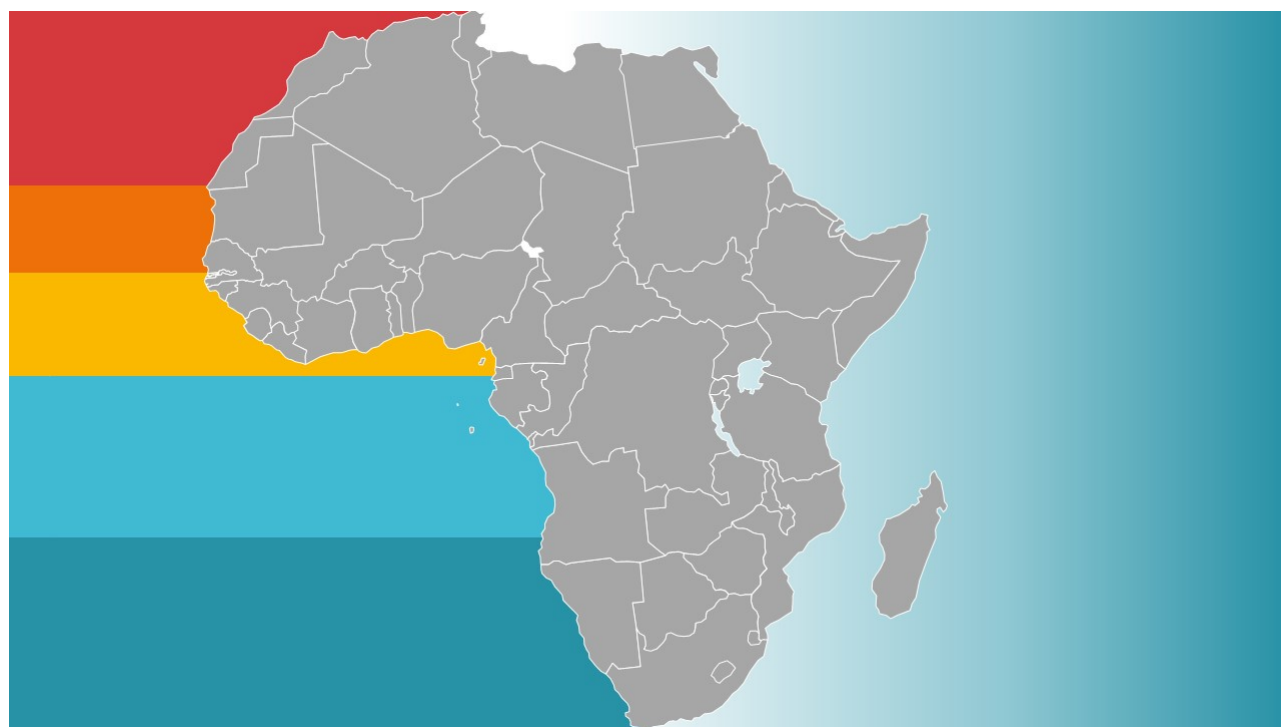




Wilton Park



Report

Private capital to achieve public health goals in Africa

Wiston House, Monday 20 – Wednesday 22 June 2022 |
WP3020

In partnership with:





Report

Private capital to achieve public health goals in Africa

In person dialogue at Wiston House, UK.

Monday 20 – Wednesday 22 June 2022 |

Wilton Park, in partnership with the Global Business Coalition for Health (GBCHealth), Malaria No More, the Health Finance Coalition (HFC) and Amref Health Africa developed a four-part series of interactive dialogues that aimed to mobilize private capital and private enterprise to help achieve and accelerate public health goals for Africa. This report documents discussions from the final meeting, which took place in person at Wilton Park.

Goals and Objectives

- Explore future visions for health in Africa and what is needed to close the financing gap and accelerate the attainment of public health goals.
- Consider what is needed to foster sustainable investments in health in Africa and the opportunities to achieve this.
- Identify how to address some of the major challenges around deal flow and opportunities for delivering a sustainable pipeline of investable healthcare innovations.
- Explore how to build an enabling ecosystem which fosters and invests in innovation within the public and private sectors.
- Explore the realities of delivering the forms of change proposed and identify actions that different stakeholders can take to move this agenda forward.

