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Sustainable models for development: How is the private sector being integrated?



MSD for Mothers is an initiative of Merck & Co., Inc., Kenilworth, N.J., U.S.A.

Driving sustainable development

As former World Bank President Jim Kim pointed out in 2015, meeting the Sustainable Development Goals requires us to [“leverage the billions of dollars in official development assistance to trillions in investments of all kinds, whether public or private, national or global.”](#) In 2017, he remarked: [“Instead of just linking our knowledge to our own capital, we need to leverage our knowledge by linking it to the vast amounts of capital that we can mobilize from the private sector.”](#)

An estimated [\\$3 trillion-\\$4.5 trillion per year need to be mobilized if we hope to achieve the 2030 Agenda for Sustainable Development](#). How do we bridge this funding gap?



Opportunities to engage the private sector

In recent years, we have seen increased participation from the private sector in driving innovation in global health. There has been a recognition of the critical role this sector can play as a key driver and sustainer of development.

With this in mind, Devex and MSD for Mothers – MSD’s \$500 million initiative to help create a world where no woman dies giving life – have partnered to explore what opportunities are available to the global health community to better engage the private sector and move beyond traditional aid, with a focus on strong results. The partnership aims to bring stakeholders together to reach a consensus on how to move partnerships for health forward, and to work collaboratively towards achieving the SDGs.

“Sustainable models for development: How is the private sector being integrated?,” which took place in Davos, Switzerland, during the World Economic Forum Annual Meeting on January 23, 2019, was the fourth in a series of

events hosted by Devex and MSD for Mothers on this theme.

The event was produced in partnership between MSD for Mothers, Devex, the Global Financing Facility, the Aliko Dangote Foundation, and the Overseas Private Investment Corporation. It explored how to capture the role and contributions of the private sector in creating sustainable models for development, as well as how local private sector and social entrepreneurs – who play an important role within the health delivery system – can be better supported through strategic private sector engagement.

A new report, [“Partner for Progress: Advancing private sector approaches to achieve the SDGs,”](#) sponsored by MSD for Mothers and produced by Devex, was launched at the start of the event. The report benchmarks donor investments in private sector funding approaches and takes a deep dive into the ways to better integrate the private sector in reproductive, maternal, newborn, child, and adolescent health.

An engaging discussion took place, featuring a high-level panel and audience – from representatives of NGOs, donors, foundations, private sector representatives, investors, and private banks. Over 60 senior level attendees were in the room, with a further 450 people watching the session via livestream.

Here is a summary of the key challenges and opportunities in integrating the private sector into the SDG discussion that emerged during the event:

Bringing diverse expertise together

Many actors in the room mentioned the value of partnerships and a network of competency, bringing together diverse expertise and opinions to address global health issues. There was consensus that all streams need to come together, on a single platform, and be aligned around a shared goal.

Dana Barsky, chief operating officer and head of partnerships, impact, and advisory finance at Credit Suisse International, said the best way to bring stakeholders together is to slice up the capital structure and put organizations where they can do the most good. Everyone has their strengths, she added, and although the money is there, new and creative structures are needed above all to solve the issues and get to scale.

“We can come together and tackle some of the biggest issues such as maternal health, I truly believe that. There is a role for everybody – for philanthropic dollars, foundations, development finance institutions, multinational corporations, and banks. If we come together with creativity, then we really can solve this.”

– Dana Barsky, chief operating officer and head of partnerships, impact and advisory finance, Credit Suisse International

Jan Willem Scheijgrond, global head of government and public affairs at Royal Philips, emphasized that an alliance is built through purpose and trust. Although this can take a while to build, he said, it will allow for the contribution of strengths, the mapping of the skills that are needed, and the evaluation of progress in a transparent and objective way.

“There are a number of things that the private sector, in collaboration with donors, NGOs, and local communities, can do really well. But this starts with the overall purpose, and that purpose creates trust.”

– Jan Willem Scheijgrond, global head of government and public affairs, Royal Philips

A key question that emerged is how to manage such a multi-layered structure? Stakeholders in the room agreed that the process includes mapping the capability set that each partner brings to the table, being respectful and willing to listen and learn from partners, conducting an inventory to identify the gaps, and then determining who is best suited to do what.

“We know what the problems are, but it is in the packaging how we bring all this together. As NGOs, we don’t understand the finance world. We have great leverage with organizations like Philips and MSD, through their work in the innovative space, but we need the banks to help us understand how to develop these packages. Investors are waiting to make sustainable investments.”

– Kate Roberts, senior vice president, PSI, and co-founder, the Maverick Collective

Aligning on language

How do we ensure that the language used across the various stakeholders and sectors is aligned? There are many new trends and terms. Sometimes stakeholders can be on the same page, but there is a barrier due to the diverse lexicons being used. This can lead to

confusion over terminology.

“Sometimes there is still a confusion between funding, financing, bonds, etc. It requires effort and aligning the words. It seems a simple thing, but it’s complex. We need to speak the same language and remove the ‘innovative’ from innovative finance to make it as easy as possible to understand.”

– Mariarosa Cutillo, chief of strategic partnerships, United Nations Population Fund

Could this language barrier also be a symptom of the broader lack of alignment across organizations? And how do we improve this communication and alignment?

“One really important concept is that partners need to have alignment around a shared goal. Otherwise the partnership is doomed to fail.”

– Julie Gerberding, executive vice president and chief patient officer, strategic communications, global public policy, and population health, MSD



Measuring progress

Increasingly, private investors are looking for social good and sustainable projects to invest in, but they do not have the data available to them to confidently allocate their money for such projects. We need to be able to evaluate the progress being made.

