Marie Stopes International

Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region

8th May 2014

PROVIDING CHOICES IN REPRODUCTIVE HEALTHCARE

MARIE STOPES INTERNATIONAL

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Key messages

- There is huge opportunity to support economic development in the Indo-Pacific region by working with the private sector in health. The private sector is a major provider of health services in developing country health markets, especially amongst the poorest populations. The majority of poor women access reproductive and maternal health services from private sources.

- A functioning health system must have uninterrupted supplies of essential health commodities, technologies and medicines. The private sector is widely recognised as a critical player in supply chains, especially in regards to research and development and the manufacture and distribution of commodities, technologies and medicines.

- Access to family planning is a basic health right. It is also recognised globally as one of the most cost-effective approaches to improving maternal health and as a key driver of equitable economic development. Reducing unintended pregnancies supports economic development through improving education opportunities for women and girls; expanding the workforce; increasing household and community income; increasing per capital investment in education; and supporting savings across public health services.

- Investing in family planning can yield significant return on investment, supporting savings at the individual, community and national level. Meeting the family planning needs of all women and men globally would save approximately AU$12 billion in maternal and newborn health services alone.

- Australia is supporting private sector provision of reproductive health services in Asia and Africa through the Australian Aid Program. Opportunities exist to expand efforts in the Indo-Pacific, catalysing health and economic impacts in the region.

Recommendations

- Government stewardship of the health system is key to ensuring high quality and pro-poor delivery of healthcare through the private sector. There is great potential for governments and donors to work with the private sector to expand the range and reach of specialised services, improve quality, better integrate with public systems, improve affordability, and ultimately achieve national health and development goals. Australia is a unique position to play a greater role in this within the Indo-Pacific.

- A flagship Australian initiative to enhance the role of private healthcare providers in the Indo-Pacific could help Australia meet global commitments while greatly expanding reach and quality of health services in the region. Both middle income countries in Asia, such as the Philippines, Viet Nam and Indonesia, as well as the least developed countries in the region, such as Myanmar and Cambodia, present opportunities for targeted investment to strengthen high quality and equitable provision of health services through the private sector.

- Innovative approaches to support effective and functioning commodity supply chains could have a catalytic impact in terms of improved development outcomes, and project, program and impact sustainability. Australian support in this area could be considered.

- Targeted dialogue with governments in the region could support the development of policies for expanded and more equitable delivery of reproductive health services and products, and encourage greater investment from the private sector for health.

About Marie Stopes International

For over 30 years Marie Stopes International (MSI) has been delivering comprehensive sexual and reproductive and maternal and child healthcare. We are a client-centred organisation that pursues innovative service delivery strategies and partnerships to ensure that women and men can access high quality reproductive health information and services. We prevent unnecessary maternal deaths and make an impact on the lives of millions of people every year. In 2013, more than 15 million women in 40 countries were using their choice of contraceptive method supplied to them by MSI.

Our clients are at the centre of everything we do and our social business model enables us to reach them more effectively, efficiently and sustainably. This approach employs diverse channels for service delivery, places focus on innovative and sustainable health financing, and utilises internal systems and analytical tools that are more common to the commercial sector than not-for-profit organisations. We catalyse health markets in three ways: by improving the supply of high quality, voluntary family planning and reproductive health services; by increasing demand for services through behaviour change communication, marketing and financing; and by seeking to positively influence the underlying policy environment to encourage both.

Our approach can involve working purely as a private sector service provider, in partnership with other private providers and together with the public health system. This helps us to achieve the greatest and most sustainable impact within a variety of different, and changing, contexts. We also recognise that to support sustainable health impact, we need to ensure our own sustainability. To do this, we prioritise business models and diversified financing approaches that reflect the best options for the health markets within which we operate, while allowing for adaptability as these markets evolve[1].

Given our expertise in delivering life-saving sexual and reproductive healthcare within the Indo-Pacific region and more broadly, MSI welcomes the opportunity to comment on the role of private sector healthcare in accelerating economic growth and reducing poverty.

Private sector healthcare

The private sector is represented in many ways in health. Private health insurers who play a role in health financing are part of the health market, as are pharmaceutical and health supply distribution businesses. Companies that invest in public health systems through Public Private Partnerships (PPPs) and via Corporate Social Responsibility are also private sector health actors.

In terms of health service provision, private healthcare providers range from single operator midwives, small pharmacies, medium-sized clinics to large hospitals. Whether for profit or not-for-profit, formal or informal, the role of these providers in the delivery of health services is critical, especially in many developing countries where the majority of the poorest populations access healthcare from private sources[2]. As a non-government service delivery organisation, MSI is part of the private health sector.

Health markets are a complex arrangement of all these actors, who interact in different ways with public entities. We believe each can play a greater role in driving improvements in key areas of service delivery, including access, equity, quality and efficiency.

[1] Marie Stopes International (2014) *Providing excellence in pro-poor private healthcare*. Available on request.
[2] International Finance Corporation (2008) *Business of Health in Africa: Partnering with the Private Sector to Improve People's Lives*. Washington, DC: IFC; and Montagu and Bloom (2009) *The Private Sector and Health Services Delivery in the EAP Region: Background Report to UNICEF on the Role and Experiences of the Private Sector in Provision of Child Health Services.* Bangkok: UNICEF-EAP.

Marie Stopes International
8th May 2014

Responses to the terms of reference

1. The current role of the private sector in accelerating the pace of economic growth and in reducing poverty in poor countries in the Indo-Pacific region

The role of family planning and women's health in economic development

Around the world, more than 222 million women have an unmet need for contraception. In the developing world, where unmet need is greatest, this situation results in approximately 80 million unintended pregnancies and 20 million unsafe abortions each year. Around 291,000 women will die from pregnancy-related causes, and a third of these pregnancies will have been unintended[3].

Family planning is recognised as one of the most cost-effective approaches to improving maternal health[4,5]. Meeting global unmet need for contraception would decrease unintended pregnancies by two thirds, resulting in 79,000 fewer maternal deaths and 600,000 fewer neonatal deaths[6]. Reducing unintended pregnancies, particularly among adolescents, also supports educational and employment opportunities for women. This in turn contributes to empowering women, increasing household and community income, and increasing per capital investment in education. A recent comparative study has illustrated that women who have access to and use family planning have around 40% more family assets than those who do not[7].

