

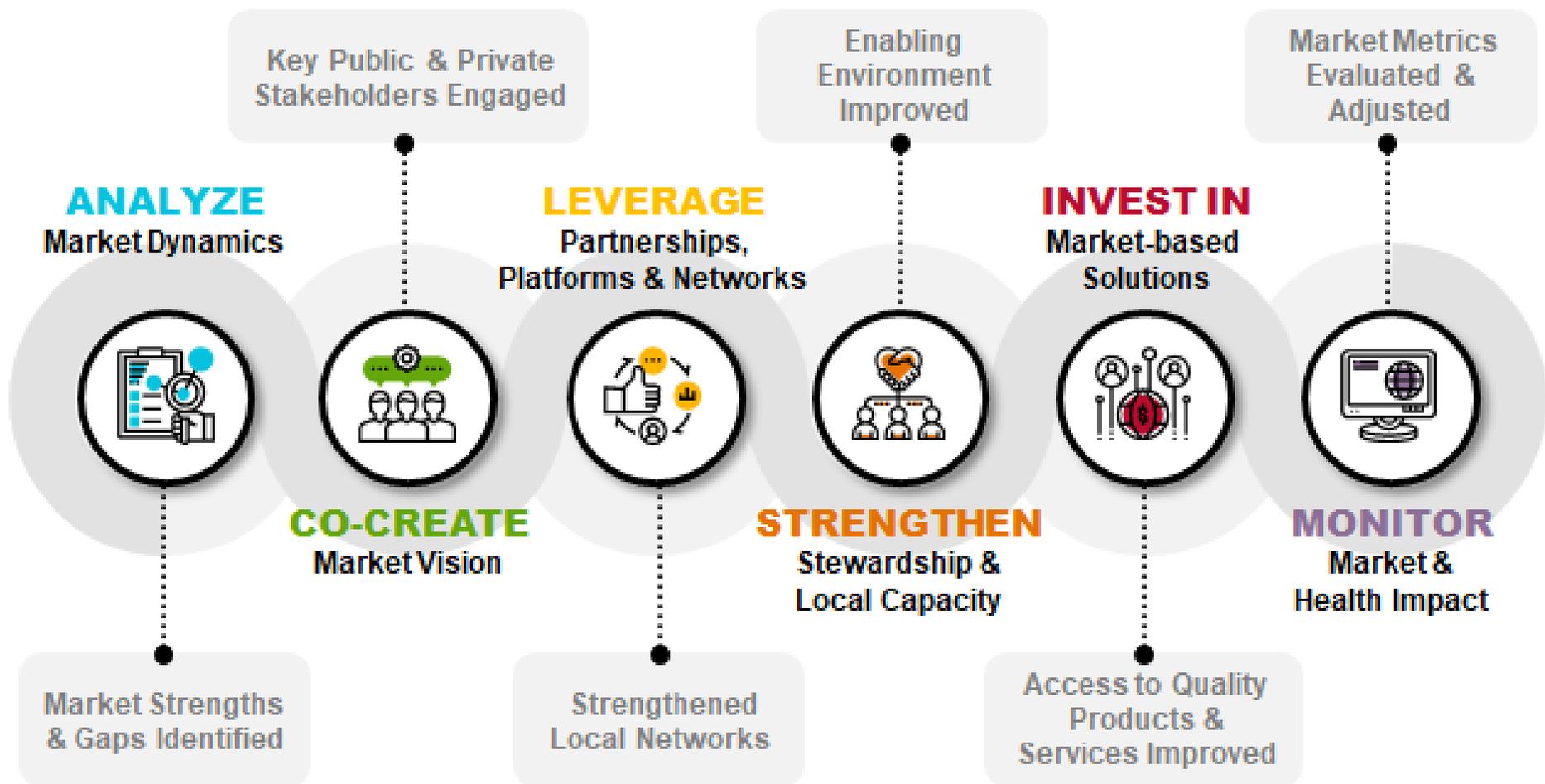
Building a Roadmap for Systematic Private Sector Engagement in Health

Anna Gerrard & Cindi Cisek

Introduction

Most health systems in low- and middle-income countries involve the provision of health goods and services from both public and private actors. And in some markets, the private health sector delivers a significant portion of health impact. With the United Nation’s Sustainable Development Goal of achieving universal health coverage by 2030, there is a renewed focus on how to better engage and utilise the private sector to achieve greater health impact at scale.

Our roadmap offers a systematic approach to private sector engagement (PSE) for health, and each of the six steps is described in more detail below. While successful approaches to engage the private sector share many common features, “one-size fits all” solutions are rare because of the diversity of health markets and the range of health actors within it. We focus on solutions that fit with market needs, consider their constraints, and leverage the core competencies of many market actors to deliver positive health impact.



1. Analyse Market Dynamics

Effective engagement of all sectors in designing solutions requires an in-depth understanding of market dynamics and health systems. Health markets are constantly evolving, as are national health priorities, market actors, consumer behaviours and preferences, and ability to pay for health products and services. Even within a specific country, there are important geographic differences that impact regional and district-level market variations.

We understand that effective government stewardship of [mixed health systems](#) (public and private) requires decision-makers to be equipped with the most current market data and information to inform decision-making and strategic policy.

