

UPDATE ON PRIVATE SECTOR ENGAGEMENT

OVERVIEW

This paper provides an overview of how the Global Financing Facility (GFF) implements private sector engagement as an integral part of the GFF strategy for 2021 to 2025. It presents an important review of activities, which is timely for two reasons: the COVID-19 pandemic has shifted the way GFF partner countries work with the private sector; and second, taking stock of the GFF's work and lessons learned in this area is essential to prepare for both the upcoming evaluation of the GFF as well as the development of the new GFF strategy starting in 2025. The paper includes a summary of the main factors influencing implementation of private sector engagement to date, the experiences and lessons learned at global and country level, with key successes and challenges to consider going forward. It also gives a view of the range and scope of untapped opportunities that have not yet been sufficiently explored and realized in the GFF's engagements.

The paper further proposes a partnership-driven consultative process for refining the GFF approach to private sector engagement, to reflect on how private partner resources and capabilities can better support countries to improve health and nutrition outcomes for women, children and adolescents. This process will not replace the more formal assessment and potential adjustment of the overall GFF approach (including private sector engagement) which will take place ahead of the new strategy cycle starting in 2025. Rather, this effort entails a review and strengthening of the current approach. The ambition to leverage the private sector will also consider cross-cutting issues and this process will, therefore, also develop recommendations to strengthen the focus on gender, equity, sustainability and how to create impact at scale.

ACTION REQUESTED

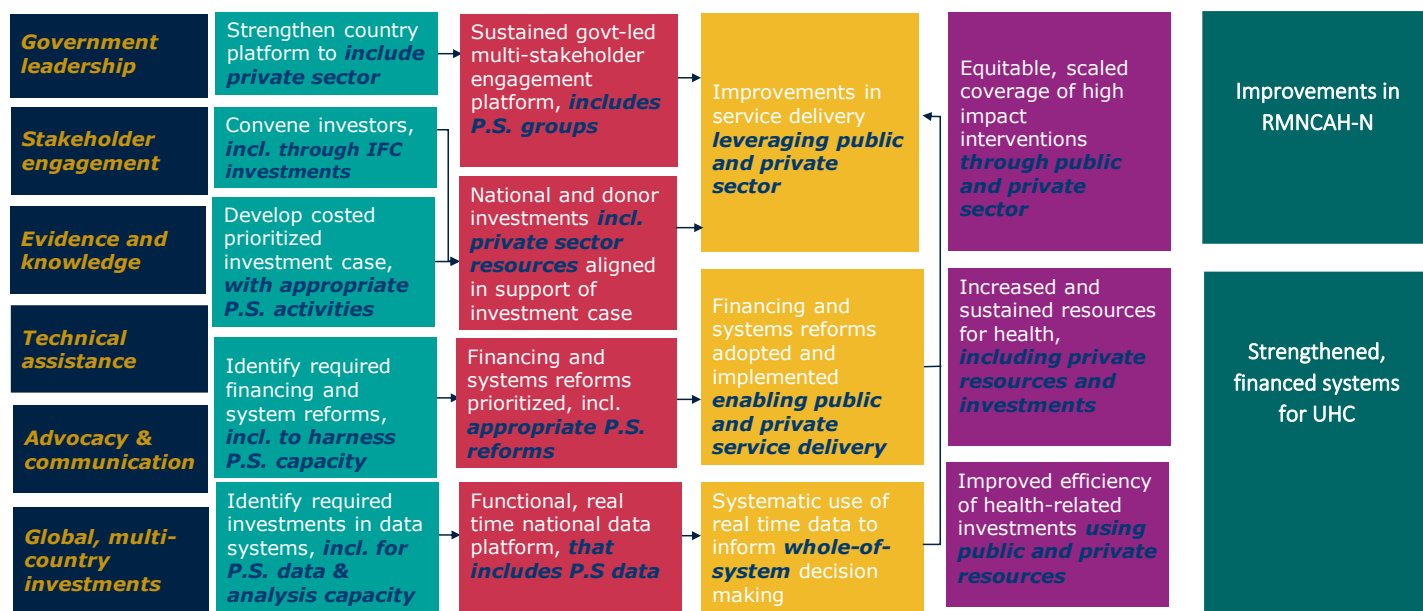
The GFF Investors Group (IG) is requested to provide feedback on the GFF's private sector engagement experience and progress to date, and to endorse the proposed consultative process to strengthen the GFF partnership's private sector engagement support to countries.

INTRODUCTION

Private sector engagement has been an integral part of the GFF model since inception as a key partner bringing resources, capacity and expertise at global and country level for improving reproductive, maternal, newborn, child, and adolescent health and nutrition (RMNCAH-N) outcomes. There has also been strong representation from the private sector on the IG throughout as well as broad support from GFF partner organizations, many of whom have drawn on their own public-private engagement activities in health to coordinate, and share lessons learned with the GFF Trust Fund-supported private sector activities over the years.

The GFF strategy refresh process in 2020 provided an opportunity to review the GFF Trust Fund’s financing and technical assistance activities related to private sector engagement. At that time the GFF Secretariat developed a private sector update background paper to support the GFF strategy refresh process, reflecting on several achievements, lessons learned, opportunities and challenges for the next phase of the GFF private sector window as part of the overall GFF strategy and results for 2021 to 2025. Figure 1 illustrates the GFF’s theory of change for private sector engagement underpinning the 2021 to 2025 strategy period.

Figure 1. Private Sector Engagement in the GFF Theory of Change, October 2020



Source: Global Financing Facility.

Note: Illustrative time for achievement of outputs is 1 to 3 years, medium term outcomes are 3 to 5 years, and for longer-term outcomes and impacts 5 to 10 years. UHC = universal health coverage; RMNCAH-N - reproductive, maternal, newborn, child, and adolescent health and nutrition; P.S. = private sector; IFC = International Finance Corporation.