Similarly, both private and public sector employers benefit from a workforce that is able to access family planning services, through lower medical costs, lower employee turnover and increased productivity. A number of countries, particularly in Asia, have demonstrated this 'demographic dividend' – where a growing workforce with fewer dependents can lead to huge economic growth, in some cases in the space of just one generation[8].

Investing in family planning can yield significant return on investment, supporting savings at the individual, community and national level. Each dollar invested in family planning can save up to four dollars in health expenditure - costs that would otherwise be used for pregnancy services, delivery care and treating complications from unsafe abortion[9]. At the global level, investments to meet the contraceptive needs of all women and men globally would save approximately AU$12 billion in maternal and newborn health services alone[10]. In this context, family planning is widely regarded as a key driver of equitable economic development and poverty reduction[11].

The role of private sector healthcare providers

There is no one 'best way' to reach poor and marginalised people with the health services they require. Globally, however, there is growing realisation that a fragmented approach to service delivery that segregates public and private sectors can create redundant systems, inefficiencies, and missed opportunities for improved clinical quality. There is also a shifting perspective on the characteristics of the private sector: appreciating its heterogeneity and understanding it to include for-profit and not-for-profit; formal and informal; and small, medium and large scale service providers.

In many countries, the private sector provides a significant share of health service delivery, with even the poorest population segments accessing healthcare from private sources[12]. In fact, in the nine least wealthy countries in the world, nearly half of the poorest and most marginalised people rely on private healthcare[13].

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[3] Guttmacher Institute (2012) *Costs and Benefits of Investing in Contraceptive Services in the Developing World.*
[4] *Family Planning and the Aid Program: Guiding Principles.* AusAID August 2009
[5] Singh, S et al (2009) *Adding It Up: The Costs and Benefits of Investing in Family Planning & Maternal & Newborn Health.*
[6] Guttmacher Institute (2012) *Costs and Benefits of Investing in Contraceptive Services in the Developing World.*
[7] Gribble, J., Voss, M. (2009) *Family Planning and Economic Well-Being: New Evidence From Bangladesh.* Population Reference Bureau
[8] Bloom D, Williamson J. Demographic Transitions and Economic Miracles in Emerging Asia. World Bank Economic Review. 1998.12:419–55.
[9] Marie Stopes International Australia. Annual Report 2012
[10] Singh, S et al (2012) Adding it Up: Costs and benefits of contraceptive use. Estimates for 2012. (Converted from USD 07/05/2014)
[11] Singh, S et al (2009) *Adding It Up: The Costs and Benefits of Investing in Family Planning & Maternal & Newborn Health.*
[12] See citation 2
[13] Zwi, A. B.; Brugha, R.; Smith, E. (2001) *Private healthcare in developing countries - If it is to work, it must start from what users need*. British Medical Journal; 323(7311):463-4

Table 1. *Asia Pacific countries categorised by proportion and type of private sector healthcare delivery*[14]

Group	Private sector scale and role	Countries
1	• Private sector provides > 50% of all health services. • Important for primary care services. • Provides some to majority of secondary and tertiary (hospital) care. • For-profit private sector much larger than NGOs.	Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand, Vietnam
2	• Private sector provides <50% of health services. • NGOs and faith-based organisations provide a significant proportion of private sector health care.	Fiji, Kiribati, Marshall Islands, Micronesia, Papua New Guinea, Solomon Islands, Timor-Leste, Tonga, Vanuatu
3	• Private sector exists in specialty areas (for example, dental care) and within structural arrangements in which government is an active partner.	China, Mongolia

While private sector provision may improve access to healthcare, MSI acknowledges that quality and cost can vary[15]. However, we also recognise that the broad utilisation of private healthcare services presents enormous opportunity for governments and donors to work with the private sector to expand the range and reach of specialised services, improve quality, better integrate with public systems, improve affordability, and ultimately achieve national health and development goals (see section 4). This is a notion supported by the World Health Organization (WHO)[16], the World Bank[17], and major donors working in international development[18]. There is in fact great potential for robust, well regulated, mixed public-private health systems to support equitable access to quality services, improve health outcomes, and in turn facilitate poverty reduction and economic development.

Case Study 1: Vouchers to improve access to healthcare through the private sector in Uganda

BlueStar is MSI's flagship social franchise brand. Social franchising draws on our clinical experience and on the successes of commercial franchising, such as in food services and retail markets. The model works by grouping existing, small-scale private service providers under a shared brand to form a network of practitioners offering standardised services. In Uganda, MSI's BlueStar social franchise has quickly grown to include nearly 400 providers in its clinical network.

To ensure access to private sector family planning services amongst clients living on less than US$2.50 per day, Marie Stopes Uganda - with support from USAID, the UK Department for International Development (DFID), and the Government of Uganda – has paired their franchise model with a reproductive health voucher program. Vouchers are sold at subsidised rates to qualifying Ugandan women, who then redeem them at an accredited franchise location and receive services with no additional out-of-pocket payment. Since launching the network, BlueStar Uganda now delivers comprehensive contraception to more than 100,000 women annually. Clients report high levels of satisfaction with services and have significantly less out-of-pocket expenditure than those that don't use the voucher. This demonstrates the potential that engaging the private sector offers in helping Uganda to achieve its national public health goals. Franchisees also benefit from the partnership. Increased client flow enables BlueStar providers to use income generated from the voucher program to upgrade and improve services, reinvesting in good business practice[19].

