

Annex 3B

PROGRAM DESCRIPTION

for

**Activity 3: USAID Private Sector Engagement in Health Services and Systems
Strengthening Activity**

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List of Acronyms

CDCS	Country Development
CLA	Collaborating, Learning and Adapting
GOK	Government of Kenya
HPN	Health, Population and Nutrition
KEA	Kenya and East Africa
UHC	Universal Health Coverage
KHPQS	Kenya Health Partnerships for Quality Services
KMIS	Kenya Malaria Indicator Survey
FBO	Faith Based Organization
MEL	Monitoring, Evaluation and Learning
NHIF	National Health Insurance Fund
NGO	Non-Governmental Organization
J2SR	Journey Towards Self Reliance
MOP	Malaria Operational Plan
PLHIV	People Living with HIV
PMI	Presidential Malaria Initiative
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MOH	Ministry of Health
RMNCH	Reproductive, Maternal, Newborn and Child Health
UN	United Nations
USG	United States Government

Definitions

Private sector: For profit commercial entities and their affiliated foundations; financial institutions, investors and intermediaries; business associations and cooperatives that operate in the informal and formal sectors (USAID Private Sector Policy)

Private sector health care: Those individuals and organizations providing health services or products that are not owned or directly controlled by government (WHO)

Public sector: Government managed and owned entities that engage in provision of public goods and services.

Health products: Medicines and medical products

Background and Context

This Activity contributes to Kenya's Country Development Cooperation Strategy (CDCS) 2020-2025 whose goal is that Kenya's competitive private sector, resilient communities and civil society organizations, and citizen-responsive public sector better collaborate to drive inclusive growth and well-being for Kenya's self-reliance. Over the next five years, USAID/KEA will prioritize private sector engagement; convene the private sector, civil society, and government to encourage collaboration; partner with Kenyan communities to improve their resilience capacities; design and implement interventions which place citizens in the driver seat and foster inclusive market-based economic opportunities. In partnering with the Kenyan people, local systems, institutions, and organizations, USAID/KEA will support locally driven development towards self-reliance.

In line with USAID's new Private Sector Policy, the USAID's Health, Population and Nutrition (HPN) office has prioritized engagement with the private sector to use market-based approaches to increase patients' options, access to affordable health care services and products and contribute to a sustainable healthcare system.

This shift recognizes that the demand for private sector healthcare is growing in Kenya for both rural and urban populations, and for multiple health areas. In 2013, 52 percent of the urban population in Kenya visited a private provider for an outpatient visit, as did 32 percent of the population in rural areas, where the ability to pay is lower.¹ In-country experience with specific diseases and conditions points to a similar pattern. The Kenya Malaria Indicator Survey (KMIS) 2015 indicated that 25% of the population seek treatment in the private sector and objective 2 of The Kenya Malaria Strategy 2019-23 underscores the importance of prompt diagnosis and effective treatment of all suspected malaria cases including those that seek services in the private sector. Likewise, an analysis conducted by USAID and PEPFAR partners in 2017 estimated a national market size of approximately 70,000 People Living with HIV (PLHIV) who are willing and able to pay for the full cost of their care in the private sector or have private insurance that covers HIV/AIDS.

The overall size of the private health market in Kenya is estimated to be 20.7 billion Ksh (approximately \$206M USD) as of 2010. The Kenyan private sector share of total healthcare expenditure is ~45% on average, but varies significantly by sub-sector. This is expected to increase to ~50% over the next 10 years through the replacement of both public and donor expenditure. Two-thirds of the money spent in the private health sector is spent on services delivered in hospital settings, and the private sector (FBO/NGO and for-profit) operates approximately one-half of the health facilities in Kenya.

For government, donors, patients, and healthcare providers, it makes business sense to more fully engage the private health sector in Kenya to improve health outcomes through increased patient choice of health products and services available in the private sector.

Purpose

The overall goal of this activity is to improve health outcomes through increased patient choice of health products and services, with a focus on four main areas:

- Availability of health services and products in the private sector: Identifying, testing, and expanding sustainable options for services and distribution or sale of health products in the private sector;
- Improving and standardizing the quality of services and health products in the private sector; and,
- Increasing support for local manufacturing of health products;
- Improving use of technology through innovative digital health solutions to drive/increase access to and availability of quality health services in both public and private health sectors, being a cross cutting enabler to quality services provision.

