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USAID's Pioneering Work with the Private Health Sector

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USAID





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USAID's rationale for working with the private sector

- USAID has a long history of promoting private sector involvement in the provision of FP services
- Early on, USAID concluded there were many benefits in partnering with the private sector to extend FP services
 - Private health sector brings resources to FP programs thereby stretching donor funds
 - Increases likelihood of sustainable FP services
 - Private sector attracts middle and high income consumers so public sector can focus on poor and underserved groups



USAID has a long history of working with the private health sector

- Beginning in the 1980s, USAID has consistently funded global projects focused on the private health sector
 - Social Marketing for Change (SOMARC) I, II, III
 - Technical Information on Population for the Private Sector (TIPPS)
 - Family Planning Enterprise Project (ENTERPRISE)
 - Promoting Financial Investments and Transfers to Involve the Commercial Sector in Family Planning (PROFIT)
 - AIDSMark
 - Commercial Market Strategies Project (CMS)
- PSP-*One* is the most recent project in a long legacy of work with the private health sector



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USAID projects have pioneered many approaches to work with the private sector

- Through global and bilateral projects, USAID has developed a broad array of private sector initiatives
 - Different generations of social marketing models
 - Social franchise models
 - Public-private partnerships
 - Pharmaceutical partnerships
 - Health financing
 - Corporate social responsibility
 - Work-based programs
 - Base of the pyramid models
- These projects and models have formed the foundation of USAID's global leadership in private sector health programming



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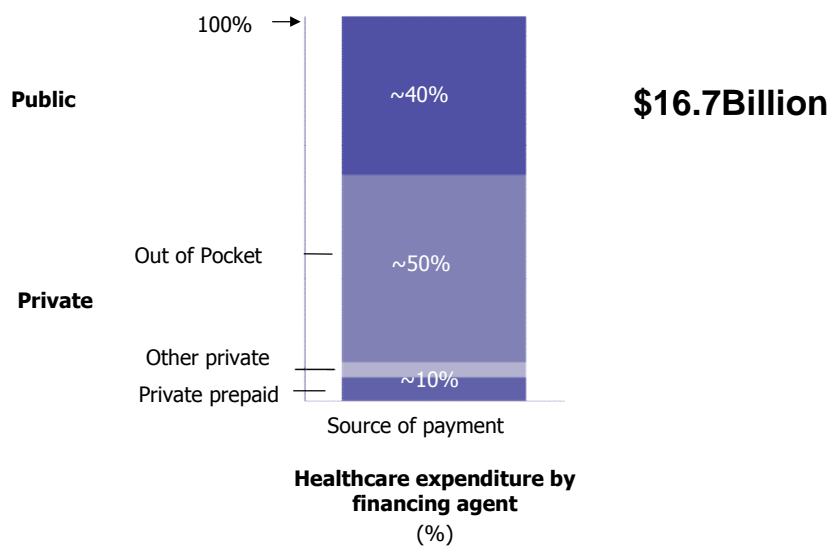
USAID's rationale for a broader approach to working with the private sector

- Growing evidence that many health consumers in developing countries – including the poor – spend their own resources in the private sector



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Private Sector Expenditures in Africa



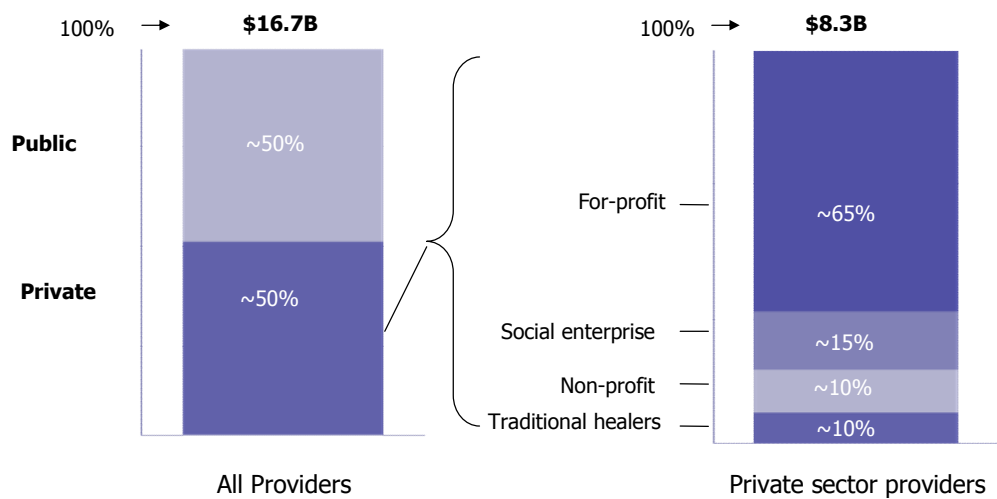
IFC Report, 2007



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Private Sector Expenditures in Africa

Healthcare expenditure by provider ownership (%)



