

# **Private Health Sector Development Policy**



Ministry of Health  
Accra-Ghana  
April 2012

## **Acknowledgments**

This Private Health Sector Development Policy was developed with the gracious financial support of the Rockefeller Foundation, the International Finance Corporation and the World Bank. We appreciate the inputs provided by the various stakeholders and development partners to shape up the strategic orientations and guidance on critical areas of emphasis. The Ministry of Health is particularly grateful to the consultants and the technical committee members who worked to put it together. The members of the technical team and consultants are provided below:

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## Foreword by the Minister of Health

From the mid nineties, the health sector has seen major reforms with the active participation of development partners. In the process, the public sector planning, budgeting and accounting systems were strengthened. The institutional arrangements were reorganised with the passage of the Ghana Health Service and Teaching Hospitals Act 525, 1996. This led to the establishment of the Ghana Health Service and the granting of autonomy to the Teaching Hospitals.

Private health sector development had remained at best limited. In healthcare provision, human resource training and capital investment support has not been systematic, coordinated and clear. The sector stewardship and regulatory responsibility has been inadequate. Access to loans and financial equities is a major challenge for all private health sector industry operators.

The government has now adopted a national Private-Public-Partnership Policy which provides orientations on how to execute PPP agreements. The outdated Private Hospitals and Maternity Homes Board Act 9 of 1958 for regulating, accrediting and licensing healthcare providers has now been repealed and replaced with the Health Institutions and Facilities Act 829, 2011. It is envisaged that the now broader Act will provide an effective framework for regulating service provision. The rapid unprecedented rapid economic growth in the last few years provides a good basis for growing the pharmaceutical industry and engaging civil society more effectively to attain national and internationally accepted health goals and targets.

Given the changing environment and new opportunities the existing Private Health Sector Development Policy adopted in 2003 does not fully provide orientations to take advantage of situation. This new policy responds to the new national policies, laws and Acts and provides appropriate guidance for implementation. The policy aims to address for main objectives:

- Improve the investment climate for private health sector growth
- Support the transformation of the private health businesses to meet industry expectations
- Build the capacity of private healthcare providers
- Increase opportunity for the poor to access private health care services

The policy considers the interests of the major stakeholders and outlines strategic themes for engagement. These are not exhaustive but provide the levers for change. It is envisaged that the implementation of this policy will increase and sustain the private health sector contribution above 60% in all areas and transform the health industry through the injection of new capital, technology and innovative management. The Ministry will encourage an independent and multi-stakeholder biennial review of this policy to keep it consistently updated.

Hon Alban S. Bagbin  
Minister of Health

# Table of Contents

Acknowledgments.....	i
Foreword by the Minister of Health .....	ii
Abbreviations.....	iv
Chapter 1: Rationale for Ghana’s private health sector policy.....	
1.1 Global context for the Policy.....	
1.2 National context for the Policy .....	
1.3 Purpose and organization of document .....	
Chapter 2: The Ghanaian Health sector.....	
2.1 Policy operation environment .....	
2.2 The Current Health Policy and Strategy .....	
2.3 Review of the Existing Private Health Sector Policy.....	
2.4 Characteristics of the Private Health Sector in Ghana.....	
2.5 Thematic Review of the Private Health Sector .....	
2.6 Foreign Private Investment in the Health Sector.....	
Chapter 3: Policy thrust for developing the private health sector .....	
3.1 Focus of the policy .....	
3.2 Core policy objectives .....	
4. Strategic policy orientations .....	
4.1 Policy orientations on private sector service provision .....	
4.2 Policy orientations on developing and engaging Civil Society Organisations.....	
4.3 Policy orientations on developing the private pharmaceutical sector .....	
4.4 Policy orientation on Private Public Partnerships in health.....	
5. Private sector coordination mechanisms .....	
5.1 Coordination mechanism .....	
5.2 Private Sector Unit of the Ministry of Health and its agencies .....	
5.3 Health Institutions and Facilities Agency .....	
5.4 Technical assistance.....	
Chapter 6 Summary and conclusion .....	

## **Abbreviations**

CHAG	Christian Health Association of Ghana
CSO	Civil Society Organisations
GHS	Ghana Health Service
MMDA	Metropolitan, Municipal and District Assemblies
MOFEP-PID	Ministry of Finance and Economic Planning – Private Investment Division
MoH	Ministry of Health
NHIA	National Health Insurance Authority
NHIS	National Health Insurance Scheme
PPP	Private Public Partnerships
SFP	Self Financing Providers
SME	Small and Medium Scale Enterprises
TRIPS	Trade Related Intellectual Property Rights

# Chapter 1: Rational for Ghana's private health sector policy

## 1.1 Global context for the Policy

Many developing countries face a critical gap between the demand for health care services and their supply. Consistent with international trends, growth in GDP in African countries is driving a greater demand for health care and an increase in per capita expenditure on health related goods and services<sup>1</sup>. Public resources fall short of what is needed to provide universal health care, to expand access and to improve the quality of care. In 2010 the World Health Assembly passed a resolution calling on countries to 'constructively engage the private sector in providing essential healthcare services'. The consensus among health partners is that if the right environment is created, the private health sector, working within a plural system, can significantly help to improve the scope, scale, quality, and efficiency of access to health services.

Collaboration between Government and the private health sector in Africa is not new. Private providers, especially faith-based organisations, have been serving African communities for decades. The World Health Organisation and others have identified improvements in the way Governments interact with and make use of their private health actors as one of the key ingredients to health systems improvements<sup>2</sup>. Across the Africa region, many ministries of health are actively seeking to increase the contributions of the private health sector. And at the international level tools and approaches are being designed to support Governments and the private health sector to work together more effectively<sup>3</sup>.

But engagement between Government and private health sector industry entrepreneurs occurs less

often<sup>4</sup>. Despite consensus on the importance of the private sector role in achieving health outcomes, few Governments in developing countries have a legal and regulatory framework in place to support and harness the private sector's contribution or the public sector's skills and capacity to engage with the private sector. Reactions to the private sector among ministries of health, donors and other public policy officials vary. Some know little about the sector, and some are ideologically opposed to its participation in healthcare, believing that the objectives of private healthcare financing and provision of health care are incongruent with the social goods nature of most healthcare. The public sector therefore is better placed to deliver these services. Many others recognise its potential, but have legitimate concerns about consistency of quality and the difficulty of regulating a diverse group of entities.

Engaging the private sector in addressing the region's health challenges should be seen as a valuing adding proposition. It is even more imperative with the global economic crisis causing a slowdown in private capital and aid; shrinking global trade and declining remittances. By serving broad segments of the population, increasing access, expanding the range of services and products available, and improving the quality of services, the private sector can have a positive impact on health and the quality of life in the region<sup>5</sup>.