Conceptual Approach

The opportunity exists to strengthen Kenya's health system and expand affordable, patient-centric, high quality health services and products to citizens who are willing and able to pay for private sources of care, through out-of-pocket payments, voluntary private insurance, or a combination of both. Linking these patients to healthcare provided through the private sector contributes to optimizing the current market by providing a viable alternative to public sector care that also responds to an identified, unmet demand by those willing and able to pay for their care in the private sector. Expanding options for private sector healthcare for those who are willing and able to pay for services also frees up public sector resources to serve more vulnerable populations.

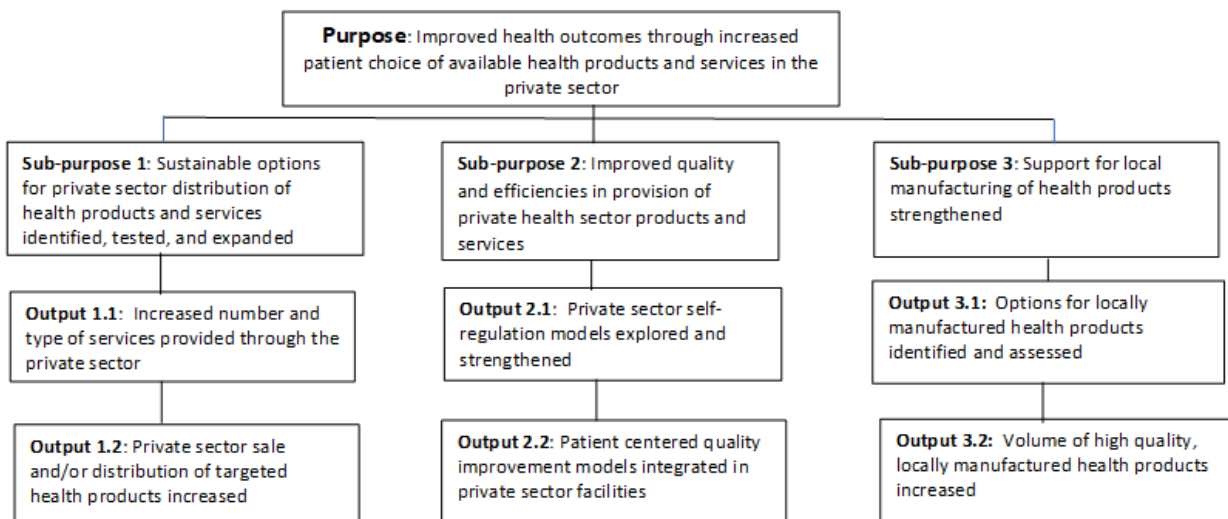
The conceptual approach described here lays out the anticipated engagement with the private sector over the next five years, the anticipated interventions and the expected results. The recipient is expected to use innovative and sustainable approaches to improve access to quality and increase efficiency in the provision of services and health products by the private sector. This Activity should segment patients based on their willingness and ability to pay for services and health products. Expanding the available choices for these patients will help decongest the overburdened health sector (thus freeing up resources to focus on members of poor and vulnerable populations) and improve outcomes by removing barriers to health seeking and allowing patients to receive services and purchase health products when and where they choose to. This approach focuses on patients who are enrolled in private voluntary health insurance schemes or are willing and able to pay for the full cost of their care in the private sector. Focusing on this population first will ensure

that the groundwork is in place to expand options in the future for additional segments of the population who require additional financial support but are willing and able to pay for a portion of the cost of care in the private sector.

This activity is intended to create additional options for patients who wish to receive services through the private sector, and thus to relieve financial pressure and high footfall in public facilities. It is not intended to raise additional out of pocket expenditures for poor and vulnerable populations. While the approach for this activity begins with the segment of patients who can pay for the full cost of their care in the private sector, it is envisioned that approaches and innovations implemented under this activity will be able to be expanded to patients who may not be able to afford the full cost of their care in the private sector, but can pay for a portion of it.

The recipient is expected to implement the proposed approaches that build the foundation to expand access to quality and affordable private care and treatment, specifically for services and health products for HIV/AIDS, malaria and Reproductive, Maternal, Newborn and Child Health (RMNCH). Given that women’s health and reproductive rights are inseparable from women’s empowerment, ensuring access to quality family planning and reproductive health services addresses the unique gender-specific health needs of women and adolescent girls, and goes a long way to enable women’s economic empowerment. To this end, the approaches are anticipated to build on previous experience and lessons learned from private health sector engagement activities.

