Civil Society Principles for Private Sector Engagement in Global Health

Background

Healthcare is a human right and a public good, and the importance of health and Universal Health Coverage are captured in the SDGs, particularly in SGD3. Health is also recognised as key to the attainment of other SDGs, for example inclusive economic growth.

Over the last couple of decades there has been a substantial increase in the amount of Overseas Development Assistance (ODA) being channelled to the private sector to support the delivery of global development goals[1]. The World Bank has heavily promoted its 'Maximizing Finance for Development' approach[2], putting forward the argument that public money is insufficient to reach the SDGs and therefore donors need to leverage additional resources from the private sector. In global health specifically, bilateral donors and international financial institutions (IFIs) are putting pressure on low-income countries to privatize or facilitate access to private actors in their health systems[3].

There has also been an escalation in investment in private health facilities via Development Finance Institutions (DFIs) such as the UK's British International Investment (formerly the CDC group[4]), fuelled by the construction of a narrative positioning the private sector as the only solution to key global health financing and delivery challenges. Additionally, key global health actors, such as the World Health Organisation and the Global Fund to Fights AIDS, Tuberculosis and Malaria, are increasingly focused on engaging private actors and broadening the scope of that engagement[5] across the board, whilst at the same time encouraging private sector partnerships in specific sectors, such as with technology companies to increase the uptake of digital technologies in health services

Civil society organisations have identified several risks and challenges associated with this agenda, including: the lack of safeguards on the use of public resources and the diversion of public resources; insufficient focus results and outcomes for the most marginalised; insufficient focus on people-centred approaches, human rights and the right to health; a skewed focus on more lucrative types of health services; increased health inequalities; lack of evidence base; poor transparency; and limited accountability. There is a growing body of evidence to suggest that the increased engagement of the private sector in global health is leading to actions that do more harm than good, including undermining public health systems and negatively impacting the most marginalised and vulnerable populations[6]. For companies that have increased their finances, data and digital assets, they have

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[1] Eurodad, Time for Action - how private sector Instruments are undermining aid budgets, February 2021: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/2008/attachments/original/1614167045/time-for-action-draft-FINAL.pdf?1614167045

[2] The World Bank: https://www.worldbank.org/en/about/partners/maximizing-finance-for-development

[3] Eurodad, Repeat Prescription, the Impact of the World Bank's Private Sector diagnostic Tools on Developing Countries, March 2020: https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/539/attachments/original/1590694824/Repeat_Prescription.pdf?1590694824

[4] Global Justice Now, Healthcare for All? How UK aid undermines universal public healthcare, January 2021: https://www.globaljustice.org.uk/sites/default/files/files/resources/gjn_-_healthcare_for_all_-_2021.pdf

[5] The World Health Organisation, Strategy Report: Engaging the private health service delivery sector through governance in mixed health systems, December 2020: https://www.who.int/publications/i/item/strategy-report-engaging-the-private-health-service-delivery-sector-through-governance-in-mixed-health-systems

[6] Global Justice Now, Healthcare for All? How UK aid undermines universal public healthcare, January 2021: https://www.globaljustice.org.uk/sites/default/files/files/resources/gjn_-_healthcare_for_all_-_2021.pdf

also rapidly gained political power and leverage, enabling some private sector representatives to lead governance discussions and influence policy.

Despite these growing concerns, the role of institutions such as DFIs have gained increased prominence, and the promotion of Public-Private Partnerships (PPPs) to increase the involvement of the private sector in health continues[7]. In response to this trend and to highlight some of civil society's most pressing concerns we have developed a set of principles to address the escalation of investment of development finance in private health facilities by donors and global development institutions, and the narrative that supports an ever-expanding role for private actors to engage in global health.

Definition of the Private Sector

The private sector are those organisations that engage in profit-seeking activities and have a majority private ownership (i.e. they are not owned or operated by a government). The term includes financial institutions and intermediaries, multinational companies, micro, small and medium-sized enterprises. The term excludes actors with a non-profit focus, such as civil society organisations.

The World Health Organisation, the World Bank and other global agencies use a wider definition of the private sector that is aligned with its "non-state actor" definition[8]. This definition is problematic as it does not differentiate between diverse actors such as for- profit (commercial) private sector, non-profit NGOs/CSOs, faith-based/mission health services and charitable private foundations. The definition of what entities are included in the term 'private sector' is of critical importance. When a much broader definition is used, the role of the for-profit private sector and the type of care it provides in different country contexts can be overestimated, and thus may distort the assumptions about the current and potential future role of the private sector. Additionally the incentives of the different types of operators can have an important impact on how they operate, and therefore they need different policy interventions. Using a broader definition of the private sector makes this challenging. The consideration of all private actors in one single category removes much of the nuance that a discussion around private sector engagement in global health must have.

