SHOPS PLUS

Unlocking Finance for the Private Health Sector

USAID
FROM THE AMERICAN PEOPLE

Summary

In 2019, the US International Development Finance Corporation was established, bringing together the capabilities of the Overseas Private Investment Corporation and USAID's Development Credit Authority. The new entity introduced financial products to bring private capital to low- and middle-income countries. This brief provides USAID missions and implementing partners with an overview of the challenges around the private health sector accessing finance, definitions of blended and innovative financing, information on the US International Development Finance Corporation, illustrative examples of innovative financing, and case studies on health from multiple regions.

Keywords: access to finance, blended finance, family planning, innovative finance

Photo: KC Nwakalor

Recommended citation: Estévez, Ignacio, Hafeez Ladha. 2022. *Unlocking Finance for the Private Health Sector*. Brief. Rockville, MD: Sustaining Health Outcomes through the Private Sector Plus Project, Abt Associates.

This brief is made possible by the generous support of the American people through the United States Agency for International Development. The contents are the responsibility of Abt Associates and do not necessarily reflect the views of USAID or the United States government.

SHOPS PLUS
Public-private engagement for better health

February 2022

Executive summary

Private sector engagement is an important strategy in achieving sustainable family planning, maternal and child health, and other health outcomes. In many low- and middle-income countries, the private sector (formal and informal) delivers key family planning services and commodities to populations at all income levels. More than one-third of all women who use modern contraceptives in sub-Saharan Africa indicate that they obtain them from the private sector (Bradley and Shiras 2020). Many women prefer the private sector based on perceptions of higher quality due to product availability, convenience, timeliness, and privacy (Keesara, Juma, and Harper 2015; Hutchinson, Do, and Agha 2011). Despite its important role, the private health sector in many countries faces a number of challenges, chief among them access to finance. Financing in the form of equity loans and support for investment funds and other financial products is critical for the private sector to flourish.

The United States Agency for International Development (USAID) has been a leader in recognizing the role that access to finance plays in addressing shortages and expanding quality family planning and maternal and child health products and services, among other essential health services in low- and middle-income countries. USAID has pioneered a number of innovative strategies to address the financing constraint, including the structuring of Development Credit Authority loan guarantees, a risk-sharing mechanism that encourages financial institutions to finance underserved markets. In 2019, the US International Development Finance Corporation (DFC) was established, bringing together the capabilities of the Overseas Private Investment Corporation and USAID's Development Credit Authority. DFC introduced new financial products to bring private capital to low- and middle-income countries. This has resulted in more flexibility to support investments in the private health sector, among other benefits.

In addition to DFC, other financial and development institutions throughout the world are venturing into the global health sector with financing solutions that address the financing gap. Increasingly, there is an interest in partnerships between government, donors, philanthropists, impact investors, and the private sector to develop new and blended finance strategies. Using private resources, these strategies are backed by public funds to (1) support innovation and (2) scale up and encourage the private sector to enter new markets, while reducing risk. USAID missions can leverage these solutions to address financing gaps that negatively affect the private health sector's ability to contribute to positive public health outcomes.

This brief provides USAID missions and implementing partners with an overview of the challenges around the private health sector accessing finance, definitions of blended finance and innovative financing, information on the US International Development Finance Corporation, illustrative examples of innovative financing, and case studies on health from multiple regions.

