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# Lessons from implementing a market systems approach in the health sector



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How can poor health consumers and commercial providers both benefit from the private sector?

Globally, the private healthcare sector complements the extensive work done by the public health sector. For a country to achieve its health goals and attain its intended impact on the population, a comprehensive strategy for the delivery of healthcare should be pursued, where public, private and hybrid systems are tracked simultaneously.

The role of the private healthcare sector has changed, particularly in developing countries. Private health spending as a percentage of GDP is increasing as significant numbers of people in low and middle income countries increasingly seek care from private providers. It is therefore crucial that the private healthcare sector is harnessed to profitably serve lower income groups whilst delivering better value for money for the working poor, who often pay out of pocket due to low insurance coverage rates.

One year into the implementation of a market systems healthcare programme in Kenya, which is exploring the markets poor people are paying for-profit providers for healthcare, three lessons have emerged. These key lessons reinforce the view that making markets work for the poor (M4P) is a sustainable and effective approach to bring about systemic change, allowing poor health consumers and commercial providers to both benefit from the private sector.

The three lessons are:

1. Network effects are inevitable and facilitate scaling up
2. Low income beneficiaries need to be engaged in programme design
3. Indirect interventions better ensure sustainability

**The network effect:** Traditional donor health programmes have often taken a silo approach where they focus on a specific health area in order to impact a particular health outcome e.g HIV infection rates. The scale up potential within this type of programme can be limited as the programme is restricted to the confines of the particular health outcome. In a market systems programme, a more holistic approach to the healthcare sector is taken which allows for interactions with multiple market actors and stakeholders causing a network effect. It is this network effect that facilitates the scaling up of successful programme interventions.

**Involvement of low income beneficiaries at design stage:** Donor projects have typically adopted top-down approaches in development. This is premised on the understanding that if a programme designed at the top is well implemented, it will trickle down to the working poor. Often, these programmes have not fully understood the needs of lower income groups, for example there may not have been extensive engagement with the targeted group during the design stage due to the 'distance' from the top to the lower income group. A bottom-up approach brings the donor programme closer to the beneficiaries, so they can better understand the behaviours of the group. Engaging the beneficiaries at the programme design stage also ensures that the donor doesn't fall in the 'solution looking for a problem' trap. Such bottom-up interventions are able to better address the needs of the target beneficiaries as they are closer to the ground.

**Indirect interventions:** In donor funded healthcare programmes where direct interventions are common, attaining sustainability has been a challenge. For direct interventions it can be a challenge to bring about systemic change, as the behaviours of the market actors are temporarily influenced by the direct funding made available by the donor, without necessarily fostering a risk-reward system. When funding ends, institutions often revert to the status quo. Using a market systems approach – where the donor plays a facilitative role – ensures sustainability of the intervention is addressed from the onset. The economic incentive for private market players to serve lower income groups in the healthcare sector has to be identified, so that their involvement continues and market actors are incentivised to adopt the innovation.

So far, implementing M4P in the health sector has proven feasible and there is strong potential for scalability, sustainability and lasting impact in comparison to traditional development interventions.

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