Definition of Private Sector Engagement in Global Health

Private Sector Engagement (PSE) in Global Health is broad and wide ranging and includes not only the provision of care, but also several modalities such as finance, technology, policy dialogue, capacity development, technical assistance and research. It is an activity that seeks to engage the private sector for development results and involves the active participation of the private sector. The primary aim is to leverage assets from the private sector to achieve global health objectives, while at the same time ensuring a financial return for the private sector.

Examples of aid funded private sector engagement in global health

- Donors funding via multilateral agencies to support the building of private healthcare

[7] Eurodad, Why Public-Private Partnerships are still not delivering, December 2020, https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/1912/attachments/original/1607952619/PPPs_EN.pdf?1607952619

8 https://www.who.int/about/partnerships/non-state-actors

facilities, PPPs and the expansion of multinational healthcare companies
- Donors investing in private, fee paying hospitals, through Development Finance Institutions
- Donors channelling aid through private contractors to facilitate PPPs and subsidising PPPs to reduce any risks for private investors
- Donors channelling aid through Product Development Partnerships (PDPs) to advance Research & Development
- Donors funding programmes which develop other forms of privatisation, such as franchising for maternal healthcare.
- Donors funding and encouraging the integration of privately owned digital technologies, such as surveillance tools, data systems and social media platforms, into public healthcare services

Scope and purpose of the principles

The principles for private sector engagement in global health set out below are not attempting to address all of the ways that the private sector operates in healthcare, but rather where aid is used to fund for profit private sector actors to contribute to global health goals, and where there is partnership or engagement between public and private actors to achieve specific health goals and advance the Universal Health Coverage (UHC) agenda.

These principles speak to the specific areas of concern identified by civil society, where private sector investments and interventions in global health pose significant risks, and outline the considerations donors and key global health actors must use to inform their strategies for engaging the private sector to support the delivery of global health goals. Each principle also includes a recommendation for donors and global health actors.

<u>Principles for Private Sector Engagement in Global Health must:</u>

1. **Not undermine public healthcare provision**
2. **Be driven by patient centred needs and social accountability for health rather than commercial interests**
3. **Have a demonstrated public health impact, be evidence based and adhere to the principle of equitable access to services**
4. **Have strong transparency and accountability mechanisms in place in line with the principles of aid effectiveness.**
5. **Support and promote human rights, workers' rights, the rights of women and girls and all marginalised groups.**
6. **Not be used to promote private sector investment in health in countries where there is not effective regulation of the private health sector.**

1. **Aid funded private sector engagement in global health must not undermine public healthcare provision.**

   Evidence shows us that the countries that have made significant progress towards UHC in all its dimensions, have moved towards a health system that relies predominantly on public funding from compulsory funding sources and effective pooling of resources for

redistribution[9]. Whereas, increased private health expenditure is negatively correlated to health outcomes and undermines public health provision by diverting scarce resources[10]. In this context, undermining can be defined as draining resources that may be utilised by a public health system for the same purpose. The push for increased investment into private healthcare has therefore undermined the ability of countries to prepare for and respond to pandemics like Covid-19. Many private providers failed to participate in the COVID-19 response and this has demonstrated how an excessive privatisation of healthcare can undermine the responsiveness of healthcare systems to health crises[11]. Given this evidence and the unique role and purpose of aid, it is vital that aid is used to fund the expansion of free, high quality healthcare so that those who need it most can access it and support the delivery of national public health priorities. Bilateral aid for private sector engagement in health also often goes to private actors in the donor country over local private and civil society actors. For example, from 2017-2019, 95-96% of the UK Government's health ODA to the private sector was channelled to private actors in the donor country[12]. To support efforts to advance aid effectiveness and localisation, if health ODA is given to the private sector, donors must actively consider funding local actors based in the low or middle income country where the project is operating.

Recommendation: Donors and global health actors must prioritise using aid to support governments in LMICs to expand publicly provided healthcare and achieving Universal Health Coverage that is freely accessible to all.