Results Framework



Geographical Focus

Activity	Geographic Coverage	Total Estimated Amount (USD)
Health Sector Financing		
Activity 3 – USAID Private Sector Engagement in Health Services and Systems Strengthening	National and COG level and 14 counties – these have budget level <30% (F3 & F4 on county zoning table) Zone 2 [8 of 8 counties] Zone 3[3 of 8 counties] Zone 4 [3 of 5 counties]	\$9,683,260

This activity proposes Kenya's Universal Health Coverage (UHC) agenda as detailed in the Kenya Health Sector Strategic Plan 2018-2023 which has acknowledged the important role played by the private sector in Kenya's health system. This activity aims at supporting targeted interventions by the private sector that are aligned to overall strategic approaches defined by USAID's private sector engagement policy while supporting interventions that will accelerate health outcomes in targeted counties. This activity is anticipated to support interventions that sustainably support and expand health services in the private sector.

Sub-purpose 1: Sustainable options for private sector distribution of health products and services identified, tested, and expanded

USAID KEA currently supports the Government of Kenya in health service provision and in the procurement and supply of health commodities and equipment for priority public health programs. These include commodities and equipment for HIV/AIDS, Malaria, and Family Health programs, which will span output 1.1 and output 1.2. However, this support has been through the public health systems with limited private service delivery and supply chain partnerships. According to the Kenya Health Financing System Assessment 2018, the supply chain system, several private health providers (mainly faith-based facilities) have been able to tap into the public health commodities in exchange for a reduction in the cost of quality health care and an increase in access for patients. However, simply providing private providers with free commodities has not yielded significant costs reduction. Additionally, in light of the ongoing COVID-19 pandemic and the need for service delivery adaptations, the recipient will be expected to apply novel approaches, methods, or tools, including the use of innovative digital health technologies, where appropriate; and use private sector models for both drug distribution and provision of health services.

These interventions will continually leverage, learn and adapt approaches based on lessons learned from other health activities in the HPN portfolio.

Output 1.1: Increased number and type of services provided through the private sector

The recipient is expected to design and implement proposed approaches to increase the number of healthcare services available in targeted geographies (see below) through the private sector for care related to HIV/AIDS, maternal and family health, malaria, and family planning. Illustrative approaches could include but are not limited to:

- Increasing access to products such as HIV ART, PrEP, and HIV self-testing, malaria rapid test kits, condoms, and other family planning methods in private sector/commercial pharmacies or other outlets.
- Increasing the number and type of consultations in the private sector for health areas indicated above.
- Increasing the availability of diagnostics services from private labs for HIV, malaria and RMNCH programs.

Output 1.2: Private sector sale and/or distribution of health products increased

The recipient is expected to design and implement the proposed approaches to increase the number of healthcare products available in targeted geographies (see below) through the private sector for care related to HIV/AIDS, maternal and family health, malaria, and family planning. These should integrate innovations including digital health technologies to transform systems, increase efficiencies and expand access to the services. Illustrative approaches could include but are not limited to:

- Distribution of HIV antiretrovirals (ARVs) through private pharmacies
- Sale and distribution of insecticide treated nets (ITNs) through commercial outlets
- Sale and distribution of modern family planning methods through commercial outlets
- Tracking of health commodities to the last mile reducing leakages and potential fraud in the supply chain.

Sub-purpose 2: Improved quality and efficiencies in provision of private health sector products and services

Challenges with severe shortage of human resources for health (HRH), limited training opportunities (poor knowledge on protocols), inadequate use of digital health solutions for increased efficiencies, and weak mentorship and supportive supervision resulting in high staff turnover, makes private sector services varied in cost and quality. There is a need to continue exploring innovative and sustainable ways to improve efficiency and standardize the quality of services, and provide an enabling environment for the private sector to expand provision of affordable health services and products.

The recipient is expected to implement proposed innovative private sector-led approaches in health service delivery, disseminate lessons and support continuous adaptation to the evolving environment in Kenya while leveraging other health activities in the HPN portfolio. The recipient is expected to propose, implement and support counties and other USAID Activities in the HPN portfolio to private sector-led innovations in the delivery of their programs.

Output 2.1: Private sector self-regulation models explored and strengthened

In engaging the private sector, it is important to address potential challenges arising from inefficient, and often unstandardized quality of services. Collaborative efforts between the government and the private sector to address regulation in the health sector is critical for increasing access to quality private sector care. Regulation is primarily a public sector role in Kenya. This role could be expanded to engage private sector providers in self-regulatory efforts, particularly under the umbrella of private sector associations and professional bodies. This activity should

define and implement strategies and approaches to work closely with both the public and private sector regulators in examining and determining areas in which self-regulation and other hybrid models could work. Successful models would be documented, evaluated and scaled up and consultation with health sector stakeholders.