The GFF's endorsed strategy for 2021 to 2025 is guided by five strategic directions (SD):

- **Strategic direction 1:** Bolster country leadership and partner alignment behind prioritized investments in health for women, children and adolescents
- **Strategic direction 2:** Prioritize efforts to advance equity, voice and gender equality
- **Strategic direction 3:** Protect and promote high-quality, essential health services by reimagining service delivery
- **Strategic direction 4:** Build more resilient, equitable and sustainable health financing systems
- **Strategic direction 5:** Sustain a relentless focus on results

The GFF's support to private sector engagement has two pathways: (1) country support to leverage private sector resources, capacity, and expertise for investment cases (ICs); (2) innovative financing to mobilize private capital in support of IC priorities. Although private sector engagement is linked to all five of the strategic directions in the GFF strategy, it has so far operationally been reflected most strongly under **strategic direction 3: Protect and promote high-quality, essential health services by reimagining service delivery**. To deliver necessary results (SD 5), it will be essential for the GFF's private sector work to continue to strengthen and expand linkages with country leadership (SD 1), equity and gender equality (SD 2), equitable and sustainable health financing (SD 4).

As part of past deliberations on the GFF's private sector engagements in 2020, the GFF Secretariat, with input from the IG, outlined the key objectives for the GFF private sector support as part of the GFF strategy, as follows:

- Invest in **collecting data, strengthening data systems** and building capacity on the **private sector analytics**
- Support implementation of **financing reforms and modernization of governance systems** to enable the private health sector to complement public service delivery functions
- Build **private sector capacity to organize and represent the sector** in policy and planning as well as service delivery
- Strengthen **country platforms to include private health sector groups** and support these groups to become active participants
- Identify and **mobilize private sector resources and investments** to align with the IC
- Promote **global-, regional- and country-level knowledge and learning** on private sector's potential contribution to government national health goals and objectives






This paper provides a summary update of the progress made on the above, with lessons learned and key strategic shifts from the learnings of the GFF's continuing support to private sector engagement. These also form the basis for the proposed rapid review of the GFF's private sector work, to ensure a good fit with the current demand and context across partner countries. It is envisaged for this review to be led and co-owned by the partnership as a whole, under the guidance of the IG and with support from the secretariat. It will therefore feature close consultations with partners and IG members; more details are included later in this document.

THE PRIVATE SECTOR IN THE 2021–25 GFF STRATEGY: KEY EXPERIENCES AND LESSONS LEARNED

The GFF 2021–22 annual report included a summary of key private sector activities (figure 2) from 2016 to 2020 across the domains of private sector analytics and data systems, financing and service delivery reforms, capacity building and partnerships.

The early phase of GFF private sector support focused on these foundational activities as starting points in order to bring data to the dialogue with governments on private sector engagement, and to support stakeholders to collaborate through the GFF country platforms. Activities included establishing public-private dialogue, baseline analytics, expanding knowledge and learning tools, and supporting performance-based contracting. Often, countries requested support on how to include the private sector in country platforms, how to conduct private sector assessments to capture the role of the private sector in their health system (since in many countries even basic private facility and provider data was missing), and how to use this information to define private sector engagement for improving RMNCAH-N outcomes.

Figure 2. Examples of GFF Private Sector Engagement from the GFF 2021–22 Annual Report

 Strengthening public-private dialogue to build trust	 Investing in analytics to inform policy and partnerships	 Building country capacity and systems to manage public-private partnerships	 Using innovative financing to de-risk markets	 Enhancing partnerships with global private players to scale up country-level innovations
Ethiopia <ul style="list-style-type: none"> – Technical assistance to government on public-private engagement – Strengthening private sector federation 	Bangladesh <ul style="list-style-type: none"> – Assessment on private sector, policy challenges, and opportunities for public-private partnership 	Cote d'Ivoire <ul style="list-style-type: none"> – Technical assistance to support private facility licensing – Inclusion of private sector in performance contract design 	GFF-IFC <ul style="list-style-type: none"> – Joint investments in private health sector actors to improve health and nutrition outcomes in GFF partner countries 	Last-mile delivery <ul style="list-style-type: none"> – Supply chain partnership between GFF, UPS Foundation, Merck for Mothers, Gates Foundation to leverage private sector solutions
Cote d'Ivoire <ul style="list-style-type: none"> – Private sector part of country platform to develop investment case – Strengthening enabling environment for private federation 	Cote d'Ivoire <ul style="list-style-type: none"> – Assessment to inform private sector contribution to investment case – Policy reforms for improving enabling environment and oversight 	Kenya <ul style="list-style-type: none"> – Technical assistance to government on private sector engagement and public-private partnerships 	Nigeria, Cote d'Ivoire, Democratic Republic of Congo <ul style="list-style-type: none"> – Contracting private sector to deliver essential health and nutrition services 	Health and nutrition <ul style="list-style-type: none"> – Scaling innovations partnership between GFF, Laerdal Global Health, Merck for Mothers, and Rockefeller Foundation
Myanmar <ul style="list-style-type: none"> – Technical assistance on public-private dialogue around COVID-19 joint action plan 	Mozambique <ul style="list-style-type: none"> – Supply chain assessment on using the private sector for last-mile delivery of health products and drugs 	Bangladesh <ul style="list-style-type: none"> – Assessment of Ministry of Health capacity to engage private sector – Technical assistance and training for ministry staff on private sector engagement 	GFF Partnership with World Bank Treasury <ul style="list-style-type: none"> – Sustainable Development Bond, raised over US\$2 billion from global investors – Linked to GFF co-financing and loan buydown grants 	

Source: Global Financing Facility.

However, this approach at times was slowed at country level due to unintentional “siloeing” of private sector activities, where they were seen and managed as separate from broader health financing and service delivery reforms, thereby reducing the scale of impact of the private sector engagement. This

also affected the sustainability and longer-term results of private sector contributing alongside the public sector for medium-long term RMNCAH-N outcomes.

