

## **UN Secretary-General's Independent Accountability Panel for Every Woman, Every Child, Every Adolescent report on private sector accountability for women's, children's and adolescent's health: OXFAM SUBMISSION**

### **Introduction and invitation:**

Oxfam welcomes the focus of this proposed report. Private sector participation in global health, including in women's, children's and adolescent's health, is promoted and active at all levels from governance to implementation. However, insufficient attention has been paid to governance and accountability standards, as well as ensuring that mechanisms are in place for measuring impact. Most actors agree that the evidence base currently available on these topics is very limited. Despite this consensus, little has been done to address the gap.

Below we summarise Oxfam's relevant work. We would also like to invite members of the panel to meet with our health team in the UK (or alternative location if this can be arranged), to discuss Oxfam's evidence base, as well as our ongoing work and perspectives on this topic. We believe that a face to face discussion on the topic and the specific areas of interest for the Panel, would both help us to share the most relevant details of Oxfam's work, and enable us to put you in touch with other relevant organisations and individual experts on this issue. Please let us know if this is of interest by contacting Anna Marriott, Health Policy lead for Oxfam International at [amarriott@oxfam.org.uk](mailto:amarriott@oxfam.org.uk)

### **Context of Oxfam's work**

Ensuring the realization of the right to health is a government obligation, including equitable access to quality healthcare. This responsibility has been reinforced with the inclusion of universal health coverage (UHC) as a target of the Sustainable Development Goals. Private for-profit actors are present throughout healthcare systems, though the exact public-private mix varies by country. For-profit actors may play significant roles in providing direct patient care or patient insurance, constructing healthcare facilities such as clinics and hospitals, providing ambulance services, or developing and producing technologies such as medicines, vaccines, diagnostic equipment, software and computer hardware. In addition, the for-profit private healthcare sector encompasses a diverse range of actors: from small shops or individuals selling medicines, to high-end hospitals, and to multinational pharmaceutical companies. The challenge common to public authorities in every country is to govern all market actors to ensure that the right to health of all is protected.

Healthcare markets require strong government regulation, particularly in order to ensure quality healthcare for poor or marginalized populations, as there are powerful economic incentives to do otherwise. For example, businesses may increase their margins by privileging wealthier patients, reducing quality to save on costs, or providing and promoting unnecessary services and technologies. However, public authorities are sometimes unable or unwilling to fulfill this regulatory role.

Often, calls to increase business involvement in healthcare are justified by the gaps in and weaknesses of the public sector. Thus paradoxically, business may play a larger role precisely where government capacity or willingness to regulate business is weak.

It was in this context, and in the context of growing arguments for and increasing involvement of the for-profit private sector in both global and national health in the south, that ten years ago Oxfam decided to prioritise

work on the evidence base of this global trend. This work includes investigating the performance and impact of the for-profit private sector in health, and the accountability mechanisms in place to safeguard public interest, especially the interest of poor and marginalised women and girls.

Below is a summary of some of Oxfam's most relevant work and findings:

### **A Dangerous Diversion: Will the IFC's flagship health PPP bankrupt Lesotho's Ministry of Health? (2014)<sup>1</sup>**

**Type of research:** Literature review and data analysis, key informant interviews, analysis of leaked documentation. This paper presents an investigation into a World Bank Group supported public-private partnership (PPP) hospital in Lesotho, with a focus on impacts, costs and accountability.

#### **Key findings:**

- Dramatic changes made to output specification, financial structure and price of the PPP contract in the absence of competitive tension: Despite a common claim in the literature that the PPP contract was competitively bid, significant changes were made outside of the competitive bidding process. Changes of the scale made during preferred bidder negotiations would have been unlawful in most mature PPP markets, such as the United Kingdom. In terms of the financial impact of the contract, the main outcomes of the changes were to: (i) more than double the total capital cost of the project; (ii) increase the proportion of private finance in the project from one fifth to approximately two thirds of capital expenditure; and (in consequence) (iii) increase the initial unitary fee paid by the government to the private partner by 42% over the stated affordability threshold.
- Insufficient government capacity to monitor performance of private partner and to hold it to account: All key informants for our research confirmed that the Government of Lesotho still lacked the capacity and experience to manage the PPP effectively. This suggests that not only was the government ill-advised to push forward with the PPP, but that the IFC's dedicated support to the government on PPP capacity-building throughout the lifetime of the project had been unsuccessful. A key informant from the private partner Tsepong said, 'the Ministry of Health is not managing the contract at all and Netcare could be doing anything and they would not know'. Many stakeholders were also concerned that the PPP went ahead despite the absence of a national PPP policy or framework.
- Despite the promise of cost neutrality, in 2013/14 the new PPP hospital cost \$67m per year – at least three times what the old public hospital would have cost that year – and consumed more than half (51 per cent) of the total government health budget. Key informants advised that cost escalation for the PPP was directly diverting resources from primary and secondary care in under-served areas and compromising the health worker budget. The evidence suggested the cost of the PPP risked undermining the right to health elsewhere in the country.