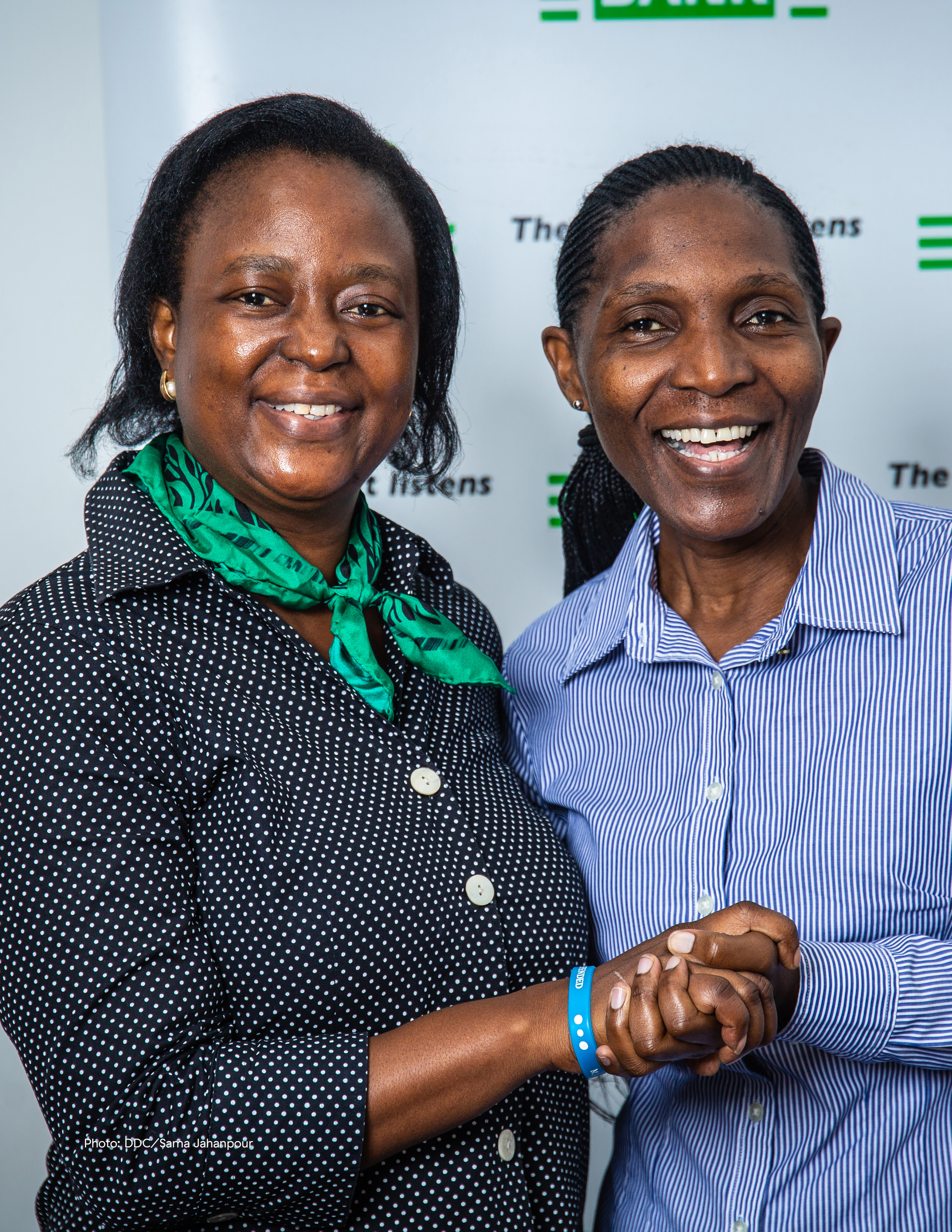


Photo: DDC/Sama Jahanpour

Unlocking Finance for the Private Health Sector

In many low- and middle-income countries, the private sector delivers key family planning services and commodities to populations at all income levels. More than one-third of all women who use modern contraceptives in sub-Saharan Africa indicate that they obtain them from the private sector (Bradley and Shiras 2020). Many women prefer the private sector based on perceptions of higher quality due to product availability, convenience, timeliness, and privacy (Keesara, Juma, and Harper 2015; Hutchinson, Do, and Agha 2011).

The private sector defined

The private health sector comprises a range of health care businesses (formal and informal):

- **Manufacturers, importers, wholesalers, and distributors**: Pharmaceuticals and medical equipment
- **Retail outlets**: Pharmacies, drug shops, non-pharmaceutical retail outlets, e-commerce
- **Health care facilities**: Solo practices of midwives, nurses, clinical officers, doctors, clinics, hospitals, networks and franchises, laboratories, other diagnostics
- **Other auxiliary businesses**: Private health insurance, technology companies, medical waste disposal companies

The funding gap

Today, the private health sector has major funding gaps.[1] To achieve the health Sustainable Development Goals, the World Bank estimates that $140 billion in capital will need to be mobilized between 2019 and 2030 (Doumbia and Lauridsen 2019). The COVID-19 pandemic has shown the urgency of increasing

[1] While data exist on the cost of family planning products in low- and middle-income countries, no details of a financing gap have been identified.

