

PharmAccess' Response

We would like to focus our responses primarily on health financing and delivery in Africa where PharmAccess collaborates with Dutch and African public and private sector to extend health care to millions of people excluded from the health system using digital technology as an enabler.

1 Nexus between development cooperation and foreign trade

Through their trade, investment and market position, Dutch businesses can play a key role in tackling some of the major challenges facing the world today. The focus of Dutch policy vis-a-vis the private sector will be on the 'twin transitions' of digitalisation (including artificial intelligence) and sustainability – both of which will be key to achieving the Paris and Glasgow climate goals in the years ahead. We must achieve these goals not only in the Netherlands, but across the world as a whole. While Dutch expertise and investment funding are in great demand, we also see that more may be needed when it comes to getting Dutch companies involved in these transitions in low- and middle-income countries.

How can we increase the involvement of Dutch companies in the twin transitions in low- and middle-income countries?

Response

Health is wealth. Accounting to 10% of the global GDP, healthcare is of enormous economic importance. Better health is understood as a driver of economic growth, and COVID has shown the huge impact that health has on the economy. **Private healthcare sector** accounts for about 52% of care in Africa including the lower income groups. And most of the digital innovation is driven by international and regional private sector tech companies.

The Dutch private sector can play a key role in contributing to economic growth, sustainable development and poverty reduction in low-and middle-income countries (LMICs) through investments in health system. The Netherlands is regarded as a leader in the provision of social infrastructure: #2 Health System 2018 (Euro Health Consumer Index), #1 Pension System 2020 (Mercer Global Pension Index) and #5 Education System 2019 (Worldwide Educating for the Future Index/ Economist Intelligence Unit). The Netherlands has one the largest privately financed semi-public social infrastructure systems in the world, including health insurance and pensions. The Dutch private sector can export the Netherlands' expertise in the **financing and provision of social health infrastructure. Especially the knowledge of social redistribution of domestic finances for health to ensure health inclusion is essential to build inclusive, resilient health markets that are less reliant on donor funding.** This can help strengthen the capacity of LMICs for domestic financing of health – eg., social health insurance and the complementary role of private sector in the management of health insurance.

Based on our experience and lessons learned, investments in **improving the delivery systems** of healthcare facilities through the **introduction of quality standards** (e.g., SafeCare), **blended financing** (e.g., Medical Credit Fund) for small and medium sized healthcare providers as well as local manufacturers of medical supplies and pharmaceuticals are also critical for ensuring better health services and enhancing participation in social health insurance and **digital health financing platform** (e.g., CarePay platform) to mobilize financing for health and manage healthcare transactions. Lastly, the

Dutch expertise in data and technology analytics can be used to build strong regional knowledge institutes than strengthen data driven decision making for healthcare including better pandemic preparedness and response.

2. The Netherlands has a long tradition of public-private partnership. As the global challenges grow ever bigger, it is important to deepen and accelerate these partnerships. The Sustainable Development Goals were presented in 2015 as a plan of action for governments, companies, knowledge institutions and private individuals to achieve sustainable development worldwide.

How can government, the private sector and knowledge institutions work together better to achieve the Sustainable Development Goals?

Response

The future of healthcare in Africa lies in a mixed market approach (public-private partnerships - PPPs), as governments in LMICs look to ease pressure on budgets, stimulate innovations and investments and introduce efficiency in the extending health care coverage by entering public-private partnerships. Based the lessons learned from our activities, we can make following recommendations to optimize the benefits of PPPs.

Governments (Dutch and Africa) have a key role **as enablers** of PPPs

Dutch government

First loss capital: In healthcare, PPPs are better placed to address market deficiencies, through risk sharing, across multiple stakeholders and projects. This is relevant in contexts of emerging technologies and innovations where associated 'high technical risks' may be viewed by traditional funders as outweighing the short term visible economic benefits, and governments in LMICs may be balancing a number of social and economic initiatives. Dutch development cooperation can provide first loss to enable companies to undertake risky business ventures that serve bigger social goals.

Solvency capital: With the aim of ensuring that companies (e.g., insurance companies, fintech and financial institutions) can survive the most extreme expected losses as well as protect consumers, most African governments are introducing huge solvency capital requirements which are difficult to meet by fintech and other starters focused on serving low-income populations. Addressing solvency requirement – e.g., providing financial facility to aid companies with a social agenda can encourage private sector involvement in health system which is serving those excluded from care.