[14] (Modified) table sourced from: Hort, K., Bloom, A. (2013) *Private-sector provision of health care in the Asia-Pacific region: A background briefing on current issues and policy responses*. Nossal Institute, Health Policy and Health Financing Knowledge Hub. AusAID Knowledge Hubs for Health. (Originally from Montague and Bloom (2009).
[15] Hort, K., Bloom, A. (2013) *Private-sector provision of health care in the Asia-Pacific region: A background briefing on current issues and policy responses*. Nossal Institute, Health Policy and Health Financing Knowledge Hub. AusAID Knowledge Hubs for Health.
[16] WHO (2010b) *Strengthening the capacity of governments to constructively engage the private sector in providing essential health-care services.*
[17] Harding, A. and Preker, A. (2003) *Private Participation in health services.* Washington DC. World Bank.
[18] Wilton Park (2008). *Public-private investment partnerships in health systems strengthening. Conference Report.* Wilton Park UK.
[19] *The reproductive health vouchers program in Uganda. Summary findings from program evaluation.* (2012) Reproductive Health Vouchers Evaluation Team. Population Council.

The role of the private sector in the health supply chain

There is great potential for better engagement of private sector expertise to support high-functioning supply chains, in turn facilitating improved health, social and development outcomes. For a health system to function, it must have uninterrupted supplies of essential health commodities, technologies and medicines[20]. Supply chains that are ineffective and poorly designed to purchase and distribute health commodities, technologies and medicines are one of the most significant barriers to increasing access to healthcare[21]. Sexual and reproductive healthcare is no exception, with supply chain strengthening identified as a high impact practice to maximise investments in family planning projects and programs[22,23]. The delivery of comprehensive, high quality family planning services, whether through public or private providers, requires a dependable supply of the full range of quality contraceptives[24].

As with global definitions[25], MSI defines the supply chain process as those activities centred upon providing access to high quality health products and medicines to clients. These activities include: identifying and approving suppliers; procurement and purchasing; stock management; quality assurance of commodities; the importation and registration of products; forecasting and planning; contract management; and assessing supplier performance. We recognise that partnerships and resource sharing between the for-profit and non-profit sectors and between public, private and civil society actors bring about the best supply chain outcomes. Supply chain actors include departments or ministries of health, central and decentralised medical stores, donors, NGOs, health facilities, healthcare service providers, manufacturers, distributors and logistics providers[26]. Both profit-generating and not-for-profit entities participate in the supply chain process.

The private sector is widely recognised as a critical player in the 'early' stages of the supply chain, especially in regards to research and development and the manufacture of commodities, technologies and medicines. However, for aid and development, the private sector is often overlooked or ignored in regards to marketing, forecasting and distribution[27]. The private sector has contributed innovative initiatives in addressing supply chains challenges[28] through: financing of supply chain strengthening activities; utilising commercial approaches and expertise for increased supply chain efficiencies; research and development to bring about product innovations; and partnerships and information sharing to better understand and meet demand. Australia could consider more targeted initiatives to support functioning supply chains (see section 4).

[20] Senkubuge et al. (2014) *Strengthening health systems by health sector reforms*
[21] Kraiselburd and Yadav (2012) *Supply Chains and Global Health*
[22] USAID (2013) *High Impact Practices in Family Planning*
[23] Guttmacher (2006) *The Global Contraceptive Shortfall*
[24] Guttmacher (2006) *The Global Contraceptive Shortfall*
[25] The UN definition of a supply chain is *"the network of entities that plan, source, fund, and distribute products and manage associated information and finances from the beginning of the process with manufacturing through transportation and warehousing and to the service delivery points"* UN (2014) *Private Sector Engagement: A Guidance Document for Supply Chains in the Modern Context*
[26] JSI (2012) *Getting Products to People*
[27] Product marketing encompasses client awareness, medical detailing and training activities.
[28] UN (2012) *Private Sector Engagement*; Kraiselburd and Yadav (2012) *Supply Chains and Global Health*

2. Current Australian Government support for private sector development through bilateral and multilateral investments

The 2011 Independent Review of Aid Effectiveness made two specific recommendations for more strategic private sector engagement to be included in the Aid Program[29]. Minister for Foreign Affairs and Trade, the Hon Julie Bishop emphasised the 'private sector as an engine of growth', drawing particular attention to the empowerment of women and girls one of 'the best ways to promote economic growth'. Investing in health – including women's health – remains a Government priority in supporting women to lead 'healthy and productive lives'[30].

MSI applauds the Government's attention to women and girls in economic development. In particular, we understand that improving women's health will underpin the achievement of all three areas of focus identified within the Government's approach to supporting women: facilitating women's economic empowerment (giving women access to resources to enable their participation in the labour market); promoting women's leadership (promoting decision making power at the political, business, community, or family level); and combatting sexual and gender based violence (giving women access to support networks and social protection)[31]. The family planning guidelines will remain an important policy to guide government support in addressing these issues[32].

The Australian Government already supports private sector provision of reproductive health services. MSI receives funding bilaterally and through the Australian NGO Cooperation Program (ANCP) to deliver and build capacity in reproductive health services in Timor-Leste, Papua New Guinea, Cambodia, Nepal, The Philippines, Viet Nam, Kenya and Tanzania. We are also subcontracted through mechanisms supported by Australian Aid for service delivery and capacity building.

MSI uses a variety of different service delivery models holistically to support the best outcomes for the context and communities in which we work. This includes working purely as a private sector service provider (through our clinic networks and outreach teams), in partnership with other private providers (through social franchising and social marketing), and together with public health systems (through outreach in public facilities, capacity building and government social franchising). We use diversified financing approaches to ensure our sustainability strategies respond appropriately to the contexts where we work. This includes a mix of cost recovery from clients and franchisees; linking with health insurance schemes; direct contracting with both private and public sectors; generating surplus from commercial activities; and donor funding.

Social franchising

In Viet Nam and Kenya, Australian Aid supports MSI to scale up impact by strengthening the capacity of small-scale private healthcare providers to deliver reproductive health services[33]. We employ a social franchise model that works by grouping existing, small-scale private service providers under shared branding offering standardised services. 'BlueStar' is MSI's flagship franchise brand anchoring work in 17 countries through a network of 3,100 private healthcare providers[34]. In Viet Nam, BlueStar has a membership of over 300 private providers. In Kenya, our 'AMUA' social franchise brand includes approximately 280 private providers.