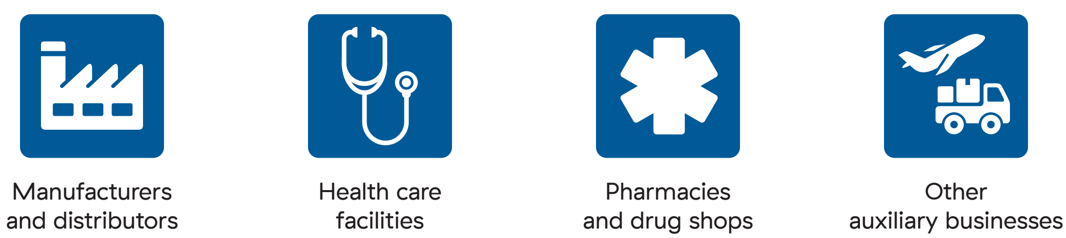
and diversifying the sources of capital that can make health care more accessible to those in need. By some estimates, the additional demand for capital in low- and middle-income countries to effectively respond to pandemics ranges from $30 billion to $60 billion per month (Edejer et al. 2020).

Importance of financing for the private health sector

Financing constraints

Despite the importance of financing to the private health sector, many health care businesses struggle to access financing. There is a disconnect between commercial banks, microfinance institutions, investors, and health-related businesses that need funding. While many banks and private investors are motivated to catalyze increased access to finance, they lack industry expertise and are disincentivized to engage in potentially risky investments. These lenders have concerns about regulation and the role of the public sector, they are unfamiliar with the health business models, and they perceive risk to their reputation if they are forced to foreclose on a hospital or health center. They are also not confident that they will be able to recoup their investments. Financial institutions are reluctant to engage with private health entities that are perceived to have limited business experience and lack appropriate financial documentation or sustainable business models. As a result, private health care entities have not been able to access the commercial capital they need to meet a growing demand for their products and services.

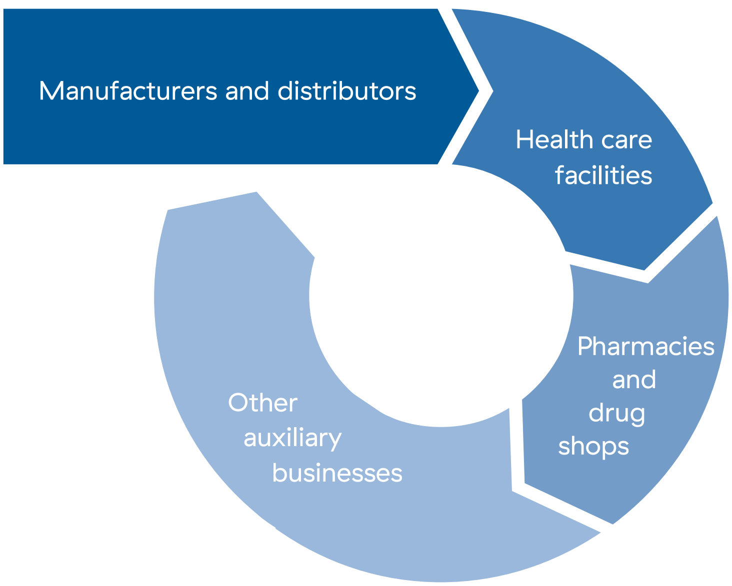
Private health care



Increasing investment in health care

Fortunately, this disconnect is not occurring in a vacuum. Commitment to mobilizing donor and philanthropic capital has never been higher, particularly in health (Center for Innovation and Impact 2019, 5). Health-focused impact investors and development finance institutions such as DFC, paired with continuously evolving innovative financing tools, are able to foster sustainable investments in manufacturing, supply chains, pharmacies and drug shops, and health care providers.

How innovative finance addresses liquidity



Closing the funding gap

DFC can mobilize both public and private capital at every step of the health care value chain. It catalyzes the issuing of project grants, ensures cost recovery for investors, and even helps communicate the investment thesis for more traditional private investments expecting a return.

In the past, USAID used the Development Credit Authority (DCA) to address a lack of access to finance of private health sector businesses that provide family planning and maternal and child health, and other essential health products and services. In 2019, DFC was established, bringing together the capabilities of the Overseas Private Investment Corporation and the DCA and introducing new and innovative financial products to bring private capital to low- and middle-income countries. This has resulted in more flexibility to support investments in the private health sector. In addition to DFC, other financial and development entities are venturing into the global health sector with financing solutions, as outlined below. USAID missions can use these solutions to address financing gaps that negatively impact the growth, quality, and viability of the private health sector.