## 1.2 National context for the Policy

Ghana's investment climate, while improving, is yet to benefit from rapid private sector investment and growth. A World Bank Enterprise Survey on the Investment Climate<sup>6</sup> identified key obstacles to doing business in Ghana to include access to finance;

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<sup>1</sup> The Business of Health in Africa, Partnering with the Private Sector to Improve People's Lives, IFC, 2008

<sup>2</sup> WHO, 2010; The Business of Health in Africa, IFC, 2008

<sup>3</sup> Private Sector Advisory Facility, Global Health Policy Research Network, Centre for Global Development

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<sup>4</sup> Healthy Partnerships – How Governments Can Engage the Private Sector to Improve Health in Africa; World Bank, IFC 2011

<sup>5</sup> The Business of Health in Africa, IFC, 2008

<sup>6</sup> Ghana Investment Climate Assessment: Accelerating Private Sector Growth; World Bank, April 2009

inefficient electricity supply; weak regulation and licensing; access to land; tax rates and administration; transportation; inadequately educated workers and competition from informal firms. Firm performance, the engine of economic growth, is affected by all aspects of the investment climate – the quality of public goods, the strength of market signals and the cost of transacting in the economy.

There are shortcomings in the structure of the private sector, with relatively few growing small and medium enterprises (SMEs) able to contribute to growth and job creation. Other constraints include capital intensity and the supply of business development services.

The country has developed policies for improving the investment climate, developing the private sector and strengthening public-private partnerships. These include the Private Sector Development Strategy I and II (2004; 2009) and the National PPP Policy Framework (June 2011). Key principles articulated in these policy documents include -

- *Private Sector Development Strategy I and II*
  - Create an environment where all businesses can operate competitively and where the private sector has the incentive to take risks, innovate and diversify; take measures to reduce the costs and risks of doing business in Ghana
  - The strategic objectives of Government's Private Sector Development Strategy will be delivered by 'forging partnerships with the private sector'
- *National PPP Policy Framework*
  - The PPP framework is aimed at providing certainty to all stakeholders that the Government of Ghana is committed to partnering with the private sector for the delivery of public infrastructure and services
  - Encourage and promote indigenous Ghanaian private sector participation in the delivery of public infrastructure and services

### **1.3 Purpose and organization of document**

Ghana developed a Private Health Sector Development Policy in 2003. The focus of the policy is to influence the rapid development of the private sector in health so that it better serves national health goals and objectives. In a recent review, it was noted that implementation of the policy has been slow and not had the desired impact on the sector. There have also been significant changes in the international and local environment that needed to be adopted by the health sector. It became necessary therefore to revise the policy to bring it in line with current trend and improve its implementation. The policy document now replaces the existing policy. It is divided into six chapters.

**Chapter One** provides a global and national context for the policy document, with an overview of the investment climate and private sector in Ghana.

**Chapter Two** focuses on Ghana's health sector. It reviews health reforms and outlines the key thrust of the current health policy and strategy. The chapter also reviews the private health sector policy (2003). Finally it highlights evidence on the characteristics and constraints of the private health sector in Ghana.

**Chapter Three** sets the policy thrust. It articulates the Ministry of Health's vision for developing the private health sector and outlines the core policy objectives that guide the policy interventions.

**Chapter Four** sets out the strategic policy orientations and prescribes the specific policies and mechanisms that the Ministry will use to achieve the policy objectives.

**Chapter Five** sets out the coordination arrangement for the policy.

**Chapter Six** provides a summary and conclusions and outlines the key actions and steps required to ensure effective implementation of the policy.

## Chapter 2: The Ghanaian Health sector

### 2.1 Policy operation environment

Ghana operates a pluralist health sector. The Private Health Sector policy is guided by national and health sector legislation, policies and procedures as well as key reforms. The relevant ones are -

- The Ghana Health Services and Teaching Hospitals Act 525, 1996 revised into the new General Health Service Bill covering the General Health Service, the Teaching Hospital Authority, the National Ambulance Service and the National Blood Service
- The National Health Insurance Scheme under the National Health Insurance Act 650, 2003, which has changed the financing landscape of the health sector and is helping to bridge the equity gap in access to healthcare; increase utilisation and decrease financial barriers to access
- The Local Government Service Act 656 and the National Decentralisation Policy and Action Plan which will see a gradual transfer of responsibility from centralised to decentralised administration
- The National Environmental Sanitation Policy (2010) with priorities to increase access to adequate sanitation facilities; adapt to and mitigate the impact of climate change and promote sustainable environmental practices
- The Health Professions Regulatory Bodies Bill, which consolidates regulation of health professions - Medical and Dental Council; Nurses and Midwives Council; the Pharmacy Council and the Allied Health Professionals Council
- The Traditional and Alternative Medicine Council regulates traditional and alternative medicine practice and practitioners
- The Health Institutions and Facilities Act 829 (2011) for licensing and regulation of facilities. It sets up the Health Facilities Regulatory Agency to supervise the operations of public and private health institutions and monitor the quality of service rendered by them
- The Medical Training and Research environment covers the Centre for Plant Medicine Research; Ghana College of Physicians and Surgeons; the Pharmacy College and the Ghana College of Nursing and Midwifery
- The Mental Health Act 830, 2011 sets up a separate Mental Health Service outside the General Health Service.

### 2.2 The Current Health Policy and Strategy

The National Health Policy (2007) and the Health Sector Medium Term Development Plan (2010–2013) reflect the health development agenda for the medium term. The sector plan builds on the general principles of providing affordable primary health care to all people living in Ghana, developing cost-effective general health systems, bridging current equity gaps in access to health care services, and reinforcing the continuum of care. Implementation arrangements are outlined in a Common Management Arrangement III (2010).

