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Bridging the Divide

A Third-Sector Approach to Health and Development

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In recent years, a debate has arisen in universities and in international circles over the efficacy of various strategies for development. The persisting spectres of poverty and disease have disillusioned many with the traditional model of development assistance channelled through large international institutions. In response to this malaise came the innovative idea of harnessing the power of the markets to alleviate poverty. However, opponents of the market approach to development cite the difficulty of entrusting the welfare of the world's poor to corporations concerned with their own bottom line. This paper discusses the unique role third-sector actors (universities and non-profits) can play in combining the goals set by international institutions with the energy and efficiency of market actors. The activities of a non-profit organisation, Venture Strategies for Health and Development, and an academic centre, the Center for Entrepreneurship in International Health and Development, both based in Berkeley, California, are profiled in order to assess and support the third sector's capacity to manage development programmes and act as a conduit between the private sector and international institutions and governments.

- **Public–private partnerships**
- **Development**
- **Technology transfers**
- **Public health**
- **Third sector**
- **Social entrepreneurship**

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Over the past half-century, international development strategies have evolved from nationwide reconstruction efforts concerned with raising GNP (gross national product) and accelerating economic growth to a discipline that envisions its broad goal as the end of poverty, executed through locally directed strategies. This evolution has been paralleled by the advent of a new model of development assistance that combines market strategies with a social goal. Approaches such as C.K. Prahalad's 'bottom of the pyramid' (BOP) emphasise the latent economic power of the world's poorest and encourage the integration of BOP consumers into the multinational private sector.

Although the market-driven method and the traditional institutional models require different implementation tactics, they can, and should, be used in tandem. Indeed, on the market-driven end, issues such as market failure, the ability of the private sector to reach the ultra-poor, and the tangible utility of BOP capital must be considered. Considering the opposite tactic, institutional development, we must remain aware that this particular approach is complicated by a less-than-impressive track record, lacks sufficient financial backing and often results in unsustainable interventions.

This paper will advance the argument that third-sector actors bridge the divide between the institutional approach and the private sector. Non-profit organisations and academic centres can make private players more effective at reaching the poverty-alleviation goals set by the institutional stakeholders. In order to mitigate the potential problems associated with both of these approaches, donor countries should continue conventional development assistance while simultaneously supporting private-sector investment in BOP consumers. The third sector can then ensure that the dollars invested by the private sector are used in ways that best benefit the poor. To understand better the vital role that third-sector organisations can play, this paper will present four case studies of programmes operated by two young, but successful, organisations working in the field of international public health. The first two involve the work of the Center for Entrepreneurship in International Health and Development (CEIHD) at the University of California at Berkeley, which works with energy entrepreneurs in Uganda, China and India. Its projects integrate poverty alleviation goals into profitable businesses, thus simultaneously impacting health, technology transfer and market development. The second, the non-profit Venture Strategies for Health and Development, is assisting in the development of a voucher scheme for high-quality health services at private clinics in Uganda, and has organised and supported clinical trials to get a commercial drug normally prescribed for stomach ulcers approved for use in post-partum haemorrhage: an application that the original manufacturer did not pursue on its own. These case studies show how market-facilitating activities can be effectively focused by non-profits and universities on the economic engine of the BOP to deliver on institutionally set anti-poverty goals.

General complications of market-driven approaches

I will begin by very briefly discussing some of the myriad factors that complicate traditional, institutional and private-sector approaches to poverty alleviation and development in general.

Since the 1940s, with the formation of the largest international organisations, development programmes have been dominated by top-down directives and interventions. Agencies such as the World Health Organisation (WHO) have poverty alleviation and improved healthcare as paramount concerns. They have the political power and connections to greatly influence international policy and foreign aid donated by national

governments. Nevertheless, the institutional approach to development has its pitfalls. Because of their government connections and commitments, as well as their great size, international organisations are often inflexible and bureaucratic. The cumbersome nature of these actors, and their obligation to donor nations, makes a traditional institutional approach to development less than ideal. It is also worthwhile to point out that, while great strides have been made, the implementation of this strategy has not yet resulted in anything approaching the end of poverty.