Political and financial leverage: The Dutch government can leverage its support for LMIC governments and global health and development institutions to strengthen the activities of Dutch organizations and companies locally. For example, the Dutch government supports many multi-lateral partnerships in global health, including the Global Fund for AIDS, TB and Malaria, WHO and the Global Financing Facility for Women, Children and Adolescents (GFF). The Netherlands can use its financial and political leverage to stimulate these multi-lateral organizations to seek better synergy with country-level priorities, including collaborations to implement successful innovations of Dutch organizations. The multi-lateral organizations are risk averse and avoid pioneering interventions that can enable LMICs to transform the financing and delivery constraints facing most health systems, and a bolder, more innovative agenda is needed to more efficiently and effectively use these multilateral organizations. Locally, the embassies can also play a key role of brokering collaborations between key local institutions and Dutch organizations and companies

Africa governments:

Africa government can do a lot in terms of implementing effective policy and regulations but also investing in physical and digital infrastructure to enable entrepreneurs grow their businesses in digital innovations. The African governments can, for example, focus on (a) investing in the ecosystems and networks which provide skilled workers, (b) build financing infrastructure which supports small enterprises to enhance their access to investment capital; and (c) build physical infrastructure - e.g., digital, transport and ports systems that help these enterprises and markets to function.

In the case of providing affordable care, Africa governments should provide the financing and regulatory framework and allow the private sector to focus on delivering services. Unfortunately, in many countries, the government is also competing with private sector in the delivery of services (e.g., insurance companies) as well as monitoring the performance of these private enterprises, which are technically its competitors. This conflict does contribute inefficiencies and inability of both the government and private sector to function optimally, and investments in better strategic purchasing and insurance contracting for both public and private facilities is essential. Lastly, many of the digital innovation is driven by the private sector, but local laws and redulation are not equipped for buying of software as a service, and data regulation laws are in infancy stage. This needs to improve to drive digital investments needed for resilient health systems.

Private sector:

When these enablers are created, the private sector can focus on solving the problems. Entrepreneurs and businesses do create wealth and jobs as well as play a huge role in providing health care.

Increased private-sector participation in health care - in particular, private money at risk -can lead to efficiency gains but only if private health sector have the opportunity to apply their risk-management skills through a meaningful framework of transfer of risks and responsibilities that governments provide. Public funding can be used to de-risk investments, test and scale the digital infrastructure needed to drive digital health applications.

Knowledge institutions:

Knowledge integrators: Knowledge institutions can focus on research that generate good data and analysis of the context, market opportunities, and impact to guide the decision of governments as well as the business models of companies. Through this collaboration, research and knowledge institutions can function as 'knowledge integrators' where knowledge and ideas are leveraged across industry, government, civil society and academia. During the COVID-19 pandemic, it became clear that data from LMICs was scarce, hampering decision making based on regional information. Knowledge institutes in LMICs should be strengthened and part of a global network coordinating e.g., future pandemic responses.

3. The Netherlands has had an action plan on policy coherence for development since 2016. The aim of policy coherence is to reduce the negative effects on developing countries caused by policies in areas other than development, and to strengthen synergies and cooperation. The action plan, which was revised in 2018, identifies five Dutch policy themes that can enhance developing countries' opportunities for development: (1) combating tax avoidance/evasion, (2) development-friendly trade agreements, (3) a development-friendly investment regime, (4) more sustainable production and trade, and (5) combating climate change.

How can the Netherlands' efforts to achieve policy coherence for development be further strengthened or enhanced?

Response

Policy coherence can be achieved if Dutch development cooperation is geared towards some of these primary challenges that all LMICs face in addressing sustainable development agenda such as (i) ensuring integration – making sure that actions for one SDG or targets reinforce progress on other SDGs; (ii) promoting alignment across local, national and international actions and (iii) overcoming fragmented or siloed policy actions in addressing complex issues. It is important that Dutch development cooperation is embedded in trade, poverty reduction and human rights policy, leveraging the potential of **mobile technology, private investments to strengthen health systems**. The impact of health on livelihoods and economy (health is wealth) underscores the need for a strong policy coherence. PharmAccess advocates and implements an integrated health systems strengthening approach aimed at building a resilient health system to address both the financing and delivery of care.

With over half of Africa population having access to mobile phone, **mobile technology** is bringing health care closer to the community. **Real-time collection of data** enabled by mobile technology ensures transparency in the delivery, utilization, costs of care and availability of funds, delivering value for more people. This is particularly vital during a crisis when it is not only critical to address the outbreak but also to commit resources to competing healthcare needs. The rise of **digital health financing platforms** in Africa facilitates new forms of financing health, e.g., the integration of multiple vertical funding streams (e.g., HIV, TB, malaria, mother and childcare) into primary care. This creates opportunities for innovation, efficiency and crowding-in of domestic resources for health. Lastly, tech innovations in telehealth and remote care will increase access to care without the need to build new hospitals everywhere, ensuring (poor) communities are better connected to healthcare.