We engage owner-operators of healthcare businesses – often women – that serve low income clients, but lack access to the skills, supplies, and equipment to offer a full range of family planning and other reproductive health services. We build provider capacity to offer family planning, provide on-going supervision and auditing to ensure quality, and support marketing under a common brand to increase demand. With a focus on quality, MSI's social franchising model also builds provider skills in business and entrepreneurship, supporting a platform for greater economic participation. Ultimately, social

[29] Recommendation 9 and 10.
[30] The Hon Julie Bishop, Minister for Foreign Affairs and Trade. Opening Address – 2014 Australasian Aid and International Development Policy workshop (February 2014).
[31] The Hon Julie Bishop, Minister for Foreign Affairs and Trade. Address to welcome reception for Ambassador for Women and Girls. (March 2014).
[32] *Family Planning and the Aid Program: Guiding Principles.* AusAID (August 2009)
[33] Support for MSI's social franchises in Viet Nam and Kenya is through ANCP and the Australia Africa Community Engagement Scheme (AACES) respectively.
[34] MSI operates social franchises in Ethiopia, Ghana, India, Kenya, Madagascar, Malawi, Mali, Nigeria, Pakistan, The Philippines, Senegal, Sierra Leone, Uganda, Viet Nam, Yemen, Zambia and Zimbabwe.

franchising recognises that up-skilling existing, trusted private providers, who are often embedded in remote and hard to reach communities, is an innovative and cost-effective way of expanding services to poor and marginalised groups at scale. Evidence has shown that social franchising in the private sector improves service quality and utilisation[35,36]. Indeed at a global level, in 2012 approximately 1 million people were using a method of contraception supplied to them through an MSI social franchise. This work will avert an estimated 1,100 maternal deaths, prevent approximately 290,000 unsafe abortions, and save roughly AU$36 million for families and health systems[37].

Government social franchising

In Viet Nam, the Australian Government also supports MSI's work to strengthen public sector facilities through a franchise model[38]. MSI government social franchising represents an innovative approach to PPPs, intended to counter the prevailing reputation of low quality service delivery in the lowest level public facilities by leveraging the quality and customer service focus of the private sector[39]. Our 'Tinh Chi Em' ('Sisterhood') franchise in Viet Nam, a network of over 140 franchised commune health stations, is a partnership between MSI and the Vietnamese government, initiated in recognition of low utilisation of public services and the specialist role of MSI as a private sector reproductive health organisation. This model of franchising commune health stations was the first of its kind globally and only the second time that social franchising had ever been adapted for the public sector[40]. It is now a growing trend in social franchising worldwide[41].

National level capacity building

In Papua New Guinea, the Australian Government has partnered with the Government of Papua New Guinea and the private company Oil Search Health Foundation to co-finance the establishment of the country's first national Reproductive Health Training Unit (RHTU). In 2013, MSI was contracted through this mechanism to deliver the National Family Planning Training Program as part of the RHTU. Similarly in Cambodia, Australia supports MSI to build the capacity of Cambodian Government service providers to increase access to high quality family planning and safe abortion services[42]. The approach recognises the niche skills available in the private sector, in this case leveraging MSI's global, specialised family planning expertise to strengthen public provision of reproductive health services.

[35] Stephenson R, Tsui AO, Sulzbach S, Bardsley P, Bekele G, Giday T, Ahmed R, Gopalkrishnan G, Feyesitan B: Franchising reproductive health services. Health Serv Res 2004, 39(6 Pt 2):2053-80.
[36] Agha S, Karim AM, Balal A, Sosler S: The impact of a reproductive health franchise on client satisfaction in rural Nepal. Health Policy Plan 2007, 22(5):320-28.
[37] MSI Impact 2 tool. http://www.mariestopes.org/impact-2 (Converted from GBP on 07/05/2014)
[38] Support for MSI's social franchises in Viet Nam is through ANCP.
[39] MSI also franchises public sector facilities in Madagascar and Mali (not Australian funded).
[40] CPAS and Alden D. GSF Project final evaluation: Building the reproductive health capacity of the commune health network in Da Nang City and Khanh Hoa Province, Viet Nam, 2008.
[41] Of the 52 franchises in 36 countries profiled in the 2012 Global Social Franchising Compendium, 26% have included or have plans to include public sector outlets in their franchises.
[42] Support for MSI in Cambodia is through Partnering to Save Lives (PSL), a partnership between MSI, CARE, Save the Children, the Cambodian Ministry of Health and DFAT.

3. Legislative, institutional, social and policy constraints that may reduce the ability of private sector agencies to engage in development

Despite a growing understanding that a commitment to universal health coverage will likely include a mix of public and private provision of healthcare, governments' approaches to working with the private sector vary greatly - from disregard to active promotion. Whether supportive or not, there are many policies that can limit the ability of private sector providers to engage in development. There is opportunity for Australia to play a greater role in addressing existing constraints through both targeted dialogue as well as niche initiatives (see section 4).

Constraints that limit public health financing integration

Access to public health financing (or lack thereof) for both public and private providers is likely to drive (or undo) the achievement of universal health coverage[43]. For example, legislation that works to accredit private providers into national or social health insurance schemes can quickly harness the private sector for public health aims. Recognising this, many governments are playing a stronger purchasing role and sourcing services from both public and private providers on behalf of the population. This means creating large risk pools and pre-payment schemes through a mix of taxation, employment levies and external support in order to achieve sustainable, equitable access to quality services, and improve health and development outcomes within their countries. Without access to public health financing, private providers depend heavily on out-of-pocket payments, with serious implications for the equity and effectiveness of their contribution to the overall system.

Equally, limited access to finance for small businesses can undermine the ability of private sector healthcare providers to scale up their operations or engage in health financing schemes. Two common financial barriers are cash flow constraints – which can make insurance reimbursements untenable – and poor access to loans for health-related businesses. In several countries, MSI provides loans to franchisees, or develops partnerships to link providers to financial services, to support their businesses to scale up quality practice. Access to finance for small, private providers can be an important limiting factor to the sector's sustainability and growth in low- and middle-income countries.

Case Study 2: Linking private midwives to national health insurance in the Philippines

Since 2008, Population Services Pilipinas International (MSI's affiliate in the Philippines) has run a social franchise partnership, called BlueStar Pilipinas, with established private sector midwives who operate delivery services through from their homes. BlueStar Pilipinas provides midwives with training on family planning, access to equipment and supplies necessary to offer contraceptive services, and marketing support to grow their client base. Significantly, BlueStar Pilipinas brings these midwives into the health system by supporting their accreditation with the national health insurance program – managed by PhilHealth – as providers of the maternal care package.

