Innovating Foreign Assistance
Harnessing the Power of the Private Sector to Achieve US Global Health and Development Goals
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For more information

Please contact Jenny Blair at jblair@path.org.

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Introduction

For four decades, PATH has worked across the public, private, and social sectors to develop and scale solutions that improve health and save millions of lives worldwide. We have partnered with multiple US government agencies and departments—including the Department of Defense (DoD), the Centers for Disease Control and Prevention (CDC), the National Institutes of Health (NIH), the Biomedical Advanced Research and Development Authority (BARDA), and the US Agency for International Development (USAID)—as well as government and multilateral agencies around the globe. PATH has also partnered with companies of all sizes across different sectors and with social-sector players around the world, including leading foundations, academic institutions, nongovernmental organizations (NGOs), and local community-based organizations. These relationships have given PATH a unique vantage point to identify what challenges exist to foraging effective partnerships across sectors, and what conditions are needed to fully leverage the comparative advantages of each sector to advance US global health and development goals.

Seizing the moment

Arguably the private sector is more engaged than ever in bringing its unique expertise, networks, and resources to the table to solve some of the world’s leading health and development challenges. This heightened involvement is not just something we are seeing at PATH—changes in global demographics and financial flows reflect the rapidly changing engagement of the private sector across the world. Low- and middle-income countries (LMICs), where official development assistance was once the primary source of external funding from the United States, have US private capital flows that are more than five times that of funding from foreign aid.\(^1\) Advancements in science, technology, and connectivity have created new opportunities for private-sector engagement in foreign assistance, with consumers in LMICs creating new markets and incentives for corporate engagement.\(^2,3,4\) Many of these advancements are also a reflection of the success of US foreign assistance, which has helped to lift millions of people out of poverty while simultaneously making America and the world healthier, safer, and more prosperous. Eleven of the United States’ 15 biggest trading partners were once beneficiaries of US aid programs.

Definition

Often referred to as a public-private partnership, for the purposes of this paper, a “multisector partnership” is defined as an initiative between two or more sectors, including the public (government), private (industry), and social (nonprofit, philanthropic, and academic) sectors. Each sector brings something to the table—such as financial resources, technical expertise, networks, or skills—to achieve development impact.

With efforts underway to revamp the structure and delivery of US foreign assistance for greater impact, there’s a unique opportunity to capitalize on this shifting development landscape and bring innovation to the fore. When the private sector engages in development, it brings new resources that include scientific and intellectual property, manufacturing capabilities, capital investment capacity, market development experience, distribution channels, and technical expertise. Although the private sector will never replace the roles of the public sector (government) or social sector (non-profit, philanthropic, and academic groups), private-sector groups can and should be brought in as active partners to accomplish US development goals. PATH’s experience has shown, however, that often deploying a multisector (public-private-social sector) approach is the most productive way to leverage the best assets of each partner to address the most complicated development challenges. Analysis suggests that collaborations across sectors can achieve greater impact than intersectoral partnerships.\(^5\) Ultimately, these multisector
partnerships drive innovation in financing and approaches and bring new skills and resources to the table to grow solutions to scale. By providing new and improved platforms and incentives for cross-sector collaboration, the United States can realize the promise of innovation to save more lives, foster public- and private-sector development, and promote sustainable economic growth at home and abroad.

As Congress and the administration evaluate how government can best serve the American people and deliver on strategic US global health and development goals, a key area of focus should be optimizing US government policies, programs, funding, and other assets to incentivize partnerships across the public, private, and social sectors that will accelerate innovation, leverage new sources of funding, and create long-lasting, measurable results.

Modernizing partnerships to achieve global health innovation

Many of the most transformative US achievements in global health and development have resulted from multisector partnerships. For example, the development of first-generation antiretroviral (ARV) drugs to treat HIV/AIDS came from a collaboration between the NIH and the Burroughs Wellcome Company (what is now GlaxoSmithKline). The public sector, through programs such as the US President’s Emergency Plan for AIDS Relief (PEPFAR), has now provided ARV treatment for more than 11 million people, greatly contributing to the decline in mortality from HIV/AIDS by nearly half since 2005.5 New pediatric treatments for malaria, such as Coartem® Dispersible, which have saved an estimated 750,000 lives,6 and vaccines such as MenAfriVac®, which has been used to vaccinate 270 million people for deadly meningitis,7 tell a similar story. When the right partnerships are formed, the impact can be staggering.