4. Strategic and sustainable trade policy

Other states are also anticipating the above-mentioned transitions and geopolitical shifts, and are adjusting their national and international policies accordingly, for instance by pursuing their international objectives through more aggressive economic diplomacy and the use of economic instruments of power. The Netherlands cannot afford to fall behind. Our country's interconnections with the rest of the world are both greater and more fragile than ever. The Netherlands will therefore focus on strategic and sustainable trade policy as part of its coherent foreign policy.

How can the government strengthen Dutch companies' sustainable earning capacity abroad?

Response to Q4:

Especially in the field of health care which is a social public good, it is essential that local governments contract for health services that cater for the very poor. This ensures inclusivity. However, government contracts can be unreliable, hampering reliant income for private companies. Strengthened PPP regulation especially for new services such as software and technology will be the basis for better aid and trade agenda.

5. Themes and sectors of the future

The focus of companies, governments and knowledge institutions is changing in light of the global transition to ensure a bright future for current and future generations.

In which themes or sectors do you see opportunities for international enterprise?

Response:

In sub-Saharan Africa, mobile technology has emerged as a primary engine of economic growth, stimulating enormous private-sector spending in both R&D and infrastructure, and profoundly changing daily lives. There are about 477 million unique mobile phone subscribers, constituting 45% of population (*The Mobile Economy of Sub-Saharan Africa. GSMA 2020*). Smart phone adoption is expected to double over the next 5 years to represent 65% of all connections in the region. The spread of **mobile technology** has empowered the poor with access to information, job opportunities, and (financial) services that improve their standard of living. It enhances opportunities for data gathering and analysis for more targeted and effective poverty reduction strategies.

There is a big opportunity and role in digital and mobile technology and innovations for Dutch and international companies to collaborate with African fintech, governments and organizations. The role of international enterprise is not only a means to deliver critical services but also enables commerce and, thus, the means for economic growth. Digital inclusion, particularly in the wake of the COVID-19 pandemic, has proven critical for addressing challenges in physical infrastructure that leave the most rural and marginalized communities behind.

Developing and managing secure digital solutions requires extensive knowledge across issues like data privacy and security, standards, biometric development, device security, and more. This knowledge resides with the private sector entities that can invest private capital to continually innovate, to prevent fraud, and to provide protection for personal data.

6. Public-private cooperation and role of SMEs

A successful approach to international trade requires cooperation between the public, companies, civil society and government. It is also useful to align with market demand. What would help companies, and SMEs in particular, to increase their export performance and innovative capacity?

How can the government better support companies (and SMEs specifically), that are doing or wish to do business abroad?

- What type of support do companies need in order to achieve international success in the areas of digital innovation (innovation partnerships) and sustainability?
- For what countries, regions or markets should the government provide private sector support?
- What type of trade promotion activities should the government stop doing?

Response

Supporting Dutch enterprises/SMEs going to LMICs

De-risking private investments: Some of the key risks in operating in LMICs are associated with market deficiencies, changes in legislation and regulation and limited information, IT failures, and data breaches. This is relevant in contexts of emerging technologies and innovations where associated 'high

technical risks' may be viewed by traditional funders as outweighing the short term visible economic benefits, and governments in developing countries may be balancing a number of social and economic initiatives. Dutch development cooperation can use **development funds to de-risk private investments** – e.g., provide **first loss** or **grants (blended financing)** - to stimulate companies to undertake risky business ventures in digital innovations that serve bigger social goals and drive sustainability.

Institutional advocacy & broker engagements There are restrictive legislations and/or frequent changes in legislations and regulations in LMICs due to capacity challenges and change of governments that distort investment climate and adversely affect businesses. The Dutch Ministry of Foreign Affairs and embassies can play a proactive role in using their **political leverage** in LMICs to stimulate **institutional advocacy** and **broker engagements** with governments to support Dutch organizations and companies, especially in the field of new technology this is a priority area.

Institutional & capacity: In the Netherlands, the government can take steps to **improve the regulatory processes** for entrepreneurs going abroad and supporting them in **building market insights** to inform business strategies. Dutch development co-operation can facilitate **partner experience** by developing a private sector relationship management system to improve the engagement experience of enterprises and stimulate other enterprise. It is also important to support **capacity building in LMIC** because promoting international business is a high-skill, labor-intensive practice, and that policies of LMICs should focus on creating a sizable personnel base to improve the international competitive position of the country. Expertise in software development and data analytics need to be strengthened locally.

7. Dutch development cooperation activities

The Netherlands is actively pursuing a number of policy themes in the area of development cooperation. For example, we're investing in efforts to advance the Sustainable Development Goals (SDGs), reception in the region, access to vaccines, and climate adaptation and mitigation. The Netherlands will continue its efforts in areas where progress is being made and will focus on its strengths, such as linking diplomacy and development. For more information about Dutch development policy, go to www.nlontwikkelingssamenwerking.nl.

In your opinion, what are the Netherlands' strengths when it comes to development cooperation? In which policy themes could the Netherlands play a leading role?