Key points

- Sub-Saharan Africa is home to 16% of the world's population and 23% of the global disease burden yet mobilises only 1% of total health spending. Incremental change will not be enough to bridge the gap and accelerate the attainment of Africa's health goals. To take the most impactful and transformative health innovations to scale, new approaches to funding and partnership are needed.
- The experience of responding fast to the COVID-19 pandemic in Africa, with a blend of government, finance and private sector partnerships, has made it possible to imagine a different model for how governments and the private sector can shape health care together.
- Taking an eco-system approach will help fulfil the potential of the full range of health financing opportunities across Africa. This means understanding the entire health financing landscape and the roles, responsibilities and motivations of different actors, and facilitating strategic partnerships across nations and the region.

"Let's do something more, something measurable and something that will make a difference to people's lives."

“Up until the millennium, 1.1 billion Africans did not have access to phones, but 20 years later they do. Why can't we have malaria drugs in the same way?”

“We are not leading the solutions to our problems. We must be honest enough to say there is no solution coming from elsewhere.”

“The health space must be a space for entrepreneurs, not just doctors.”

- Health remains a government responsibility; the government can play a strong role to create enabling environments and strategic, policy and legal frameworks that enable the private sector to contribute meaningfully to develop and sustain different facets of health care.
- Move away from a dominant narrative that says there are ‘no deals’ in health care in Africa. There are deals, but these do not happen automatically and need support to be made.
- The space between start-up and feasible business is a critical part of the pipeline of health care innovations. African entrepreneurs require significant support to engage with investors, the government, and other partners, and to develop their businesses strategically and practically.
- The concept and practice of ‘venture building’ holds great potential. This means expanding actions and support beyond finance to include a focus on real strategic partnerships and networks across governments and institutions. It means building capacity for a range of actors to stimulate more effective financing of the health sector.
- The [Academy for Health Entrepreneurs Africa](#) is a new initiative to drive innovation and growth in key health care markets. The Academy will provide a series of master classes to competitively selected health entrepreneurs with the ambition, ideas, talent, and commitment to establish thriving African health commodity production systems and supply chains.

A new vision for health financing in Africa

1. A new vision for health financing in Africa is urgently needed. Africa has 23% of the world's global disease burden (GBD) with only 1% of total health spending. Across Africa, most governments are poor, lacking fiscal space and ability to finance health care.
2. It is a unique time for Africa, but the current challenges that governments face are huge including dealing with the consequences of the COVID-19 pandemic, debts that are hard to impossible to service both nationally and internationally, significant currency devaluations, and a food and energy crisis. The funding of vertical health problems has led to fragmented health assistance and the establishment of parallel structures, to the detriment of African institutions that lack capacity to implement activities.
3. Africa has learnt lessons from COVID-19. The pandemic was met with an unprecedented global response, with 30 trillion dollars available to address the challenge. It demonstrated that when the world has the will, there is a way, and that the private sector invests when demand is concrete. The pandemic also made it possible for Africa to imagine a different model for how its governments and private sector can shape health care. Yet the global response also showed that despite commitments to support health financing in Africa, the promise of that funding (and vaccines) was not fully met. The message was clear: it is critical that Africa must find its own solutions.
4. Participants shared concerns that despite this message, Africa is not leading the solutions to its own health sector challenges. What are the obstacles that stop Africa from solving its own health problems? Why is a COVID-19 vaccine plant set up in South Africa, when COVID-19 is not the number one problem and malaria, HIV, and maternal mortality are far more significant? Change will happen when finance efforts focus on Africa's most pressing health problems and priorities.
5. A significant amount of private capital exists in Africa. A bold agenda for health financing with an entrepreneurial-led approach and clear, tangible and ambitious goals will help break the cycle of donor-driven, aid-dependent finance models. A long-term regional strategy, rather than individual national approaches, is required. Policy direction must be business sensible and attract the private sector to bring investments.