Despite these successes, private-sector partnerships capable of driving health innovation often fail to realize their full potential. Too often, partnerships are established without the right expertise; are created in silos or as one-off, short-term projects; or are not designed to reach those with the greatest need. Though many corporations see opportunities in emerging markets and middle-income markets, too often the hardest to reach populations live in areas where markets continue to fail. Better coordination, new incentives, and a modern approach are needed to optimize multisector partnerships and maximize impact. The United States should capitalize on growing private-sector interest in development to accelerate progress toward US development goals and leverage new sources of funding and expertise. Smarter partnerships will not only help stretch limited taxpayer dollars for development but also help build economies, expand markets, and create business opportunities for American companies.

Challenge 1: Building shared value and vision

The US government has a strong record of partnering for impact—particularly in the area of health innovation where traditional markets are lacking—but improvements are needed to keep pace with the increased interest of the private sector to engage. Making it easier for the private sector to engage and aligning values and vision for shared partnerships are critical. Too often, businesses are constrained by complex US government processes when searching for partnership and co-investment opportunities. Even USAID, which has been at the forefront of creating partnerships for development, has had difficulty overcoming barriers to partnership. A recent study, for instance, revealed that both USAID and corporate partners felt a significant need to better understand effective engagement strategies for collaboration between the development and business sectors.8 Drawing on PATH’s experience navigating many of the US government’s partnership mechanisms, there are a number of barriers that should be addressed to bolster the creation of successful multisector partnerships.
Barrier: Multiple and confusing partnership mechanisms

Health innovation often touches multiple agencies across the government at different points of the development pipeline. With multiple partnership mechanisms within and between agencies, it can be difficult for partners to know where and how to engage. USAID has worked to address this issue through the implementation of its relationship manager system, matching a USAID employee to a handful of USAID’s largest partners to help them navigate the system. Initiatives like this are promising, but they are not sustainable at a large scale and still leave out scores of US government agencies. Better coordination is needed to help partnerships of all sizes navigate mechanisms across the US government.

Barrier: Lack of shared understanding between the public and private sectors about business models, incentives, and metrics

The public, private, and social sectors often think, plan, and operate very differently from one another, which makes it difficult for partners to agree on industry drivers and the unique value-add of different types of partnerships. Sectors may see shared value in working together but in the end answer to different constituencies, consumers, or donors. Things as simple as timelines can be a barrier to effective partnerships. For example, government agencies often require large lead times and can be slow to make decisions; this does not always align with the needs of partners, who may not be able to invest in lengthy negotiations. Additionally, global health and development issues require long timelines for impact, which can be a challenge for businesses whose objectives are typically measured on a quarterly basis.

Differences in motivation can also be a barrier. Sustainable partnerships should provide motivation by bringing value to all partners. Although each sector may offer critical advantages—such as new sources of funding, distribution channels, technical expertise, credibility, and community engagement—fully capitalizing on these advantages requires a stronger level of understanding between sectors about different needs and motivations. A recent study by the Brookings Institution on partnerships at USAID found that one barrier was the slowness of agency staff to feel comfortable with the profit needs of the private sector and to recognize the value that business can bring to development.

In addition, there are important differences across different kinds of companies (e.g., multinational corporations, small- and medium-size enterprises) that need to be considered in relation to partnership incentives and needs. For example, multinational corporations have the resources to invest in the long game—they recognize that investments in new tools for diseases such as malaria will help to protect their workforce and will facilitate economic development, which will ultimately stimulate local demand for products and services. Smaller corporations may not have significant resources to invest and may have a greater need to see a rapid return on their investment, but still see value in understanding how their products or services apply in a new market. Although both types of companies are interested in engaging in development, they may require different incentives to come to the table. Understanding and aligning industry incentives across different types of companies is challenging—in global health and development, this challenge can lead to barriers in co-creation generally, as well as in incentive alignment, execution, and long-term sustainability planning. Professionalizing private-sector partnership management within US agencies could dramatically improve the administration of multisector partnerships.

