

> Starting from zero: creating systemic impact in Somalia's healthcare space

13th June 2023



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Private Sector Partnerships in Health (PSPH) Somalia/Somaliland

Funded by the Swiss Agency for Development and Cooperation (SDC)

Today's Agenda

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Introduction

- SDC's Private Sector Partnerships in Health (PSPH) has been mandated to follow a Market Systems Development (MSD) approach
- The primary objective is providing Somalis with better access to quality and affordable healthcare, based on two workstreams:
 1. Healthcare finance (e.g., health insurance)
 2. Healthcare service delivery (e.g., clinical provider networks)
- Field offices in Mogadishu, Somalia, and Hargeisa, Somaliland
- 10 interventions currently underway



Introduction

- PSPH is the only MSD programme currently operating in Somalia or Somaliland
- PSPH is also the only donor-funded health programme in Somalia or Somaliland that engages the commercial private sector (out of 81 programmes)
- MSD as an approach to systemic change is a new concept to the health sector in Somalia or Somaliland
- PSPH is a rare example of MSD in the health sector anywhere in the world



Healthcare in Somalia – The Context

- Hugely donor-distorted market
- Donors funded **\$173 million** to the Somalia health sector in 2022
 - **40 percent** of overall health expenditure
 - Whereas the Federal Ministry of Health (FMoH) budget was only **\$9.5 million** in 2021
- Donor funds for healthcare delivery now go directly to INGOs and UN agencies via a parallel, quasi-public system which is free to users but bypasses the government
- The largely unregulated private sector dominates healthcare delivery (**60 percent**)
- The private healthcare sector is thriving, but fragmented with identifiable gaps
- There is no public health insurance; private health insurance covers only **2 percent**
 - **98 percent** of payment for private healthcare is out-of-pocket (OOP)
- Data-poor environment

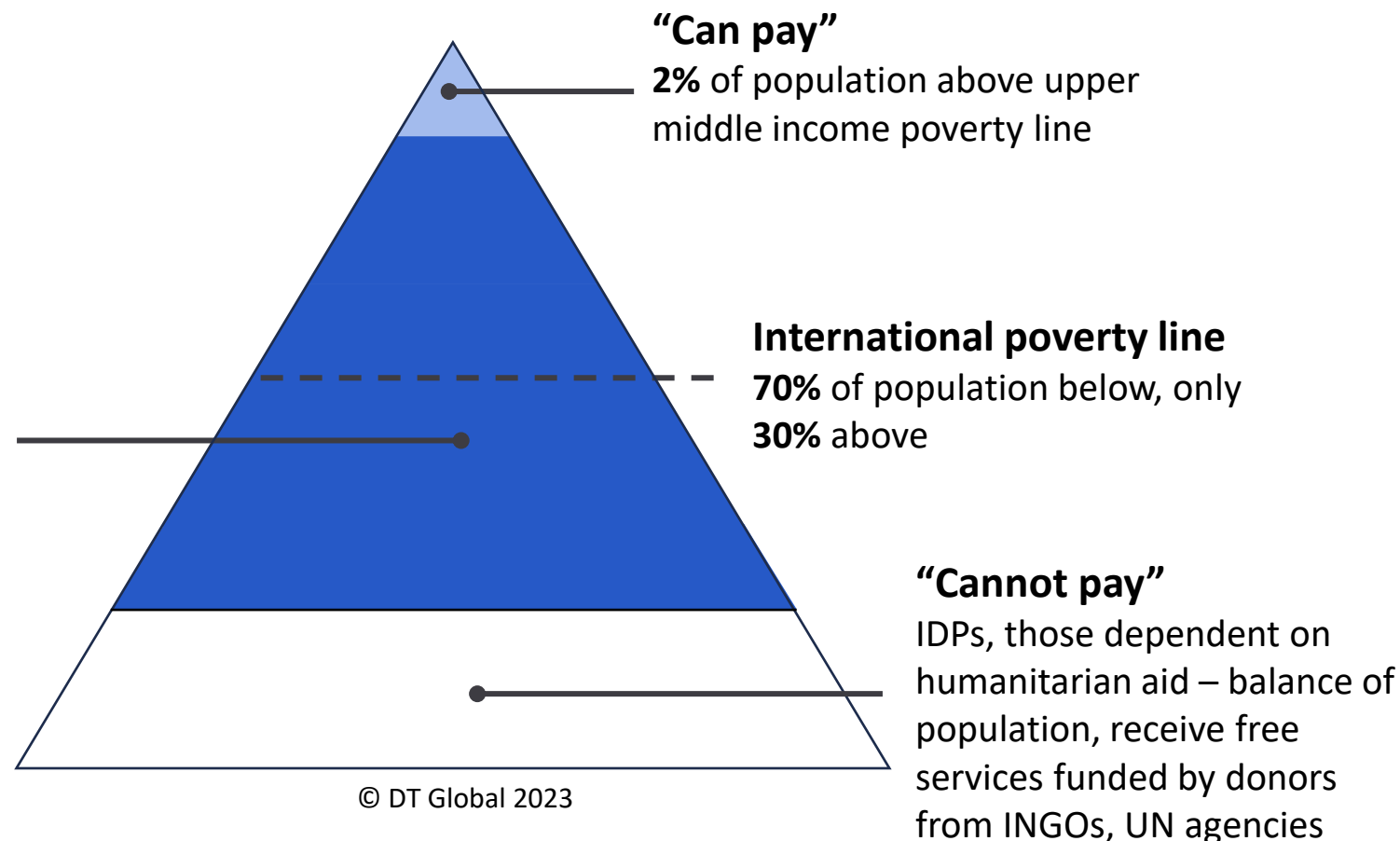
What Have We Learned about Mass Market Health Spending?