As a result, with 270 members, BlueStar Pilipinas provides family planning services to more than 90,000 women annually, ensuring that thousands of poor and underserved women have access to an accredited facility where they can receive quality reproductive healthcare with no out-of-pocket payment for services. Clinical audits and external evaluations also demonstrate high levels of quality and client satisfaction, resulting in improved business, increased client flow, and subsequent increased revenue[44].

This is especially so through accreditation with PhilHealth, where reimbursements are far higher than clients can afford to pay out-of-pocket. Franchisees report they are more than willing to pay a membership fee for BlueStar, considering the level of support they receive from MSI, and the considerable return on investment their membership brings [45]. National health insurance in the Philippines offers a remarkable opportunity for private sector inclusion in service delivery. However, nearly all BlueStar midwives required capital investment to reach accreditation, and struggled with cash flow prior to service reimbursements. MSI's social franchise program has been specifically designed to overcome these barriers. Nearly 170 BlueStar Pilipinas midwives now actively access public financing.

[43] WHO. (2010). *Health Financing: the path to universal health coverage.* Geneva, Switzerland.
[44] Clinical Social Franchising Case Study Series. BlueStar Pilipinas Marie Stopes International. (April 2010) The Global Health Group.
[45] MSI Health Financing Team *PhilHealth Case Study* (2013) MSI internal learning document.

Constraints that limit the delivery of services

To expand access to services, particularly where availability of doctors is limited, WHO recommends the delivery of reproductive health services at the lowest level cadre of providers that is proven clinically safe. The process of moving reproductive health services beyond doctors to clinical officers, nurses, midwives and other paramedicals is known as 'task shifting' or 'task sharing'[46]. In many countries, however, prohibitive policies limit the delivery of certain services through lower health cadres, both public and private. Poor and marginalised women often access family planning and reproductive health services through informal, low level private providers[47]. As such, policies that restrict the delivery of services by low-level private providers can disproportionally affect the health and development outcomes of the poorest communities. In addition, restrictions on owner status of health businesses by lower level providers can limit small-scale private provider growth. In Viet Nam for example, constraints on midwife operated clinics limit the growth of the typical social franchise model in the country[48].

Australia could play a role in advocating global best practice to improve availability of services for poor and marginalised communities. Experience shows that working with government to develop policy around small-scale private provision of healthcare can expand access to health services. In Uganda for example, MSI-led research demonstrating the safety and efficacy of tubal ligations (female sterilisation) performed by trained clinical officers provided a precedent for the Ministry of Health's decision to scale up this approach and add tubal ligation to the national healthcare training curriculum[49]. MSI has undertaken similar work in Ethiopia[50].

Constraints that prevent the delivery of services

No matter how conducive a health system is for private sector provision, political and social opposition to reproductive health means that both private and public sector delivery of life saving services is often hindered. In developing countries with restrictive family planning and abortion policy, women are more likely to suffer negative health consequences associated with multiple, unplanned pregnancies, including as a result of unsafe abortion. In these environments, abortion rates are higher and, as they are unregulated, are generally unsafe. In contrast, countries with more liberalised family planning and abortion policy, such as Western Europe and Australia, have much higher contraceptive use and lower abortion rates. This, coupled with access to safe abortion when needed, means that maternal morbidity and mortality in these countries are much lower[51].

Australia could consider working with governments to provide expertise in developing policy that would expand access to reproductive health services. Liberalising reproductive health policy and increasing education and acceptance of sexual and reproductive health services allows governments to regulate and ensure the provision of safe, quality services through public and private sectors. This improves women's health and increases their ability to contribute to economic and development outcomes. The recent passing into law of the Philippines Responsible Parenthood and Reproductive Health Act represents a move by many governments in the region to recognise both the right to and benefits of expanded access to reproductive health services[52]. It follows many years of advocacy and support from NGOs such as MSI, internationally, locally and at the grassroots level.

Constraints that impede access to essential commodities

To deliver services, healthcare providers – whether public or private – need essential health commodities, technologies and medicines. Therefore, a malfunctioning supply chain is a critical barrier to increasing access to healthcare. Supply chain ineffectiveness is typically due to: lack of careful supply chain design; insufficient information sharing about demand; policies that restrict product selection options; poor coordination and management, including large one-off purchases or price volume agreements that distort market forces; weak business cases for generic suppliers to enter markets; and

[46] WHO recommendations. (2012) *Optimize MNH: Optimizing health worker roles to improve access to key maternal and newborn health interventions through task shifting.* Geneva, Switzerland
[47] Demographic and Health Surveys in Sub-Saharan African countries form 2006 and later.
[48] Clinical Social Franchising Compendium (2013) *An Annual survey or programs: Findings from 2012.* The Global Health Group. University of California, San Fransisco. Page 101.
[49] Gordon-Maclean C, et al (2013) *Safety and acceptability of tubal ligation procedures performed by trained clinical officers in rural Uganda.* International Journal of Gynecology and Obstetrics.
[50] Andrews H, Corby, N (2012) *Improving access to tubal ligation in Ethiopia by 'task sharing' services to mid-level providers*. Marie Stopes International
[51] Guttmacher Institute (2012). *Facts on Induced Abortion Worldwide*.
[52] ON 8th April 2014, the Supreme Court of the Philippines declared the Bill 'not unconstitutional', passing nearly all of the original Bill into Law.

low investment in supply chain strengthening by stakeholders, such as large pharmaceutical corporations and governments[53].

Prohibitive legislation governing the importation and registration of life-saving medications and commodities also affects the ability of health providers – both public and private – from delivering comprehensive services and improving community well-being. Where this involves medicines and commodities that support women's health, such as obstetric medicines and family planning products, restricted access undermines development efforts to improve women's and girls' health, and support their economic participation.