Lessons from the experience of responding to COVID-19, where Africa managed with little support from wealthy countries, can be applied.

6. New models such as the [capital stack](#), which positions private, return-seeking capital to co-invest alongside domestic and donor resources through private enterprise or public-private partnerships, offer opportunities to expand the amount and type of capital invested in health
7. What are the roles of different stakeholders? Health remains a government responsibility; governments can create enabling environments for the private sector to flourish, including through research and development. Governments must co-develop, with the private sector, strategic access to finance frameworks that link different facets of health care. Governance structures, policies and legislation are key to ensure sustainability. An innovation pipeline in which African PhD and masters' students build their research is one example of how Africa can find its own solutions to the real problems that the continent faces.

“We need to address the obstacle of fundamental and constant misunderstandings between the private sector and government.”

Laying the foundations to transform the health financing landscape in Africa

Case: Lagos State Ministry of Health

Lagos is a coastal mega-city, vulnerable to threats and shocks. A robust health system that can predict and respond to these shocks is vital. However, challenges exist. Lagos's health system is weak, and there is a brain drain of health workers who pass through Lagos on the way out of the country. The public health sector is also weak, and while the private sector is expanding, it is doing so in a disorganized manner with little synergy, harmonization, or regulation. The government has a responsibility for health, and needs to manage policies, guidelines, and regulatory frameworks for the private sector to engage - but this is challenging. Significant progress has been made but more needs to be done including, the State Ministry of Health building the confidence of the private sector in order to create sustainable partnerships.

“The government wants to be the public protector, with a strong regulatory framework, clinical governance, human resources and infrastructure. This will set the tone for the private sector to be a key player in the health sector.”

During COVID-19, the blending of government responsibility, finance, and private sector partnerships in aspects such as diagnosis, care, oxygen production and supply, and communication was very successful. The government understood that the private sector needed reassurance of revenue and fair market rates, and created a zero red tape environment, with swift payment of bills. It demonstrated that it was possible to work effectively together.

The State Ministry of Health is looking at creating new public private partnership scenarios engaging with all aspects of the health system. The private sector in Lagos is robust and accomplished, and the government must play a strong role in policy, regulation and guidelines, shifting the cost of delivering health care to a blended system. This is being supported by a strong health economic unit within the State Ministry, training 20 health economists per year.

Case: Partnership for Primary Care, Kenya

A successful public private partnership model, piloted in Kisumu County, Kenya in 2018 matches demand and supply to make primary health care (PHC) more efficient. The pilot *Partnership for Primary Care* is a partnership between AMREF and Phillips and was funded by Invest International.

This partnership arose to solve challenges around community supply-side funding and management. The community lacked knowledge of when and where to seek care. There was a lack of infrastructure, health workers and facilities providing quality services, which was hampered further by insufficient budgets. Solutions included increasing numbers of

community health workers to improve community knowledge of health services; expanding a national social health insurance scheme for long-term financing; and performance-based incentives in the management system. The pilot yielded promising results with a 15% increase in national insurance enrolment; over 48% increase in skilled-birth attendance; over 90% increase in service use; and 400% increase in health care revenue. The potential of this model to improve primary care is significant. A 12-year concessional agreement with the government of the Netherlands is pending, and the partnership hopes to expand the model national wide.

“We must move away from building health systems for the poor to building sustainable health systems and ensuring access for all. To do this the government needs to partners with the private sector.”

“It is important to shape a new narrative that healthcare contributes to economic development and to the national agenda.”