One model that has shown progress in aligning private-sector needs to public-sector development goals is USAID’s Center for Accelerating Innovation and Impact (CII). CII’s goal is to apply a business-minded approach to accelerate the development and scale-up of new health products. To achieve this, the program has prioritized hiring staff with skill sets that go beyond the range of the traditional aid worker. CII staff have backgrounds in business, economics, and innovative finance. Incorporating an entrepreneur’s skill set allows for a strategic understanding of the broader development landscape, including the private sector, whose members have a tremendous amount of expertise that can be tapped to solve challenges in the most cost-efficient and sustainable way.

Recommendations for shared value and vision

- Establish a single US government focal point for private-sector partnerships designed to advance global health and development. Consideration should be given to ideas put
forward by the Brookings Institution\textsuperscript{10} to create a central point of contact within the US government that coordinates private-sector engagement. A positive step forward in this direction is the recently introduced Economic Growth and Development Act,\textsuperscript{11}--bi-cameral legislation that would establish an interagency mechanism to streamline private-sector coordination across federal departments and agencies involved in US foreign aid.

- **Establish a program to help mid-level professionals in US development agencies gain experience working with the private sector.** This program could initially include classroom learning or reliance secondments between sectors, and it could grow into a multidimensional program that encourages cross-sector experience among public, private, and social sector mid-level professionals, to increase the capacity of key staff to direct and manage multisector partnerships.

- **Create an independent task force—comprising senior representatives from the public, private, and social sectors, including companies of different sizes—with a mandate to review current partnership mechanisms** for global health and development, and advise on what is working, what needs improvement, and what is failing. The task force should consider how different mechanisms appeal to different sectors and different types of companies, including multinational corporations and both foreign and domestic small- and medium-sized enterprises, and whether the right mechanisms are being used to accomplish key US health and development goals. The task force should also streamline and simplify partnership processes to make it easier for different types of private-sector companies to engage. In addition, the task force should produce a set of recommendations to improve US partnership mechanisms to dramatically increase the number, quality, and sustainability of multisector partnerships.

### Challenge 2: Promoting sustainability and accountability

With more than 80 percent of financial flows from the United States to LMICs now coming from sources other than overseas development assistance (ODA), engaging the private sector to plan for long-term sustainability and country transition to economic self-sustainability is critical.\textsuperscript{12} Partnerships with the private sector have tremendous potential to solve seemingly intractable problems, and successful partnerships should not only leverage new funding and expertise but also incentivize nongovernmental partners to help fill in funding gaps and hold partners accountable for meaningful results. The following barriers must be addressed to ensure the US government is strategically using its partnership mechanisms to accomplish long-term development goals.

**Barrier: There is currently no systematic approach to partnership**

A more systematic approach is needed to determine when and how partnerships with the private sector could be better used to advance health and development goals. This is particularly true for partnerships where the private sector is contributing resources toward a shared development goal (versus a traditional partnership mechanism such as a grant or contract where the US government funds a partner to carry out a specific objective). Though traditional mechanisms are still certainly needed, they are not always the best or most sustainable way to achieve impact.

PEPFAR is one example of a program within the US government that has put private-sector partnerships at the heart of programming and where partnerships are expanding the ability to achieve sustainable impact. For example, PATH is an implementing partner in a new $10 million joint partnership between PEPFAR and AstraZeneca aimed at expanding access to services for both HIV/AIDS and hypertension by integrating them in existing PEPFAR sites. This partnership creates shared value for both sets of partners. New patients can access services for hypertension, and PEPFAR can connect with hard-to-reach patients who may come to a clinic for high blood pressure but who would not come in for HIV/AIDS treatment.

