmacies, kiosks, shops, clinics and community promoters or sales agents.<sup>11</sup>
- **Contracting out** service delivery for specific groups in specific locations.<sup>12</sup>
- **Vouchers** for specific low-income groups, giving them free access to specific sexual and reproductive health services and choice from a range of public, NGO, and private sector providers.<sup>13</sup>
- **Conditional cash transfers**, where individuals undertake to attend specified health services as a condition for receiving the payment. Schemes may include private sector service providers.<sup>14</sup>

The overall evidence base on the outcomes of donor-supported service delivery interventions engaging the for-profit private sector is weak and evidence is mixed.<sup>15</sup> Different criteria have been used to measure impact, including access to and use of services, service quality, and user satisfaction. Key challenges relate to sustainability of models without continued donor subsidies,<sup>16</sup> as well as public sector capacity for stewardship and quality control of service providers financed by donors.<sup>iv</sup>

Some service delivery models, such as results-based financing schemes and social franchising, have potential to strengthen the links between public and private sectors and can serve as stepping stones on the path to universal health coverage.<sup>17</sup> Social marketing and social franchising networks can also provide collective platforms for the private sector in dialogue with governments.

Donor policy reflects a growing level of interest in universal health coverage schemes, which can involve private sector service providers. Well-designed and implemented universal health coverage schemes have potential to overcome sustainability and stewardship problems in private sector service delivery. However, successful integration of the private sector in universal health coverage service delivery will require actions by governments to strengthen health systems and stewardship to ensure equity and service quality.



iv Some models can be self-regulatory for service quality. If users of services provided by participants in results-based financing, social franchise, or voucher programmes are not satisfied they may seek to use alternative service providers within the scheme. Annual accreditation procedures can control technical quality.