Key sector policies that articulate partnerships between the public and private health sector and an increasing role of the private sector in achieving health outcomes are -

- *Features of the National Health Policy (2007)*
  - Build a pluralistic health service that recognizes allopathic, traditional and alternative providers, both private and public
  - Promote a vibrant local health industry that supports effective, efficient and sustainable service delivery, creates jobs and contributes directly to wealth creation and attainment of national development objectives
  - Promote and increase private sector investment in the health service and health enhancing facilities
  - Invest in the construction of a health service infrastructure to fill gaps in access to service, particularly in deprived areas
  
- *Features of Private Health Sector Policy (2003)*
  - Promote a pluralistic health sector to ensure improved access and quality of care for all people living in Ghana
  - Facilitate the participation of the private sector in health service provision; facilitate the growth and development of the private sector in health
  - Strengthen partnership/collaboration and promote the private/public mix in national health delivery at all levels
  
- *Health Sector Medium-Term Development Plan*
  - Strengthen inter-sectoral collaboration and promote public-private partnerships; engage and support the private and civil society sector to expand the health industry

### **2.3 Review of the Existing Private Health Sector Policy**

Much of the agenda of the Private Health Sector Policy (2003) remains un-implemented eight years after its adoption. While collaboration between the public and private sector is increasing, other than the

significant agreement with CHAG there are no public-private partnerships of note. The regulatory boards and councils continue to face capacity constraints. The activities and scope of services provided by the private associations are not documented. Data on the number and geographic distribution of private health actors is incomplete and outdated. There is no systematic assessment of the role played by private actors. Data on what consumers think about, how they use, and what they spend on privately provided services is not available. The growth and development of the private health sector itself continues to be hampered by human, material and financial resource constraints. The public sector still has doubt and suspicion about the motives and behaviours of private actors and the situation is similar concerning private thinking about the public sector<sup>7</sup>.

### **2.4 Characteristics of the Private Health Sector in Ghana**

The private health sector in Ghana is a large and important actor in the market for health-related goods and services. An analysis of Ghana Living Standards Survey (GLSS 5) 2006 data shows that private health providers produce more than half (55%) of all services used by consumers, and the private sector share of services is growing.

The definition of the private health sector for the purposes of the Policy is any non-government health actor: self-financing private sector (also referred to as for-profit), not-for-profit and mission or faith-based facilities involved in the delivery of health services; input suppliers (pharmaceuticals, equipment); health research and training institutions; traditional and informal providers; health promotion and education; and health financing. CHAG represents nearly all non-profit health care service provision in the country and targets slum areas and hard-to-reach rural communities. It receives financial support from Government through the payment of personnel cost,

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<sup>7</sup> Country Assessment of the Private Health Sector in Ghana, 2010

training, supply of some equipment and subventions. Performance contracts have been drawn between Government and CHAG institutions. CHAG also receives support from external development partners.

The self-financing private health sector is concentrated in the urban and peri-urban areas, with low rural penetration. Self-financing private providers in rural areas face more challenges given the higher poverty rate of the population; NHIS has helped raise the effective purchasing power of rural populations. Licensed chemical sellers are located mainly in rural areas. Even though Government provides some support to the private not for profit providers there is no such support and/or partnership arrangement with the self-financing private sector. Private sector operational costs are financed mainly from patient payments and NHIS reimbursement; the private sector receives very little funding from Government or development partners.

## **2.5 Thematic Review of the Private Health Sector**

The current situation, key issues and challenges of the local private health sector are reviewed under six themes -

### *1. Policy Coordination and Dialogue*

A Private Sector Desk in the Ministry of Health has been established to forge linkages with the private health sector, however the unit is small, relatively far down the administrative hierarchy, understaffed and under-resourced. The private sector is not sufficiently involved in health sector policy formulation, planning and programme implementation at both the central and decentralised levels. This has not allowed for sharing of best practices, efficient use of resources and minimisation of duplication; effective distribution of facilities and leveraging of private sector experience and expertise. Mutual suspicion and lack of trust between the public and private sector continues to hamper efforts at collaboration.

### *2. Legislation and Regulation*

The ongoing legislative review is expected to address concerns of regulatory overlaps in mandate, inadequacy in addressing emerging challenges, and difficulty of enforcement. Regulatory bodies have limited capacity and resources for accrediting; licensing, renewals; monitoring, supervision, enforcement and provision of technical support. Registries of private sector facilities are incomplete and inaccurate; different figures are reported between regulatory bodies and MoH, NHIA etc. There is weak collaboration between and among regulatory bodies, MoH, NHIA and private practitioners. Regulations are formulated by the councils and boards without a forum for input and critique by the regulated and there is low private sector self-regulation. There are no explicit Standard Operational Protocols and Guidelines in use in the private sector and there are inadequate opportunities for training and continuing professional education. The NHIS accreditation program addresses many aspects of quality of care in both the public and private sector.

### *3. Management and Organisational Capacity*

Private sector management and organisational capacity is generally weak; with inadequate governance structures and business skills and limited understanding of the business world by many health practitioners to manage their businesses effectively and efficiently. There are inadequate human resources within the private sector; some private health institutions are unable to employ high calibre staff and it has been difficult for the private sector to match increased public health sector salaries and benefits. The pre-service training of doctors, nurses, laboratory technicians, and pharmacists does not include business and financial management courses and there are no specialised post-graduate training courses available for managers of health-related businesses. Many private health facilities do not know and/or make use of the expertise of Business Development Service providers; private actors have a generally low level of productivity, investment, technology and innovation.

#### 4. *Information Exchange*

There is inadequate data on the private health sector and the services they provide – their size, scope, role, distribution and contribution. Private facilities are required to submit reports and feedback to the Ministry of Health but there is lack of clarity on reporting requirements and the policy has not been enforced. There are poor structures and mechanisms for submission of data and data collection and there is inadequate feedback on data submitted. Many SFPs have poor data management systems and are reluctant to share data with Government. MoH captures data for the health information system from CHAG, but almost none from private actors in the system; MoH is thus unable to give a full picture of the health status of the nation and to plan accordingly. There is very little information-sharing among members of the professional organisations and their regulatory bodies.

#### 5. *Finance and Infrastructure*

There are inadequate resource flows to the private health sector. This has resulted in poor infrastructure; obsolete equipment; inadequate supplies; low calibre human resources and poor quality of care. SFPs face high cost of and access to finance – high bank interest rates, short repayment periods, collateral requirements, high transaction costs; unavailability of start-up and investment capital. Private Health Institutions are unable to meet financial institutions' requirements to show a viable business case, adequate financial records, provide security/collateral, proof of credit worthiness and proof of profitability. Financial institutions also lack knowledge and understanding of the health sector needs and the health sector portfolio of financial institutions is minimal at an average of 1%<sup>8</sup>.

The introduction of the NHIS has significant implications for private providers. Many private providers have not been evaluated for NHIS accreditation, even though the situation is improving.

SFPs are constrained by delayed NHS reimbursement, leading to cash flow constraints and loan defaults, particularly on the pharmaceutical supply chain. Some SFPs end up charging insured customers additional fees.

Private health facilities are constrained by poor quality of and inadequate infrastructure - inefficient electricity and water supply; poor and inadequate road network which affects location of health facilities and patronage; and inadequate transport to support service provision.