Key points from the plenary discussion

8. Do not be romantic about why the private sector invests in projects; businesses seek to get a return on their investment. . If they choose to risk capital, they need a minimum return.
9. It is important to move away from the narrative that there are ‘no deals’ in health care in Africa. There are health deals, but they do not happen automatically. Identifying the support needs to build these deals in critical.
10. Success is about three things (i) being able to articulate the need, (ii) calling out the opportunity, and (iii) demonstrating how the private sector will get a return on investment. The approach should start with the problem that needs to be addressed, followed by identifying the solution, then finding a way to sustainably finance its implementation.
11. More case studies are needed to demonstrate how and why companies invest in health care, to increase understandings about investment opportunities and risks in the health sector in Africa.
12. Governments need to create an enabling environment for the private sector to flourish. If they ask for companies to bring their own infrastructure, in addition to the investment (such as also building the road that leads to the health facility), they risk preventing investments and securing deals.
13. Banking and telecoms are sectors where private sector engagement is easier to secure. The health sector is more complicated and needs people who understand the unique context, challenges and opportunities to make investments a success.
14. There are good examples of NGOs and civil society providing expertise and guidance to the private sector, because they have direct links with both communities and governments. How can the expertise of NGOs be better harnessed to make investments stronger?
15. Any country serious about its development must invest in health. Investment in health yields serious economic benefits, but where the informal sector provides the majority of jobs in a country, it is not possible for those governments to collect the taxes that could be invested in health. It also makes it difficult to rely on public health insurance to fund the health system.
16. It is important to better measure and report health outcomes, as well as financial outcomes, to support sustainable financing for innovative health care models. Is it possible to bring revenue streams into one clear results-based system to show the private sector that it will get paid if there are results?
17. It is important to build a health system that has a common standard of care across public and private provision. Patients may be suspicious of both public and private sector health facilities; it is important to build greater trust in the quality of care being delivered (based on actual quality of care being provided).

Challenges include:

18. The cost of investing in Africa, and the cost of securing capital is higher than anywhere

else in the world. The risk premium is often viewed as higher and harder to recover from than elsewhere, yet much of the risk is perceived rather than real. How can investor perceptions on risk in the health sector in Africa be changed, and what will it take to achieve this?

19. How can African entrepreneurs learn from others' experiences? Where can they find meaningful support?

Deal flow: towards a pipeline of African healthcare innovations

20. Prospective investors often state there is no pipeline of African healthcare innovations. There is therefore a need to examine the space between start-up and feasible business. The "valley of death" mentioned by several participants describes the difficulty of moving from start-up to something more significant. Most early stage entrepreneurs need support to move from one side of the 'valley' to another.
21. Entrepreneurs in Africa may not be aware of the shift of emphasis from multilateral funding to the private sector, where the dynamics are different. Deciding whether to approach an international donor, a private investor or take part in a public private partnership is complex.
22. Entrepreneurs and young companies need help with a range of aspects from sharpening a vision for their companies' future, to understanding valuation, capital structures, deal pricing, and the right kind of pitch, as well as how to create compelling value statements, all of which are needed to make them investment-ready
23. Venture building is an important concept and practice that needs more attention and support. This means the pipeline should be expanded beyond talk of finance, to be focused on strategic partnerships and networks including governments and institutions. It means building the capacity of entrepreneurs, guiding them, and enabling them to grow.
24. It is important to look at what the market needs, then look for partners who can match that need, rather than waiting for entrepreneurs to initiate introductions. Governments play a major role in identifying the key problems and priorities and can help create enabling environments for entrepreneurs to find solutions. Governments also need to be investors, as this promotes harmonisation across governance and regulations. They need to be a buyer of services and products, as this allows companies to operate with confidence with some guarantee of return on their investment.
25. When businesses invest in a country or region, they invest in an eco-system. When eco-systems are well developed, risks can be managed; when the eco-system is weak, business risks are higher. Successful businesses also need to build up internal resilience to deal with risks.
26. Intermediaries can support the transition for start-ups and are especially important in weaker eco-systems. Integrated services are needed so that the entire eco-system develops and is strengthened, rather than only focusing on one company at a time.

Participants discussed specific areas of the pipeline in small groups and provided feedback of key points.