**Barrier: Partnerships sometimes lack sustainability and clear impact**

US government global health and development funds are required to meet rigorous standards for performance. Accountability and effective monitoring and evaluation are critical to deliver measurable impact. Although there is a move toward improved measurement and focus on outcomes for many US government grantees and contractors, less
formal partnerships in which money may not change hands between partners, and multiple parties contribute toward a shared goal—such as USAID’s Global Development Alliance (GDA)—tend to be evaluated based on the amount of matching contributions they bring in, rather than on their ability to save lives and deliver on strategic US development goals. For example, an assessment commissioned by USAID on the value of its partnerships with the private sector revealed that partnerships were measured by the input partners provided via their own resources rather than by their ability to achieve development results. The success of a partnership should not be measured by its size or ability to leverage new funds, but by the degree to which it has delivered the development outcomes it was created to support.

Another factor to consider is sustainability. For partnerships where the private sector is contributing funds and where there is no binding legal agreement, incentives should be in place to ensure partnerships are sustained beyond purely altruistic motivations. If a private-sector partner backs out after the US government has already applied considerable resources for a set of activities, US taxpayers are not being well served.

Barrier: Current partnership mechanisms aren’t always fit for purpose

We need the right instruments for the job, and partnership mechanisms should be designed with the end goal in mind to ensure the right partners are brought to the table. While many agencies are turning to more innovative, co-creative approaches for development that offer opportunities for the creation of shared value (e.g., Broad Agency Announcement [BAA] or Development Innovation Ventures [DIV]), processes should be designed to better align with the needs and constraints of partners. Co-creation mechanisms, while seemingly promising to surface the best knowledge and ideas, require partners to divulge sensitive information and can require lengthy negotiation timelines, often without transparency around decision-making and existing funding opportunities. Although PATH has benefited from some of these processes, particularly with USAID, our experience is that small adaptations—such as informing partners why proposed concepts did not move forward and what concepts were chosen instead—would help potential partners better understand what USAID is prioritizing in project selection. Shorter and clearer timelines would improve USAID’s ability to attract the right partners as well.

Another mechanism with which PATH has had extensive experience is USAID’s Saving Lives at Birth (SL@B) Grand Challenges, from which PATH has received multiple awards. This is an example of a prize model of funding, where innovators competitively submit ideas and receive awards to advance a technology through the development process based on milestones being met with seed or scaling funds. Although PATH has benefited from receiving SL@B awards, this type of mechanism is likely better suited for entrepreneurial innovators and those with less experience moving a product through development, because USAID’s gating process helps push the product through the pipeline. For larger, more experienced innovators such as PATH, putting together funding for a project piece by piece has been more burdensome than helpful in comparison with a mechanism such as a cooperative agreement, which has allowed PATH to take a portfolio approach to develop new technologies. A prize or challenge model is particularly useful, however, for drawing in new innovators, as well as innovators in LMICs, and should be scaled-up with a focus on bringing these new partners to the table.

Certain types of partnerships, like those required to advance innovation, require a particular level of expertise. For example, some of USAID’s innovation projects have recently been issued as contracts, which places the onus on USAID staff to guide the project’s technical direction rather than relying on the unique in-house expertise that experienced companies and product development organizations can offer. The American innovation sector is unparalleled in its ability to advance technologies and has a proven record in delivering technologies for global markets. In PATH’s experience, cooperative agreements or grants allow USAID to tap into the full capabilities that scientific organizations can bring. The goal of the US government should be to tap into American industry and innovation, not direct it.

Another consideration is whether agencies like USAID have the proper authority to create partnerships that incentivize sustained private-sector participation and innovation. Authorities such as Other Transaction Authority (OTA), which Congress has granted to 11 agencies primarily for the use of research and development, allow for greater flexibility than traditional mechanisms and have been successful in bringing nontraditional partners to the table. For example, OTA has allowed BARDA to share the cost of developing a portfolio of products
with partners and make joint decisions on whether candidates should be advanced based on scientific criteria. Traditional federal contracts that focus on the development of a single product lack this flexibility and may create perverse incentives to keep funding a project even if the science is not behind it. OTA can also lead to time and cost savings because traditional contracts often require substantial resources to modify agreements. Finally, OTA has given BARDA the flexibility to provide steady funding to development partners over multiple years, keeping private-sector partners at the table. BARDA’s use of OTA is a model that may be beneficial for other agencies to employ, particularly around global health innovation.