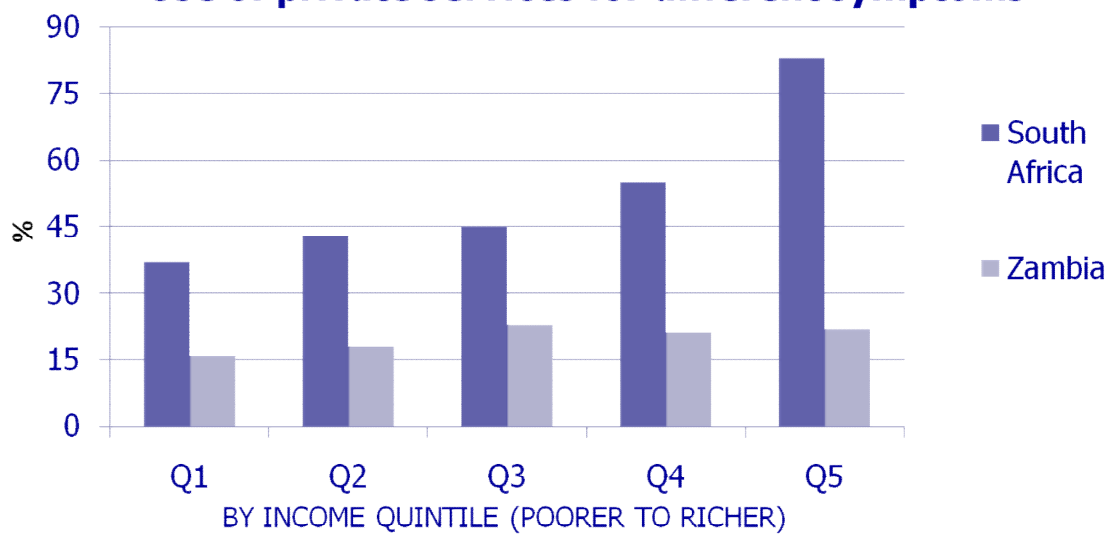
IFC Report, 2007



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The poor also use the private sector for healthcare

