



Institute of
Development Studies

**Innovations for improving the
performance of private providers in
meeting the needs of the poor**

Gerald Bloom

May 27, 2008

Rapid spread of markets for health-related goods and services

- Out-of-pocket payments account for a large proportion of health expenditure in many countries
- Emergence of pluralistic health systems with a variety of providers of health-related goods and services in terms of skills and relationship to legal framework
- Blurring of boundaries between public and private sectors and increased role of market relations within the public sector
- Increased channels for health related information through education, mass media, information technologies and promotion of drugs

Problems associated with health-related markets

1. Balance of prevention and curative care
2. Affordability and risk sharing
3. Reinforcement of structural inequalities
4. Information asymmetry and associated issues of safety, effectiveness, appropriateness and cost of treatment

This aspect of the programme focuses on the fourth problem and the shift from absolute scarcity of health-related goods, services and information for poor people to the need for them to choose from a variety of sources

How can the performance of health systems dominated by markets be improved?

- Government regulation in contexts of limited reach (may principally represent stakeholder interests – need to focus on highest priority issues)
- Market mechanisms for building trust in safety, appropriateness and affordability of treatment (franchises, branding, accreditation)
- New kinds of partnership between government and professions, community groups, business associations, disease-specific organisations and so forth (balance stakeholder and general interest)
- Provision and regulation of knowledge

New demands on government and other agencies that represent the public interest

Where do innovations come from?

- Transfer of ideas and organisational forms from advanced market economies and links to organisations from those countries
- Local adaptations in response to specific challenges and the role of social entrepreneurs
- New approaches by governments for managing market-like relationships
- New poles of economic and development dynamism in very different institutional contexts

Can the strengths of markets in encouraging rapid innovation and spread of successful practices be harnessed for learning in the health sector

- Encourage risk-taking and testing new approaches (with inevitable failures)
- Involve key players and build capacity to adapt to unexpected outcomes
- Systematic assessment of performance in terms of agreed outcomes
- Learning is iterative and should be linked to implementation and spread of innovation
- Key role of informed and empowered consumers and citizens
- Build political leadership and policy guidance

Issues for discussion

- What promising innovations are you aware of?
- What are the major constraints to the emergence of innovative ways to improve market performance and their spread and what could be done to overcome them?
- How could a programme facilitate learning about what works, particularly in addressing the health-related needs of the poor?
- How can governments and other key actors learn to be effective in protecting the interests of the poor in the new health systems that are emerging?