

PSP4H Programme Model and Development Legacy

POLICY NOTE SERIES # 21

The Private Sector Innovation Programme for Health (PSP4H) utilises the Making Markets Work for the Poor (M4P) technical approach to ensure Kenya’s working poor can effectively and efficiently access and pay for health services from private healthcare providers.

PSP4H uses a unique interventionist approach to implement its processes and activities. In development projects, interventions make up the bulk of the programming, however, what constitutes an intervention is not well defined in development literature. Markets operate in a dynamic environment with development programmes and their partners, requiring them to adopt processes that are both flexible and well defined in carrying out interventions. With the increasing emergence of the term ‘adaptive management’ as an approach to managing complex market system development problems, development practitioners and programme managers have used these circumstances as a justification for ad-hoc programme management.

Using the PSP4H model, the programme has succeeded to:

- > Prove the concept that “M4P in Health is a valid approach for technical assistance to the for-profit private healthcare sector” (2014 DFID Annual Review)
- > Discover mainstream commercial business models that serve the healthcare mass market – the next generation beyond CSR and social enterprise
- > Facilitate 17 action research pilots in six health market areas
- > Establish pioneering county-level healthcare public private partnerships in Kisii and Kilifi
- > Publish over 60 research reports, policy briefs, case studies and implementation notes
- > Gain recognition with A+ overall score on its last two DFID Annual Reviews

Summarily this brief will highlight the key components of PSP4H’s programme model that have contributed in achieving the success milestones aforementioned and will serve as a test case and legacy of success stories for the future.

Engaging with the Private Sector

PSP4H’s mandate is to explore and assess how best low-income Kenyans can access healthcare services from private health sector providers while also enhancing and improving the standard of service for this target market through sustainable market-based interventions. PSP4H achieves this mandate by effectively engaging with the private sector to share their understanding of business incentives and sustainability. A private sector entity would define a business as sustainable if the revenue comes from consumers, the operating model earns a profit and the profit is sufficient to cover cost of capital (PSP4H 2014).

Due to the nature of M4P programming, the primary role of the development actor is to play a facilitative role and not directly engage the market. The importance of partner engagement, therefore, is extremely critical. In this regard, PSP4H realized it was more important to first find the ‘right’ partner and then develop an intervention as opposed to having a great intervention concept without a partner. The most suitable intervention partner is one that has strong incentives and is highly motivated but lacking the ability to carry out the catalytic market intervention on its own.

To identify suitable partners to implement interventions, PSP4H profiled potential partners adapting the “Will-Skill” matrix below:

Figure 1: The “Will-Skill” Matrix



Source of matrix: Adapted from the Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition (2015)

What is an Intervention in the M4P Context?

PSP4H defined an intervention by process. An intervention is a process with common elements that are standard regardless of the scope and scale of the initiative. The intervention is meant to leverage a change process that 'crowds in' market players and influences their behaviour. An intervention on an M4P programme should be temporary as well as catalytic as it is meant to bring about sustained change in the market system without distorting it. An intervention should promote systemic change by innovating, improving, broadening, and deepening market systems (Springfield Centre, 2013).

In this context, the mandatory pieces for an intervention must ensure it embodies the following:

- > Acceptable **R-I-E-D** (PSP4H 2014a) The Implementation Series No.2– Intervention Screening explains the RIED model in detail:
 - **Relevance** - in the health sector, pro-poor, private sector driven, sustainable and addressing a systemic constraint
 - **Impact** - adequate scale in terms of making a positive change for significant number of beneficiaries
 - **Engagement** - mutual objectives between partner and programme, willingness of partner to invest in intervention and share data with PSP4H.
 - **Do No Harm** - ensure intervention has no adverse unintended consequences
- > **Concept note** which includes a business model, intervention logic, M4P compliance check, budget and time lines.
- > **Partner agreement** which documents the agreement between PSP4H and the partner acknowledging objectives, roles and responsibilities in the form of MOU and service agreement. It states who will pay for what and outlines the data obligations for results measurements.
- > **Action plan** which is a working document developed with the partner organization stating actions, responsible party, deadline and expected output.
- > **ToRs** if there will be external consultants. The document should consist of a narrowly defined statement of work, including milestones, deliverables and time frames.