On the other side of the coin, private-sector approaches to development can also be problematic. Steidlmeier (1993: 210) posits that the new emerging theory of poverty conceives of poverty as the opposite of power, rather than monetary wealth. If this is so, then the market is not sufficient to address issues of inequality, political power or human rights. Similarly, it is unclear that private-sector approaches are able to address the needs of those who 'are only marginally present in the market' (Steidlmeier 1993: 216). Finally, entrepreneurship and market-driven development is efficient and effective only when social, political and physical conditions are adapted to support such economic development (Lindahl 2005: 71). Government regulations, openness in society, political freedom, education, infrastructure and property rights are all necessary factors for the genesis of an entrepreneurial impulse to sustain itself (Lindahl 2005: 71). Some advocates of a private-sector approach to development suggest that large, multinational corporations can be instrumental in delivering much-needed goods and services to the poor. Certainly, the powerful companies of the global North are best equipped and positioned to access markets around the world. However, because they are driven by profit and not altruism, neither the philanthropic departments of the private sector nor the potential size of the market in the developing countries can be fully relied on to address the needs of the poorest. Such companies do not focus on how their products can meet a public health need unless there is a very clear revenue stream to be accessed. In addition, it is unlikely that the private sector will have the incentive to reduce costs to a level at which the very poor can afford and access the goods they need. Although the above discussion cannot adequately address all of the factors involved in the controversy over these two strategies for development, it should at least serve to illustrate the complexity of the issue and its potential pitfalls.

A third-sector approach

Poverty in the developing world is perpetuated by a plethora of factors. Accordingly, a variety of different approaches must be used to fight against it. Many of the causal factors of under-development, such as political structures and economic systems, will require time and internal change before the problems of poverty are alleviated. However, the third sector, here defined as non-profits, universities and academic centres, has a crucial and as yet under-utilised role to play in development. The failure of countless development efforts and interventions lies, in part, with the lack of collaboration between the many different stakeholders involved. This is a tragedy that can be easily averted by increased cooperation between governments, international organisations, businesses and universities. The third sector is ideally configured to form these much-needed connections, and has been well documented as such (see Prahalad 2004; Goddard 2006; Dollery and Wallis 2001; Daulaire 1999). Non-profits and the academic centres of universities possess a flexibility lacking in large international organisations, as well as mission statements that advocate for the poor, a goal generally absent in the private sector, and one that is often lost in government bureaucracy and unresponsiveness. The third sector is by no means made up of perfect entities. In fact, oftentimes

they do not effectively achieve their goals, or initiate more harm than good. Although non-profits are fallible, with good structure and management they can be more effective than the private and governmental sectors in creating protected spaces for innovations that benefit the poor (Daulaire 1999). Third-sector actors can direct the goals of international organisations such as the WHO into the strategic plans of corporations and the market system. The best role for public institutions to play in global development may be as the generators of policy and goals. Strategies such as the Millennium Development Goals (MDGs) can serve as inspiration for the actions of the third sector. In relation to the private sector, non-profits can compensate for market failures due to consumer exploitation and ineffective demand on the part of consumers (Gronbjerg 2001). Universities are centres of knowledge that provide non-profits with the data they need to create opportunities for business involvement. It is also important to remember that the private sector also exists in developing countries, and their involvement in development schemes can also be valuable for poverty alleviation. Third-sector partners can therefore be instrumental in promoting the activities of businesses located in developing countries. Lastly, certain third-sector actors are crucial in providing oversight to the activities of the private sector when they are involved in supplying goods and services to the poor. Non-profits located in the developing world can support communities in their efforts to keep businesses and corporations reliable and report corruption when necessary.

It is important to note that not all populations can be well served through market forces. Neither severely marginalised individuals, such as refugees, children or the elderly can interact as directly with market forces as an able-bodied and stable group of people can. Although they can gain from the community benefits of private-sector involvement, their needs may be best met through other, more traditional forms of development assistance.

The four case studies discussed below represent the work of two third-sector actors working in international public health. The delivery and availability of health goods and services is critical to successful national development and poverty alleviation. The two organisations described in this paper use the power of local market forces to solve health problems around the world. Although the analysis below will focus primarily on health, the strategies discussed can be instructive for development efforts in all areas of society. Their work is illustrative of the significant changes that can be wrought by partnerships between businesses, the third sector and large institutions.