Output 2.2 Patient-centered quality improvement models in private sector facilities increased and strengthened

As earlier noted, Kenyan's are increasingly seeking care in the private sector. Similarly, the proximity of the local private sector (e.g. community pharmacists, or local private midwives) to communities allows women access to critical family planning and maternity care services especially when women don't want to or cannot access public facilities.

The recipient is expected to implement approaches and criteria to select providers and provide required support to strengthen systems and quality of services in order to shift patients to the private sector.

The approaches that could include training and other technical support to improve the what and how services are provided. Over time, a strategy to increase the number and type of facilities targeted for inclusion in this activity would be required to increase and to expand access to services in targeted geographic areas. Such increases could also create incentives and cost efficiencies for providers in the private sector.

Sub-purpose 3: Support for local manufacturing of health products strengthened

The COVID-19 pandemic underscores the critical importance of quick access to high-quality, accredited health products and commodities. Increasing local manufacturing and identifying and deploying innovative digital health technologies could ensure the continued availability of needed health products and commodities. The recipient is expected to implement strategies and approaches that support the implementation of the Government of Kenya's Health Products and Technologies Supply Chain Strategy 2020 - 2025, proposing an increased focus on local manufacturing of health products. This activity will propose approaches to assess, test, document and disseminate the best options to increase the use of new technologies and innovations, and increase local manufacturing for health products that support health outcomes for HIV, malaria, family planning, and maternal and child health as identified in sub-purpose 1. This activity will collaborate with and leverage other HPT activities in the health portfolio and adapt approaches to improve outcomes.

Output 3.1: Options for locally manufactured health products identified and assessed

The recipient is expected to work closely with the relevant stakeholders to assess the current status of locally manufactured products, and identify opportunities to increase local manufacturing that meet WHO good manufacturing practices standards. This activity should identify the best options for increasing local manufacturing of health products including but not limited to: Personal protective equipment; insecticide treated nets; pharmaceuticals and; other products. These options will be validated and discussed with relevant stakeholders, including public and private sector at national and county level, as appropriate, to inform policy and advocate for increased support to

local manufacturing. This activity should work with stakeholders to identify areas where limited funding will accelerate production of medical products, particularly of essential medicines.

Output 3.2: Volume of high quality, locally manufactured health products increased

According to the Kenya Health Products and Technologies and Supply Chain Strategy 2020-2025, only about 40 to 60% of the capacity of local production is being utilized. 30% of the local market demand is met from local products while 70% is from imported products in terms of value. The strategy notes the need for the government and other stakeholders, particularly the private sector, to work together to address the country's HPT needs by leveraging local capacity and improved technologies.

The recipient is expected to propose and implement approaches to build targeted support for local manufacturing, including policy formulation and coordination, stakeholder convening, evidence generation, and other analyses aimed at increasing capacity for local manufacturing of health products.

Link with other HSS activities

This activity is expected to contribute to and leverage USAID's portfolio of health systems strengthening activities in the focus counties.

(i) Health Governance, Accountability and Strategic Partnerships Activity: The purpose of this activity is "improved governance, accountability, policy development and implementation for strengthened health systems". The emphasis in the purpose statement is the strengthening of governance and accountability structures as well as establishing strategic partnerships for responsive and effective health systems leadership. One of the key results under this activity is to improve governance structures to ensure inclusivity and wider engagements of state and non-state actors in decision making at the national and county levels. This will include developing strategic partnerships with key non-state actors who support and/or invest in the health sector. This activity will therefore leverage the capacity building support provided by the partnerships activity to accelerate implementation and achievement of results. During implementation, this activity will develop and implement strategies that ensure coordinated engagement of the private sector in the design and implementation of policies that support and are aligned to the country's devolved health sector.

(ii) Analytics, Health Financing and Social Protection: This activity focuses on innovative approaches for raising additional funding from domestic sources for sustainable financing of essential health services, improved efficiency in allocation and use of both the available and additional funding, and risk pooling models that enhance access to quality health care services by the poor and vulnerable groups. The Analytics, Health Financing and Social Protection Activity focuses on the broader domestic resource mobilization issues including policy and systems reforms (eg NHIF) while this private sector focused activity focuses on supporting the private sector to undertake targeted actions that increase access to a variety of private sector services and health products.