There is huge potential for greater support to supply chain strengthening through the Australian aid program, particularly through investments in systems and engagement in strategic dialogue (see section 4). Working in partnership with a multitude of agencies, both public and private, with specific skills and attributes, will be key to improving access to essential medicines and products. In Mexico City for example, MSI, as a service delivery NGO, partnered with two private pharmaceutical agencies to support the registration of Mexico's first WHO-recommended medical abortion regimen through the Mexican Government. Leveraging expertise is also critical for ensuring effective supply chain management. In recognition of this, MSI has a dedicated global procurement and logistics function whose primary focus is to support and strengthen MSI's global supply chain. This enables our country programs to provide best practice and cost-effective reproductive health services. In many developing countries, however, constraints of supply chain effectiveness, whether legislative, social or intuitional, continue to reduce the ability of both public and private healthcare providers to deliver services.

[53] UN (2014) *Private Sector Engagement*; Kraiselburd and Yadav (2012) *Supply Chains and Global Health*

4. Additional partnerships, activities or financial instruments the Australian Government could use to enhance the role of the private sector in development in the Indo-Pacific region

MSI sees three additional strategies and/or financial mechanisms where Australian investment could yield positive results in improving health outcomes and economic opportunities in the Indo-Pacific region, particularly for women and girls.

1) Support for public stewardship of the health system

As is the case with many OECD countries[54], MSI foresees that developing countries will increasingly move towards mixed health systems where both private and public funding will be used for provision of health services by non-government actors. Institutionalising this approach to 'new public management' allows for greater control over the quality and equity of services provided through the private sector, supporting health benefits particularly for poor and marginalised populations. Contracting of private service providers also allows the public sector to buy-in innovation, flexibility, cost-effectiveness and niche expertise to fill service delivery gaps, strengthening the health system as a whole. Already MSI, like many private healthcare providers, is contracted by governments around the world to deliver specialised reproductive health services on their behalf, from the National Health Service in the UK, through to provincial level contracts in Papua New Guinea.

With strong relationships with Governments in the Indo-Pacific region already established, there is great potential for Australia to play a larger role in supporting public health systems' transitions to purchaser as well as provider of services ('steering versus rowing'). This may include financial and technical assistance for the establishment of mechanisms, such as match funding arrangements, to facilitate contracting of health services from non-government and private health providers. It might also include technical assistance for policy development, for example to establish regulations and training standards for clinical quality assurance; to improve availability of capital for small (private health) businesses; and to increase adoption of WHO standards on task sharing of reproductive health services. In countries with large extractive industries, such as Papua New Guinea, Australian assistance can also support governments to engage in more productive partnerships with extractive companies, to leverage better financing and contracting opportunities for national health systems.

2) A 'flagship' Australian program to enhance private sector healthcare

Many institutional donors and foundations recognise the importance of the delivery of health services through the private sector in developing countries. In some cases, this has translated into the development of specific large scale programs aimed at improving the quality, equity, efficiency and availability of services seen in the private health sector.

Over the last 20 years, USAID have pioneered engagement with the private sector in improving the health of people in developing countries. Their flagship initiative in support of this is called Strengthening Health Outcomes through the Private Sector (SHOPS)[55]. SHOPS is a US$95 million, five year project that focuses on improving the role of the private sector in health, specifically private providers, across Africa, Asia and Latin America. The project works with both non-government and for-profit entities to increase availability, improve quality and expand coverage of essential health products and services, particularly family planning and reproductive health services, through the private sector. Led by Abt Associates, the project involves five partners: MSI, Banyan Global, Jhpiego, Monitor Group and O'Hanlon Health Consulting. Through MSI, SHOPS has supported successful, innovative approaches to improving quality and equity of services provided through social franchises[56,57]. Under SHOPS, MSI has also developed of a standard operating procedures manual for the integration of private health providers into public health financing sources[58].

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[54] Paris V, Devaux M, Wei L. (2010) Health Systems Institutional Characteristics: A Survey of 29 OECD Countries. OECD Publishing; Report::50
[55] http://www.shopsproject.org/
[56] Riley, P et al. (2011). *Mobiles for Quality Improvement Pilot in Uganda*. Bethesda, MD: SHOPS Project, Abt Associates Inc.
[57] Corby, N. (2012) *Using mobile finance to reimburse sexual and reproductive health vouchers in Madagascar.* Marie Stopes International and USAID
[58] Corby, N, Nunn, M., Welch, K.(2012) *Addressing the Need: Lessons for Service Delivery Organizations on Delivering Contracted-Out Family Planning and Reproductive Health and Services*. Primer. SHOPS Project, Abt Associates.

More recently, the DFID and The Bill and Melinda Gates Foundation launched an initiative called African Health Markets for Equity (AHME), a US$60 million, five year project aimed at increasing the coverage and quality of healthcare within private provider systems in Africa[59]. Led by MSI, this project brings together expertise from non-government and for-profits in a coordinated program of work that concentrates on improving supply, demand and policy for private health service delivery. Besides MSI, partners include Population Services International, Society for Family Health, Grameen Foundation, International Finance Corporation, PharmAccess, Medical Credit Fund and SafeCare. The project is currently implemented in Ghana, Nigeria and Kenya, 'to make the health market work for the poor'. Social franchise expansion, health insurance integration, innovative demand side financing mechanisms and supportive policy development are key areas of focus.

SHOPS and AHME provide useful examples of potential administrative and funding models for a similar Australian initiative. Australia could build on both the lessons and successes of these programs to develop an Australian flagship project aimed at enhancing private sector healthcare in Asia and the Indo-Pacific region. This approach is, moreover, highly applicable to these health markets, where private sector provision of healthcare is already large, and growing[60]. Many middle-income countries in Asia such as Viet Nam, the Philippines and Indonesia present opportunities to better link private health providers into social health insurance schemes with a view towards improving service quality and promoting equitable access to services. These countries could represent priority countries for engagement. In addition, support to strengthen quality and equity in service provision through a growing private sector in the least developed countries in the region, such as Myanmar and Cambodia, would help accelerate progress toward improving health outcomes.