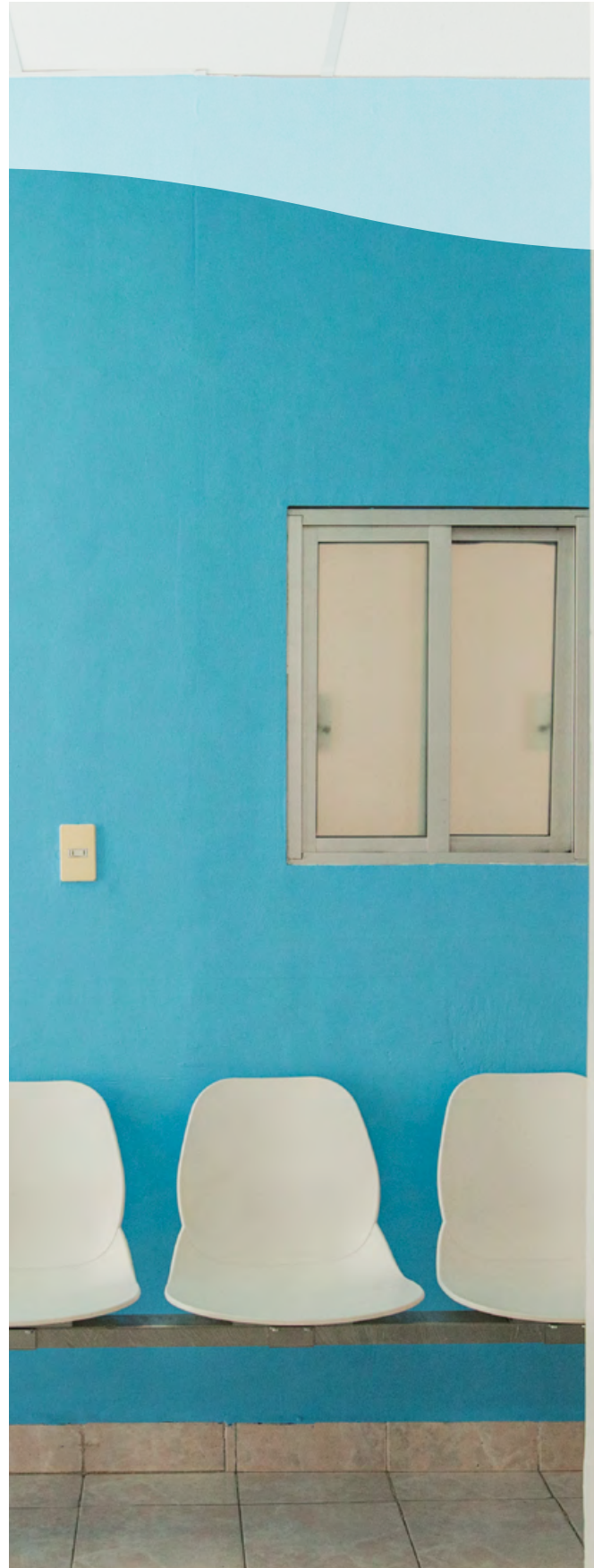
### 3. Opportunities and challenges

Donors and other sexual and reproductive health stakeholders are in favour of private sector participation in principle but in practice there are obstacles in both global and country contexts.

Input from the private sector can make an important contribution to achievement of the sexual and reproductive health targets in the Sustainable Development Goals and in building sustainable programmes. The challenge in private sector engagement for donors and governments is to improve the overall equity and accessibility of services and products, while ensuring that public funds going to the private sector are used for public gain and not private profit.

There are information gaps on funding and its impact. Consolidated data on donor financing for the private sector is not available as allocations come from different sources.<sup>18</sup> On the demand side, disaggregated information on private sector users, their level of satisfaction, and health outcomes is limited. There are few independent objective analyses of which forms of engagement do and do not work.

Successful engagement with different private sector actors depends on the context and country. Each country and health system has specific opportunities and obstacles for private sector involvement, and there is a wide range of private sector agents. Obstacles to private sector engagement encountered in many contexts include low levels of trust between the public and private sectors, poor understanding of each other's value propositions, weak legal and regulatory frameworks, low profitability of sexual and reproductive health services, and limited capacity for engagement on both sides.



## 4. Recommendations

Donors can play a key role in ensuring that equity considerations are always in the forefront of private sector engagement initiatives, promoting inclusiveness and participation of low-income groups in the benefits of private sector contributions and activities. Findings from this review suggest that donor support in the following four underlying areas could assist public and private sector participants to work together more fruitfully and enhance prospects of effective collaboration in the interests of better sexual and reproductive health for end users:

- Public sector stewardship and capacity for private sector engagement
- Integration of private sector service providers in universal health coverage schemes
- Healthy markets for sexual and reproductive health supplies
- Better information on private sector involvement and its impacts

Many countries will need to **strengthen public sector stewardship capacity** for work with private sector suppliers, experts, and service providers. Donor support can help build the public sector's capacity to adequately manage the private sector's contribution to national development objectives and its participation in universal health coverage schemes. This may include technical assistance for development of policies and legal and regulatory frameworks which give clear and accessible information and guidance for private sector participants and of systems for public sector supervision and quality control. Capacity building may also be needed in the private sector to engage with government, for example in developing collective platforms for engagement with the public sector.

Donor support can help governments **move towards universal health coverage which increases access for all income groups** using models which focus on equity, include sexual and reproductive health, and foster participation by integrating and building on existing private sector service delivery. This could include technical support and resources for system design, financing of pilot schemes, strengthening of health sector capacity to advocate for larger allocations in national budgets, or interim financing. Donors could also support discussion fora and other activities to foster integration of private sector representatives and technical experts in strategy and system design.

Donors can help **stabilise sexual and reproductive health supplies markets and reduce their vulnerability to supply shortages** by ensuring there are sufficient products available at accessible prices from a range of suppliers. This may include financial support for private sector R&D to develop new sexual and reproductive health products, pre-qualification support for generics, and resources for national market planning and development to reduce barriers to entry.

More information is also needed on the **impact of private sector engagement initiatives**, from community to global contexts. To improve the evidence base on private sector participation from manufacturers to delivery of products and services for end users, donors should support independent evaluations and research on modalities of private sector engagement. Participation by the private sector in finance, supply chain, service provision and other areas should have impacts on efficiency, accessibility, user satisfaction and above all sustainability. Better information on donor support for the private sector can help to highlight progress with private sector engagement and the contribution to sexual and reproductive health that can be achieved through collaboration with private sector partners.

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