Recommendations for sustainability and accountability

- **Conduct a government-wide review** to determine (1) where multisector partnerships are the best model to advance strategic priorities; (2) whether current partnerships have the right focus and whether US tax dollars are being well spent against comparable and measurable investments and outcomes; and (3) how current monitoring and evaluation methods are capturing impact toward the US government’s development goals, including how partnerships can reach the hardest-to-reach populations.

- **Develop a framework to guide multisector partnerships for development.** The framework should lay out a plan for increasing and strengthening these partnerships over time, include a “toolkit” of recommended engagement mechanisms and best practices, and set guidelines for the performance of partnerships against global health and development goals, including how partnerships can reach the poorest and most vulnerable populations. Reaching these populations will help build economies, markets, and business opportunities and ultimately help ensure that today’s donor recipients become tomorrow’s trading partners.

- **Review current financing mechanisms to make sure they are fit-for-purpose.** To leverage limited funding, a review of current funding mechanisms and an in-depth analysis of their impact (including bottlenecks, length of time needed for the negotiation process, and ability to harness private-sector investment) would ensure that the right instruments (including the right kinds of contracts and grants) are being used more often. Cooperative agreements and grants are an effective long-term investment for products that require specialized technical and product portfolio management. Mechanisms like the BAA and DIV offer great

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Key Mechanisms for Partnership

**Guarantee**
Partial protection to lenders willing to extend loans to developmentally important but underserved sectors such as health (e.g., Development Credit Authority).

**Seed Funding/Flexible Grant Capital**
Grant funding that operates like venture capital to finance high-risk, high-reward technologies and approaches that can be commercialized or scaled-up by others (e.g., Grand Challenges – Saving Lives at Birth).

**Co-funding**
Public funding used to match private funding to increase impact by applying private-sector knowledge and approaches to development problems (e.g., for USAID’s Global Development Alliance).

**Co-creation**
Broad set of activities that allows for a range of stakeholders—funders, implementers, partners—to come together to design and create something that offers shared value. Co-creation (e.g., Broad Agency Announcement) is often a prelude to procurement mechanisms such as grants, contracts, or cooperative agreements.

**Contract**
Agency typically exercises a higher level of control over the partner in obtaining results.

**Grant**
Agency does not need substantial involvement with program implementation.

**Cooperative agreement**
Agency is substantially involved with the recipient in program implementation.
potential but must be made more transparent to keep partners at the table. Mechanisms like SL@B should be refocused to tap into the talent of less-experienced innovators and entrepreneurs in LMICs.

**Challenge 3: Financing innovation in and for resource-limited settings**

Major barriers still exist to bringing the right set of partners together to sustainably address development challenges, particularly when trying to reach the world’s most vulnerable populations. To effectively leverage the capabilities, experiences, and resources of the private sector, the US government needs to provide effective tools to enhance shared value. Many companies recognize the long-term value of building new markets in countries where economies have advanced due to foreign assistance but need to see opportunities for a shorter-term benefit before they are willing to invest in the advancement of global health and development goals. However, for the model of shared value to work, partners must also see the potential for long-term benefits to their business before they are willing to invest valuable time and resources to advance health and development goals.

