Innovations in applying market systems approaches to the health sector

A BEAM Exchange webinar
17 Feb 2015, 2pm GMT
The Webinar

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Health Markets, HANSHEP and the Health Systems Hub

Beam Exchange Webinar
17 February 2015

Thomas Feeny
HANSHEP Programme Manager
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HANSHEP is a group of development agencies and countries seeking to improve the performance of the non-state sector in delivering better healthcare to the poor by working together, learning from each other, and sharing this learning with others.
Most health policy and planning is based on the idea of a publicly delivered health system.

In reality, care-seeking behaviour is far more complex, involving a wide range of private actors outside the public sector.

In fact, private actors are often the first point of call for both the poor and the wealthy, in both urban and rural communities.

This means that in most countries, health systems actually operate as **health markets**, with diverse public and private providers.

Many people immediately think of large for-profit or commercial providers when they think of “private” e.g. pharmaceutical companies, hospital chains etc.

**In fact, the majority of healthcare providers are non-state SMEs:**
- Non-Governmental Organizations (NGOs)
- Community-Based Organizations (CBOs)
- Faith-Based Organizations (FBOs)

**Specifically, private providers include a wide range of front-line workers:**
- unqualified drug sellers
- Pharmacists
- Midwives
- traditional healers
- unqualified practitioners and qualified doctors
- lab technicians
- NGO community health workers
How can governments, non-state actors and development agencies work together to improve health markets and patient outcomes?

**MARKET FORCES**

The forces that affect how markets and actors within them function

- Ownership
- Operational Autonomy
- Social Funding
- Customer Competition
- Price Influence
- Entry Barriers
- Performance Incentives

**GOVERNMENT TOOLS**

The financial and regulatory tools governments can use to manage or intervene in a market

**FINANCIAL TOOLS**

- Contracting
- Vouchers
- Taxes
- Loans
- Grants

**REGULATORY TOOLS**

- Social Regulation
- Economic Regulation
- Public Information
HANSHEP is supporting three Market-Shaping Interventions…

**OBJECTIVES**

A training course to assist health policy practitioners working in low-and middle-income countries in analysing the mixed components of a health system, and formulating and testing policies to steer market operations towards achieving sustained and equitable health outcomes.

**OBJECTIVES**

To increase the scale and scope of franchised health care provided by NSAs in Kenya, Nigeria and Ghana, expanding from family planning and sexual and reproductive health to also address malaria, acute respiratory infections, diarrhoea, nutrition, maternal care, HIV and TB.

To complement and strengthen these supply side improvements by simultaneous and coordinated work in policy, ICT, quality improvement, demand-side financing and provider access to capital.

**OBJECTIVES**

To increase coverage of Zinc/ORS within the non-state sector by adopting a market-based approach comprising integrated initiatives to:

- Generate awareness and demand
- Ensure availability & affordability of zinc & ORS
- Increase provider awareness
- Secure a conducive policy environment

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World Bank/DFID
2014-16

Gates/DFID
2012-17

Increasing Care-Seeking Behaviour for Childhood Illnesses in Nigeria
Gates / DFID
2014-16

www.hanshep.org
...and has also launched the **Health Systems Hub** to support cross-sectoral knowledge exchange and collaboration

**Health Systems Hub**

- Quality reports, videos, training materials, websites etc. hand-picked by global experts
- 16 topics, including **Health Markets**

- Global directory of organisations and individuals specialising in different areas within health systems, including **Health Markets**

- Online Communities of Practice focusing on different topics, including **Markets for Health** and **M4P in Health** groups

- All the latest news on mixed health systems from around the world, plus **Expert Interviews** and **Topic Guides**

**BECOME A MEMBER OF THE HUB TODAY!**

www.healthsystemshub.org
Innovations in Applying Market Systems Approaches to the Health Sector

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17th February 2015

Ron Ashkin, Team Leader
The Private Sector Innovation Programme for Health (PSP4H)
The Private Sector Innovation Programme for Health (PSP4H), Kenya

• An action research project funded by the UK’s Department for International Development (DFID), to explore the markets in which poor people pay for-profit providers and shop-keepers for healthcare – a new area for DFID Kenya

• The overall objective of the PSP4H programme is to learn lessons of how a market systems approach might benefit pro-poor health interventions, to inform future programming

• The primary target group is the ‘working poor’, who pay out-of-pocket for healthcare

• PSP4H uses the M4P (Making Markets Work for the Poor) market systems approach
Funded by Pro-Poor Private Sector For Profit

Pro-Poor

Private Sector

PSP4H

For Profit
Pharmnet is a commercial retail model that organizes private pharmacies owned by registered Kenya Pharmaceutical Association members into a network that delivers medicines under a common brand, with reliable access to quality assured essential medicines from pre-qualified suppliers.
Jawabu Empowerment targets the informal sector artisan with its healthcare finance products through existing associations (jua kali)

AfyaPoa is a combination of inpatient insurance and outpatient self-funded health savings