The Center for Entrepreneurship in International Health and Development (CEIHD)

CEIHD is an academic centre located at the School of Public Health at the University of California, Berkeley. It was established in 2000 with a mission 'to promote and disseminate the use of entrepreneurial methods to improve the health of families in developing countries'.[1] The centre recognises the intrinsic need for an entrepreneurial, market approach and addresses this need while simultaneously acting as a catalyst for, and manager of, sustainable and conscientious development. Its goal is to equip promising local entrepreneurs with the capacity to profit from market opportunities while creating positive social and environmental change by delivering improved stoves. There is a global perspective to CEIHD's work, as it seeks to document and share best practices,

1 Center for Entrepreneurship in International Health and Development (CEIHD), ceihd.berkeley.edu, accessed 4 November 2006.

foster South–South linkages, and find innovative ways to promote promising technologies and business models.

CEIHD is divided into two divisions: Health and Reproductive Health Policy and Household Energy and Health (HEH). First I will focus on the work of the latter division, which works to improve the health and well-being of women and children in developing countries by catalysing transitions to cleaner-burning fuels and superior stoves. Approximately 2 billion people around the world lack access to modern energy sources and rely on the combustion of simple biomass fuels such as dung, straw, charcoal and wood to heat their homes and meals (WRI *et al*. 1998). These fuels are generally burned in inefficient cookstoves that contribute greatly to indoor air pollution (IAP). IAP is responsible for health problems including acute respiratory illness, pneumonia and lung cancer, and the WHO estimates that chronic exposure to the pollution causes 1.6 million deaths per year.[2] To combat this, the HEH division of CEIHD has two primary projects: one in Uganda in collaboration with the local Urban Community Development Association and the second, the China Prize Project, which operates in China and has future plans for operation in India.

CEIHD and UCODEA

CEIHD collaborates with the Urban Community Development Association (UCODEA) in Kampala, Uganda, to develop, produce and distribute clean and fuel-efficient wood-burning stoves with the goal of reducing wood consumption and indoor air pollution, alleviating energy poverty and improving family health and well-being. Uganda has one of the least-developed stove markets in east Africa (DFID 2000). Additionally, efforts to increase the use of improved stoves in Uganda have been less successful than in the neighbouring countries of Ethiopia and Kenya (DFID 2000). UCODEA is still collecting IAP data for the Uganda sites, but a recent study CEIHD conducted in Ghana lends some insight into the potential impact improved stoves can have on health. In Ghana, the improved stove led to the following risk reduction estimates: a 24% reduction in respiratory mortality for children under the age of 5; a 13% reduction in all-cause mortality; and a 15% reduction in lung cancer.[2] We can extrapolate from this data that increasing the use of improved stoves in Uganda will result in similar health benefits.

UCODEA was founded in 2000 through the mobilisation of community members who shared a common vision of alleviating environmental problems in the Makindye division of Kampala. The organisation also has as its goal the promotion of community development (Namusisi and Owori 2005: 1). UCODEA attempts this through waste management programmes in partnership with the local government and through the sale of improved stoves. The stove section of the organisation was started as a family business that dates back to the 1980s. Representatives of the business attended a workshop and, through connections made at the event, contacted CEIHD. Since then, CEIHD has been working with a network of partners to provide technical and business assistance to UCODEA. Current grants from the US Environmental Protection Agency and GTZ (the German Technical Development Association) have funded the adaptation and testing of a wood-burning, fuel-efficient 'rocket stove'. These grants also supported the construction of a new production facility and kiln for UCODEA. The staff at CEIHD, and its affiliates, conduct monitoring and evaluation studies of the project, carried out focus groups on cooking habits and stove preferences and devised strategies to market and promote the stove through creative channels. The stoves are sold for $6–9 and UCODEA targets middle- and low-income households who depend primarily on charcoal and

2 www.who.int/indoorair/health_impacts/burden_global/en/index.html, accessed 17 November 2006.
3 *Ibid*.

wood for their fuel (Namusisi and Owori 2005: 8). Initially, the target market is located in the densely populated peri-urban communities around Kampala, and later CEIHD and UCODEA plan to focus on more rural neighbourhoods. According to the focus groups, the price of the stove is considered expensive but 'there was willingness in the community to pay for the rocket stove because of the perceived benefits of the stove' (Namusisi and Owori 2005: 50). Grant funds invested in infrastructure and employee training have significantly increased the number of stoves sold as well as the number of employees (Namusisi and Owori 2005: 18). Since its creation in 2000, UCODEA has grown from producing a handful of stoves daily to selling over 500 per week. The company's workforce has also grown from fewer than 10 employees to almost 40 currently.[4] The growth of the business provides more sustainable job opportunities for the community and directly reduces wood consumption and indoor air pollution, alleviates energy poverty and improves family health and well-being.