#### 6. *Service Delivery*

There is poor integration of private and public services into a unified health delivery system and coordination between the private and public sectors in health service delivery is weak at the level of implementation. GHS is working on developing a legal framework for contracting with the private sector - currently there are no contracting arrangements for service delivery outside of donor-led HIV/AIDS, TB or malaria programmes. Collaboration between the public and private sector is weak – ongoing initiatives include Government provision of free immunisation vaccines and promotional materials to private facilities; Korle Bu Teaching Hospital is beginning a public-private partnership to allow doctors to have offices for seeing private patients within its campus.

The referral system between the public and private sector is limited, even when the private sector has the relevant specialty. There is also little referral between private to private health facilities except for diagnostic purposes. Recommendations to introduce intramural private practice are still outstanding.

### **2.6 Foreign Private Investment in the Health Sector**

Foreign private investment in the health sector comes from Ghanaians in the diaspora; regional and international firms with support from development partners and foundations; and philanthropic organisations. Direct investments in the health sector

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<sup>8</sup> Health in Africa Initiative Market Survey – Ghana, Aug 2010

in Africa focus on health equipment and supplies; pharmaceutical manufacturers, wholesale and retail companies; high end hospitals and private health insurance. Private equity firms are also investing in the health sector in Africa. Foreign direct investment comes with opportunities but also challenges. Additional resources and expertise contribute to meeting health sector goals and objectives. There are also opportunities for partnerships with the local

private sector to develop capacity; transfer technology and expertise; support financing needs and facilitate innovation.

Ensuring the full benefits of investments requires, among others, careful review of investment proposals and their fit with sector objectives; strengthening regulation and contracting; facilitating strategic partnerships and support; and monitoring investments and their impact.

#### **Box 1 Summary of challenges as captured by the Private Health Sector Assessment Report**

The list of institutional successes is counterbalanced by numerous institutional failures, such as the Ministry of Health/GHS failure to develop a high-level public champion for an enhanced private role in the health sector. The private sector unit in the MOH is small, far down the administrative hierarchy, and represents only a small fraction of MOH personnel and financial resources, despite the fact that private actors provide about half of all care. The Ministry of Health captures data for the health information system from CHAG, but almost none from any other private actor in the system. There is little collaboration by the MOH with the unit of the Ministry of Finance charged with facilitating public-private partnerships. The MOH reacts to private sector proposals instead of pursuing public-private partnerships proactively.

The regulatory councils and boards have insufficient resources to conduct ongoing supervision and monitoring of private actors. Regulations are formulated by the councils and boards without a forum for input and criticism by the regulated parties. The Food and Drugs Board's regulation of pharmaceutical products is inadequate to sufficiently address the issue of counterfeit and substandard drugs; this opinion is shared by wholesale and retail private pharmacies, which desire stronger oversight and regulation.

Private sector institutions also fail. There is no overall representation for the private health sector; each professional association represents only its members, so there is no single voice speaking for the issues common to or cutting across private groups. Private health providers make little use of bank loans and almost no use of equity as a means of financing investment. Their lack of skills and experience with these options, coupled with market conditions for bank loans (interest rates, collateral requirements, and repayment periods) inhibit their use. Private pre-service training of health workers is limited, and there are no private medical schools, despite claims of doctor shortages. The pre-service training of doctors, nurses, laboratory technicians, and pharmacists does not include business and financial management courses and there are no specialized post-graduate training courses available for managers of health-related businesses. There are also failures related to the NHIS. The National Health Insurance Agency (NHIA) has only begun to realize and develop its potential to influence private development.

**Source:** *Private Health Sector Assessment in Ghana; World Bank working paper no. 210; Washington, 2011*

## Chapter 3: Policy thrust for developing the private health sector

### 3.1 Focus of the policy

The private health sector presents opportunities to improve access to and increase coverage of services to meet national and international goals including the health Millennium Development Goals. The vision of the Private Health Sector Policy is to:

***Facilitate the transformation of the private health sector into a viable industry by harnessing its unique competencies and comparative advantage in producing and providing healthcare products, infrastructure and services that benefit the public at prices that the public can afford***

Given the real momentum toward creating constructive partnerships between the public and private sectors, and the value of contributing to health-system strengthening, the Ministry of Health is committed to the imperative of developing the private health sector as a viable sector. This will require interventions by the state to protect the health of the people by addressing existing shortcomings in the quality of care and health products.

The Ministry will pursue the development of policies and practices that render private health sector activity compatible with social and service growth sustainability. Within a resource constrained environment, the principles of development will include:

1. Supporting the private health sector where it will yield the greatest health impact and address inequities in access to quality health services

2. Advancing collaborative and complementary engagement that foster creative partnerships
3. recognizing the potential contribution of both public and private sectors
4. Facilitating demand-driven activities that respond quickly to government priorities by providing flexible, situation-specific support that meets population needs
5. 4.Creating appropriate incentives to strengthen the private health sector

### 3.2 Core policy objectives

The engagement will be based on effective policy interventions guided by four core objectives as follows.

#### **Policy objective 1: Improve the investment climate for private health sector growth**

The Ministry will address bottlenecks of private health sector growth by reducing the risk of investment by the private health sector, minimizing the cost of operations, strengthen regulatory bodies for effective regulation and enforcement of laws within the context of a comprehensive health sector and facilitating opportunities to access financing for infrastructure and human resource development

#### **Policy objective 2: Support the transformation of the private health sector to meet industry expectations**

The emphasis is to transform the private health sector into an innovative and learning sector that can expand. It will emphasis diversification and adding value to existing portfolio including full participation in

government and donor funded public health service delivery and research activities

**Policy objective 3: Build the capacity of private healthcare providers**

The Ministry will aim to address the lack of business skill and fragmentation by integrating the private sector development agenda into a holistic health sector framework that support institutional capacity building and skills development. It will support strategic production of the human resource and its availability to the private health sector particularly in deprived professional and geographical areas to enhance productivity and distribution of services.

**Policy objective 4: Increase opportunity for the poor to access private health care services**

The objective is to promote redistribution of health services using private sector investment that will benefit the poor in both rural and urban areas. This will be through the use of innovative approaches and incentives to attract private investment to underserved areas.

All engagements and activities other than clearly defined under the Private-Public-Partnerships section of this policy shall be considered as collaboration frameworks for the purpose of advancing health service development in Ghana. This is to avoid conflict in use of terminologies and the national policy on Private-Public-Partnerships.