- > **Measurement plan** which addresses the reporting indicators as derived from the results chain in the concept note. These measurements are embedded into the intervention process from the onset as opposed to having a separate external monitoring and results measurement.

Key components of PSP4H Programme model

To fulfil each step of the intervention processes, PSP4H designed and in some cases adopted templates to gather the required information. In addition to fulfilling the intervention process, there were some key tenets that emerged repeatedly in PSP4H's interventions. These were categorized as common denominators in the programme's model.

They include:

- > **Value for Money (VfM):** As an M4P programme using the facilitative approach, PSP4H leveraged DFID's funding by covering developmental rather than transactional costs. A significant proportion, approximately 60% of the programme's budget is spent on fees i.e. provision of technical assistance. M4P programming offers greater value for money than direct funding and this is evident with PSP4H, which has the smallest budget in the DFID portfolio and yet was able to facilitate up to 17 interventions improving access to various health services for low income Kenyans. It is important to note that PSP4H's assistance was purely technical assistance and there were no grants given to any of its intervention partners to avoid using money to create unsustainable incentives.
- > **Private sector investment:** PSP4H realized within its first year that the underserved health areas with little donor involvement were the areas attractive for the commercial private sector e.g. non-communicable diseases (NCD), diagnostics, and pharmaceutical supply chain.

M4P programming encourages private sector investment as the interventions require contributions from the implementing partner.
- > **Payment by results:** DFID made payments to the PSP4H programme based on achievement of its milestones as agreed in the projects log-frame. This programming model fostered the delivery of the desired output and overall development objective leaving less room for wastage and creating greater incentives for the programme to achieve its log frame targets in a prudent manner.

- > **Adaptive Management:** In its programming, PSP4H discovered the grave importance of supporting diverse market-based interventions with the view that some will succeed while others fail. Given the dynamic nature of the market, the portfolio approach allows a flexible mix of interventions, entry points into different markets and diversity in partners. PSP4H realized that the best management approaches will be iterative not definitive and the portfolio fosters a continuous learning process where one learns from the successes as well as failures, using the information to design, adapt and shut down market interventions as the markets evolve.
- > **Innovation and learning:** PSP4H's primary objective is to learn lessons of how a market systems approach might benefit and inform future pro-poor health interventions. As a result, the programme ensured that all its learnings were well documented on an ongoing basis through the array of publications which included research reports, lessons learnt briefs, case studies, policy briefs and implementation notes. PSP4H explored the use of the markets systems approach in the health sector through diverse interventions spanning across the underserved health areas in Kenya with little or no donor involvement. Beyond sharing the programmes successes and failures across the interventions, PSP4H also presented its learnings with the donor community as well as with various private sector forums.
- > **Pro-poor/mass market:** While it seems obvious, PSP4H targeted its focal population, the working poor, from the onset by engaging them at the inception phase which influenced intervention design. It is important to speak directly with the low-income consumers to understand their path to treatment, how they seek healthcare and their health spending behaviour.

This will provide a better understanding of the behaviours of the target group enabling the programme to better address the needs of the working poor with the street-level market insights.

Conclusion

The PSP4H programme provided a unique and formidable opportunity to validate a model to facilitate successful engagement for improved healthcare delivery services for Kenya's working poor. Our findings show that PSP4H's programme delivery exceeded its client's expectations, evidenced by the fact that it grew from an exploratory two-year programme with a £3.2million budget to a four and a half year, £4.75 million programme. Collectively, all the processes adopted by PSP4H shaped and influenced how effective the planning and implementation of the programme's interventions were. PSP4H through its process-defined programme model provided the tools used by the intervention managers, the entire programme team as well the funder, DFID to evaluate the effectiveness of the programme. Finally, given the well documented programme model adopted by PSP4H, the impact of its interventions will be sustainable beyond the life span of the programme because the interventions have been taken up by the market unlike conventional programming where the impact ends when the funding ends.

References

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