CEIHD and the China Biomass Stove Innovation Prize Project

CEIHD's second primary project has a similar objective, but operates on a larger scale, and in an opposite corner of the Earth. In the 1980s the Chinese government approved a project to combat deforestation and improve fuel efficiency across the country. The central government provided funds to train technicians who could install improved stoves in the homes of counties that applied for the funding. One result of the government project was an emphasis on such efficient household stoves, which in turn increased the size of the stove-manufacturing industry in China. Between 1982 and 1992, the Ministry of Agriculture disseminated firewood-saving biomass stoves to 129 million families (Smith 1993). Although the project was not initially intended to reduce indoor air pollution, reductions did occur. However, households continue to use non-improved stoves in conjunction with the government-installed models. This is for various reasons, including the inadequacy of the improved stoves to fulfil certain cooking and heating tasks, as well as the fact that many households need to occasionally use fuels other than biomass. Some private-sector actors have begun manufacturing prefabricated, stand-alone stoves and are experimenting with cleaner and more efficient biomass stoves.

CEIHD responded to this surge in interest and production by implementing a project designed to support the fabrication of environmentally sound stoves by identifying the most efficient models, expanding access to them, and seeking out export opportunities for these products to other developing countries with similar environmental and health concerns. In May 2005, a partnership was formed between CEIHD, a Chinese NGO called the China Association for Rural Energy Industry (CAREI), Shell China, and the Shell Foundation with the goal of facilitating the spread of highly improved biomass stoves in China and abroad.

To identify the most effective stoves, the partnership planned a national Chinese competition in which stove manufacturers from around the country were invited to participate. Twenty stove manufacturers initially entered the competition, and nine were determined to be eligible. All nine stoves were tested in a Beijing laboratory for their emissions and thermal and combustion efficiency. In June of 2006, the stoves and the factories in which they are produced were evaluated on such criteria as emissions data, heating time, safety, enterprise quality, and design. The judging committee included representatives from CEIHD, CAREI, Shell-China, the Chinese Ministry of Agriculture, and graduate students of the China Agricultural University.

4 Unpublished organisation document from CEIHD.

The next stage of the project involves strengthening and supporting the selected enterprises, mostly small regional enterprises, by providing business development support, access to capital, supply chain development and consumer education. Secondly, CEIHD will aid the enterprises in identifying and accessing new export markets for the Chinese improved stoves. Recently, CEIHD has investigated India as a potential market.

The Indian government has already attempted to distribute highly subsidised improved stoves to its population but was forced to halt the project in 2000 due to poor product quality and a tendency on the part of the consumers to buy unimproved stoves once the subsidies ended (Shell Foundation 2005). In August 2006 a team of multidisciplinary graduate students at UC Berkeley travelled to southern Maharashtra to conduct market tests of the top Chinese stoves in order to determine which best fit the needs of Indian consumers. Three stove designs were selected for shipment to India and were evaluated there in focus groups with consumers and manufacturers and then tested in homes. Modifications must be made to the Chinese stoves if they are to be fully compatible with Indian households. These changes include the quantity of fuel, a turn-down capability on the stoves, manufacturing costs and, in some cases, the type of fuel used. A trade relationship in improved stoves between China and India would be beneficial for both countries.

Implications for a third-sector approach

As an academic centre located at a premiere university, CEIHD has access to resources, contacts and scientific innovations that small companies based in developing countries cannot currently access. Consequently, its role with both UCODEA and the China Prize Project is as a catalyst for change and progress. The pilot-testing, stove design improvement, and business and market development strategies are all, in large part, facilitated by CEIHD and funded by outside donor agencies.

CEIHD's involvement with UCODEA and the Chinese stove manufacturers significantly changes the impact and outcome of their work by adding a strong public health component to their existing practices. CEIHD helps the businesses to improve cookstoves so that they are more efficient and emit fewer pollutants, but are still attractive to consumers and designed to fit their needs. Thus, the market engine can be employed to generate economic gains for the businesses as well as public health benefits for the community at large. CEIHD can attribute its success in Uganda and China, in part, to the fact that it focuses on existing organisations and enterprises. CEIHD's tactics allow it to direct its energy toward building sustainable and successful businesses whose practices benefit the community at large. UCODEA's partnership with CEIHD has been economically successful and sustainable for its members because it was able to integrate social objectives into an established enterprise. The stove business had been operating in the Makindye division of Uganda for over 20 years before community members decided to turn it into a market enterprise with a social goal. Working within the existing social structures of a community allows for more acceptable and appropriate methods of development. In the China project, CEIHD similarly catalysed improvements in efficiency and safety of the local manufacturer's products and initiated the development of new distribution channels for these stoves in India. The benefits for the stove manufacturers will be available even after CEIHD's exit from the project. Lastly, by promoting partnerships between countries of the global South, CEIHD is helping to strengthen the agency and capacity of enterprises located in the developing world. By providing assistance to local enterprises that define their own projects and goals, CEIHD manages in some sense to avoid what Morgan Brigg would call 'a greater penetration of power into the social body of the Third World' (Brigg 2001: 256).