- In Somalia, the economically active population is substantially larger than expected from official poverty statistics

“Can pay less”

THE MASS MARKET OPPORTUNITY

Active market participants, **up to 70% - 80%** of the population when considering remittances, mobile money, pooled family and community savings, other informal finance sources; **extends well beyond the international poverty line**



The Case for MSD

- **Sustainability** is a big issue; the government has limited resources and reliance on external funding perpetuates a dependency mentality
- **Permanent local capacity is underdeveloped** (most capacity building is temporary and money-dependent)
- Healthcare system-building initiatives require **innovative approaches** to overcome complex challenges – MSD embraces innovation, adaptation, and experimentation
- MSD recognizes that **low-income consumers are active market participants**, not passive beneficiaries (the “mass market”)
- Donors can get **better value for money** (VfM) out of MSD programming versus direct delivery of healthcare services and financing
- A significant proportion of private health sector operators **share our objectives**; not everyone is a shark or vulture

How the Programme Operates

- We act as a business improvement consultancy
- PSPH offers needs-based technical assistance (TA) only, no financing; no cash changes hands
- Some examples of PSPH TA:
 - Primary market research on mass market health seeking and health spending behaviour, willingness and ability to pay, demand for healthcare services
 - Private healthcare network organization, governance, and standards
 - Business skills training
 - Provider networking and matchmaking
- PSPH follows an intervention process; no ad-hoc interventions
- MEL based on DCED standard



Building Implementation Capacity



- No existing out-of-the-box MSD-in-health consultants in Somalia; dream team had to be created
- Heavy and tailored trainings for the project team are crucial
- Substantial in-house consulting, training, and research capacity has now been built into the field team
- Frequent lessons learned sessions emphasise learning from failure
- Intervention partners also require ongoing capacity building

Somali Business Culture



- Trust-based relationships are paramount in Somali business
- Little reliance on written contracts
- Businesses are predominantly family-owned entrepreneurships
- Very few corporate structures
- Islamic values are highly considered (e.g., Takaful insurance model)
- Gender roles – women in business are becoming more common (up to CEO level)

Lessons Learned on Creating Private Sector Partnerships

- The operating environment:
 - Somalia has been largely built by the private sector
 - Culture of extreme competition with limited collaboration, opportunistic and ad-hoc, hard negotiation tactics
 - Clan affiliations are meaningful and may affect partnerships
 - Trust issue affects transparency and disclosure
 - Very little market data is available, poor record keeping – decisions largely based on informal information
 - Corruption is common



Lessons Learned on Creating Private Sector Partnerships

- Managing partnerships:
 - Work with permanent local players who understand the operating environment
 - Screen the partner in advance of TA investment
 - Engage with top management decisionmakers who can commit the partner
 - Due to heavily donor-distorted market, many potential partners expect cash
 - Set appropriate expectations, explain the project operation well



Lessons Learned on Creating Private Sector Partnerships

- Managing partnerships:
 - Build trust by emphasizing confidentiality, listening, working with partner, seeing their challenges, seeking feedback
 - Explain the benefits of data analytics in decisionmaking to partners
 - Anticipate failure of some partnerships; seek new opportunities and take on new partners throughout the project life
 - Entrepreneurial partners work better than institutional partners



Challenges and Solutions

Challenge

- Immature corporate culture results in frequent disconnects between top management understanding and understanding at operating levels
- Weak regulatory, governance, and institutional capacity hinder the effectiveness of MSD interventions
- Corruption, lack of accountability, and inadequate legal framework create barriers to MSD