## 4. Strategic policy orientations

### 4.1 Policy orientations on private sector service provision

- *Improving service delivery and productivity*

The focus of government promoting private sector service delivery is to engage the full range of private sector providers to harness their services and expand the benefits they provide to a broad population. The Ministry will explore practical and cost effective ways of implementation the main ones being accreditation and contracting. Accreditation is the current tool used for approving the establishment and paying for services provided by existing healthcare providers at their place of service provision. Under National Health Insurance Act 650, 2003 and the Health Institutions and Facilities Act 829, 2011, both private and public health care, laboratory, ambulatory care, and long term care services provider facilities are evaluated and accredited to provide services and to be reimbursed. The private sector is disadvantage because of their size of investment and inability to develop a network of practice that includes both the public and private sector. This keeps many of them at the low end of the provider chain.

The Ministry of Health under this policy recognises networks of practice to enhance resource sharing, improve ease of referral between the private-private and public-private sector, increase productivity and performance and provide a favourable balance of books. The Ministry will actively engage with the private sector through the acquisition of technical assistance working with private healthcare providers develop a framework for implementation and orient the Health Institutions and Facilities Agency and National Health Insurance Authority to recognize and admit networks of practice for accreditation.

Contracting for services and training which requires particular services to be provided for and on behalf of government from the private health service provider has not worked so well for several reasons.

Ideological perspectives on the role of government in providing and financing health services and basic training and, often, a lack of awareness of the extent and impact of the private sector, contribute significantly to this situation. The biggest constraint is that policymakers and public officials in government agencies lack the technical know-how and management systems to engage the private health sector through contracting. The Ministry encourages all its units and agencies and the private sector providers to seek support from multiple agencies to develop the required capacity to develop and manage contracts and in the process build the relevant capacity. The Ministry will build its own capacity with support from development partners including the International Finance Corporation to develop and use within the next few years a light-handed regulation of service and training standards mainly through memorandum of understandings to transition into a more efficient integrated legal system.

Contracting incentives will also be used to attract private sector service providers to deprived and underserved geographical areas for services and professional areas for training. Where it is judged that some form of subsidy is needed to help, this will be combined with market-type mechanisms. This will include provision of community based disease control and immunisation activities and surveillance. The system of contracting and auction will also be used to diversify some public sector entrepreneurs through a competitive bidding process to manage whole or aspects of public sector facilities including their transformation into modern institutions.

Output-based support will be used to shift performance risk to private parties while retaining the option of subsidizing user fees partially or completely, for example in training. Where consumers do not have access to a particular service, government will consider as first choice of priority auction the right for service provision to private health sector bidders and use targeted subsidy schemes to deserving providers to keep the cost of services competitive with the public sector

- *Enhancing legislation and regulation for quality*

Legislation is necessary to establish and regulate a country's private healthcare system. The frameworks for legislation are training, certification and licensure of providers and facilities. Others include; scope of practice, licensure of Services, financing, liability protection of providers and physicians and communication requirements. The sector will develop a comprehensive framework for health sector regulation that is responsive to the peculiar needs of the private health sector.

The Private Hospitals and Maternity Homes Board Act, Act 9 of 1958 has been repealed and replaced with the Health Institutions and Facilities Act, Act 829 of 2011. This will better enhance support for the regulation of both the private and public health facilities. The implementation of the Health Institutions and Facilities Act and the proposed Allied Health Professions Bill once passed into law will harmonise the operations of all health institutions, service and medicines providers and regulatory bodies. A Legislative Instrument will be developed that will introduce a single system for licensing and regulating the public and private sector in all its forms consistent with existing commercial and private sector laws and regulations of Ghana. Closer collaboration will be forged with the Ghana Standards Authority to ensure equipment standards. In the process, all unauthorised service providers will be wiped out of the system.

It will be acceptable for government to transfer or refer patients to private sector facilities from public sector institutions to be managed by competent private sector providers based on a standard memorandum of understanding.

Except in a clearly defined memorandum of understanding between institutions creating networks of practice and so accredited, multiple employment practices or intra/extra mural practice by public sector workers may not be permitted. Guidelines will be issued for the hiring and use of public facilities by private sector providers including but not limited to theatre space, open land space and diagnostic equipment for the purpose of providing health services for the public. Third party institutions and agencies will be allowed to mediate such collaborations for effective management of transactions.

- *Leveraging public, donor and private financing for development*

Because of historical patterns and the government-to-government nature of most aid programs, funders typically direct the majority of their funds to public-sector programs. In Africa, for example, National Health Accounts (NHA) data in 10 countries from 1997 to 2004 reveal that less than 5 percent of donor funds flow to actors outside the public sector: The majority of donor funds are directed to public-sector initiatives and, in a few cases, NGO activities. In many instances, donors' decisions about what to support is not clear.

The Ministry of Health will facilitate and support the growth of fiscal revenue to the private sector for service development and leverage private sector financing to promote infrastructure and service growth. A *National Medium Term Private Health Sector Development Plan* will be developed to systematically transform the financial and business practices of service providers. This will include provision of basic ICT and accounting software,

training in strategic management and investment planning, basic book keeping, human resource planning and proposals writing. The Ministry will work to develop and cost the plan and link its financing to a Private Health Sector Development Fund to be financed through resource mobilisation from all sources. Private sector led health insurance will be promoted and service providers will be guaranteed full participation in state sponsored health insurance based on negotiated rates.

In partnership with bilateral donors and international organisations such as the International Finance Corporation and other members of the World Bank Group and Africa Development Bank, government will seek partnership with private investors, international and local banks to provide low interest loan and equity finance to the private health sector industry entrepreneurs to expand their businesses and create jobs.

Corporate private industries and firms such as telecommunication, mines, petroleum and chemical production will be actively engaged to participate in sponsoring health activities and using their platforms and expertise to leverage health sector growth. They will be encouraged to contribute to a Private Health Sector Development Fund.

The Ministry will also facilitate through the establishment of a Private Health Sector Development Fund the provision of small technical assistance grants to private sector organisations to help them improve their infrastructure and services through public-private partnerships. The framework for PPP is further elaborated under the section on public-private-partnerships.

- *Health information and research*

It is mandatory for the private healthcare service provider and training institutions to adhere to the health information standards and regulations of the health industry by operating strictly according to the operating protocols and guidelines issued by the

Ministry of Health. This includes research, medical records keeping and information confidentiality, the need to provide periodic required data and reports, participating in monitoring and evaluation activities, subjecting to performance review and engaging with the health sector information platforms. The necessary tools will be developed and deployed to ensure that the provision of mandatory information and adherence to standards directly benefits the provider or training institution through effective feedback and support mechanisms. All private sector providers will be included in training targeted at strengthening the information management capacity of professionals. For effective management and support a dedicated private sector health information desk will be established within the Centre for Health Information Management.