Venture Strategies

Venture Strategies for Health and Development (Venture Strategies) is a non-profit organisation launched in 2000 that uses business approaches to tackle large-scale health problems in developing countries. Venture Strategies was founded on the recognition that, in most low-income developing countries, government health services are generally unable to reach most of the poor, who either are forced to or prefer to obtain their healthcare from the private sector. They perceive the private sector to be more responsive to their needs and able to deliver higher-quality care. To address this, Venture Strategies builds its programmes on the basis of the existing local market forces to direct health solutions to the populations that need them. The organisation thus acts as a catalyst to ensure that needed health products are made available on the market at affordable prices.

Since its inception, Venture Strategies has worked within a specific set of operating principles. These principles were conceived in the hope of redefining the way American non-profits working abroad are managed, and the way foreign aid money and donor funds are used.[5] The organisation considers these principles as integral to its management, structure and mission. Venture Strategies works at the request of leading medical doctors and ministries of health in developing countries, and adjusts its operational models according to country-specific situations, to ensure that its projects will remain sustainable and flexible even after it leaves a country.

The organisation tends to focus on projects that fit certain criteria. These criteria include an emphasis on scale, cost-effectiveness and sustainability. Venture Strategies is involved in projects that are aimed at achieving systemic change in the long term, either in one country or in several. The implemented projects are designed to be cost-effective from the start, and eventually independent from future influxes of foreign aid or public-sector financial support. The organisation is also concerned with directing its efforts at 'barriers to progress' that can be substantially reduced in the near term, rather than fixing problems that require significant cultural change or time to be reversed.

Venture Strategies and misoprostol

In the field of maternal health, Venture Strategies has been working to obtain legal regulatory approval of the importation and use of the off-patent gastric ulcer drug misoprostol for the prevention and treatment of post-partum haemorrhage (PPH). PPH is the leading cause of maternal mortality worldwide (AbouZahr 2003). The drug has several different gynaecological applications, all of which hold potential significance for women in developing countries. It causes intense uterine contractions and can be used for the management of PPH, induced labour and pregnancy termination (Prata 2006). Oxytocin, the drug most commonly used in hospitals to control PPH, must be refrigerated and administered intravenously or by injection. Because most births in many developing countries take place in the home, oxytocin cannot help the majority of women in low resource settings at risk from PPH. Misoprostol, on the other hand, is in simple tablet form and is stable in tropical climates. Following studies on the effective use of misoprostol, many women in Nepal and Indonesia are now instructed to use the drug immediately after delivery in order to prevent PPH (Jadesimi and Okonofua 2006).

Despite the massive benefits misoprostol has in reducing maternal mortality in cases of PPH after home births, the drug has never been approved for this application, partly because in the richer countries births take place in hospitals and clinics where oxytocin

5 Venture Strategies website, www.venturestrategies.org, accessed 22 December 2006.

can be used, and partly because of its effectiveness in initiating safe abortion. This essential medicine has the potential to improve dramatically women's health on a global level. Because the original manufacturer has not applied for regulatory approval of misoprostol for uses other than the treatment of gastric ulcers, Venture Strategies has stepped in to fill this need. The non-profit's work started with a request from leading obstetricians in Nigeria, Kenya and Tanzania, and it has now received requests from physicians and government officials in many other countries.