Recognizing this, the 2021–25 GFF strategy noted, *“The GFF will increase its support to governments to partner with the private sector at scale to provide quality service delivery. Engaging the private sector is essential for realizing the aspirations of the GFF’s partnership to rapidly increase health service coverage and improve quality of care . . . anchored in the overall health financing and service delivery reform dialogue at country level to ensure private sector engagement strategies in partner countries are inclusive of vulnerable and poor users.”*

The strategy thus highlighted the GFF’s move toward scaling private sector engagement integrated with overall financing and service delivery objectives, in order to achieve significant impact for RMNCAH-N targets, rather than smaller standalone initiatives. Beyond the private sector’s delivery capacity, expertise, and financing, its ability to bring innovation to the table was also noted in the strategy as a key element for countries reimagining their service delivery systems.

I. Factors Impacting Implementation of Private Sector Engagement through the GFF 2021–25 Strategy

Given the global health shifts occurring in 2020 and 2021, the GFF’s private sector engagement adapted during the peaks of the COVID-19 pandemic (see appendix A) to meet the urgent need to maintain essential health services alongside pandemic response. The GFF maintained a line of sight to its long-term approach to engaging the private sector, while accommodating emerging challenges caused by pandemic disruptions. Similarly, the GFF is now sharpening its focus while considering global threats and risks, such as the climate crisis—but also the continually tightening fiscal space and debt distress facing many governments. This has called forth broader discussions on what effective development needs to look like today as well as considering a volatile environment and unknown future risks. Governments face many challenging decisions and trade-offs that call for joint reflection on how best to navigate uncertain times. The GFF’s work with the private sector is a part of this wider discussion.

Regarding global events over the period from 2020 to 2021, critical changes in many countries affected how the public and private sector worked together for health outcomes during this time, as highlighted below:

- During the COVID-19 response, the private sector played a highly visible and critical role across the globe, from developing and producing vaccines and essential health commodities to being urgently relied on for its service delivery infrastructure to complement public facilities while health systems were under unprecedented strain. At the same time, the private sector also grappled with the pandemic and the increased need for essential services across populations. The private sector’s capacity and expertise to support health results across the spectrum of essential services for RMNCAH-N through to pandemic response highlighted the importance of its role in country health systems.
- The pandemic also highlighted similarities and differences across countries’ engagement with the private sector in health. Country governments with some pre-existing collaboration and mutual trust with the private sector were often able to devise models of joint response more rapidly, working to innovate and deliver together, while some countries had to quickly identify a new “whole-of- system” approach to drawing on both public and private sector capacity for their immediate health system needs. The closure of key manufacturing hub country borders

presented enormous shocks to global supply chains for health and nutrition products across most countries, leading many governments to relook at their procurement practices and local and regional manufacturing needs for essential health commodities.

There were also instances of private sector actors taking advantage of emergency situations, enacting drastic price increases and uneven adherence to referral and quality protocols, among other examples. While the scarcity of resources and prevailing urgency enabled some of these, in many cases the lack of established strong governance guardrails for the private sector in health systems made it more challenging to prevent such actions—or to penalize the private providers at fault.

A number of crises continue to threaten hard-fought gains in global health and development efforts. Aside from the pandemic, climate change, food and energy crises, increasing fragility, conflict, and violence added to the looming debt distress experienced by many vulnerable countries and offer just a few examples of an increasingly complex and intertwined global reality. Already vulnerable countries and health systems are the hardest hit. The global community is reflecting on how development efforts need to be rewired to better prepare for and respond to crises; but more has to be done. And it should not require another pandemic to spur action towards greater resilience in health systems, societies and economies.

All of the factors listed above have implications for the next phase of the GFF's private sector engagement support to improve RMNCAH-N outcomes, as do the continuing health system delivery and governance gaps in many countries. The confluence of these factors is addressed in the lessons learned, summarized in section II.

II. Key Learnings to Take Forward from GFF Private Sector Engagement

1. Increased country demand for support on private sector engagement

Increasingly, country governments consider how to shape the role of the private sector in their health systems, both for delivery strategies and for building resilience of the system. Many countries are shifting toward “whole-of-system” approaches, by integrating the private sector into broader policy and reforms in health financing, service delivery, and strengthening governance capacity to support the above. There has been a corresponding increase in government requests for support to strategically define, design and implement private health sector related policies and activities on their journey toward universal health coverage (UHC) and improved RMNCAH-N outcomes. The GFF partnership plays an important role in responding to this demand, by providing technical assistance for strategic, context-specific private sector engagement, and by sharing global expertise and lessons learned for countries to draw on as they design their own initiatives. Support provided may be in the form of technical assistance for identifying the role of private providers in improving service delivery or supply chain functions, for including private sector in health financing mechanisms, training and capacity building for governments on managing private sector engagement, or providing concessional or grant financing for implementation of priority activities. Previous examples of support are in figure 2, and appendix B on Côte d'Ivoire shows how this private sector support can adapt to a larger scale reform agenda.