In Kenya, we supported the Ministry of Health's Reproductive and Maternal Health Service Unit to develop and validate its national [Total Market Approach](#) (TMA) strategy, supporting its vision and capacity development, which ultimately led to reducing the government's family planning commodity funding gap by better quantifying the commercial sector's contribution.

2. Co-Create Market Vision

Effective mixed health systems require that public and private stakeholders engage in transparent and results-oriented dialogue. This process requires expert and unbiased facilitation, practical target setting, and co-creation to align stakeholders around a common vision and understanding of the comparative advantages of different market actors. In Indonesia, where the government has struggled in the last decade to improve maternal and newborn health, we helped identify health services gaps that the private sector is well positioned to address.

We [facilitated dialogue](#) between the two sectors to better understand each other's interest and motivation to reach consensus on the opportunities available through public-private partnership models. Palladium's approach to PSE recognises that private partners need to be engaged in a way that motivates them, and that there needs to be a clear blueprint early on to identify and outline market opportunities, understand potential market size, access to capital or investment opportunities, and procurement and contracting procedures.

3. Leverage Existing Partners, Platforms, and Networks

The diversity and fragmented nature of the private sector ecosystem in low- and middle-income countries means that existing aggregate bodies such as associations, federations, and networks need to be more effectively utilised. These entities bring their rich contextual knowledge of local markets, trusted relationships with members and local stakeholders, and practical know-how for implementation.

As a trusted policy partner and neutral facilitator, Palladium works with private pharmaceutical manufacturers and distributors, provider associations, private hospital and insurance networks, and non-governmental and civil society organisations. In Liberia, we facilitated [multi-sectoral collaboration](#) around a common PSE agenda, and supported the creation of the [Healthcare Federation of Liberia](#), which has demonstrated the benefit of private health networks early on.

4. Strengthen Stewardship & Local Capacity

With sustainability and stewardship in mind, strengthening and enabling local capacity becomes crucial. Palladium builds the capacity of government and key private sector stakeholders to understand market data and evidence-based practices, strengthen planning and accountability, and effectively engage the non-profit and commercial sectors. For the public sector, this includes strengthening public-private partnership and PSE units/divisions within ministries of health, supporting regulatory reform, addressing market barriers, streamlining registration and licensing processes, and increasing private sector reporting.

For the private sector, this includes building the capacity and engagement of professional medical associations, advocating for rational regulation, and participating in data sharing to strengthen market monitoring. In Afghanistan, we [encouraged the government to partner](#) with private medical associations on quality assurance and monitoring roles. At the same time, we supported the Afghanistan Hospital Association in strengthening its self-regulation of its members and developing Minimum Required Standards.



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5. Invest in Market-Based Solutions

To achieve scale and long-term sustainability, market-based solutions strengthen the private sector's role in providing quality, affordable health products and services. These may include new product introductions, innovations in distribution and point of sale, implementing digital health solutions, and access to finance for health enterprises. While there are many ways to encourage private sector engagement to address market failures or gaps, a critical step for sustainability is to fully understand the market barriers, non-financial and financial incentives, and enablers.

In India, Palladium designed the first development impact bond for maternal and child health, designed to improve quality of care for facility-based deliveries in Rajasthan state, where maternal mortality rates are 46% higher than the national average.

The Utkrisht (Hindi for “excellence”) development impact bond successfully captured both non-financial (reputation, reliability, recognition) and financial incentives (performance-based financing and empanelment into private insurance schemes) to motivate private facilities to continue to focus on quality improvement. [Palladium Impact Capital](#) (formerly Enclude) also leads our efforts to bring about broader innovative financing strategies through [blended finance instruments](#).

6. Monitor Market and Health Impact

Achieving sustained health impact is an ongoing process that requires continuous re-engagement of stakeholders and reassessment of market dynamics, entrance of new players, and changes in policies and regulations. Models may need to adapt to evolving health markets over time. To further advance the dialogue on how, when, and why to leverage PSE, we believe that monitoring markets requires analysing multiple data sources, including from government health management information systems, service delivery data, sales data from NGO and commercial partners, GIS health disparities and disease mapping, and retail audits, among other sources.

Monitoring is an important part of the PSE roadmap — ensuring that market interventions are having their intended result and improving the efficiency, effectiveness, and affordability of health products and services to achieve the desired health impact.

In Zambia, we [incorporated new TMA metrics](#) based on global best practices for condoms, with a goal of creating consensus among market players to track total market volume and stock-out levels, number of commercial brands in the market, and cost-recovery levels for all social marketing brands.



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Healthy Markets

The six steps provide a roadmap for a rigorous and systematic approach to designing PSE in the health sector. As a core principle, we focus on collaborative public-private engagement, dialogue among diverse local stakeholders, and creating locally driven solutions that help meet the growing demand for quality healthcare.

Our roadmap maximises PSE opportunities in global markets to improve and sustain health impact.



Palladium is a global impact firm, working at the intersection of social impact and commercial growth. For over 50 years, we've been helping our clients to see the world as interconnected – by formulating strategies, mobilising capital, building partnerships, and implementing programs that have a lasting social and financial impact. We simply call this “positive impact”.

We work with corporations, governments, investors, communities, and civil society. With a global network operating in over 90 countries, Palladium is in the business of making the world a better place.

For more information, please contact: Anna.Gerrard@thepalladiumgroup.com

www.thepalladiumgroup.com