2. **Aid-funded private sector engagement in health must be driven by social accountability for health rather than commercial interests.**

Commercial gain as a driver of participation is a huge challenge when it comes to engaging with the private sector. The for profit industry is ultimately profit driven, profit is the overriding objective and end goal. Too often, due to an imbalance of power and influence, partnerships with commercial partners leaves open the risk that they will be shaped to ensure or use services that have been designed to prioritise commercial return over and above public interest or a people-centred approach. In many countries, the expansion of private, for-profit healthcare to serve commercial interests means that the poorest and most marginalised who cannot afford to access these unaffordable private services are excluded. Meanwhile, increasing investments in the digitalisation of health through predominantly private sector partnerships and services risks putting increased data assets over patient-centred needs, and means that those with no or limited internet access cannot access services. There is a plethora of evidence that demonstrates that too often aid that has been invested into private healthcare has a highly questionable development impact,

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[9] Robert Yates, 'In the COVID-19 Era, Healthcare Should be Universal and Free', 11 May 2020: https://www.chathamhouse.org/2020/05/covid-19- era-healthcare-should-be-universal-and-free

[10] Oxfam, Blind Optimism: Challenging the myths about private health care in poor countries 2009: https://www.oxfam.org/en/research/blind-optimism

11 Goodman, P.S., Pianigiani, G., 2020. Why Covid Caused Such Suffering in Italy's Wealthiest Region. The New York Times: https://www.nytimes.com/2020/11/19/business/lombardy-italy-coronavirus-doctors.html; David Williams, O., Yung, K. C., & Grépin, K. A. (2021). The failure of private health services: COVID-19 induced crises in low-and middle-income country (LMIC) health systems; https://hsgovcollab.org/system/files/2020-11/Briefing%20The%20impact%20of%20COVID19%20on%20the%20private%20health%20sector_0.pdf

12 https://actionforglobalhealth.org.uk/the-uk-and-global-health/stocktake-review/

does not expand access to those who need it, and in many cases exacerbate inequalities[13]. Aid must not be used to promote any form of private sector engagement that excludes those unable to pay to access the services, and commercial interests must never be put above ensuring equitable access. All ODA-funded projects must be able to demonstrate that they don't exclude patients due to financial barriers.

Recommendation: Donors and global health actors must stop investing in the expansion of private for profit healthcare facilities and services where profit is prioritised over equitable access. Instead, donors and global health actors must dedicate resources to building public goods and capacity in national and global contexts, with a priority for strengthening public services for health.

3. **Aid funded private sector engagement in global health must have a demonstrable public health impact, be evidence based and adhere to the principle of equitable access to services.**

Donor funded private sector investment in global health must meet the same standards as all ODA funded initiatives and development cooperation modalities. This means that these types of private sector partnerships must do more than 'do no harm,' they must 'do good' and advance human rights and access to care, otherwise aid is being used unnecessarily to subsidise the private sector. Any investment of aid into a private sector programme, facility, or service must be able to evidence that it will support global health goals and that it is the most effective way of doing so. When it comes to investments into private healthcare, it is not clear that this is the case. For example, the UK's DFI CDC Group will argue that the main aim of its health investments is not to actually expand access to healthcare but to increase jobs[14], with an assumption that this will translate to improved development and health outcomes. Providing a 'route' to impact or seeking an impact on the market, with an assumption that this will somehow have a positive development impact, does not adequately demonstrate that these investments are helping to achieve SDG3 targets. Investments into health must make tangible contributions to SDG3 targets and national public health priorities, and these contributions must be clearly evidenced. Donor funded investments into PDPs to advance research and development into health technologies present opportunities to drive innovation and equitable access, particularly for disease areas that the profit-driven pharmaceutical industry neglect. However there are several examples of health technologies, produced with PDP funding, that have still been unaffordable when brought to market.

Recommendation: Donors must stop investing in private health initiatives and services that are unable to clearly evidence that they contribute to global health goals.

Recommendation: It is imperative that affordability and access are explicit objectives within PDPs. Donors must ensure the public benefits from publicly financed research and

[13] Global Justice Now, Healthcare for All? How UK aid undermines universal public healthcare, January 2021: https://www.globaljustice.org.uk/sites/default/files/files/resources/gjn_-_healthcare_for_all_-_2021.pdf
[14] Global Justice Now, Healthcare for All? How UK aid undermines universal public healthcare, January 2021: https://www.globaljustice.org.uk/sites/default/files/files/resources/gjn_-_healthcare_for_all_-_2021.pdf

development through attaching public interest conditions on any aid funding given to PDPs or to the private sector in support of biomedical R&D.