2. Greater prioritization of GFF private sector engagement for RMNCAH-N impact

As the GFF partnership considers how best to collectively provide countries this support, two aspects should be prioritized:

- a. The first is that country ICs and strategies are required to prioritize those activities most critical for improving RMNCAH-N outcomes, while recognizing that available resources and capacity to implement could be limited. Therefore, the private sector should be included in the situational analysis and dialogue for GFF ICs (to the extent possible, recognizing the private sector functions as an active player in the majority of GFF partner country health systems); however, in terms of activities, not every country needs to prioritize private sector engagement as a key lever or starting point for intervention for RMNCAH-N. This aspect is context-specific, and the benefit of private sector engagement needs to be considered in light of specific bottlenecks or challenges for improving RMNCAH-N outcomes, along with the implementation capacity of the government and partners in a specific country. The need for inclusion of private sector engagement in potential solutions may also change over time, as has been the case in many GFF partner countries.
- b. Secondly, when compared to standalone smaller scale private sector activities (such as a public-private dialogue event or conducting a private sector assessments), countries would require much greater support from GFF partners and the GFF Trust Fund for including private sector in their medium-long term strategic planning, strengthening of governance systems, and integrating into large-scale health financing and service delivery reforms. These efforts also take longer to design and implement. An example of this type of private sector engagement support is described in appendix B, with the GFF engagement in Côte d'Ivoire. It would therefore be necessary for the GFF partnership to ensure sufficient resources, expertise and capacity for private sector engagement are committed to support countries to deliver results. Within the partnership, ensuring the GFF Trust Fund and secretariat can deploy its resources for maximal impact on RMNCAH-N outcomes could entail further prioritization of the GFF private sector portfolio.

3. More refined role of the private sector in the financing gap for RMNCAH-N

While the GFF's country support on private sector engagement has been growing in depth and type of engagement, other activities such as innovative financing have moved slower than expected, or with more mixed success. For example, some of the GFF's innovative financing examples have had positive results, such as the GFF partnership with World Bank Treasury on Sustainable Development Bonds (SDB), which demonstrates private capital investors are keen to invest toward RMNCAH-N priorities. In addition, the GFF's results-linked loan buydowns enabled countries such as Guatemala and Vietnam to access large-scale financing at more concessional rates for investing in RMNCAH-N results.

However, due to the limitations of the SDB instruments, these could only be applied for International Board for Reconstruction and Development (IBRD) countries in the GFF portfolio. Other examples, such as the Cameroon Kangaroo Mother Care Development Impact Bond (DIB), surpassed the outcome and beneficiary targets and delivered positive outcomes, though the process also highlighted the level of transaction cost versus scale as a limitation of the DIB instrument.

On the Global Financing Facility-International Finance Corporation (GFF-IFC) partnership side, the "Africa Medical Equipment Facility" for concessional lending in Kenya has been slow to ramp up its loan provision through the pandemic and beyond, with local banks taking longer than expected to complete staff on-boarding, and with the facility's relatively limited reach in providing concessional access to finance beyond the larger-sized private providers. The facility's focus on concessional financing for private providers to buy necessary medical equipment also

became less important once African countries were able to avoid the surge in COVID-19 hospitalizations that swamped Western countries.

These experiences have highlighted a few considerations for the GFF's innovative financing work going forward:

- Deploying combined grant and private capital through private financing channels (that is, directly to private providers through IFC) while also trying to meet the GFF's broader equity objectives of improving RMNCAH-N service access and quality for the poor at a population level is a major challenge, as the private investment intervention happens at a different level in the health system versus health financing and out-of-pocket reduction initiatives, thereby leading to a potential disconnect with equity objectives.
- Leveraging technical assistance (TA) and analytics as an initial entry point, towards building an investment pipeline of private providers to serve the hardest-to-reach populations in GFF countries. With limited opportunities available for ready-investment into private providers who already reach the poor, targeted TA and analytics can help to identify and partner with more private providers who are willing to adapt their current business models to better serve the poor, preparing them to absorb investment to expand services accordingly. For example, supporting such providers with analytics on the implications of expanding their customer base and reaching wider segments of the population including the poor, either for new or existing products and services, the financial requirements to do so, identifying specific marketing channels and supply chain adaptations for reaching the poor – these could all be useful for businesses to better serve the poor while staying financially sustainable.
- Balancing the design of innovative financing instruments to attract private capital investors, while also providing value for the GFF and alignment with partner countries' RMNCAH-N priorities. For example, ensuring countries also receive the financial benefit from achieving set targets in innovative financing instruments – not only private investors receiving success payments as in traditional impact bonds – can help create more equitable mechanisms focused on results. Another element of maximizing value for countries, and specifically including the equity and gender agenda, is the targeted use of innovative financing instruments to reduce costs for govt. and beneficiaries when partnering with private sector (appendix B, box B.1); this can help bridge the gap between development goals and the private sectors need for viable financial models.

Based on the experiences to date, private financing and investment for RMNCAH-N could be better suited to a more limited bridging role, with entities like the GFF and World Bank playing an intermediary role (with the support of donors) to leverage private capital for specific short- and medium-term financing gaps, and to ensure these funds are made available on a concessional or grant basis to country governments to invest in RMNCAH-N. This can help countries achieve a sufficient level of public investment in RMNCAH-N without increasing their debt burden.

The GFF's initial investments have also provided valuable learning on how to make innovative financing more effective and targeted, while keeping gender and equity as the focus. Based on this lesson, while innovative financing could continue to be strategically leveraged by the GFF for specific needs, it is likely to be a smaller component of the overall GFF private sector portfolio, with the country support pathway receiving the majority of support.