27. Early-stage investment opportunities
- Providing support for growth takes different shapes and forms.
 - A proper needs assessment and health economics analysis should always be conducted, especially to identify which solutions and businesses to support.
 - Governments and donors need to see themselves as buyers and customers, not only as custodians with tools to dictate and shape markets.
 - A difficult, but necessary, high-level discussion must take place on how to

"In 2021, only 10% of start-ups in Africa focused on health. How do we change this?"

"I am not sure the African space is enabling for these young start-ups."

"We need social capital, network capital, and partnership capital."

“It is important that we all come together - government, policy makers, and private sector – to understand each other’s challenges for the greater good.”

“Let’s not do bad deals with countries at the expense of profit.”

“We can’t expect people to pay for insurance if we can’t provide quality services.”

change the donor driven system.

- Venture building needs to offer practical support to start-ups and entrepreneurs. This should involve mentoring, strategic partnerships, government and financial leadership, and supporting effective business managers.
- Attracting business leadership from the diaspora would be an interesting model to explore.

28. Deal construction and technical assistance for entrepreneurs

- Entrepreneurs must be ready to come to the negotiation table with the basics: business planning, financial management and core elements of their business model in place.
- Entrepreneurs need to receive support with how to negotiate from a financial and strategic business model perspective. They need support to learn and understand the language that is used.
- All stakeholders need support to develop strategic partnerships, including how to negotiate and how to extend impact through operationalization.
- There is a need for connections to be introduced or strengthened with and between existing platforms and institutions according to markets and resources available.

29. Strengthening country and regional platforms and networks

- A shift of dynamics is needed among regional platforms and networks to define the major gaps in addressing public health goals. Platforms and networks play a key role in creating enabling environments and more, empowering actors to have challenging discussions to find and implement solutions.
- Incubators are needed from the top down (capacity building for investors and understanding the landscape) and the bottom up (to prepare entrepreneurs to access finance).
- Dedicated funding is needed to build platforms and networks for government and the private sector to engage meaningfully with clear and transparent processes.
- It is important to address geopolitical factors and regional blocks, exploring regional regulation and how investments can come to fruition.
- Difficult conversations with bi-lateral donors must be held, to ensure they do not crowd out local entrepreneurs and work to enhance the eco-system.
- A strong narrative around the problem and potential solutions is needed.
- Inter-country learning from cases and success stories will be beneficial for knowledge exchange.

Building an enabling ecosystem for public and private investment

Case: Zipline – working hand in hand with government for success

Zipline is a company transforming health care in Africa by designing, manufacturing, and operating the world’s largest automated delivery system of medical products. Working in partnership with seven African governments, its healthcare supply chain services guarantee 100% product availability 100% of the time. As a result, more doctors are coming into work and more patients are seeking care. In countries where Zipline operates, there has been a 30% increase in vaccination coverage and a 30% drop in rates of infectious diarrhoea.

Zipline created all the research and data, worked with governments to get sustainable finance and created an ecosystem around the initiative. One government has now created a public private partnership and its own system to sustain the approach, and another government has become an investor. Development donors have not been involved in establishing this model, and often operate supply chains in parallel with inferior performance.

Key points from the discussion

“Main donors are not demanding results, they are supporting the status quo.”

30. Across Africa, health care provision is split between public and private providers, but the lack of common avenues for collaboration makes it difficult for actors to work together.
31. Governments can play a strong role to build an enabling ecosystem for public and private investment, through favourable laws, policies and frameworks, regulation and monitoring, acting as a guarantor for financial services and as a purchaser of products. This assumes that government functions in an ideal world, but corruption lingers to some degree in all countries, and presents an ongoing challenge.
32. Investors must ensure that they bring value for money to a country's health system.
33. The role of the private sector in health insurance should be further explored but for private care providers to invest there needs to be a critical stable mass of people who are able to use the services. The call for universal health coverage is strong. Insurance needs to move to smarter purchasing models with provider accreditation systems. The inclusion of preventive and promotive packages would reduce costs.
34. Bilateral donors that want to support private sector solutions usually trial with a pilot but whether successful or not, pilots almost never go to scale and are usually not sustainable. Initiatives get seed funding and generate proof of concept, but there is typically no further funding to go to scale.
35. Donors need to change the way they allocate funding, channelling it differently so that it supports the government and private sector to do what they need to do. This is not a straightforward ask, since it requires a significant change in current funding models and approaches. A programme for development should pay for results not activities. Results-based financing on a common platform, so that investors know what they are contributing to, will help mobilise private capital in the sector.
36. The improvement of quality services is fundamental as without quality care, discussions around health insurance will go nowhere. Service quality needs to be assured for people to attend and access health services.