At PATH, we are seeing growing opportunities to partner with private companies in LMICs. Innovators located in LMICs are closer to the specific problems their countries face and can typically produce health products at a lower cost. Through programs like our Impact Labs in South Africa and India, PATH is seeing firsthand the skills and interest of local innovators and start-ups looking to both deliver a profit and deliver on social goods. Many of these promising innovations could reach scale in local and global markets if they had greater investment and broader technical assistance networks. The US government has a catalytic and powerful role to play as an investor, market shaper, and technical assistance provider—and modernizing its incentives by overcoming the barriers described below is critical to capitalizing on the double benefit that closer engagement with the local private sector can bring to build economies and create public good.
Barrier: Bottlenecks to local private-sector engagement

Initiatives such as Power Africa—which, with minimal US investment, has brought in $20 billion in outside commitments from more than 100 companies—have demonstrated the interest of the private sector in emerging markets and a willingness to invest corporate capital to advance shared goals. Emerging economies have increased biomedical innovation capacity for domestic markets. There is opportunity to leverage growing financial capital and expertise to advance health innovation and development goals. These kinds of partnerships, which tap into new sources of local funding, should be the norm, not the exception. Growing capacity and access to capital must also be matched with access to technical support to create sustainable business models and develop products of global quality. At PATH, we have seen this first-hand in our global partnerships. Many times, providing technical support to help partners reach international quality standards or navigate complicated regulatory pathways can be the difference between success or failure. This support should be designed to decrease donor dependency, build local capacity, and promote sustainability through country ownership.

The Power Africa model shows how US government funds can be used effectively and catalytically to reshape markets in LMICs to sustainably develop and deliver essential public goods. This model draws in a variety of funders, including domestic and private financing, and demonstrates how public-sector funds play an important role in advancing a project to a stage at which private-sector funders are willing to step in and carry it forward. A Power Africa–type model could be used in global health innovation to grow capabilities in developing high-quality, frugal innovations that are adapted to local health challenges and are sustainably financed by the private sector or in-country actors.

Barrier: Investments in research and development are risky

A level of risk is required when creating cutting-edge partnerships, particularly in areas such as research and development for health, where projects fail as often as they succeed. While businesses must appropriately manage risk against shareholder value, creative, return-oriented models exist that can help de-risk investments. One promising example is the use of advance purchase guarantees, which incentivize the private sector to develop new tools by guaranteeing the purchase of a successful product at a certain volume. USAID has used two of these guarantees—one to facilitate the development of Zika diagnostics and the other to speed the development of an Ebola vaccine. As protection for US taxpayers, both cases included pullback mechanisms in case they were not used. The US has rarely used or funded advance market commitments due to restrictions on multi-year appropriations, so additional legislative authority is needed to better take advantage of this critical tool.

USAID has also had success with the Grand Challenges model, which provides seed funding to high-impact innovations that, if successful, can be scaled by investors or other donors. For example, a small $250,000 investment from the Saving Lives at Birth Grand Challenge provided the seed funding needed to develop a device to assist with obstructed labor. As a result, Becton Dickinson (BD) has committed to further develop, launch, and scale this new lifesaving tool. Innovative models like these—which provide funding to take products past the proof-of-concept stage where investment is the riskiest—are critical to leveraging new sources of funding and expertise. In these cases, the public-sector investment is as necessary a catalyst as it is a market-shaper.

One incentive that has attracted private-sector engagement is the US Food and Drug Administration’s priority review voucher (PRV). The PRV program focuses on incentivizing development of health products that address disease areas where markets are failing. Sponsors who develop new products for certain neglected diseases are awarded a voucher than can be used for a future application of a new product, which reduces processing time by at least four months. Additionally, vouchers can be sold as a source of revenue that can offset the initial cost of developing the product. Since 2010, 13 vouchers have been awarded and 4 vouchers sold for an average of $200 million each. At PATH, the potential to receive a PRV for a new drug to treat hookworm has resulted in a ground-breaking collaboration that has brought in investment from stakeholders interested in both the profit potential and the social impact of this partnership.

New investment models that make innovation projects less risky for investors are also needed. Through our Impact Labs, PATH is experimenting with new models of financial support for social enterprise start-ups, including a program that provides traditional donor funding to advance products to less-risky stages where the private sector...
Other models, such as development impact bonds (DIBs), use private-sector funds to provide initial capital and, if a project is successful, investors are paid back with a return on investment by donors. This model puts a strong onus on accountability for impact and brings in new sources to fund projects that otherwise would have been paid for with traditional grant funding. USAID’s financing framework to end preventable child and maternal deaths outlines innovative approaches toward sustainable financing, with a heavy focus on crowding in new sources of private-sector funding. Additional frameworks that can apply to other development priorities are needed.