4. Greater focus on results for gender and equity

As defined in the GFF strategy, gender and equity are central to the GFF mandate of improving RMNCAH-N outcomes. Private sector activities supported by the GFF Trust Fund need to more explicitly target equity outcomes, and further attention will be needed to identify concrete avenues for delivering on this agenda. A deliberate focus on equity at all stages of engagement with the private sector can help ensure an equity lens and approach become integral to activities and engagements. This is essential to start addressing concrete challenges such as affordability of services for the most marginalized. While much work remains ahead, to date the GFF's work with the private sector has taken a number of steps in this area. For example, in Côte d'Ivoire, the GFF has been deploying its TA and financing specifically to ensure equity objectives for RMNCAH-N are integrated in the feasibility analysis and design for public-private partnerships through the recently approved World Bank-GFF project (*details in appendix B, box B.1, describing the GFF-WB-IFC collaboration*). In Cambodia, where out-of-pocket spending is 60 percent of total health expenditure,¹ and the private sector is the first point of care for 76 percent of the population (>70 percent for the bottom two income quintiles),² the GFF is supporting the government to analyze mechanisms to reduce out-of-pocket expenditure through private sector engagement entry points. Options being explored include contracts with the private sector in select service areas, reviewing supply and pricing for key drugs in public and private facilities, and innovative delivery models to leverage private capacity in strengthening gaps in public hospitals. From the gender and equity perspective, alongside improving access and affordability of services, high quality of care also requires strengthened governance of the private sector. The GFF is therefore supporting ministries to strengthen governance capabilities through entry points such as: licensing, establishing standards, trainings for private providers on updated protocols, and data availability on private sector, among others. The GFF also includes private sector capacity in its service delivery redesign efforts for countries to reimagine delivery models with underserved populations at the center, especially for maternal and child health.

However, despite this progress on equity-focused results, the GFF partnership would benefit from exploring additional ways to center its private sector engagement around gender and equity principles. One entry point could be to link private sector engagement with the health financing and service delivery reforms focused on gender and equity (where such entry points exist in countries). The public-private models chosen would also need to balance RMNCAH-N priorities with the feasibility for private sector to engage in a “win-win,” especially at country level. This could be an area for further exploration in the proposed review process.

5. Alignment of GFF partnership approach to private sector engagement

The GFF partnership comprises a wide range of expertise and support to offer countries on private sector engagement for RMNCAH-N. The GFF Trust Fund has had excellent experiences with specific private sector collaborations with partners such as the World Health Organization (WHO) on strengthening private sector data for governance, jointly developing guidance documents for public-private dialogue, and country connector engagement; the United Kingdom's Foreign and Commonwealth Development Office (FCDO) in developing online courses and country workshops on managing markets for health; and working with the United States Agency for International Development (USAID) on a joint study in Bangladesh on innovative financing for RMNCAH-N. Other fruitful GFF collaborations with private sector partners include

¹ 2020 Cambodia CSES analysis.

² World Bank Cambodia Public Expenditure Review, based on government analysis.

those with Merck for Mothers, UPS Foundation, and the Bill & Melinda Gates Foundation to provide private sector supply chain expertise for countries to help address supply chain bottlenecks (appendix C). On the innovation side, the GFF has developed strong partnerships with Laerdal Global Health, Norway, Merck for Mothers, Rockefeller Foundation, and UNICEF.

With evolving country needs on support for private sector engagement, thereby requiring an adaptive response, the GFF partnership as a whole has an opportunity to engage on how to best align organizational resources and relative capabilities to deliver greater impact for RMNCAH-N and for sustainability. The GFF partnership process to create alignment for the sexual and reproductive health and rights (SRHR) and human resources for health (HRH) agendas have been very successful in highlighting how partners can complement each other and share lessons learned; this could thus provide a good template for a partnership approach to private sector engagement as well.

6. Alignment with World Bank leadership strategy on private sector

In addition to better engaging the broader GFF partnership (as noted above), the World Bank's increasing recognition around the importance of partnering with the private sector to realize development ambitions is a timely and important factor for the GFF to build on. With the GFF Trust Fund and GFF Secretariat situated at the World Bank, several productive collaborations have taken place with World Bank project teams, World Bank Treasury, and IFC. There is also scope for the GFF to continue building on the alignment with the Health, Nutrition and Population (HNP) Global Practice, as the latter is currently finalizing its private sector strategy. This could create additional opportunities for collaboration between GFF and World Bank on supporting countries to leverage the private sector for greater impact in improving health and nutrition outcomes, while also benefiting from the strong equity focus that is central to the World Bank's work.

III. NEXT STEPS

As the review of GFF experience above has highlighted, the GFF could capitalize on several areas of opportunity to further strengthen its engagement with the private sector. This will be the subject of a proposed joint consultation with all relevant partners under the guidance of the IG, to bring in new ideas, explore innovations, build connections, and create a more deliberate work program. The consultation will provide an important moment to candidly assess what has worked well and where the areas of greatest challenge lie. It can inform thinking and bring consensus around principles for future engagement, help define future high-level directions based on experiences to date, including where the GFF should not engage and, in turn, where it can bring the most value based on its unique comparative advantage.

To facilitate this work, the secretariat proposes to establish a time-bound technical advisory group on private sector engagement, composed of representatives from the GFF IG constituencies, to undertake the following activities:

- Conduct a rapid review across the GFF partnership to map out key priorities and partner activities for private sector engagement for RMNCAH-N
- Identify areas for GFF partner collaboration and coordination on private sector engagement, and how to jointly operationalize these for impact along with the potential results metrics

- Develop recommendations to strengthen the focus on equity and gender within private sector engagement activities
- Manage potential risks of private sector engagement for RMNCAH-N

Overall, the proposed process will help to define high-level priorities to leverage private sector expertise and financing and also explore private sector-led innovations so that going forward the GFF can focus on specific programmatic areas and modalities that work well. The process will be guided by the IG and feature updates to the IG with key findings; it is expected to be completed under relatively short timelines (before the next IG in spring 2024) and will also serve to inform the upcoming comprehensive evaluation of the GFF.

APPENDIX A. GFF PRIVATE SECTOR ENGAGEMENT DURING COVID-19 PANDEMIC

The information below presents the ways the GFF engaged with the private sector to advance women's, children's and adolescent health in light of the disruptions and setbacks caused by the COVID-19 pandemic. The GFF sought to provide agile support responsive to changing needs—in particular to maximize opportunities for the private sector—to help ensure continuity in essential service provision and meet the surge in demand for health care supplies, among other objectives. This translated into work exploring new avenues to address supply chain constraints, and rethinking manufacturing models for health care commodities, for example, by focusing on local hubs, with the goal to create greater independence and predictable supplies for countries.