DFC offers financial tools to support the private health care sector

Development credit

- Loans and guarantees of up to $50 million with tenors of up to 25 years

Portfolio for impact and innovation

- A program to support early-stage social enterprises that have developed innovative solutions to challenges facing low- and middle-income countries
- Financing of up to $10 million in promising early-stage businesses that might otherwise struggle to access financing due to their relative size, short track record, and novel approaches

Feasibility studies and technical assistance

- Grants to accelerate project identification and preparation
- Support to help increase the developmental impact or the commercial sustainability of early-stage projects

Investment funds

- Debt and equity investment in emerging market private equity funds to address the shortfall of investment capital in low- and middle-income countries
- Long-term growth capital to support economic development

Source: DFC
Note: This is not a complete list of DFC tools.

While this brief highlights opportunities for DFC, there are numerous financial and non-financial institutions that support global health and could contribute to structuring a broad range of innovative financial instruments. Examples include the Bill & Melinda Gates Foundation; the Global Fund to Fight AIDS, Tuberculosis, and Malaria; IFC, MedAccess, UBS, USAID, and the World Bank.

New approaches to financing private health care

In response to financing gaps, development finance institutions and global health entities introduced innovative uses of traditional financing mechanisms, and new mechanisms for the private health sector. These mechanisms include the use of private, public, and philanthropic funding in the form of blended finance tools.

Tools across the financing spectrum

Public	Blended	Private
No cost recovery	Break–even (cost recovery)	Cost recovery and financial return

Traditional development assistance

Pure donation/gifts

Public donations to social causes from individuals or organizations that do not expect to be repaid and do not require performance metrics.

Project grants

Money given by a federal government to local governments or individuals. This money is typically allocated through an application process and requires criteria to be met for eligibility.

Conditional funding

Pay-for-success (milestone-based payments)

Grant funding that is tiered and disbursed to recipients only when specific outcomes are achieved.

Impact bonds

Development and social impact bonds are mechanisms in which investors offer funding for a social program and are repaid with interest by a government or development organization once impact metrics are met.

Catalytic funding

Seed funding

High-risk, high-reward investments made into new technologies and approaches.

Guarantees

Partial protection given to lenders extending loans to developmentally important but underserved sectors.

Public-private mechanisms

Public funding is used to leverage private funding (minimum 1:1 ratio) to increase impact.

Impact investing

Impact-first investment funds

Private investment funds raised with the purpose of making investments into impact-oriented businesses, rather than just using an environmental, social, and governance or socially responsible investing framework. These funds expect to have near-market or market returns for these investments.

Commercial investing

Equity investments

Market-linked investments made to generate maximum shareholder returns.

Loans at market rates

Lending to entities that can afford to pay back market-set interest rates.

Blended finance

Blended finance is a structuring approach that allows organizations with different objectives to invest alongside each other while achieving their own objectives (a financial return, social impact, or a blend of both). The approach uses catalytic capital from development finance institutions, governments, or social investors to mobilize private sector investment in sustainable development.

Blended finance tools are designed to address barriers for private investors such as high perceived and real risk and poor returns for the risk relative to comparable investments. In this way, it creates investable opportunities in low- and middle-income countries, which leads to more development impact.

Innovative finance

Source: Center for Innovation and Impact

While blended finance aims to address challenges or barriers to enable an increase in private capital, innovative finance, when used in development, refers to a range of approaches that mobilize resources and improve the efficiency and effectiveness of aid. The Center for Innovation and Impact sees innovative financing as a way to make development projects more effective and efficient by redistributing risk, improving the availability of working capital, and matching the length and tenor of investments with business needs.

These tools can be used to address the issues that exist at every step of the health value chain from production to distribution and delivery, and use.

Examples of issues and potential solutions:

Manufacturers

Working capital is the money used to cover a company's short-term expenses, which are due within one year.

Challenges

- Lack of access to affordable working capital or funding for start-up capital expenditures
- Lack of access to affordable private financing options from banks or other local lenders
- Lack of public funding for local manufacturing
- Insufficient local market to create sufficient demand for locally manufactured products

Potential solutions

- Diversify funding streams
- Create public incentives for manufacturing
- Example tools:
  - Loans with guarantees backed by DFC, for example, can mobilize lending from banks while protecting the downside risk
  - Equity or debt financing directly from DFC or other development finance organizations
  - Development impact bonds and social impact bonds allow projects' flexibility on the ground while ensuring a small return for investors

Supply chain

Liquidity gap is the difference between liquid assets (i.e., cash or things that can quickly be converted to cash) and liabilities.

Distributors buy from manufacturers, sell to retailers, and often wait extended periods for payment, leaving them unable to purchase more stock.