### **Investing for the Few: the IFC's Health in Africa initiative (2014)<sup>2</sup>**

**Research type:** desk based analysis and literature review, plus key informant interviews. This paper reviewed the IFC's 'Health in Africa' initiative, assessing the \$1 billion initiative's investments, loans and technical assistance from both an accountability and development impacts perspective.

#### **Key findings:**

- Publicly available information show that up to the time of the review in 2014, Health in Africa's investments had predominantly been in expensive, high-end, urban hospitals offering tertiary care.

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<sup>1</sup> <https://www.oxfam.org/en/research/dangerous-diversion>

<sup>2</sup> <https://policy-practice.oxfam.org.uk/publications/investing-for-the-few-the-ifcs-health-in-africa-initiative-325654>

- Oxfam’s review reinforced the findings of a 2012 independent mid-term review of Health In Africa that it had made little if any effort to measure the impact of its direct investments or those made via its financial intermediaries.
- Neither of the two main financial intermediaries used by the IFC to channel Health in Africa investments provided adequate information on impact. One of the equity funds only requested minimal and voluntary self-reported information on impact from its portfolio companies. The other claimed to have an innovative incentive framework for rewarding pro-poor impact but the income thresholds used were found to be meaningless and the framework was not publicly available.
- Despite the IFC Health in Africa team insisting since 2014 that they have a results framework to measure impact of the private health companies in which they invest, Oxfam has still not seen the framework, or any evidence of its application in the public domain.
- The use of financial intermediaries as conduits for investment in private health care is a concern for transparency and accountability. The World Bank Group’s Compliance Advisor Ombudsman (CAO) report found that the IFC was unable to track whether its investments via financial intermediaries are causing harm to poor people and the environment, let alone measure whether they bring development benefits. It found serious irregularities and compliance issues within the existing standards used by the IFC. It found inadequate transparency, and reported that legitimate concerns were being raised regarding a near-total absence of public access to information at times.<sup>3</sup> The lack of transparency in the use of financial intermediaries made it impossible for Oxfam to do a full review of Health in Africa’s investment portfolio. This dearth of information can make it impossible for communities to even find out if the IFC is involved in a project, much less know that they can access grievance and redress mechanisms through the CAO.

#### **Private-Finance Blending for Development: Risks and Opportunities (2017):<sup>4</sup>**

**Research type:** Desk-based analysis and literature review. This paper presents analysis of three different private finance blending facilities (Dutch Good Growth Fund; European Commission’s eight regional blending facilities; the early stages of the Global Financing Facility for every woman every child) and summarises key lessons, challenges, risks and opportunities of blending mechanisms.

#### **Key findings:**

There are significant transparency and accountability gaps within donor-private sector blended finance including around:

- Assessment of opportunity costs, as the use of overseas development assistance for private finance blending could mean a decrease in its use for other purposes.
- Measurement of development impacts, where Oxfam finds that there is currently very little information available to assess the development impacts of private finance blending.
- Design of projects that support developing country priorities, where Oxfam finds that developing countries are rarely involved in the governance mechanisms associated with private finance blending, nor are there adequate ways of ensuring alignment with recipient country plans.
- Accountability and transparency, where Oxfam finds that there is an absence of adequate complaints mechanisms and that levels of transparency are low.

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<sup>3</sup> Office of the Compliance Advisor Ombudsman (CAO) for the International Finance Corporation, Multi Investment Guarantee Agency (MIGA), Members of the World Bank Group (2012) CAO Audit of a Sample of IFC Investments in Third-Party Financial Intermediaries, 10 October, [http://www.cao-ombudsman.org/documents/Audit\\_Report\\_CI-R9-Y10-135.pdf](http://www.cao-ombudsman.org/documents/Audit_Report_CI-R9-Y10-135.pdf)

<sup>4</sup> <https://policy-practice.oxfam.org.uk/publications/private-finance-blending-for-development-risks-and-opportunities-620185>

Oxfam has also conducted significant research on accountability and aid effectiveness of aid public private partnerships that is not yet in the public domain. This is something that we would welcome discussing further with you at a face to face meeting.

### **Salt, Sugar and malaria pills: How the Affordable Medicine Facility- malaria (AMFm) endangers public health (2012)<sup>56</sup>**

**Research type:** Desk-based analysis and literature review. This paper presented an analysis of the AMFm – a Global Fund and UNITAID-backed initiative to scale up the sale of preferred medicines for malaria (ACTs) through the private sector. It assessed the AMFm model within the contemporary malaria context, taking evidence from the evaluation of the AMFm pilot and other sources.

#### **Key findings:**

- The official evaluation of the pilot phase of AMFm did not systematically assess whether the preferred malaria medicines (ACTs) were utilised by poor and vulnerable populations when sold through the private sector as promoted by AMFm and its donors.
- Measurement of impact of the AMFm was predominantly focused on sales of ACTs, without measuring if the medicines were used to treat confirmed cases of malaria. This is a significant challenge within informal private sector settings as promoted by AMFm, due to insufficient capacity and profit incentives.
- Accountability for public health impacts - including use of ACTs to treat non-malarial fevers, assessing the risks around resistance - was minimal.
- There was no cost benefit analysis conducted comparing this proposed scheme with scaling up proven public interventions instead.