The outpatient scheme locks spending to approved providers only

KashPoa is the vehicle through which the health savings wallet is managed
PSP4H Intervention Example: Maternal and Newborn Health

Private Community Midwives Network
(Bungoma County, Western Kenya)

- A network of private nurses and clinical officers working to provide maternal and newborn health (MNH) services at the community level
- The objective of the network is to improve access to skilled MNH
The Market Systems Approach is Valid in the Health Sector

• The first year experience of PSP4H is that M4P in Health is a valid approach for technical assistance to the for-profit private healthcare sector
• The fundamental M4P market systems framework of a pro-poor, facilitative, systemic, sustainable, scalable approach does not need to be radically altered to operate in the healthcare sector
• It must, however, be contextualized. It must be put in perspective as part of a comprehensive strategy for the overall healthcare sector which combines public, private, and hybrid delivery systems to low income people

From DFID Annual Review of PSP4H
Who Does? | Who Pays?
---|---
Public Sector | Public Sector
Private Sector | Public Sector
Private Sector | Private Sector

Public Sector Health Care Delivery
Public-Private Partnerships
Private Sector Health Care Delivery

Funded by Public Sector Health Care Delivery
Public - Private Partnerships
Private Sector Health Care Delivery
Key Differences between Healthcare and Other Sectors

• Healthcare is often characterized as a public good and a human right
• In healthcare, the public sector is often a significant market player / service provider as well as regulator
• Non-Governmental Organisations (NGOs) and Faith-Based Organisations (FBOs) play significant roles in healthcare provision in many emerging economies
  • The private sector is subdivided into commercial and not-for-profit segments
• Donors are heavily involved in the health sector
  • For example, donors provide ~30% of Kenya’s Ministry of Health (MOH) budget
  • Global agendas tend to dominate
M4P and Healthcare – Observations and Initial Lessons

- Before intervening – map the sector well
  - Donor projects in health proliferate, typically using direct intervention
    - 273 donor health programmes in Kenya, March 2014
  - Provision of goods, subsidies, and grants are common
- This approach tends to crowd out the commercial private sector
- Donor projects tend to cluster in areas driven by global agendas
- Market systems programming works best in areas not competing with donor subsidy
M4P and Healthcare – Observations and Initial Lessons

- Bottom-up approach: determine needs by speaking directly with low-income consumers
  - What is their path to treatment?
  - What is their health-seeking behavior?
  - What is their health spending behavior?
  - What health needs / market segments are unserved or underserved?
    - We have discovered significant underserved areas with little or no donor involvement that are attractive for the private sector
    - In Kenya: e-health/m-health, healthcare finance, low cost delivery models, maternal and newborn health (MNH), non-communicable diseases (NCDs), pharma supply chain
  - Market systems programming works best in these areas
M4P and Healthcare – Observations and Initial Lessons

• Partner engagement is key
  • Go with existing initiatives and support early adopters
    • As opposed to creating initiatives and convincing partners
  • Leverage existing networks
    • Networks overlap
    • Network effects are key to scale-up
  • Avoid using money to create incentives
    • Money creates its own incentive
    • PSP4H does not give grants
• Benefits of using the market systems approach in health
  • Sustainability by design
  • Value for money for the funding agency
Internet and Social Media

Check out our Web Site – The M4P in Health Portal (research reports and briefs are freely downloadable): www.psp4h.com or www.m4pinhealth.com

Join our LinkedIn Group ‘M4P in Health’: https://www.linkedin.com/groups/M4P-in-Health-7449657

Follow us on Twitter: @psp4h
Developing Health Commodity Market: SuNMaP support to LLIN Market in Nigeria

Presented By
Dr. Kolawole Maxwell
Country Director
Malaria Consortium Nigeria
Malaria in Nigeria is endemic...

Up to 97% of total population of Nigeria at risk of the disease (NMSP 2014-2020)

30% of Under 5 mortality attributable to malaria (FMoH 2005)

Accounts for nearly 110 million clinically diagnosed cases per year, 60 percent of outpatient visits, and 30 percent hospitalizations (FMoH, 2011. National Guidelines for Diagnosis and Treatment of Malaria)

Of the 35 countries that contributed to 98% of global deaths, 30 were in sub Saharan Africa with 4 countries accounting for 50% of deaths (Nigeria, DRC, Ethiopia & Uganda) (WMR, 2012.)
Long Lasting Insecticidal Nets (LLINs) are nets treated in the factory with an insecticide incorporated into the net fabric which makes the insecticide last at least 20 washes in standard laboratory testing and three years of recommended use under field conditions.

It is estimated that between 2000 and 2010, LLINs has saved more than 908,000 lives, and since 2006, prevented three-quarters of deaths due to malaria


LLINs could help Nigeria reduce the burden of malaria
LLINs work!
But what makes the market for LLIN work?