Challenges

- Gaps in working capital make it difficult for supply chain players to expand capacity or improve efficiency.
- Liquidity gaps drive differences between the payment cycles of buyers (retail pharmacies, hospitals, etc.) and manufacturers.

Potential solutions

- The supply chain consists of various players and as a result, working capital provided to one player will positively impact liquidity throughout.
- Potential to replicate financing mechanisms used outside health sector.
- DFC can issue partial portfolio guarantees to private lenders or investment funds, both in foreign and local currency.

Relevant brief: A USAID-funded brief entitled *Innovative Financing Approaches for Increasing Pharmacy Inventory* explores ways to expand access to finance for pharmacies and drug shops (Estevez and Griffith 2020). The brief details the role of private pharmacies and drug shops within the family planning and health commodity supply chain, identifies how a lack of access to finance constrains their ability to contribute to achieving health outcomes, and provides an overview of their financing needs. It then presents a case study on programming in Nigeria designed to address these needs and concludes with recommendations for future programming to expand pharmacies' and drug shops' access to finance (Estevez and Griffith 2020).

Pharmacies and drug shops

Challenges

- Pharmacies and drug shops rely on optimizing stock levels across hundreds of commodities, including family planning products, to ensure sufficient stock available for patients, sufficient liquidity to maintain operations, and timely payments to distributors.
- Affordable sources of working capital are often unavailable to pharmacies and drug shops given the perceived risk associated with lending to these entities and their limited scale.

Potential solutions

- Pharmacies are great targets for blended finance tools based on the familiarity of their structure for private investors and the ability for their supply/demand to be predicted.
- Example tools:
  - Risk pooling can attract investors to a set of pharmacies versus an individual pharmacy.
  - DFC and other development funders can offer subsidized working capital loans to high-volume pharmacies with predictable throughput, to smaller independent drug shops, or to manufacturers to extend the payment cycle for pharmacies.

Private providers

More than two decades ago, USAID developed the **Development Credit Authority** to mobilize local private capital through risk–sharing relationships with private financial institutions. With the creation of DFC, the DCA is now known as a **partial credit guarantee.**

Challenges

Due to the variability in the strength of business management of private providers, there is often limited capital flowing directly to them, resulting in an inability of providers to upgrade/expand facilities, and expand services and product offerings, which ultimately limits the size of the patient pool they can serve.

Potential solutions

- Private health care providers can benefit most from blended finance tools.
- Example tools:
  - Partial portfolio guarantees incentivize local financial institutions to lend to private providers.
  - Multiple care providers can be pooled into one investment, de-risking the reliance on the performance of a single provider.
  - A guarantee can be provided to decrease the cost of a loan from a commercial bank.
  - Development and social impact bonds can also be used to provide upfront capital for training, capital expenditures, or other investments that will improve the quality of service with clear outcome metrics.

Tailoring innovative financing solutions to improve priority health outcomes

USAID, other donors, host-country governments, and development practitioners can tailor innovative financing solutions to address specific health challenges, such as expanding family planning and maternal and child health care, and preventing and treating HIV/AIDS, tuberculosis, COVID-19, and malaria.

The following list summarizes seven steps in tailoring innovative financing to expand access to family planning products. This is followed by illustrative examples.[2]

1. **Identify the health challenge** (e.g., improved availability of family planning). Conduct a simple root cause analysis to determine if financing is a key factor that could help solve the challenge.
2. **Identify key entities in the private health supply chain and their financing needs**. Stakeholders could speak to professional associations or trade associations to gain a landscape view.
3. **Assess the financial sector** (e.g., banks, microfinance institutions) and identify its priority sectors, views on lending to health sector businesses, geographic coverage, types of products, interest rates and loan or collateral requirements, and process for pipeline generation. This could be through an expression of interest, interviews, and discussions with the USAID Economic Growth Office, which often manages DFC investments in other sectors.
4. **Review the landscape of other key stakeholders to support blended finance**, including donors, government, philanthropies, and the commercial sector, and identify partners that may have an interest addressing the financing gap for the same health challenge.
5. **Work with partners to select the financial tool and structure that are best suited to the financing needs of private health businesses** and that have the potential to address the health challenge identified in step 1.
6. **Identify the appropriate partner**.
7. **Monitor changes in access to finance and the impact on health outcomes**. Adapt the program based on learning to maximize family planning and other health outcomes.

[2] The Center for Innovation and Impact has developed a framework for identifying blended finance solutions to global health challenges (Center for Innovation and Impact, n.d.).