(iii) Health Products and Technologies: The purpose of this activity is to strengthen HPT supply chain management systems for improved availability, regulation, use and improved governance of health products and technologies. The activity aims at working with government and other

stakeholders to improve the quality of health products available within the health system.

(iv) HRH, Quality and Community Systems: The purpose of this activity is to strengthen human resources for health, quality and community health systems at national and county levels for improved equity and quality of health services, while optimizing available resources. This activity is expected to work closely with the HRH mechanism to strengthen and improve the quality of health services across targeted facilities in the public and private sectors. Policies and systems to facilitate sustainable quality improvement across the public and private sectors is expected.

Link with other Health Activities

(i) **Kenya Health Partnerships and Quality Services (KHPQS) project:** The KHPQS is the flagship health project at USAID/KEA. The purpose of the KHPQS is to increase access and use of quality county-led health and social services in select counties in Kenya. This is an integrated project providing HIV care and treatment, Orphans and Vulnerable Children (OVC) and adolescents services, Family Planning (FP)/Reproductive Health, Maternal, Newborn, Child and Adolescent Health (RMNCAH) (FP/RMNCAH), Nutrition, Water, Sanitation and Hygiene (WASH) Services at the county level.

The KHPQS is collaborating with the county government and the community, with active citizen participation during planning, implementation, and evaluation processes. KHPQS is further guided by various principles, key of which is the journey to self-reliance, evidence-based interventions, increasing involvement of the private sector and ensuring increased stakeholders' contribution. Specifically, this activity will **Increase the involvement of the private sector**. The activities must ensure they leverage strategic private sector partnerships and alliances to improve on health and social service delivery. The private sector offers expertise in implementing cost-effective models that can complement access to comprehensive services, maximize efficiency and enable beneficiaries and county governments to become self-sufficient through various opportunities. In addition, the activity intends to increase **stakeholders' contribution (Financial and non-financial)**. This includes leveraging, cost-sharing, or funding in parallel to USG funding, including in-kind contributions. This includes the use of GoK and private health and social facilities as well as their human resources in implementing its programs. The stakeholders will include but not limited to the national government, the county governments, development partners, local implementing partners and beneficiaries. This will play a significant role in building collaborations, tracking and coordinating investments to enhance accountability to the Kenyan people.

(ii) **President's Malaria Initiative (PMI).** This strategy included a long-term vision for malaria control in which sustained high coverage with malaria prevention and treatment interventions would progressively lead to worldwide malaria eradication by 2040-2050.

Proposed PMI investments support and build on those made by the Government of Kenya as well as other donors and partners like the Global Fund. During the annual Malaria Operational Plan (MOP) development process, PMI has developed a programmatic inventory to assess the strengths and persistent challenges of Kenya's program. This inventory involves a gap analysis of contributions made by the host government and other donors and partners to Insecticide-treated Mosquito Net (ITN), Sulfadoxine-Pyrimethamine (SP), Rapid Diagnostic Test (RDT), Artemisinin-based Combination Therapy (ACT) and Injectable Artesunate. PMI/Kenya is also

exploring partnerships with the private sector for expanded malaria case data capture in the private sector. They are also exploring options for sustainable and affordable net provision through the private sector.

PMI will also reposition our maturing partnership with Kenya to evolve our relationships with national and county governments, as well as civil society, academia, and the private sector to strengthen the social contract and increase citizen participation, political commitment, and stewardship while crowding-in all forms of domestic resources (e.g., financial, technical, in-kind) for transformational and sustainable impact.

Link with Non-Health Sectors

Kenya's complex devolved government requires targeted and integrated solutions. USAID/KEA defines integration as the approach it takes to capture programmatic synergies between and among its activities in order to achieve results that are greater than the sum of what any one activity might achieve on its own. USAID/KEA recognizes that development challenges in Kenya are frequently interlaced across sectors and mutually reinforcing. As such, the Mission aims to use cross-sectoral efforts to amplify the impact of USAID interventions, as compared to the previous siloed approach. The USAID private sector engagement strategy stresses the linkages between sectors. The strategy also recognized the role of the private sector in innovation and technology development and how these can improve the performance of Kenyan systems and growth. This activity will define and build cross-sectoral relationships especially at county level.

Partnerships

In working to achieve the overall objectives of this activity the recipient could enter into direct subaward arrangements with national and county governments as well as civil society, local development organizations, academia, research organizations, public policy think tanks, semi-autonomous government agencies and the private sector organizations. These subaward arrangements would increase the capacity and commitment of national and county governments as well as private sector organizations to mobilize domestic resources (financial, technical, in-kind) for transformational and sustainable impact.