Firstly, with many countries seeing a drastic drop in provision and uptake of essential health services (EHS) for women and children, where possible the GFF looked to pivot its existing public-private engagement to support urgent COVID-response needs, particularly to ensure EHS continued alongside COVID testing and treatment. This took the form of support to joint action plans, with the public and private sector coming together drawing on their joint capacity in the health system; the GFF supported these efforts in countries such as Myanmar (box A.1, A.2) and Ethiopia.

Second, through the GFF's innovative financing partnership with the International Finance Corporation (IFC), established in 2020, the first GFF-IFC transfer-out joint investment established a concessional financing facility for private providers in countries such as Kenya to access urgent funds for purchasing equipment needed to respond to the increased service demand related to COVID-19 and EHS. This funding facility aimed to support small and medium private sector providers to strengthen their ability to deliver critical services, complementing the increase in GFF and partner support to country governments to prepare their public sector delivery systems in Africa for the potential surge from COVID-19 cases. This joint investment was the first under IFC's US\$4 billion Global Health Platform, which was established to support countries on access to essential health care supplies in highest demand to fight the pandemic. Important lessons learnt emerged from the initial years of this investment, which have also created a shift in the GFF's innovative financing strategy overall as detailed in the relevant section in this paper.

Thirdly, the GFF private sector program supported several initiatives around knowledge and learning during the pandemic, ranging from analytics for the Access to COVID-19 Tools (ACT) Accelerator health systems workstream, to guidance on how country platforms can continue to engage the private sector through the pandemic, World Health Organization (WHO) collaborations on public-private dialogue and models to leverage private sector capacity for COVID-19 and EHS. This included webinars to facilitate exchange of experiences and lessons learned across GFF partner countries. Another important area of work that emerged during the pandemic was the demand from countries for supporting analytics to rethink supply chains and local manufacturing models for essential RMNCAH-N commodities; the GFF partnered with IFC, World Bank, and other partners on several studies for local and regional manufacturing and health value chain analysis across Africa and Asia. The studies provided a wealth of information to support ongoing dialogue with countries for establishing regional hubs for manufacturing, defining the spectrum of simple to more complex health product entry points, changes required for enabling policy environments, cost implications for local manufacturing, and potential next steps for select countries. The follow-up actions from these studies are continuing to be discussed through GFF-World Bank dialogue with interested partner countries as part of their efforts to build health system resilience.

A.1. Joint COVID-19 Action Plan in Myanmar

Building on ongoing support from GFF and WB on Private Partnership (PPP) in Health in Myanmar, when COVID-19 occurred in 2020, the Myanmar Academy of Medical Science (MAMS) with the guidance of Ministry of Health and Sports and support from GFF facilitated a collaborative “rapid” planning process to coordinate and produce a Joint Action Plan that responds to COVID-19 crisis in Myanmar while also laying the foundation to harness private sector capacity today and for continued collaboration post pandemic.

The Core Committee for PPP formed three technical working groups (TWGs) on 10th July 2020 – namely Laboratory Testing TWG, Clinical Management TWG and Supply Chain Management TWG – to prepare the Action Plan through “Three-week Country Sprint Planning Process”. The intensive collaborative planning process lasted for 5 weeks with active participation of key stakeholders from both public and private sectors, supported by GFF consultants, through a series of in-person and virtual meetings. The Webex Workshop on COVID-19 Action Plan conducted by GFF, WB held in June 2020 helped frame the dialogue. As a result, the TWGs could identify 4 strategic areas each for the Laboratory Testing and Clinical Management sectors and 5 for Supply Chain Management sector as well as their respective expected outcomes.

The Public-Private COVID-19 Action Plan was not a separate plan but an extension of the Govt. of Myanmar’s plan to tackle COVID-19. The process mapped private sector comparative advantage to align to government priorities across three pillars/areas: **(1) Laboratory testing, (2) Clinical management and (3) Supply chain management**. The private health sector is well-positioned across these 3 pillars to create additional capacity and provide resources when the pandemic surges.

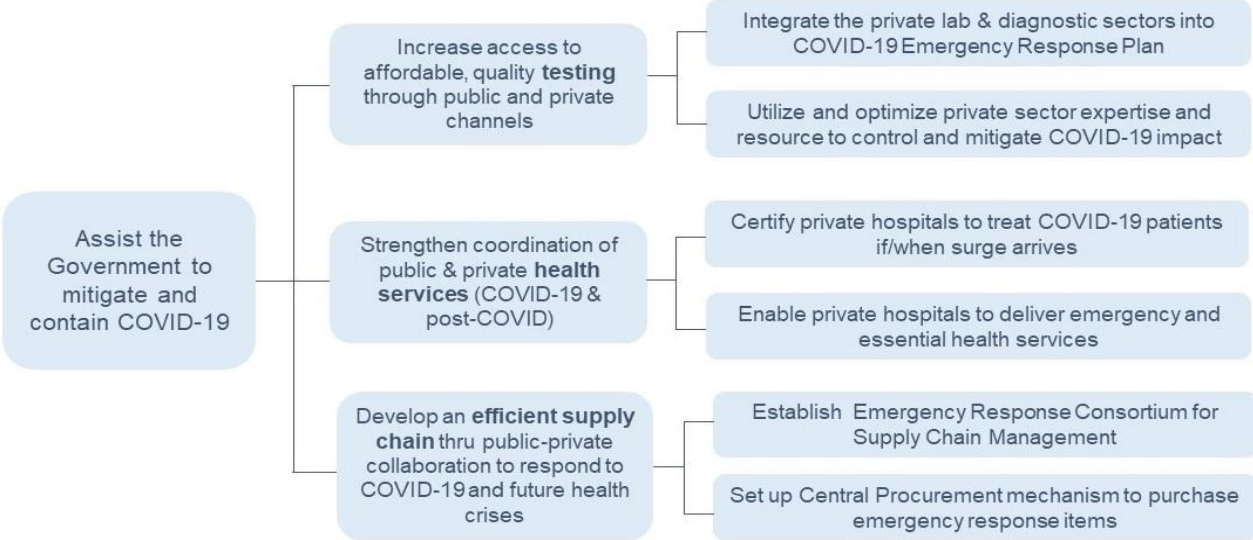
As a first step, a rapid inventory of private providers’ landscape, focused on key representative actors across the 3 areas of focus, labs, hospitals and supply chain actors, revealed several opportunities for the Government to harness private sector capacity to complement the national COVID-19 response:

- 1. Infrastructure** – Private health facilities – specifically hospitals - have adequate resources and capacity; their infrastructure can be repurposed for both COVID-19 and non-COVID services
- 2. Human Resources** – Key private sector facilities – hospitals and laboratories – have qualified healthcare staff with experience and expertise that can be trained in COVID-19 related tasks to augment and/or provide relief for public sector staff
- 3. Supplies** – Private sector operated equipment needed for COVID-19 if public system is stressed due to surge and can quickly mobilize additional supplies as needed

The inventory highlighted several challenges such as (i) the fact that private health facilities are concentrated in the 2 large urban areas of Yangon and Mandalay; (ii) current regulations do not allow private hospitals and labs to test or treat COVID-19 patients; (iii) disruptions in global logistics and supplies highlight significant challenges for supply chain actors in Myanmar and despite commitment from both government and private sector actors to tackle COVID-19; (iv) there are no clear discussions on cost sharing or contracting to reimburse private sector provider, and (v) the National emergency plan mentions the importance of engaging all stakeholders but does not explicitly mention how to engage the private health sector. During the planning process, all the 3 pillars (laboratory testing, clinical management and supply chain management) taskforces conducted a series of workshops and discussions to better understand private sector capacities, develop a strategic framework with associated activities, and

defined expected outcomes to partner with the private sector to expand and complement COVID-19 emergency response.

Diagrammatic overview of the PPP Action Plan:



A.2. GFF Private Sector Support in Fragile and Conflict-Afflicted States

MYANMAR PRIVATE SECTOR ENGAGEMENT POST-MILITARY TAKEOVER: In Myanmar, the engagement with private sector in 2019-2020 became even more important in light of the February 2021 military takeover. As the country grappled simultaneously with COVID-19 and the political turmoil, massive reductions in EHS coverage were seen, for example with routine immunization dropping to 30% in 2021 from 80% in 2020 (UN and WB data). WHO’s survey on access to health in July and August 2021 revealed that, among those who sought care from a formal health facility, 70% went to private facilities (58% of rural respondents and 81% of urban respondents).¹ Moreover, similar number was observed in another survey conducted in May 2022 commissioned by the World Bank and WHO. More than three quarters (76%) of respondents interviewed went to a private facility (69% of urban and 91% of rural respondents)¹. A multi-stakeholder approach that included the private health sector was urgently needed to reclaim gains made among the most vulnerable population groups in Myanmar. As the WB lending operations were placed on hold in light of the military government, the GFF and WB provided analytical support to development partners who initiated contracts with private sector for essential service delivery. This enabled the data, partnerships and dialogue on private sector established by GFF and WB pre-coup to become foundational for partners such as ACCESS Health to design and implement contracts with private providers to urgently bolster the health delivery system, responding to the fact that most women and children were seeking care in the private sector.

APPENDIX B. GFF PRIVATE SECTOR EVOLUTION: CÔTE D'IVOIRE

In Côte d'Ivoire, a series of foundational GFF- and World Bank-supported public-private activities over time has led to private sector engagement and a mixed health systems approach emerging as a priority for the Ministry of Health's (MoH) long-term health sector strategy:

- The initial private sector engagement support in 2020 integrated public-private dialogue and private sector representatives into the country platform investment case (IC)
- A second activity was then identified by the government and private sector, around conducting a rapid private sector assessment to define opportunities and challenges for private sector to contribute to the IC
- Based on this process, the entry point for private sector to improve RMNCAH-N outcomes was identified as opening up the performance-based contracting project in development by the government (with support from World Bank, GFF and partners) to include private providers for the first time
- This then led to discussion by World Bank and GFF with the MoH on the prerequisites needed to prepare for contracting with the private sector. Specific systemic gaps were identified, related to data for decision making on private sector, appropriate regulation and governance, and scaled-up support to MoH to address these gaps, as shown in figure B.1.

Figure B.1. Activities Conducted to Identify System Gaps in Private Sector Engagement in Côte d'Ivoire



- In 2022, the MoH set a bold vision for **integrated health system reform**, where public and private sector can complement each other's capacity and capabilities in **networks** to support improving overall population health
- The MoH then requested the Bank and GFF's support to help expand access to care in two ways:
 - Increasing delivery capacity of overall system (public and private)
 - Ensuring removal of financial barriers to access, especially for the poor and underserved, along with focusing on quality and regulation by strengthening governance oversight of private sector alongside public sector facilities.
- To achieve this vision, the GFF and the World Bank have expanded their earlier support on several activities related to private sector through a package of technical assistance and World

Bank-GFF co-financed project of US\$200 million International Development Association (IDA) funding combined with a US\$25 million GFF grant:

- GFF Trust Fund-supported technical assistance (TA) to the government of Côte d'Ivoire to strategically identify appropriate private sector providers who can complement public sector capacity in public-private networks, with a focus on equity and inclusion in strategic purchasing and social insurance (CMU) programs; increase availability and quality of radiology and laboratory services through an integrated public-private-partnership (PPP) based on a hub-and-spoke model, using teleradiology and laboratory information systems to increase access to services in the "silent zones." The PPP activities will be conducted in close partnership with International Finance Corporation (IFC) and the World Bank, with a focus on equity.
 - A comprehensive package of TA to the MoH to establish strong governance functions related to data systems, quality of care, and standards for private facilities, and to complement the strategic purchasing and insurance reforms being implemented through the CMU (national social insurance) and performance-based financing programs.
- Alongside this WB-GFF support, there is additional TA and financing support provided through the GFF-IFC partnership, as discussed in box B.1