Use of private services for different symptoms



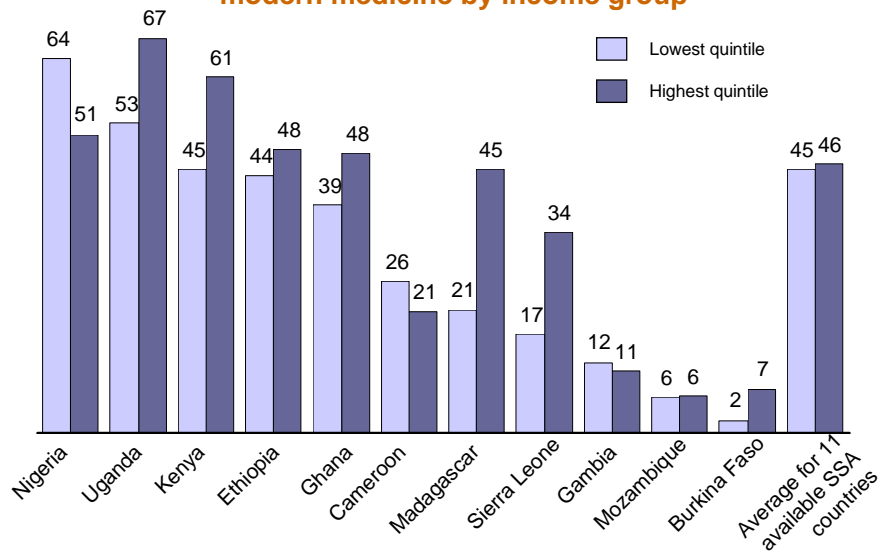
Marek T. et al., 2005



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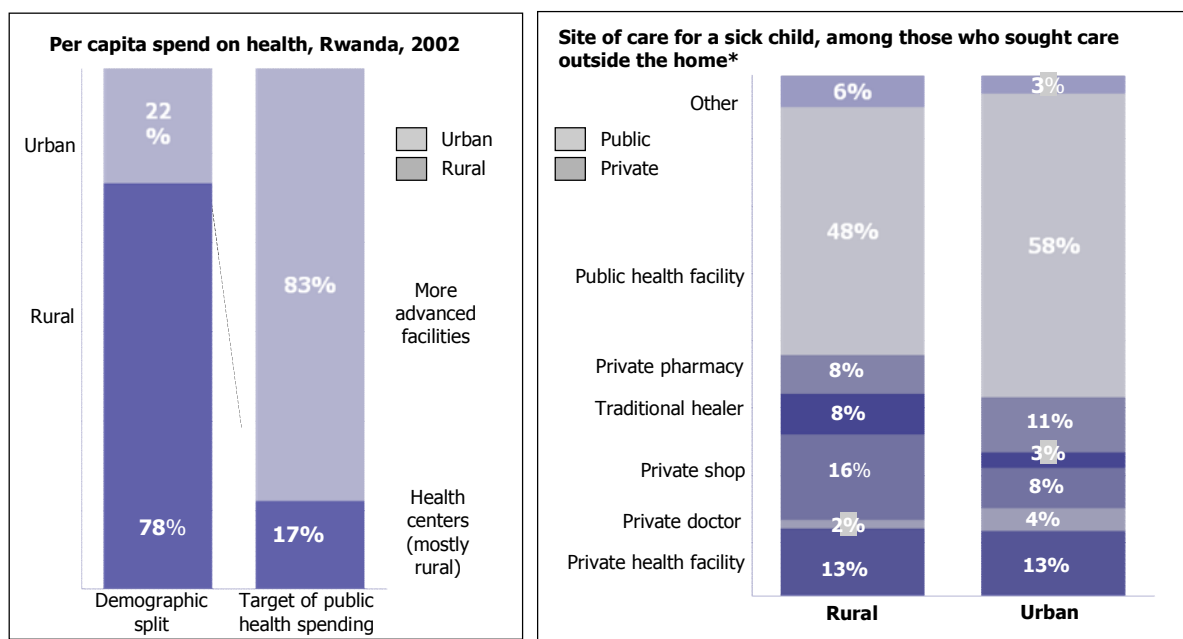
The poor also use private health services

Percent of population receiving care from private for-profit providers of modern medicine by income group



* Most recent survey year available between 1995-2006
Source: WB Africa Development Indications 2006, team analysis

Rural populations also rely heavily on private sector services

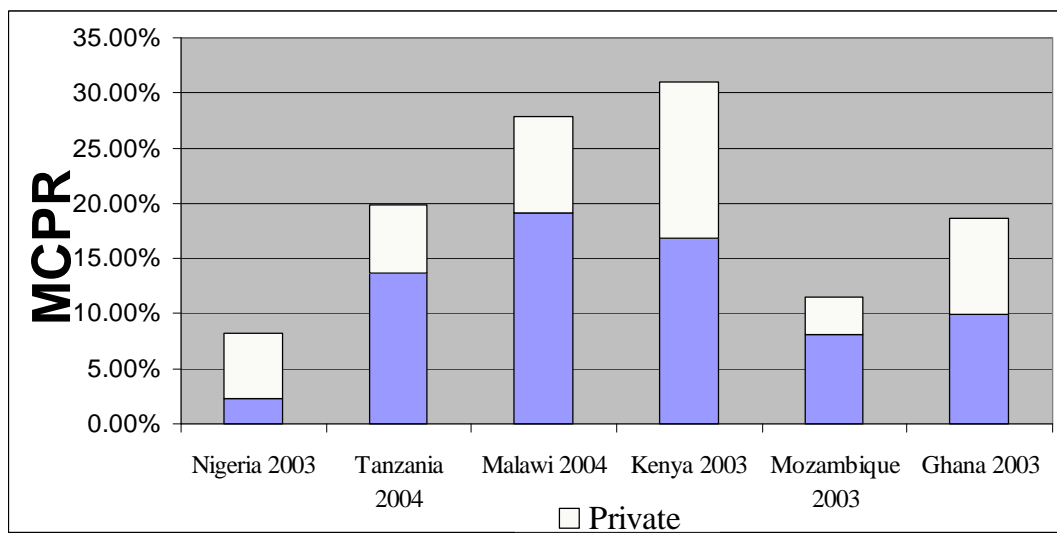


Source: Marek, T. et al, 2005; World Economic Forum; team analysis 2007



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Public and Private Sector contribution to MCPR





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USAID capitalizes on private sector opportunities in developing countries

- Private health sector is now more willing and can serve the poor
 - New trends – corporate responsibility, base of the pyramid – demonstrate greater private sector interest in serving the poor
 - Emergence of generics allows entry of commercial FP products in lower income markets
 - New business models regard the poor as a competitive edge in a crowded market



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USAID seizes opportunities with the public sector's new receptiveness

- Public sector's position is more open towards private sector
 - Govts struggle to meet growing demand for health care
 - Govts recognize need to marshal **all** health sector resources
- Public sector actually engaging private sector through multiple mechanisms
 - Policy dialogue
 - Contracting-out
 - Vouchers to finance services
 - Insurance



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Other international donors join USAID in working with the private health sector

- Growing interest among other international donors
 - Rockefeller Foundation
 - KfW
 - Gates Foundation
 - IFC and World Bank
- Potential for private sector contribution to public health goals has never been better

PSP-*One*'s contribution in private sector



- PSP-*One* has been PRH's primary mechanism for private sector programming
 - Global leadership
 - Collaboration
 - Technical innovation
 - Research, monitoring and evaluation
- PSP-*One* successfully implemented its broad mandate
- PSP-*One* also took advantage of new developments