Solution

- Make sure project intro, strategic action planning, and marketing workshops are attended by a broad representation of management, both top and mid-level managers
- Support private sector network governance and ability to create and enforce absent standards (leadership in creating standards, early input on public sector efforts)
- Screen partners well in advance of investing, especially their alignment with objectives and Do No Harm aspects of fuelling unintended consequences. “Know your partner” – consider conflicts of interest

Challenges and Solutions

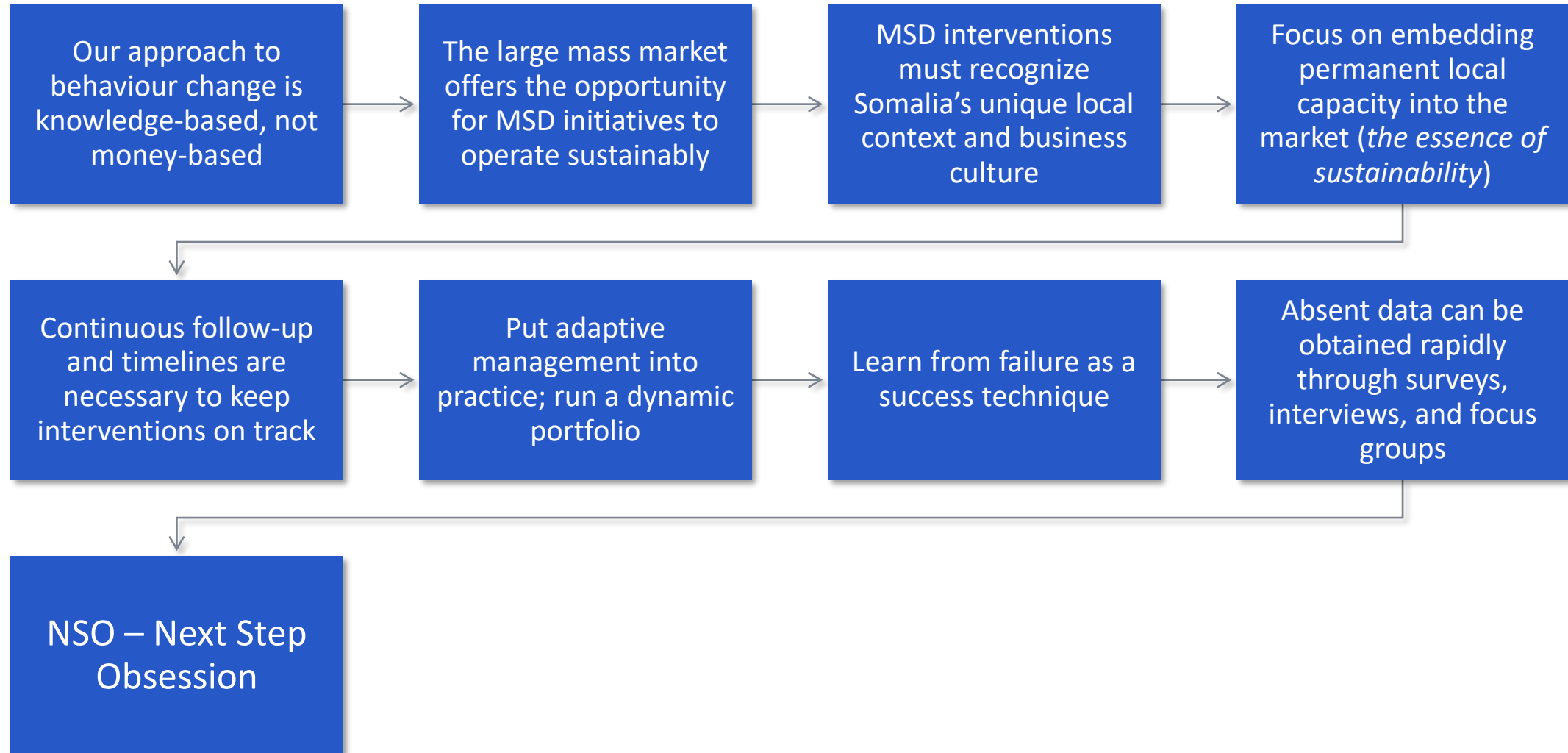
Challenge

- Partners come back and ask for money midway through the intervention – difficult to break habits formed by years of donor distortion
- Poor infrastructure (i.e., energy, transportation, logistics) limit ideal access to markets for providers and access to services by consumers
- **Weak professional associations and absent commercial networks**

Solution

- Re-explain how PSPH spends its money on providing TA, the types of activities we support, and “What’s In It For Me (WIIFM)” benefits; exit intervention if partner is intransigent
- Physical infrastructure is external to our mandate and not actionable by the project, but online digital access is virtually universal and digital reach is country-wide
- **Build on *Caafinet*, the only operating commercial hospital/clinic network in Somalia; introduce innovative networking models**

Key Takeaways



Questions?





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