A similar Oxfam authored study<sup>7</sup> – a literature review and desk-based analysis- assessed the delivery of anti-malaria medication across the public and private sectors.

### **Financing Healthcare for All in India: Towards a Common Goal (2015)<sup>8</sup>**

**Research type:** desk-based analysis and literature review. This paper presents an assessment of the health financing landscape in India, including numerous state insurance schemes, and their interactions with for-profit private sector actors, in the context of progress towards achieving UHC.

#### **Key relevant findings:**

- State insurance schemes in India for below-poverty line households (such as Rashtriya Swasthya Bima Yojana or RSBY) face significant accountability challenges including adherence to quality standards within private sector providers. Evidence of incentives in the for-profit sector leading to an inefficient use of funds - including overuse of medical interventions e.g. hysterectomies - is presented. Concerns are also raised around fraudulent practices of for-profit actors engaged in RSBY.
- For-profit private hospitals in India which have benefited from government subsidies have often not met their commitments to serve people in poverty which justify their state backing e.g. on beds reserved for poorer populations.

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<sup>5</sup> It should be noted that since 2012 the AMFm is no longer pursued as a separate budget line by Global Fund, but we understand its approach is still promoted and for example diagnostic tests for malaria funded for sale in the private sector by UNITAID.

<sup>6</sup> <https://policy-practice.oxfam.org.uk/publications/salt-sugar-and-malaria-pills-how-the-affordable-medicine-facility-malaria-endang-249615>

<sup>7</sup> Available at: <https://malariajournal.biomedcentral.com/articles/10.1186/1475-2875-11-414>

<sup>8</sup> <https://policy-practice.oxfam.org.uk/publications/financing-healthcare-for-all-in-india-towards-a-common-goal-556476>;

## **Universal Health Coverage: Why health insurance schemes are leaving the poor behind (2013)<sup>9</sup>**

**Research type:** desk-based analysis and literature review. This paper critically evaluated different health financing modalities (user fees, private health insurance, social health insurance, community based health insurance, and general taxation-based models) against their potential to achieve UHC.

### **Key relevant findings:**

- State-financed health insurance schemes administered by private health insurance companies have lacked accountability and faced challenges around implementation of free care e.g. Georgia's Medical Insurance Program for the Poor.

## **Oxfam's work on access to medicines and the role of pharmaceutical companies<sup>10</sup>:**

Oxfam has a long history of working on access to medicines issues and raising issues of accountability around medicine pricing and access, especially for people in poverty. We have also raised longstanding concerns about the influence of pharmaceutical companies in global negotiations affecting access to medicines, for example companies' and government pressure affecting developing countries' use of compulsory licensing. We have also pushed for transparency around medicine pricing and around public financing of pharmaceutical research and development.

### **Current research interests:**

Oxfam is currently researching donor-private sector partnerships in the health sector across European donors. Although this research is in its infancy we are noticing similar accountability trends as our work on the IFC, in terms of transparency and measurement of development impact of investments in the for-profit private healthcare sector. Similarly, we are researching the Global Financing Facility for every woman every child, and are concerned by the level of accountability around private sector engagement, in particular given the initiative's commitment to build on the existing work of the IFC's Health in Africa initiative<sup>11</sup>. We would welcome the opportunity to discuss these ongoing research projects further.

As part of this work we engaged in the development of a framework to assess the impact of investment in for-profit private healthcare actors, for use by the UK's Commonwealth Development Corporation (CDC)<sup>12</sup>. While the framework represents a welcome step forward and potentially very useful accountability tool - especially in light of the CDC's planned expansion of healthcare investments - Oxfam remains concerned about the level at which it will be applied in practice, both to existing investments and in advance of investment decisions. This may be a useful tool for the panel to investigate further.

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<sup>9</sup> <https://policy-practice.oxfam.org.uk/publications/universal-health-coverage-why-health-insurance-schemes-are-leaving-the-poor-beh-302973>

<sup>10</sup> Our latest paper on the issue is available at: [https://www.oxfam.org/sites/www.oxfam.org/files/file\\_attachments/ib-high-priced-medicines-innovation-220917-en.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/ib-high-priced-medicines-innovation-220917-en.pdf)

<sup>11</sup> [https://www.globalfinancingfacility.org/sites/gff\\_new/files/documents/Private%20Sector%20Engagement%20Strategy.pdf](https://www.globalfinancingfacility.org/sites/gff_new/files/documents/Private%20Sector%20Engagement%20Strategy.pdf)

<sup>12</sup> Available at: <http://www.imperial.ac.uk/media/imperial-college/institute-of-global-health-innovation/centre-for-health-policy/public/IMPJ5551-Health-Report-Update-Final-Web.pdf>