Response

The themes mentioned in the Dutch development cooperation policy are relevant because they reflect the values and principles of the Dutch government and society, which are fundamental to the attainment of the SDGs.

Besides, since the Netherlands is a signatory to the Universal Health Care declaration, and COVID has dramatically demonstrated the strong link between better health systems and economic growth and development, it is important that the Dutch development cooperation also focuses on a much broader health agenda, namely **Universal Health Care**. A better health system can deliver all the essential health services, including SRHR, which is an important theme for the Dutch government.

In addition, with the rise of digitalization in LMICs, it is also important that the development policy prioritizes **innovations and digitalization**, which are obviously linked to **private sector development** and better public governance, **transparency and accountability** in LMICs. About 10% of the GDP in transactions in Africa occurs via mobile payments compared to 2% in the European Union and the US (reference: *Fintech in Sub-Saharan Africa: A Potential Game Changer*), and this is bound to increase even further in the future. Dutch development cooperation can support **innovation ecosystems**, environments that encourage new ideas that respond to what the society and, market or an individual needs. These ecosystems involve strong collaboration between policy makers, private sector, organizations and academia. These actors working together can provide capital, physical infrastructure and an enabling policy to support innovations

8. Innovative development cooperation

Dutch international cooperation is flexible and knowledge-intensive. We are also innovative, developing new ways of working and new types of partnership that are subsequently adopted or scaled up by others, like the European Commission and the World Bank. In this respect, Dutch international cooperation is like a creative and knowledge-intensive incubator. We are a relatively small donor, but as an EU member state and through bilateral aid we can make EU aid more visible and generate additional, relevant capital flows.

In what other ways and areas could Dutch development cooperation innovate more?

Response

Supporting economic transformations and health systems strengthening: The COVID-19 pandemic and other urgent challenges clearly show the need for greater resilience and sustained outcomes in Africa economies. Also, addressing vulnerabilities and promoting inclusive and resilient growth requires significant investment and expertise. Dutch development cooperation can focus more on **supporting structural economic transformations, prioritizing health systems strengthening**, and leveraging investment and global cooperation. This shift can serve to amplify the impact of targeted interventions.

Optimizing political leverage: Dutch development cooperation can strengthen the impact of its work through how it uses its **political leverage** to proactively stimulate Africa governments and global institutions to collaborate with Dutch organizations and institutions locally. For example, the Dutch government supports many multi-lateral partnerships in global health such as the Global Fund for AIDS, TB and Malaria, WHO and the Global Financing Facility for Women, Children and Adolescents (GFF). The Netherlands can use its financial and political leverage to stimulate these multi-lateral organizations to seek better synergy with Dutch organizations and support their successful innovations. Multi-lateral organizations are risk averse and avoid pioneering interventions that have the potential to transform the constraints facing most health systems of LMICs. Locally, the embassies can play an active role of brokering collaborations between strategic local institutions and Dutch organizations and companies

Prioritizing research: Dutch development cooperation can contribute to deliver sustained international development outcomes in Africa by **prioritizing research** into the underlying issues and/or policies affecting sectors or regions, offering policy advice and other expertise.

9. A bold donor

Dutch international efforts can be characterised as bold, because we link financial investment to diplomatic efforts and expertise. We will continue our work on themes where we have always added value: sexual and reproductive health and rights (SRHR), water, food security, and security and the rule of law. We will also make better use of the diplomatic weight of the EU. To ensure we achieve the SDGs by 2030, we will invest in systemic change, i.e. tackling the structures that maintain poverty and inequality.

In what ways or areas could the Netherlands, as a donor, be even bolder?

Response

Dutch development cooperation has a reputation globally as a flexible funder who is also willing to address challenging issues. It is important in the world of rising insecurity, divisiveness and dwindling donor funding that the Dutch government continues to serve as an example of good donorship principles. The focus on private sector approaches to transformative innovation is also commendable because it spurs innovations to deliver change aligned to the SDGs in Africa.

Due to a strong public opinion on development cooperation that favors quick results, development cooperation policy tend to be risk-averse. But we have seen that the transformative change needed in development often requires risks. Dutch development cooperation can, therefore, be bolder, for example, in **supporting risky innovations (with unpredictable outcomes)** that can leapfrog traditional healthcare delivery models essential to the provision of healthcare solutions across LMICs. This can be done by supporting the **piloting of scalable next-generation models** for private sector engagement. Especially the field of digital technology and new health models such as telemedicine and remote care will require new and bolder investments. Lastly, health systems change requires longer term investments and a trusted environment between all parties. Therefore bold, long-term investments will give the Netherlands as a donor a unique position to sustainably drive better healthcare, leading to better Global Health.

10. General closing question

Are there any other points that you believe should be included in the new policy document?

N/A

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