Box B.1. GFF-World Bank-IFC Collaboration on Public-Private Partnerships in Côte d'Ivoire

The GFF grant support will enable the PPP design to specifically assess and propose ways to ensure the diagnostic services can be accessed by the poor and those in areas without adequate coverage in existing facilities (e.g., outside Abidjan). This has a geographical targeting and an affordability aspect for equity; the study is also expected to define how the Bank project can use IDA/GFF co-financing for targeted concessionality within the PPP model (e.g., covering cost of essential diagnostic services for poor patients, linkage of PPP with the health insurance purchasing function, cross-subsidy model between higher-resource Abidjan region and lower resource Abengourou, etc.). This ensures that the PPP study addresses not only supply-side infrastructure constraints, but also reduces existing demand side barriers for beneficiaries who are poor women and children. The use of private sector capacity in this way to complement the public sector allows strategic deployment of all available health system resources

APPENDIX C. GFF PRIVATE SECTOR EXAMPLE: MOZAMBIQUE SUPPLY CHAIN

Mozambique became a Global Financing Facility (GFF) partner country in 2015 and developed an investment case (IC) to prioritize and accelerate efforts to implement the country's health sector strategic plan, Plano Estratégico do Sector da Saúde (PESS) in 2016. To add focus on supply chain strengthening, a disbursement linked indicator (DLI #12) was added for health facility product availability.

The Central de Medicamentos e Artigos Médicos (CMAM) is the national procurement and supply chain management organization for health products and technologies in Mozambique. In April 2018, at a Dakar workshop on using markets to achieve public sector health objectives, CMAM asked the GFF for support on outsourcing last-mile distribution.

Mozambique has had historic challenges with drug distribution, culminating in the strategic plan, Plano Estratégico de Logística Farmacêutica (PELF), in 2013, which aligned CMAM, donors and implementing partners around key distribution concepts:

- Centralizing operations—As the “Comando Unico,” CMAM would assume management control over distribution country-wide
- Reducing the tiers of the supply chain: Removing District warehouses in favor of Intermediate Warehouses (IW's)
- Outsourcing distribution where possible, recognizing this was not a core competency to be developed within CMAM

Despite the alignment around strategic principles, implementing the above reforms proceeded slowly, in large part because it was not possible to predict what the changes listed above would imply for CMAM's operating budget. A project was developed to recommend how to simplify the supply chain and to estimate a budget for outsourced private sector distribution.

The GFF agreed to support CMAM through its recently created supply chain partnership (PSISC, or Private Sector Innovation for more effective Supply Chains) with the Bill & Melinda Gates Foundation, Merck for Mothers, and the UPS Foundation. The project was led by CMAM in collaboration with the PSISC partnership and specialists from Africa Resource Centre, VillageReach and Project Last Mile.

The project started by engaging the private sector in Mozambique to validate capability and willingness to partner with a public sector customer. While the investigation revealed that both existed, the top concern noted was the government's ability to pay consistently, which would need to be assured if the public sector could invest in providing the service.

The team then investigated the optimum location for warehouses to serve the demand, estimated to grow by 63 percent over ten years (2020 to 2030). Starting with an initial baseline network of 162 separate sites, the team narrowed down the recommendation to only 35 sites. This simplification would reduce road mileage, infrastructure costs, and make contracting for services from the private sector more feasible.

In financial terms, expected savings totaled up to 50 percent over ten years, although investment would be required up front to rationalize the warehouse network (see figure C.1).

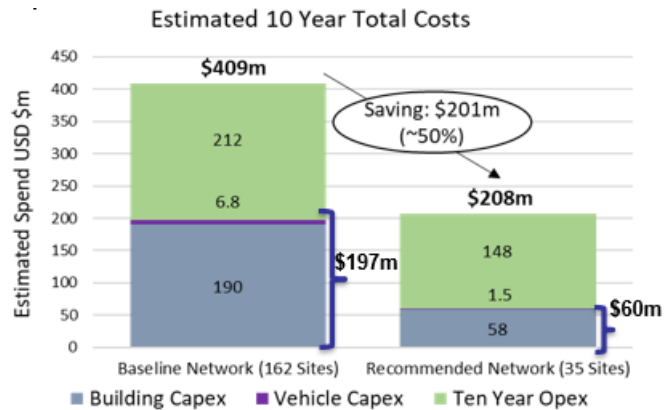
Figure C.1. Capital Expenditure Investments Required for 35 Warehouse Sites, in U.S. Dollars

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\$41m: Renovation of the selected warehouses where needed
- 

\$17m: Expansion at the selected sites to handle increased demand
- 

\$1.5m: CMAM Operated Vehicles for Emergency Delivery and Supervision



CAPEX is funding to purchase new assets or materials and improve transport infrastructure
 OPEX is recurring funding to support operational expenses, e.g. Salaries, Maintenance, Fuel etc.

Source: Global Financing Facility.

Following the project, CMAM incorporated the recommended changes and budget request into their planning. In parallel, the United States Agency for International Development (USAID) scaled up a pilot of privately procured distribution services including some funding for technical assistance to upskill CMAM in managing outsourced providers.

The need still exists to secure funding that would accelerate implementation of the new warehouse network and additional TA to build contract management skills. Nevertheless, clarifying the costs of the strategy has helped the government to begin the implementation of the CMAM’s new mandate, with “Comando Unico” now promulgated in the government gazette, while work continues on the details of how CMAM will take on new responsibilities.