“Get the donors to see themselves as a catalyst of market change.”

The realities of delivering change: where next?

In the final session, participants considered some practical steps to take forward the ideas and recommendations emerging from the conversation, including what participants themselves can do and what will be required within the broader public health community.

“Understand the realities of the policy environment you are moving into, and ensure your proposals are purpose-built and suitable.”

37. Provide a framework and concrete steps for action with governments and other stakeholders to stimulate more effective financing of the health sector.
38. Support the development of greater numbers of strategic partnerships, which have clear roles and responsibilities for all stakeholders (private sector, government and civil society).
39. Support knowledge sharing on impactful models including documenting successes and failures in case studies to drive learning.
40. Build on experiences and lessons learned in digital health, which is an important and growing area in Africa.
41. Integrate learning about private sector finance and the role of government in university

“No time is better than now with the African free trade area coming in.”

courses, research programmes, and knowledge sharing platforms.

42. Encourage universities across the world to co-lead scholarship programmes to support mentorship for future health entrepreneurs in Africa.
43. Francophone Africa has a big gap in this area: this endeavour also needs to be in French.
44. Support diaspora interventions to stimulate and build the capacity of local entrepreneurs.
45. Consider regional, rather than country-specific interventions, as market opportunities are greater.
46. Develop and support the Academy for Health Entrepreneurs to tackle the need for capacity strengthening for entrepreneurs across the region. Participants greeted the announcement of the Academy with enthusiasm. The Academy provides an exciting opportunity to put into practice the ‘venture-building’ approach.

Academy for Health Entrepreneurs Africa

Created by global health and health investment experts to drive innovation and growth for better health outcomes across Africa, the Academy for Health Entrepreneurs (Africa) will provide a series of master classes across Africa’s key healthcare markets. With its world-class, three-month programme, the Academy will bring together a cohort of competitively selected entrepreneurs with the ambition, ideas, talent and commitment to establish thriving African health commodities production systems and supply chains, and the investors who are seeking opportunities within the African health market

Five organisations - ABCHealth, GBCHealth, Health Finance Coalition, Total Impact Capital and Wilton Park - with decades of combined experience in the health sector - will engage their African and international networks of seasoned (healthcare) entrepreneurs, lecturers and mentors to provide guidance, support and mentorship. An online platform will host multimedia resources for Academy alumni and provide a community space for entrepreneurs and investors to meet and exchange ideas.

See [here](#) for more information:

Contact: Lesley-Anne Long (Lesley-Anne@gbchealth.org) or Mories Atoki (matoki@abchealth.com)

Alison Dunn

Wilton Park | July 2022

Wilton Park and the event partners would like to extend thanks to the Aig-Imoukhuede Foundation for its generous sponsorship to help support this series.

Wilton Park reports are intended to be brief summaries of the main points and conclusions of an event. Reports reflect rapporteurs’ accounts of the proceedings and do not necessarily reflect the views of the rapporteur. Wilton Park reports and any recommendations contained therein are for participants and are not a statement of policy for Wilton Park, the Foreign, Commonwealth and Development Office (FCDO) or Her Majesty’s Government.

Should you wish to read other Wilton Park reports, or participate in upcoming Wilton Park events, please consult our website www.wiltonpark.org.uk. To receive our monthly bulletin and latest updates, please subscribe to <https://www.wiltonpark.org.uk/newsletter/>