Step 1: Identify the health challenge.
Access to family planning and maternal and child health products in rural and peri-urban areas in many low- and middle-income countries is often limited. The USAID mission may identify the unavailability of these products in retail outlets as a key barrier to accessing family planning and maternal and child health products. Retail outlets often lack stock because they do not have enough money to keep more than a few boxes of each product on the shelf at once.

DFC's Mission Transaction Unit may provide support to missions in identifying financing solutions.

Step 2: Identify key entities in the private health supply chain and their financing needs.
An assessment may reveal three key entities in the health supply chain that can impact the availability of health products:

Manufacturers

Manufacturers need to produce products that meet the needs of those seeking reproductive or maternal health products and services. To do so, they need access to working capital to purchase inventory and pay for day-to-day operations, but also to extend lines of credit to downstream players such as distributors and pharmacies.

The levels of supplier credit that manufacturers can extend varies significantly and are based on the following criteria: (1) the strength of a manufacturer's balance sheet (available funds), (2) geographic reach of their products, and (3) capabilities of wholesalers and distributors in each country.

Supplier credit is a form of credit (financing) in which a supplier provides goods on deferred payment terms. Terms could include the number of days by which full payment is due and, potentially, the cost of credit.

These credit arrangements are typically informal, with small amounts and short repayment periods. Limited access to working capital is a key factor that prevents wholesalers and distributors from being able to extend supplier credit to pharmacies.

Wholesalers and distributors

For wholesalers and distributors, optimizing working capital and cash flow management would ultimately enable them to increase supplier credit to pharmacies so that family planning and maternal and child health products can make it into the hands of those in need (Estevez and Griffith 2020).

Pharmacies and retail shops

These companies struggle to maintain an adequate inventory of drugs and other supplies without access to a regular supply of working capital.

Step 3: Assess the financial sector.

A USAID mission conducts a review of the financial sector. This can be done through an expression of interest, interviews, or discussions with the USAID Economic Growth Office, which often has relationships with the financial institutions and manages DFC investments.

> USAID missions worked with SHOPS Plus to conduct private sector assessments, which include assessments of the financial sector.

Key factors to include in the assessment are the office's priority sectors such as the health sector broadly and pharmaceutical sector specifically, available financial products and requirements, capacity, and risk perceptions and other constraints to lending to the health sector. Based on this, the mission identifies potential financial sector partners to work with.

Step 4: Review the landscape of other key stakeholders to support blended finance.

There are many aspects of improving financing so it is important to have a good understanding of who is doing similar work. Some partners might already be working to strengthen the business and financial management capacity of businesses, but they are not working in the health sector. Others might be working on strategic purchasing or pooled procurement approaches that could be of interest to investors. Others might want to participate in a blended financing approach with USAID. All of these efforts could help banks perceive health as a less risky sector than they did initially.

Step 5: Structure innovative financing mechanisms to address a health challenge.

Given the identified financial challenges, the USAID mission collaborates with DFC to explore options to expand the supply and distribution of family planning products directed to underserved communities. Together, they determine the most effective way to provide a loan guarantee to a local bank, thereby de-risking the investment, so the bank will lend to wholesalers/distributors.

> For example, if a loan is given to a wholesaler that also receives assistance to improve its inventory management and negotiate better prices for family planning products, those practices will likely improve how the wholesaler manages all its stock.

Step 6: Identify an appropriate partner.

The mission identifies a partner or mechanisms to provide technical assistance to the bank to understand the health sector, identify barriers within the bank that prevent lending to the sector, and make loan officers more willing to speak with health businesses.

Step 7: Monitor

The mission monitors progress against defined metrics and outcomes.

Supporting the supply chain: Distributor financing

The problem

- Distributors cannot buy enough stock from manufacturers to meet the needs of those seeking care, including those seeking family planning products
- Reoccurring stockouts lead to low consumer confidence in dispensary's ability to meet their needs.

The solution

- Distributor financing is provided through a commercial bank.
- Financing linked to a specific manufacturer bridges the liquidity gap until receipt of funds following sale of commodities to a pharmacy
- The bank's risk analysis considers the strength of the manufacturer and the relationship between manufacturer and distributor

Photo: Kasha

Case studies

The following four examples of innovative financing for the health sector provide a blueprint to support projects and companies with new sources of financing.

Case Study 1: CRDB Tanzania partial credit guarantee

Challenge

- Small health clinics struggle to access financing and cannot afford to buy essential diagnostic equipment, upgrade facilities, or expand their reach.
- COVID-19 has exacerbated this issue as local businesses that make personal protective equipment need financing to meet the growing demand.