#### **4.2 Policy orientations on developing and engaging Civil Society Organisations**

The Ministry of Health considers Civil Society Organizations (CSOs) as organizations that represent the interest of the population and negotiate matters of concern in their interest. In effect these institutions provide voice to a dispersed range of interests within the health sector who otherwise cannot be placed under a structured system. CSOs may be international or national in nature and includes NGOs, community groups, research institutes, think tanks, advocacy groups, trade unions, and academic institutions, the media, professional associations, and faith-based institutions. The Ministry's interest is to specifically promote the growth of CSOs who engage in advocacy, provide evidence and technical advisory services, deliver services and build capacity. The objectives of the Ministry in engaging with civil society organizations in particular are to:

- Improve the impact of CSOs' service delivery work;
- Increase the legitimacy and effectiveness of their advocacy and policy engagement

- Acquire from civil society organisations relevant technical assistance based on their competency
- Ensure that all national policy recommendations are evidence -based and appropriately monitored
- Contribute to knowledge management in the health sector

#### A. Service delivery

Facility based service providers such the Christian Health Association of Ghana and similar faith based providers are considered private healthcare providers and guided under the private health care policy orientation section in this document.

Admittedly remote communities, minority and marginalized groups represent the last 15-20% of the population that all too often eluded from immunization campaigns and other preventive chemotherapy (PCT) services. CSOs are often the most effective medium for delivering vaccines and services to the hard-to-reach. Their services go beyond immunization campaigns to include the design and organization of Preventive Chemotherapy (PCT) services resulting in remarkable achievements. The road to the eradication of guinea worm disease and the possible elimination of onchocerciasis and lymphatic filariasis owe their tremendous success to the activities of CSOs. The Ministry will continue its active engagement with CSOs in service delivery and integrate their services into the mainstream service delivery framework at the community, sub-district and district level. This should allow for effective integrated planning, resource sharing and attaining synergies in limited resources available. The aim is to promote integrated service delivery particularly those that address the neglected tropical diseases and support the introduction of new products and vaccines.

Acting alone, however, their impact is limited in scope, scale and sustainability. The Ministry notes that the Coalition of NGOs in Health is one of the

platforms for dialogue among all non-facility-based service delivery NGOs. The Ministry will also recognise any other platforms created to promote effective civil society engagement and capacity development as it considers relevant.

#### B. Policy engagement and advocacy

The policy process is usually considered to include the following main components: agenda setting, policy formulation, decision-making, implementation, monitoring and evaluation. Evidence-based advocacy work will be freely permissible within the limits of the legal provisions of Ghana. This should be focused on helping shape and set the agenda and crystallize evidence into standards, norms, protocols, legislature and practice.

All civil society organizations are required to present individual annual reports on their activities to the Ministry of Health endorsed by the institutions that they work with at the various levels. A standard format will be developed and deployed. A peer review mechanism will be established to enable the various CSOs improve on their operations and make recommendations to improve the health sector.

Representatives of civil society constituencies chosen according to their own rules will be invited to appropriate health policy meetings including the health summit. Their participation will include undertaking and responding to tasks and assignments given and comply with due process in information management and dissemination. Participation in the policy dialogue will be premised on a common understanding governing civil service practice, a commitment to pursue the sector rather than particular and peculiar interests and the rules governing each meeting.

#### C. Research, monitoring and evaluation

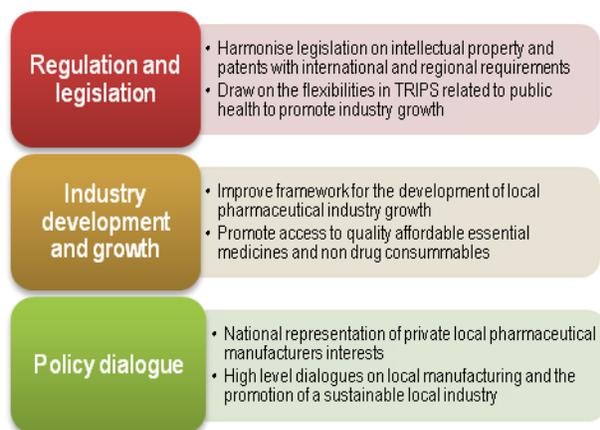
The Ministry of Health looks to the private sector and civil society organizations to generate independent

and credible evidence to inform policy, organization of services, and efficient resource mobilization and allocation.

Activities of CSO doing research will be guided by the sector agenda for health research. Charitable research and academic institutions and health research professionals will be facilitated to form an Alliance of Health Researchers later to be transformed into an Institute with legislative backing under the purview of the Division for Research, Statistics and Information Management of the Ministry of Health. The individual organisations meeting set criteria will be designated collaborating centres and required to create think tanks that systematically analyze legislature and policy proposals to increase the stock of knowledge and evidence for policy.

### 4.3 Policy orientations on developing the private pharmaceutical sector

Pharmaceutical sector promotion is aimed to improve the design and coordination of strategies to enhance industry performance. The general framework for policy is as in the figure below.



#### D. Regulation and legislation

The Food and Drugs Board, the Ghana Standards Authority and the Pharmacy Council of Ghana through various legislatures and policies regulate the

pharmaceutical industry including professional practice. The private sector entrepreneurs will continue to be subjected to the direct oversight control of these bodies.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) has restricted the production and export of inexpensive generic medicines by advanced developing countries. As a consequence, the price of newer essential drugs to prevent or treat major communicable and non-communicable diseases is still high, and limits the provision of these medicines to people in need.

However, the TRIPS Agreement allows exemptions from Intellectual Property Rights (IPRs) protection under certain conditions. In addition, Least Developed Countries (LDCs) have been exempted until 2016 from the obligation to implement patent protection in the health sector. Against this background, local pharmaceutical production has come to be regarded as one way of improving access to inexpensive, high-quality medicines in developing countries.

The Ministry will actively encourage local production through private investment in the pharmaceutical industry. However it acknowledges the complexity of the international agreement. The Ministry will work with the Ministry of Trade and Industry to review the implications of set deadlines for patent protection and develop a specific strategy in collaboration with the private sector to ease its impact on the health sector.

As policy the Ministry will explore the exemptions that TRIPS allows, enabling the country to undertake compulsory licensing or parallel importing if necessary to protect the health industry. It accepts the "Bolar" provisions that allow generic manufacturers to prepare production and regulatory procedures before patents expire so that products can be ready for sale as soon as the patent ends in the country, rather than having to go through the lengthy preparatory process only after the patent period is over.