During the London Summit on Family Planning in 2012, Australia pledged an additional AU$58 million over five years to family planning, increasing annual contributions to AU$53 million by 2016[61]. Increased support to private sector delivery of family planning services as part of a large, flagship program will help Australia meet global commitments, while building a strong foundation for equitable economic development in the region. In establishing a greater role supporting private sector health in development, Australia might also consider joining the global partnership Harnessing Non-State Actors for Better Health for the Poor (HANSHEP), a membership of governments and development agencies committed to improving the performance of the non-state sector in healthcare delivery in developing countries[62].

3) Support for supply chain strengthening initiatives

Supply chain financing and consortia approaches

USAID has identified supply chain strengthening as a high impact practice to maximise investments in family planning projects and programs[63]. The British and Norwegian Governments are also committed to strengthening supply chains, each promising US$200 million at the 2012 London Summit on Family Planning to increase the availability, access and use of quality, life-saving family planning commodities[64]. Australian support for supply chain strengthening initiatives, including bridge or capital financing for quality assurance improvements, regulatory requirements or technology transfers, as well as supporting consortia approaches could have a catalytic impact in terms of improved development outcomes and project, program and impact sustainability (see case study 3).

Mechanism to engage manufacturers of low-cost, high quality generics

Commodity prices can remain an impediment to the delivery of health services in developing countries. Supporting the entry of low-cost, high quality generics into low-resource settings would offer communities and service providers greater choice of essential reproductive health products. It would also encourage increased market competition, contributing to the availability of more affordable healthcare supplies. To ensure commodities and medicines match or exceed quality standards of products already established in the market, some manufacturers will require support and technical assistance.

[59] http://www.hanshep.org/our-programmes/african-health-markets-for-equity-ahme
[60] Hort, K., Bloom, A. (2013) *Private-sector provision of health care in the Asia-Pacific region: A background briefing on current issues and policy responses*. Nossal Institute, Health Policy and Health Financing Knowledge Hub. AusAID Knowledge Hubs for Health.
[61] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67328/london-summit-family-planning-commitments.pdf
[62] http://www.hanshep.org/about-us/about-us
[63] USAID (2013) *High Impact Practices in Family Planning*
[64] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67328/london-summit-family-planning-commitments.pdf

Recognising this potential, the Australian Government could consider establishing a mechanism to engage and support the entry and distribution of low-cost, high quality generics from China or India into developing countries in the Indo-Pacific region. This could involve targeted engagement, policy dialogue and contracting specialist organisations to partner with and build capacity of Chinese or Indian manufacturers in quality assurance and distribution. Many organisations have relevant and specific expertise that could support such an initiative. MSI, for example, has experience sourcing, assuring quality and bringing to market a range of high quality, affordable specialised reproductive health commodities, medicines and technologies[65]. Indicative of this is: our *MSI Medical Supplies and Branded Products Catalogue,* a portfolio of approximately 200 essential sexual and reproductive healthcare products; our collaboration with FHI360 in bringing the Sino-implant (II) to market[66]; and our support to partners to obtain WHO pre-qualification for specialised reproductive healthcare commodities.

Case Study 3: **Consortium procurement of Cervical Cancer Screening and Preventative Treatment commodities in Kenya, Nigeria and Tanzania**

MSI is the lead agency in The Bill and Melinda Gates Foundation funded Cervical Cancer Screening and Preventative Treatment (CCSPT) project, a consortium which also includes IPPF, PSI and SFH Nigeria. This project, first rolled out in Kenya, Nigeria, Tanzania and Uganda, was initiated to improve access to cervical cancer screening and preventive treatment commodities through strengthened procurement and supply chain processes. A technical working group and a procurement working group were established to define clinical standards and to set specifications for equipment, training and procedures. MSI led coordination of the procurement working group, examining current WHO technical specification guidelines for equipment and seeking expertise from organisations with cervical cancer expertise.

Following this, the procurement working group led on the development of best practice technical specifications for the cryotherapy equipment. The team also organised and managed a global contract for the supply of cryotherapy equipment, securing price discounts and better lead times by combining procurement for all project members. For example, transport costs have been kept to a minimum through the arrangement of one shipment per country paired with onward distribution at the local level. Technical training on the safe use and maintenance of the cryotherapy equipment was also negotiated as part of the global contract, while delivered at product cost price. By working through a consortium approach that leverages and coordinates relevant expertise from specialist organisations, supply chain strengthening initiatives can both benefit from and result in greater efficiency, best practice and value for money.

[65] MSI's dedicated Global Procurement and Logistics (GP&L) team work closely with MSI's Medical Development Team (MDT), who provide technical expertise and clinical support across the global MSI partnership so as to advance and lead an organisational culture of continuous quality improvement. In collaboration with the MDT, GP&L has developed and regularly updates MSI's mandatory commodity quality policy, which is part of our robust quality assurance system to safeguard products and our clients. The GP&L team also produces toolkits, manuals and training aids to maintain and improve quality.

[66] MSI has regulatory approval for Sino-implant (II) in Cambodia, Pakistan, Mali, Burkina Faso, Ghana, Bolivia and Mongolia, with regulatory approval currently being pursued in Vietnam. All of these are FP2020 countries, with a high unmet need for family planning.

5. The role of public-private partnerships in leveraging private sector investment in developing countries

Australia could leverage lessons from successful PPPs to build greater investment from the private sector for health. Pressure and momentum initiated through consortia and partnerships present significant opportunities to drive private sector engagement and commitment to equitable economic development. In the context of investment in expanded access to equitable and affordable family planning, two examples are discussed below.