4. **Aid funded private sector engagement in global health must have strong transparency and accountability mechanisms in place in line with the principles of aid effectiveness.[15]**

Aid is public funding and donors have a responsibility to both demonstrate the impact of this public funding and to publish the details of that impact. Often when the private sector is engaged in a development initiative, much of the agreement is not is published owing to commercial confidentiality[16]. There are numerous examples of how Public Private Partnership (PPPs) contracts are locked away from public scrutiny and democratic accountability despite the huge fiscal implications for nations, where commercial interests have driven costs up at the expense of the public purse[17]. This lack of transparency and public scrutiny increases the risks of weak policies and corrupt behaviour. It also limits the opportunity for independent evaluations of outcomes and thus the opportunities to build evidence and improve efficiency over time. Additionally, in many of the countries in which existing PPPs and multi-stakeholder partnerships exist, there is an absence of effective regulation of the private sector to ensure private actors do no harm. This undermines both ownership, sustainability of results and accountability. If aid is being used to subsidize the private sector, there must be clear roles and responsibilities for data collection, information disclosure, communication of results and independent evaluation, as well as a framework in place for measuring results. There is often a significant lack of transparency within the pharmaceutical industry around clinical trial results, R&D costs and the pricing of medical devices. When aid funding is used to support private sector biomedical Research & Development or pharmaceutical manufacturing, to expand open science and access, donors must take steps to enforce transparent practises.

Recommendation: Donors must stop investing in and partnering with private actors where there are no clear transparency and public accountability mechanisms in place.

5. **Aid funded private sector engagement in global health must support and promote human rights and workers' rights**

Any investment of aid must advance the right to the highest attainable standard of physical and mental health, including universal access to high-quality healthcare services without discrimination. Aid funding for health must also not support interventions that breach human rights, including the right to equity, privacy, dignity and to live free from stigma and discrimination. A lack of consideration to a rights based approach means that important human rights tools, such as human rights impact assessments or the obligation to protect through monitoring, regulation and remedies, are not prioritised. Aid must not be used to invest in companies that undermine human and workers' rights. Funders must actively

[15] Aid and development effectiveness principles; promoting country leadership and democratic ownership, demonstrating development results, establishing strong transparency and accountability mechanisms.

[16] Eurodad, Why Public-Private Partnerships are still not delivering, December 2020, https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/1912/attachments/original/1607952619/PPPs_EN.pdf?1607952619

[17] Eurodad Briefing Paper, October 2019, Public Private Partnerships and Universal healthcare in Latin America- at what cost? :https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/524/attachments/original/1591802662/public-private-partnerships-and-universal-health-care-in-latin-america-at-what-cost-.pdf?1591802662

engage investees on their Environmental and Social Impact and develop Action Plans, including the option of divestment, when obligations are breached. They must also make it clear how patients, workers and civil society in recipient countries can draw attention to problems and access complaint and legal mechanisms to hold bodies accountable for their use of public funds. DFIs and aid agencies must conduct and publish analyses on the rights and wages offered by potential new investees and must resist investing if these are not up to adequate standard. DFIs and aid agencies must also ensure meaningful consultation and offer governance opportunities to civil society and community organisations.

Recommendation: Establish clear engagement, consultation and complaints processes, ensuring that the public in affected communities are aware and have a say in any DFI / IFI funding for particular institutions.

Recommendation: Donors must build in a rights-based approach to any agreement with the private sector to ensure that interventions do not breach human rights, including the right to equity, privacy, dignity and to live free from stigma and discrimination

6. **Aid funded private sector engagement in global health must not be used to promote private sector investment in health in countries where there is not effective regulation of the private health sector.**

Private sector provision of healthcare is considerable across different regions and socioeconomic groups, and most countries have mixed (public and private) health systems. Given this context, and the fact that the private sector accounts for up to half of healthcare delivery in certain countries[18] (this is based on WHO's broader definition of the private sector), some global actors argue that the role of the private sector in health must therefore be encouraged and promoted, in particular in low and middle income countries (LMICs). This argument however, does not take into account the many challenges associated with private sector market based models in unregulated contexts where financial incentives are prioritised over public health, leading to skewed focus on profitable services, over servicing,over-charging of care as well as over-gathering of data and poor data management. Aid must not be used to promote or encourage a greater role of for-profit actors in countries where there is very limited regulation of private healthcare (especially in fragile states).

Recommendation: Donors must use aid to support governments to strengthen their capacities to regulate the private sector.

Recommendation: Donors must identify and support governments to remedy weaknesses in the governance or regulation of the private sector or the services they seek to provide, especially where there are potential risks to human rights.

18 WHO Private Sector Landscape in Mixed Health Systems, 2020:
file:///Users/STOPAIDS/Downloads/Private-sector-landscape-in-mixed-health-systemsc23a2a3a-dc7a-4ef2-8c11-09d74fdb606e%20(3).pdf