“What is exciting for us today is to see how interested private investors are in making investments for women, children, and adolescents through instruments such as the World Bank’s sustainable development bonds.”

– Mariam Claeson, director, Global Financing Facility

How do we demonstrate credible examples of results, rather than just processes? A key action point that came out of the event is the need to identify common metrics and track progress together.

Mariarosa Cutillo, chief of strategic partnerships at the U.N. Population Fund, said we need to learn from the practices that already exist and have been implemented.

Mary-Ann Etiebet, lead and executive director at MSD for Mothers, agreed, asking how will we really learn from these practices if we keep on reinventing the wheel? To be able to measure progress, we need to know what the starting ground is and come to a consensus of what needs to be measured, she said.

“We will never be able to hold ourselves accountable for results if we are not measuring and tracking progress. We can get to the longer-term 2030 targets only if we are constantly looking at whether we are hitting our imminent goals.”

– *Mary-Ann Etiebet, lead and executive director, MSD for Mothers*



Supporting the country level through local ownership

Mariam Claeson, director at the Global Financing Facility, emphasized the importance of domestic resources as critical to the scalability and sustainability of results. How can we facilitate engagement between governments and the private sector to help countries better tap into such resources when there is still insufficient knowledge and trust around how to establish contact, how to partner, and how to engage?

“There is a need for government ownership and a transparent budget, a common strategy against which private sector resources come in. This is a complete change from the old development finance model to a new way of doing finance.”

– *Mariam Claeson, director, Global Financing Facility*

Another key way to build on private sector engagement raised during the event discussion is through increased support for entrepreneurship on the ground. How can we

support the local sector and social entrepreneurs that are part of the health delivery system through private sector engagement?

“When we talk about the private sector, we don’t just mean multinationals. There is national level private sector engagement; there are social entrepreneurs; probably the most important player in the space is the front-line private sector providers. We are going to have to innovate to get them involved because that is where people are going to get their services.”

– *Steve Davis, president and CEO, PATH*

Ifeyinwa Ugochukwu, CEO at the Tony Elumelu Foundation, said entrepreneurs need to be brought into the discussion. She shared that TEF is working on a new way of giving development finance directly to entrepreneurs.

“Impact is when you engage with the entrepreneurs on the ground – they are the true private sector. They will create the solutions we are looking for.”

– *Ifeyinwa Ugochukwu, CEO, Tony Elumelu Foundation*

Private sector innovation: Beyond financing

“The money is important, but if that is what we think we are only getting from the private sector, then we are missing the boat.”

– *Raj Kumar, founding president and editor-in-chief, Devex*

There was consensus in the room on the need to look beyond the private sector for solely financing. How do we support system strengthening by leveraging private sector capabilities and expertise?

“There is a broad consensus that private sector capital is needed to close the financing gap to meet the maternal and child health SDGs. But that is just the start. If this is the only way that we about private sector contributions, we are leaving so much value on the table.”

– *Mary-Ann Etiebet, lead and executive director, MSD for Mothers*



Mary-Ann Etiebet, lead and executive director at MSD for Mothers, speaks to Devex during the WEF 2019 about the importance of going beyond the financing role of the private sector.

Action for impact

One of the principal aims of this session was to move the conversation on how best to reach sustainable models for development forward. What are the nuts and bolts needed that will lead to action for impact?

Julie Gerberding, executive vice president and chief patient officer, strategic communications, global public policy, and population health at MSD, pinpointed four key requirements:

1. Alliance and a shared goal.
2. Understanding our diverse capability set and strengths through an inventory.
3. Mapping the capabilities that are missing.
4. Measurement with a clear and transparent set of criteria.

Where do we go from here?

We will also be acting on the findings that came out of our report, “Partner for Progress: Advancing private sector approaches to achieve the SDGs” at our next event, to be held during the 2019 U.N. General Assembly in New York, where one of our main objectives will be to collectively determine the common metrics needed to track progress in leveraging private sector approaches reaching the SDGs.

Over the coming months, please join us in moving this conversation forward. We will be continuing to publish articles on the Devex focus area, [The Future of Health Partnerships](#) powered by MSD for Mothers, which explores private sector solutions and collaborations for tackling global health challenges. In addition, in April, we will be launching *Maternity Matters*, an in-depth series which will explore how private sector approaches can help

channel both the financial resources needed to end maternal mortality and the knowledge and innovation needed to create sustainable solutions.

To watch the full event, see the livestream [here](#).

Co-hosts

[Devex](#)
[MSD for Mothers](#)
[Overseas Private Investment Corporation](#)
[Global Financing Facility](#)
[Aliko Dangote Foundation](#)

Moderator

Raj Kumar, founding president and editor-in-chief, Devex

Opening and closing remarks

Mary-Ann Etiebet, lead and executive director, MSD for Mothers

Panelists

Dana Barsky, chief operating officer and head of partnerships, impact, and advisory finance, Credit Suisse International

Mariam Claeson, director, Global Financing Facility

Julie Gerberding, executive vice president and chief patient officer, strategic communications, global public policy, and population health, MSD

Jan Willem Scheijgrond, global head of government and public affairs, Royal Philips

Ifeyinwa Ugochukwu, CEO, Tony Elumelu Foundation

Keep in touch

If you would like more content on this topic, you can subscribe to Devex's focus area *Future of Health Partnerships*, powered by MSD for Mothers.

Future events

If you would like to hear more about our fifth event for this series please contact us at events@devex.com.