Financing solution

- A credit guarantee targeted small hospitals, clinics, pharmacies, and diagnostic centers.
- SHOPS Plus provided training for small health businesses to establish track records of borrowing and repaying loans so they could be eligible for larger financing packages.

Stakeholders

DFC provided a loan portfolio guarantee to CRDB Bank to support lending to health care enterprises.

Impact

- CRDB Bank provided over 175 DCA- and non-DCA backed loans of over $10 million to private health providers.
- SHOPS Plus provided business training to 1,000 private health providers.

DFC partial credit guarantee: The USAID mission in Tanzania initially focused on increasing lending to small clinics through a partial credit guarantee with CRDB, a leading bank in Tanzania with branches across the country. As the bank's loan portfolio grew and the case for the lending to the health sector was made, USAID provided technical support to CRDB and other interested financial institutions to target specific sectors of interest, such as drug shops. The mission's ability to use DFC's partial credit guarantee in combination with technical support to the bank and health care businesses increased the interest of other private entities to enter the sector.

Case Study 2: Medical Credit Fund provides loans to health clinics

Challenge

- Small health clinics struggle to access financing and cannot afford to buy essential diagnostic equipment, upgrade facilities, or expand their reach.
- COVID-19 has exacerbated this issue as local businesses that make personal protective equipment need financing to meet the growing demand.

Financing solution

Medical Credit Fund products focus on small hospitals, clinics, pharmacies, and diagnostic centers.

Stakeholders

DFC provided a loan portfolio guarantee to the Medical Credit Fund through the support of the US President's Malaria Initiative, the Skoll Foundation, the MCJ Amelior Foundation, and the Rockefeller Foundation.

Impact

This initiative closed critical funding gaps for manufacturers and distributors in need (e.g., provided the first COVID-19 loan to Ansell Pharmaceuticals, a Kenyan supplier of personal protective equipment) that in turn, supported local clinics' ability to combat the pandemic.

DFC partial credit guarantee (fund): COVID-19 has had a significant impact on financial institutions to lend to the health care sector. DFC, in partnership with stakeholders, structured a partial credit guarantee that helps to address credit risk faced by local financial institutions. Stakeholders include the US President's Malaria Initiative, which made a $700,000 catalytic investment that enabled a $17.7 million loan guarantee from DFC, $1.5 million in funding from The Rockefeller Foundation, the Skoll Foundation, and the MCJ Amelior Foundation, as well as support from USAID's Center for Innovation and Impact. The Medical Credit Fund is administering a DFC loan guarantee that is expected to result in $30 million in loans to health providers (Malaria No More 2021).

Case Study 3: DFC equity investment in Kasha Global Inc.

Challenge

- Women lack access to safe, quality, affordable family planning and other health and personal care products.
- Stockouts and counterfeit products create a poor purchasing experience.
- There is social stigma around women's health products.

Financing solution

- DFC disbursed a $1 million equity investment into an e-commerce company that provides women's health products.
- DFC's Portfolio for Impact and Innovation initiative made the investment. The initiative focuses on early- stage, high-impact solutions in low- and middle-income countries.

Stakeholders

DFC, Swedfund, and Finnfund provided equity investments to Kasha to expand the provision of women's health products.

Impact

Kasha delivered 1 million product units to 130,000 unique customers, the majority of whom were low-income customers in Rwanda and Kenya.

DFC Equity Investment: Through its e-commerce platform, Kasha has reconfigured the supply chain, delivery channel, and customer experience to meet the demand for health and personal care products. Kasha's business-to-customer structure directly sells products to customers in rural and urban locations. DFC's investment has allowed Kasha to expand into Kenya and increase access to contraceptives, keep girls in school by providing access to affordable menstrual care products, and empower low-income women with paid employment through their agent model, in which a network of sales agents offers marketing, sales support, and last-mile delivery in hard-to-reach and lower-income areas. Agents earn a small commission from sales and deliveries.

Case Study 4: Addressing blindness in Cameroon

Challenge

- Blindness is twice as common in sub-Saharan Africa than the rest of the world.
- Patients lack access to affordable cataract surgery to prevent blindness.
- The estimated demand for cataract surgeries in Cameroon is 50,000 per year.

Financing solution

- A $2 million Development Impact Bond based on a pay-for-performance structure was granted to the Magrabi ICO Cameroon Eye Institute.
- The structure ensured lenders earned higher returns when the hospital reached more patients.