### *E. Industry development and growth*

Medicines production and marketing will continue to be guided by the provisions of the Acts establishing the Food and Drugs Board and the Ghana Standards Authority. The Ministry of Health recognises that production of private sector pharmaceuticals occurs at three levels:

Primary level: manufacturing active pharmaceutical ingredients (APIs) and intermediates from basic chemical and biological substances;

Secondary production: includes the production of finished dosage forms from raw materials and excipients (inactive substance); and

Tertiary level: limited to packaging and labeling finished products or repackaging bulk finished products

The National Drug Policy 2004 and its subsequent amendments will provide the policy direction on how production and marketing may be undertaken in the country. It will also define protectionist measure necessary to grow the national pharmaceutical industry and level out requirements for foreign producers, public health programme drugs and commodities, clinical trials and technology transfer as well as imports.

The private health sector being the dominant sector in this area is required to adhere to the guidelines within the document and any other guidelines and standards as may be issued by the relevant authorities and the Ministry of Health and its agencies. The Chief Pharmacist will have responsibility for the development of the private pharmaceutical sector. A dedicated channel of communication including a quarterly pharmaceutical bulletin will be developed to provide information to the various producers and marketers.

### *F. Policy dialogue and exposure*

The Ministry will develop a dedicated platform through inter-sector collaboration with the relevant ministries and agencies and meet once a year to assess the needs of the pharmaceutical industry and progress in implementing existing policies and regulations. support leveraging the national and international environment for pharmaceutical industry growth in Ghana.

Representatives of the private pharmaceutical industry will be invited to policy meetings to effectively engage the health sector to meet a common development agenda. The Ministry will collaborate with other Ministries and international agencies to create awareness on Ghanaian produced pharmaceuticals and its comparative efficacy to broaden the market of pharmaceutical products of national industries.

The Ministry will promote cluster development where a chain of companies can work together to activate the full pharmaceutical cycle in Ghana including research and development, production, professional training and distribution. In the process it is aimed for Ghana to become the hub of quality pharmaceutical production in the West African region.

## **4.4 Policy orientation on Private Public Partnerships in health**

### *G. Scope of PPP*

The Private Public Partnership framework for the health sector operates within the scope of the national policy on PPP (2011) and is adapted broadly for the sector as follows.

For the purpose of the sector policy, a PPP is

“... a contractual arrangement between a public entity and a private sector party, with clear agreement on

shared objectives for the provision of public infrastructure and services traditionally provided by the public sector.” (National PPP Policy 2011)

Consistent with the national policy, a private sector organisation engaging with the health sector may be allowed to perform part or all of a government’s service delivery function and assume the associated risks for a specified period. The private sector party may receive a benefit or financial remuneration which may be derived (i) entirely from service tariffs or user charges; (ii) entirely from Government budgets, which may be fixed, or partially fixed, (iii) periodic payments such as annuities and contingent; or (iv) a combination of all of these provisions.

The priority areas for the Ministry in Public-Private-Partnership development shall be in the development of health infrastructure; diagnostic and treatment equipment; rehabilitative services; staff accommodation, training institutions and hostels development. A PPP may be originated by the Ministry or an independent party clearly linked to achieving the health sector objectives and priorities - and investment plan for the medium to long term. All PPP will be initiated through the signing of appropriate exchange of letters of intent accompanied by a project brief or concept note and acceptance of intent and the laid down processes fully exhausted before any project can start.

#### *H. PPP originated by the Ministry of Health and its agencies*

Any agency or division of the Ministry of Health may originate a PPP concept and submit it to the Chief Director’s Office. The Chief Director’s Office will convene a meeting of a PPP Ad-hoc Expert Committee with the support of the relevant division and agencies to determine if the proposed project qualifies for PPP. If needed the Private Sector Unit may request for advice from qualified and experienced transaction advisors from the Ministry of Finance or health development partners. Such

persons shall bear the cost of providing the relevant technical advice.

Detailed documentation needs to be prepared at all phases of the PPP project. Once the transaction is internally cleared by the PPP Ad-hoc Expert Committee, the project will be openly advertised for expression of interest by relevant agencies either nationally, internationally or both. To improve credibility and transparency at all phases of project development, the input of both government and the private sector shall be assessed in terms of their compliance with the legislation, regulations and the PPP process and its components, including the bidding process, local content and the formation of Special Purpose Vehicles (SPVs).

At project inception, the Ministry shall go through the entire process as stated in paragraphs 45-61 of the National PPP Policy of Ghana. The originating health sector agency or unit shall appoint its own project officer to work with the Capital Investment Unit of the Policy Planning Monitoring and Evaluation Division of the Ministry of Health as the project coordinating unit. The PPP activities that are within the scope of public procurement shall be undertaken under the Public Procurement Act.

Subsequent to paragraph 49 of the National PPP Policy and on receipt of a favourable response from the PPP Ad-hoc Expert Committee, the Ministry as a Contracting Authority shall submit to MOFEP-PID a full feasibility study and appraisal of the proposed project. The full feasibility report will demonstrate the affordability of the PPP for the institution; the proposed allocation of financial, technical and operational risks between the institution and the private party; and the anticipated value for money to be achieved by the PPP.

All feasibility reports will encourage the maximum use of local content and transfer of technology. The identified private sector partner or transaction expert or institutions shall undertake to support the process

of writing the feasibility report at its own cost and bear any other extra cost associated with engaging with the defined processes. In the event that the proposal is rejected or interest of government is withdrawn at any stage, the Ministry of Health shall not be held liable for any or all of the cost incurred by the interested private party involved in the process of developing the feasibility report. Where appropriate, the Ministry of Health, in consultation with the Ministry of Finance and Economic Planning, may include the feasibility study in its procurement process and pass on the cost to the private sector party.

*1. PPP originated by private sector interested organisations*

The Ministry of Health's policy orientation for unsolicited proposals for PPP is conterminous with government's policy and aims to balance its desire to stimulate innovation and to create new opportunities for the private sector. As with the national policy, the ministry aims to direct private capital to the areas of

need through a value for money framework. To encourage innovative thinking and creativity from the private sector all proposals shall be considered on a case-by-case basis but limited to the priority areas identified in this document.

All proposals from the private sector shall be submitted through the relevant agency or unit responsible for the functional area to the Chief Director; except that all district level investments shall be endorsed by the District Chief Executive as forming part of the district's health sector development plan. On acceptance of the letter of intent and concept note with relevant endorsements, the proposal shall be subjected to the same processes as though it were initiated by the Ministry of Health and in accordance with the Public Procurement Act for sole sourcing. The exercise of authority to approve or reject a request is guided by the National Policy on PPP and is set by the criteria as contained in table 1 below.