The London Summit on Family Planning

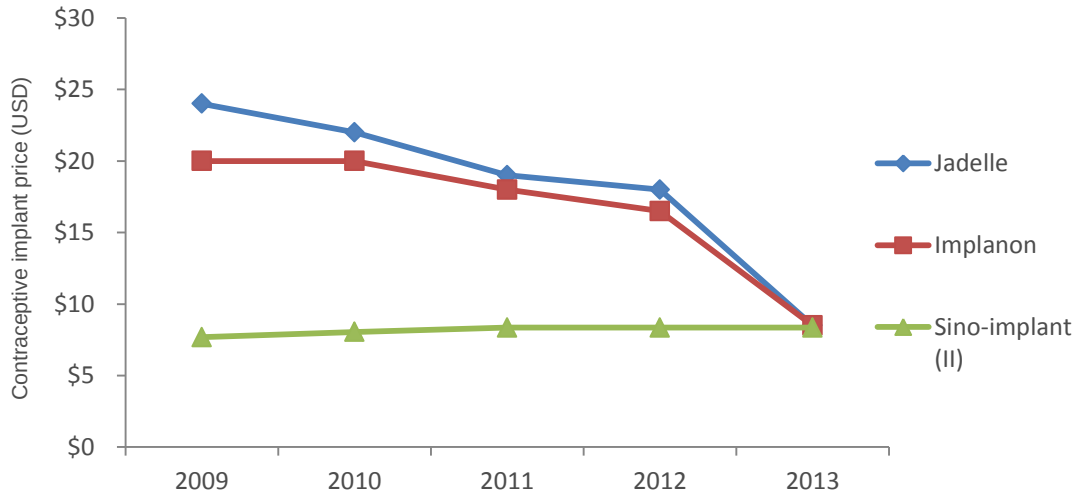
In July 2012, The Bill and Melinda Gates Foundation and DFID hosted the London Summit on Family Planning. The purpose of the Summit was to address the unmet need for contraception in the developing world by putting family planning back on the global health and development agenda, strengthening political commitments and generating increased funding. As a result of the Summit, a number of private sector organisations committed increased investment to sexual and reproductive healthcare in the developing world. For example: Female Health Company will invest US$14 million in training and education over six years, and committed US$1.65 million in savings per year for eight years; Merck for Mothers campaign committed US$25 million over eight years; and Family Health International committed US$1 million of its own resources until 2020 in support of the development and introduction of new contraceptive technologies[67]. Global commitments of this kind offer unique opportunities to leverage investment from governments and the private sector.

Partnering for product price reduction agreements

Strategic partnerships have resulted in price reduction agreements and product innovation, increasing access to a range of contraceptive methods. This is evident in the case of hormonal contraceptive implants, which are a highly effective modern method of family planning. Despite being introduced over 30 years ago, their high cost has, until recently, posed a financial barrier to their use.

The Sino-implant (II) – manufactured by Shanghai Dahua Pharmaceuticals Co. Ltd. and registered in over 20 countries – was developed with the support of FHI360 in partnership with MSI, The Bill and Melinda Gates Foundation, Pharm Access Africa Ltd. and USAID. This implant has been instrumental in increasing access to high quality, affordable contraceptive implants in developing countries.

Figure. 1. *Changes in contraceptive implant prices since the introduction of Sino-implant (II)*



[67] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67328/london-summit-family-planning-commitments.pdf

The introduction of Sino-implant (II) in combination with the momentum generated at the London Summit on Family Planning resulted in a 50 per cent price reduction of Bayer's Jadelle and Merck's Implanon. The Jadelle Access Program involves a partnership between Bayer HealthCare AG, The Bill and Melinda Gates Foundation, the Clinton Health Access Initiative, the Governments of Norway, the United Kingdom, the United States and Sweden, the Children's Investment Fund Foundation and UNFPA. This partnership brought about a price agreement, whereby Jadelle was reduced from US$18 to US$8.50 per unit in over 50 countries[68]. As a result, more than 28 million unintended pregnancies and 30,000 maternal deaths will be prevented, as well as US$250 million saved in global health costs[69].

6. Risks related to current and possible future approaches to enhancing the role of the private sector in development, and their management

Any investment to support private healthcare must be coupled with support to government systems that manage and regulate the health market. Health markets are not a typical 'market', and private market forces of 'buying and selling' healthcare do not assure equitable population health outcomes. This is due to the specialised nature of healthcare, where those seeking health services rarely have the necessary information about their health needs to prioritise or appreciate quality or 'value for money' in healthcare. Knowledge about healthcare lies with suppliers, and as such, skews market power towards providers. In addition, care is needed by all in society so supply cannot be solely based on individuals who can demand or afford it. Left unregulated therefore, private market forces can lead to highly inequitable health systems, and market failures.

While nearly all governments intervene to establish more equitable health market outcomes, this does not necessarily mandate them to provide all health services to all segments of the population. In fact, many governments recognise the flexibility, innovation, niche expertise and widespread use of private providers. As such, many governments see the benefit of leveraging their stewardship role in the health system to establish systems that ensure quality, equity, increased access and improved efficiency in both private and public healthcare provision.

MSI believes by supporting a stronger relationship between public and private sectors, innovating health financing mechanisms, and linking private healthcare providers together in quality assurance and regulatory networks, governments can be more greatly empowered to take on their stewardship role in the health system and better leverage the infrastructure, human resource potential and expertise that exists in the private sector. We see this approach as the best way to facilitate wide reaching, pro-poor health service delivery, improve health outcomes and promote equitable economic development.

7. The role Australian and international businesses could play to support development and inclusive growth in partner countries.

To strengthen inclusive private sector healthcare in developing countries, the Australian Government should utilise - and indeed capitalise on – the Australian Aid Program to increase engagement and partnership with Australian and international organisations and businesses with health service delivery and development expertise. As a global, pro-poor, non-profit, private sector service delivery organisation; DFAT accredited Australian NGO; and reproductive health service delivery business and commodity distributor in Australia, MSI would welcome the opportunity to engage further on potential mechanisms to leverage the private sector in support of economic growth and poverty reduction in the Indo-Pacific region.

[68] The Bill and Melinda Gates Foundation (2013) *Innovative Partnership Reduces Cost of Bayer's Long-Acting Reversible Contraceptive Implant By More than 50 Percent* <http://www.gatesfoundation.org/Media-Center/Press-Releases/2013/02/Partnership-Reduces-Cost-Of-Bayers-Reversible-Contraceptive-Implant>
[69] United Nations Foundation (2013) *On Anniversary of London Summit, FP2020 Highlights Progress in Ambitious Efforts to Expand Access to Family Planning Information, Services and Supplies* <http://www.unfoundation.org/news-and-media/press-releases/2013/london-summit-anniversary.html>

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8th May 2014

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Marie Stopes International delivers quality family planning and reproductive healthcare to millions of the world's poorest and most vulnerable women.