

PLENARY 3 – TECHNICAL BRIEF

Can governments and donors successfully and sustainably leverage financing flows from the private sector to achieve health and development goals?

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The majority of financing for country efforts to reduce morbidity and mortality and promote health and well-being will come from domestic public resources. However, given stagnating international assistance from donors, investments in health from the private sector – including domestic private activity and private international capital flows – will be increasingly vital to complement domestic resource mobilization and help set countries on their journey to self-reliance.

The private sector is playing a bigger role in the economic development of most low- and middle-income countries (LMICs). In the context of health, this new development finance landscape presents an opportunity for country governments and donors to think strategically about how to (i) create an enabling environment to encourage sustainable private sector investment in health with a focus on equitable health outcomes for those most in need of services and (ii) support development of financial instruments that can effectively draw in impact-oriented private investors at the scale required to bridge funding gaps for UHC.

For this plenary session, high-level panelists from country governments, the private sector, and development partners will discuss what can be learned from the health and non-health sectors in order to:

- understand how governments and donors can catalyze sustainable investment of private capital in the health sector with a focus on equitable health outcomes for those most in need of services;
- discuss the tradeoffs associated with a strong regulatory and policy environment for incentivizing sustainable investment of private capital; and
- understand some of the barriers to increasing private sector investment in health, especially related to the lack of evidence for the effectiveness, sustainability, and impact of such investments.

Key message 1

As stewards of the health sector, governments play a strong role in creating a policy environment -- especially via regulation -- that can foster or deter private investment. Donors are often called upon to provide technical assistance to governments in the development of such policies in addition to providing catalytic capital to mobilize private investment. Regulation of the private sector by governments can help to ensure that private sector investment fosters sustainability, equity, accountability, and transparency. However, over regulation can also deter investment. Panelists will discuss the following questions:

- In what ways can governments and donors catalyze sustainable investment of private capital for health from either domestic or international sources, with a focus on equitable health outcomes for those most in need of services?
- What are the tradeoffs between having a strong regulatory environment and incentivizing sustainable investment of private capital?

Panelists will also be asked to discuss their thoughts on the ongoing debate about the role of the private sector and private sector resources in helping countries achieve health and development objectives like universal health coverage.

Key message 2

Little evidence exists on the effectiveness and sustainability of private capital investment in the health sector in LMICs. Similarly, there is a lack of data on the impact of such investments, which stems in part from the nascency of the market and from different approaches to defining and measuring success and impact. Panelists will discuss the following questions:

- What is needed to help overcome the current evidence gap and encourage greater support of private sector investment by governments and donors, or increased investment in health by the private sector?
- What lessons can be learned from non-health sectors where there has been significant private sector investment?
- How can impact be defined so that the sometimes disparate needs of the private sector and country governments can be met?

In closing, panelists will be asked to address the following forward-looking questions:

- Looking ahead, what would each of you need to see from the public or private sector, to resolve some of the issues discussed above and help mobilize additional resources for health?
- As we move into the breakout sessions that dive deeper into specific innovative financing instruments (development impact bonds and value-based care) and topics related to private investment in health

(tradeoffs between financial return and development impact), what should be kept in mind for the rest of the conversation? In the future?