**Table 1 Approving schedule**

Criteria	Approving authority	Notes
PPPs which requires the Government of Ghana (GOG) to comply with Article 174 or 181 of the Constitution	Cabinet/Parliament	This shall be applicable irrespective of the financial threshold or capital outlay of the project
PPP's which at project inception or planning stage involves a total estimated project cost exceeding Fifty Million Ghana Cedis (GH¢50m).	Cabinet/Parliament	The amount established at pre-feasibility or feasibility shall be used to determine threshold
PPP's whose estimated project cost do not exceed Fifty Million Ghana Cedis (GH¢50m ) other than PPP's undertaken by MMDAs with total estimated project cost exceeding GH¢2m	PPP Approval Committee of the Ministry of Finance and Economic Planning	The amount established at pre-feasibility or feasibility shall be used to determine threshold
PPP's whose total estimated project cost does not exceed Two Million Ghana Cedis (GH¢ 2 m)	MoH Approval in consultation with MOFEP-PID	The amount established at pre-feasibility or feasibility shall be used to determine threshold
PPP's undertaken in collaboration with MMDA's where the total estimated cost does not exceed: - GH¢ 0.5m in the case of District Assemblies, - GH¢ 1m in the case of Municipal Assemblies - GH¢ 2 m in the case of Metropolitan Assemblies	General Assembly of the MMDA for MMDA based Projects	The amount established at pre-feasibility or feasibility shall be used to determine threshold

**NB:** The Ministry of Finance and Economic Planning communicates all approvals to Cabinet quarterly

## **5. Private sector coordination mechanisms**

### **5.1 Coordination mechanism**

A Private Health Sector Advisory Group will be established by the Minister of Health to oversee the implementation of the Private Health Sector Policy. It will be made up of the Ministry of Health, Ghana Health Service, the Teaching Hospitals and existing recognised bodies within the private and civil society sector. It will be chaired by person other than a government or development partner appointed by the Minister of Health. A separate document will be developed in consultation with recognised institutions on the composition and terms of reference for the group. The Group will report to the Minister of Health through the Chief Director of the Ministry.

### **5.2 Private Sector Unit of the Ministry of Health and its agencies**

In accordance with recommendations from the private health sector assessment the Ministry of Health will transform, and upgrade the Private Sector Unit into a Division to focus effectively on policy development and guidance. A new organisational manual and strategy will be developed and implemented. It will emphasise the unit's role as initiating national policy dialogue and development of policies through the Private Health Sector Advisory Group; serve as coordinating unit for the entire various private and public sector agencies and their engagement with the Ministry on private sector issues; and support resource mobilisation activities for the private sector.

Each health sector agency will be encouraged to establish private sector coordination units or designate focal persons to promote effective

engagement with the private sector where appropriate.

### **5.3 Health Institutions and Facilities Agency**

The Health Institutions and Facilities Act 829 of 2011 aims to establish a Health Institutions and Facilities Agency to address issues relating to public and private sector healthcare providers licensing, accreditation, monitoring and evaluation and address relevant operational challenges. Section 4(b) provides for two representatives of the private sector nominated by the Minister to the Board of the Agency. The process of nomination to the Board will be subjected to a set criteria developed and adopted as a standard procedure in consultation with the recognised constituencies of private healthcare service providers including maternity homes, pharmacy and chemists.

The Agency in collaboration with stakeholders, will adopt comprehensive institutional structures through the development and implementation of a new organisational structure and legislative instrument. The emphasis is to ensure that the full complement of staff, the governance structures and tools are in place within a year of the passage of the Act. The legislative instrument will address gaps in the Act including representation of the private sector on the District Committee of the Agency. The Agency will be assisted to establish its processes and engagement with private sector providers. The emphasis will be on introducing an effective information technology system to automate its processes, strengthening its monitoring and feedback systems and effectively decentralise the system of licensing and accreditation to the district level.

## **5.4 Technical assistance**

Technical assistance will be essential in realising the intents of this policy given the limited capacity within the country. The Ministry encourages the offer and provision of technical adviser(s) by stakeholders to support the various agencies to elaborate strategies to implement the various components of the policy and the sector development process. . The expertise will be needed at the Ministry of Health and within the various agencies to work effectively. The Ministry also supports the provision of development partner funded technical expertise to private sector companies, organised civil society organisations and coordinating institutions to enable them build capacity to effectively engage with all the health sector stakeholders.

## Chapter 6 Summary and conclusion

Ghana has a favorable policy environment for private sector growth. The 1992 Constitution Article 36 2 (b) and (c) states that the State is to take all necessary steps:

*“..to establish a sound and healthy economy whose underlying principles shall include (b) affording ample opportunity for individual initiative and creativity in economic activities and fostering an enabling environment for a pronounced role of the private sector in the economy; and (c) ensuring that individuals and the private sector bear their fair share of social and national responsibilities including responsibilities to contribute to the overall development of the country”*

The 2003 National Private Health Policy<sup>9</sup> called for a pluralistic health service that recognizes allopathic, traditional and alternative providers, both private and public. This was re-emphasized in the National Health Policy 2007. Both the public and private sectors are admitted to provide services under health insurance based on accreditation.

In July 2009 Ghana Ministry of Health launched a Private Health Sector Assessment<sup>10</sup>, supported by the joint IFC/World Bank Health in Africa Initiative. The report assessed the role of the private health sector, its interface with the public sector and the climate of investment. It concluded that the private health sector controlled a significant portion of the health industry but was inadequately leveraged or support. It lacked a proper regulatory framework and access to funding. The situational analysis in this policy confirms specifics of the report's observations and noted challenges that can be summarised as follows:

1. A weak legal and regulatory framework to support and harness the private sector's contribution
2. An unsystematic approach to engagement and development of the various constituents
3. Inadequate resources and lack of access to concessionary loans and equity financing
4. Fragmented and weak capacity particularly in healthcare service provider institutions and CSOs
5. Limited opportunities for dialogue, joint planning, monitoring and evaluation

The new national PPP policy, the Health Institutions and Facilities Act and the orientations provided in this policy provide a good framework for transforming the private sector into a viable complementary sector. The Ministry will aim to address the various issues by integrating the private sector development agenda into a holistic health sector framework that support institutional capacity building, regulations, business skills development and access to financing. Specifically, it will develop a multi-stakeholder strategy that draws out the specific actions indicated in this policy into a Five Year Private Health Sector Medium Term Development Plan. The plan will provide the how-to and sources of potential resources for implementation. It will include a performance measurement framework and systems for measuring outcomes and impact. Each annual health sector plan and budget will have a clear chapter indicating the actions in the medium term plan that will be implemented by different stakeholders for the year.

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<sup>9</sup> Private Health Sector Development Policy 2003, Ministry of Health; Accra

<sup>10</sup> Markinen M, Sealy S, Bitran RA, Adjei S and Munoz R 2010 Private Sector Assessment in Ghana; World Bank Group; Washington