Barrier: Financing mechanisms are failing to keep pace

US government-sponsored development finance institutions (DFIs), such as the United States Overseas Private Investment Corporation (OPIC) and USAID’s Development Credit Authority (DCA), have successfully de-risked investment in emerging markets by offering financing, political risk insurance, and investment funds to American companies. Any holistic approach to modernizing development and tapping into private-sector funding should include strengthening the US government’s development finance capacity—which would be consistent with global trends to move away from solely grant-based financing, as developing country partners grow their economies and are able to commit more of their own domestic budget resources toward health and development. Multiple ideas have been proposed, including cross-government consolidation of authorities to create a new entity or expansion and modernization of authorities within the current model (such as expanding DCA’s budget and allowing OPIC to invest in equity). Whatever approach is taken, it will be critical to retain USAID’s involvement in development finance to make sure that these mechanisms are focused on transforming aid and achieving US development goals and that these mechanisms are also focused on helping the poorest and most vulnerable populations. These financing mechanisms have been a net plus to American taxpayers, and both have the potential to unlock new resources to reach US development outcomes faster, if given the necessary authorities.

USAID should also explore more ways to contribute to innovative financing models and/or align its bilateral financing with other donors through
multilateral platforms such as through the Global Financing Facility for Every Woman Every Child and the International Development Association (IDA). Doing so leverages US taxpayer dollars multiple times over and promotes greater country ownership and sustainability, by linking USG financing to national plans and budgets.

Recommendations for financing innovation in and for resource-limited settings

- **Promote and expand the use of US government incentives to support innovation**, including giving USAID the authority needed to make additional advance purchase guarantees. Nontraditional mechanisms—such as the FDA’s priority review vouchers, USAID’s Grand Challenges, and other innovative financing mechanisms like DIBs—have the potential to harness innovative solutions and leverage new sources of funding where traditional markets are failing. These mechanisms should be further enabled and additional mechanisms explored throughout the US government.

- **Establish a Power Africa–type model to strengthen technical and financial assistance to support health innovators and entrepreneurs in LMICs as they develop and scale promising products.** Technical assistance could include support to identify, develop, and scale innovations that might have broader regional or global applications; help to navigate complex regulatory systems and commercialization partnerships; and support to engage with local political authorities. Financial assistance could include coordination of US investments with funds from other donors to improve impact; assistance with transactions to advance collaborations with the private sector; and financing through loans, grants, or other mechanisms, paired with leveraged financing from domestic or private sources.

- **Strengthen and scale up authorities and funding for the US government’s primary development finance instruments, OPIC and the Development Credit Authority at USAID.** OPIC and DCA are complementary mechanisms. Retaining and indeed expanding USAID’s involvement in development finance is a critical element in our toolbox toward transforming aid and achieving US development goals. For health innovation, consideration should be given to ensure financing is matched with the technical assistance tools needed to support health innovators and entrepreneurs in LMICs as they develop and scale promising products.

**Conclusion**

US foreign assistance has already had an incredible impact on US and global health prosperity. Yet the explosive growth in private sector capital, as well as advancements in science and technology offer unprecedented opportunities to leverage outside sources of funding and expertise. A key focus should be on enabling and empowering multisector partnerships that can further accelerate improved health and economic growth both at home and abroad, pave the way toward reducing partner countries reliance on US, aid and put them on the path to graduation. To fully capitalize on these changing dynamics, current US partnership mechanisms must be modernized, engagement platforms streamlined, and new incentives created—both to minimize the risk and transaction costs for private-sector partners to come to the table, and to promote a greater public and private tolerance of risk to unleash innovations that will benefit the poorest and most vulnerable populations. Congress and the Administration should take deliberate steps to assess and ensure the US government has the best suite of policy, financing, and programmatic tools at its disposal to harness the power of multisector partnerships to save lives and advance US global health and development goals.
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