Stakeholders

- DFC and the Netri Foundation provided upfront capital to the Africa Eye Foundation, which provided cataract surgeries at low or no cost.
- The outcome funders were Sightsavers, The Fred Hollows Foundation, and the Conrad N. Hilton Foundation.

Impact

- In one year, Magrabi ICO Cameroon Eye Institute was able to screen 50,000 patients and perform 2,300 cataract surgeries.
- The hospital exceeded surgery success standards set by WHO and is on track to be financially sustainable in five years.

Development Impact Bond: In sub-Saharan Africa, the rate of blindness and vision impairment is twice the global average, with 80 percent of cases preventable or treatable. Magrabi ICO Cameroon Eye Institute uses a subsidized fee system to make comprehensive eye care services accessible, affordable, and inclusive. Through DFC's development impact bonds, the institute has been able to increase its reach and continue to make progress toward addressing blindness in the region (US International Development Finance Corporation 2019).

Conclusion

Private health systems in low- and middle-income countries continue to face numerous challenges, many of which are driven by a lack of access to sustainable financing solutions. This often affects access to family planning services and products since the private sector is a critical part of this value chain. Several financing partners, including DFC, have made blended finance tools available to manufacturers, supply chain actors, and retailers, bringing additional private financing into the private health ecosystem. USAID missions can play a unique role in leading and advising partners on the ways to engage DFC and others on attracting much-needed capital.

Photo: KC Nwakalor

References

Bradley, S. E. K. and T. Shiras. 2020. Sources for Family Planning in 36 Countries: Where Women Go and Why It Matters. Brief. Rockville, MD: Sustaining Health Outcomes through the Private Sector Plus Project, Abt Associates.

Doumbia, D. and M. L. Lauridsen. 2019. "Closing the SDG Financing Gap – Trends and Data." Encompass: Fresh Ideas about Business in Emerging Markets. Washington, DC: International Finance Corporation, World Bank Group.

Center for Innovation and Impact. N.d. *Greater than the Sum of its Parts: Blended Finance Roadmap for Global Health*. Investing for Impact. Washington, DC: United States Agency for International Development Global Health.

———. 2019. *Investing for Impact: Capitalizing on the Emerging Landscape for Global Health Financing*. Washington, DC: United States Agency for International Development Global Health.

Edejer, T. Tan-Torres, O. Hansen, A. Mirelman, P. Verboom, G. Lolong, O. J. Watson, et al. 2020. "Projected health-care resource needs for an effective response to COVID-19 in 73 low-income and middle-income countries: a modelling study." The Lancet 8, no. 11 (Sept 9): E1372–E1379.

Estevez, I. and M. Griffith. 2020. *Innovative Financing Approaches for Increasing Pharmacy Inventory*. Rockville, MD: Sustaining Health Outcomes through the Private Sector Plus Project, Abt Associates.

Hutchinson, P. L., M. Do, and S. Agha. 2011. "Measuring Client Satisfaction and the Quality of Family Planning Services: A Comparative Analysis of Public and Private Health Facilities in Tanzania, Kenya and Ghana." BMC Health Services Research 11, 203.

Keesara, S. R., P. A. Juma, and C. C. Harper. 2015. "Why do Women Choose Private over Public Facilities for Family Planning Services? A Qualitative Study of Postpartum Women in an Informal Urban Settlement in Kenya." BMC Health Services Research 15: 335.

Malaria No More. 2021. "New Loan Guarantee Facility Locks up Nearly $30M to Shore Up Private Sector Health Care in Five African Countries During COVID-19." Press release. Jan 10, 2021.

US International Development Finance Corporation. 2019. "Cameroon Cataract Bond Records Successful First Year." Press release. June 6, 2019. Washington, DC.

Find Us SHOPSPlusProject.org

Sustaining Health Outcomes through the Private Sector (SHOPS) Plus is a five-year cooperative agreement (AID-OAA-A-15-00067) funded by the United States Agency for International Development. The project strategically engages the private sector to improve health outcomes in family planning, HIV, maternal and child health, and other health areas. Abt Associates implements SHOPS Plus in collaboration with the American College of Nurse-Midwives, Avenir Health, Broad Branch Associates, Banyan Global, Insight Health Advisors, Iris Group, Population Services International, and the William Davidson Institute at the University of Michigan.

Abt Associates Inc.
6130 Executive Boulevard
Rockville, MD 20852 USA
Tel: +1.301.347.5000