Several strategies have been put into test by policy makers around the world
Sustaining coverage of LLIN - Public vs Private vs Mix-Market Model

**Public Health Approach**
- Supply driven strategy
- Mass distribution of free nets
- Subsidized Social Marketing
- Routine distribution to the vulnerable

**Private Sector Approach**
- Demand driven strategy
- Retail sales based on consumer demand

**Mixed Market Model**
- Supply Push
- Demand Pull
- Phased out mass distribution
- Retail sales based on consumer demand
- Routine distribution to the vulnerable

**If applied to its full strength, ensures rapid scale up and universal coverage**
- Potentially more sustainable in absence of donor fund
- Buys time for the private sector as the demand increases, cost of production goes down and market matures over time

**Challenges related to quantification, weak public sector capacity to ensure timely distribution, leakage, global policy on fund disbursement negates the possibility of rapid scale up and universal coverage**
- High cost of production makes it in-competitive against cheaper alternatives and can result inequitable access (limited reach to the poor)
- Can ensure equitable, sustainable and large scale impact through a mix of public and private sector interventions that ensures outreach to all segment of the population

**Crowds out the private sector from the retail market, incentivizes informal private sector, restricts manufacturers to the public institutional buyers**
- LLINs require consumer education on appropriate usage; quality assurance and regulation; the market may not address these issues on its own
- Need for harmonization of the efforts of different agencies not only at national level but also at international level makes it difficult to implement
The commercial market for LLIN is thin! But what happens if donor funding is reduced for free distribution or social marketing campaign?
Theoretically universal coverage should ensure distribution to all!

However, weak public sector capacity, quantification errors, supply chain disruptions, political instability etc., mean that some people are always left out! This incentivizes growth of informal commercial markets if formal market is weak or absent!

A dysfunctioning formal commercial market could significantly reduce coverage if public funding is reduced or withdrawn!
SuNMaP strategy for scaling up commercial market for LLIN

- Stimulating Consumer Demand for LLIN
- Supporting local LLIN importers and distributors to secure niche channels for commercial distribution
- Supporting national policy for regulation of leaked nets and fake brands and facilitation of formal private sector
- Supporting local manufacturing of WHOPES Certified LLIN

Time

Commercial Sales
### Key Achievements

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<td>![Graph Icon]</td>
<td>Commercial sales of approximately 600,000 LLINs over the period 2012-2014</td>
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<td>![Truck Icon]</td>
<td>Sustained engagement of 4 local LLIN importers and distributors in commercial market</td>
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<tr>
<td>![Factory Icon]</td>
<td>Sustained engagement of 4 local LLIN importers and distributors in commercial market</td>
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<td>![Policy Icon]</td>
<td>Inclusion of private sector development strategy in the National Malaria Elimination Strategy 2014-2020</td>
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### Challenges

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<td>![Fake Icon]</td>
<td>Continued leakages and emergence of fake brands</td>
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<td>![Harmonization Icon]</td>
<td>Harmonization of national strategy for scale up of LLIN distribution</td>
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<td>![Supply Icon]</td>
<td>Fluctuating supply of LLIN due to reduced global manufacturing in response to reduction in global demand for LLIN for public health campaigns</td>
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### Coping Strategies

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<td>![Case Study Icon]</td>
<td>Regular market monitoring and updated interventions and strategies in line with evolving market challenges and opportunities</td>
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<td>Periodic feedback to the donor, donor forums, NMEP and the private sector on market challenges and opportunities</td>
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<td>Investment on staff capacity development for market analysis, intervention design, partnership management and monitoring for results</td>
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**The experience so far...**
Moving Forward…

Strategic Direction- Adopting a pluralistic market systems point of view

The market for LLIN is pluralistic. Our experience suggests that sustaining coverage would require pluralistic strategy and interventions involving not only the commercial sector but also public sector and NGOs in distribution of the commodities.

In this context the challenge is to find out a mix whereby both public sector and private sector intervention can co-exist.

The strategy in practice…

SuNMaP has successfully applied this approach in its strategy for the development of anti-malarials (ACT) market where subsidy provided by a public health programme is leveraged by the private sector to establish rural markets for quality assured anti-malarials (ACT) for the poor in Nigeria. The public health programme in this context is taken as a market systems player because of its long term presence and degree of influence in dictating supply and market price!

Malaria Consortium is using the learning from its experience in SuNMaP in adopting the market systems framework for designing pluralistic health programmes (rather than only private sector development programme) involving public, private and NGO driven interventions!

Moving Forward…
Questions and answers

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Resources

• [www.hanshep.org](http://www.hanshep.org) HANSHEP website
• [www.healthsystemshub.org](http://www.healthsystemshub.org) Health Systems Hub - Markets for Health group at www.healthsystemshub.org/groups/19
• [www.psp4h.com/resource-centre/](http://www.psp4h.com/resource-centre/) PSP4H research reports and briefs
• [www.linkedin.com/groups/M4P-in-Health-7449657](http://www.linkedin.com/groups/M4P-in-Health-7449657) LinkedIn Group M4P in Health
Further Information

The BEAM Exchange is a programme funded by the UK’s Department for International Development (DFID) and the Swiss Agency for Development and Cooperation (SDC). It is administered by PricewaterhouseCoopers LLP, working with organisations including the Institute of Development Studies and Itad.

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