In January 2006, with assistance from Venture Strategies, Nigeria became the first country in the world to approve prescription, off-patent misoprostol for use in controlling PPH. Of the 55,000 maternal deaths that occur each year in Nigeria, one-quarter are attributable to PPH (Jadesimi and Okonofua 2006). Between 15% and 20% of women who give birth in the country each year develop PPH and, although the majority of them will survive, many may still suffer from anaemia-related disability for months after the delivery (Greensfelder 2006). At a policy meeting in February 2006, in Abuja, top members of the Nigerian health community, representatives of the Nigerian Ministry of Health and several non-profits agreed that 'while access to emergency obstetric care must be improved, progress towards meeting the Millennium Development Goal of reducing maternal mortality by 75% between 1990 and 2015 would be impossible without widespread access to misoprostol' (Greensfelder 2006). In May 2006, Venture Strategies and UC Berkeley's School of Public Health helped Ethiopia achieve policy-level approval of the use of misoprostol for controlling PPH.

Implications for a third-sector approach

For myriad reasons, the original manufacturer of misoprostol has not chosen to get misoprostol approved for gynaecological indications. It was only through the intervention of a non-profit organisation, Venture Strategies, that the drug was legalised in Ethiopia and Nigeria for this essential application. It is hoped that these successes will open the door for other countries to legalise misoprostol for the same use. Venture Strategies' work in this area should be seen as indicative of the critical role non-profits can play in shaping policy and providing access to essential medicines, perhaps particularly in the often sensitive areas of maternal health, or wherever profits are deemed inadequate to interest the large multinational drug manufacturers.

Poor people in developing countries tend to suffer from a phenomenon known as the poverty penalty. The term became commonly recognised with the publication in 2004 of C.K. Prahalad's book *The Fortune at the Bottom of the Pyramid*. The poverty penalty describes the fact that, because of meagre infrastructure, lack of agency and increased vulnerability, the poor often pay for a higher percentage of their healthcare out-of-pocket. The effects of the poverty penalty are exacerbated by the high price of pharmaceuticals imported to developing countries from the US and Europe. However, Venture Strategies believes that one way non-governmental actors can offset the poverty penalty is by helping provide developing countries with access to medications that do not reflect the costs in the global North. This can be achieved through fostering and encouraging exports of generic pharmaceutical products from one developing country to another. Countries such as India, China and Egypt have healthy pharmaceutical-manufacturing industries and can provide affordable drugs for millions of people around the world. Misoprostol can be available wholesale for under $0.15 per tablet out of Egypt and China.[6] As a non-profit with a mission statement that supports public health and development, and not a for-profit company, Venture Strategies has an incentive to reduce the cost of miso-

6 Personal correspondence with Martha Campbell, President and Founder of Venture Strategies, 18 December 2006.

prostol—an incentive that drug companies generally do not have. These kinds of South–South partnerships and technology transfers not only provide the poor access to much needed drugs, they also strengthen the industries and economies of developing countries.

Venture Strategies and evaluation of output-based health services

Venture Strategies was contracted by the Uganda Ministry of Health to evaluate an output-based aid (OBA) project funded by the German Development Bank, Kreditanstaldt für Wiederaufbau (KfW), and managed by the Uganda branch of the non-profit organisation Marie Stopes International and Kampala-based private insurer Microcare Ltd. OBA is an innovative strategy that combines public health goals with contracted incentives to private-sector healthcare providers.[7] While Venture Strategies is doing only evaluation of this very large project supported by German government foreign aid, the non-profit has accepted this task because it is assisting in the development of what it views as one of the most important current innovations in healthcare delivery involving private-sector health providers in developing countries.

Under the Uganda OBA project, patients buy vouchers for treatment of sexually transmitted infections (STIs), prenatal care and attended delivery. They then choose a healthcare provider from the network of contracted, qualified doctors and clinics. The contracted health providers compete with each other to provide services to the patient in exchange for the vouchers. After completion and verification of the services provided, the health centres receive a reimbursement, previously negotiated and agreed to in contract, equal to the cost of service provision as well as some amount of profit. Such a scheme allows patients to select the highest-quality healthcare available and, since healthcare providers compete for the vouchers, clinics and doctors have an incentive to provide effective services. This approach allows for a standardisation of fees and health services. Voucher schemes, similar to OBA but often lacking an incentivised provider contract, have been successfully implemented in high-, middle- and low-income countries and for treatment of a variety of healthcare issues including malaria, family planning, STIs and mental health.[8]

As of February 2007, the pilot project had contracted with 17 providers and had distributed over 8,000 vouchers for STI treatment.[9] The Safe Motherhood package (antenatal care and attended delivery) is scheduled to begin the second half of 2007 and treat 150,000 births.

There are no cost-effectiveness studies yet from the Uganda OBA project. However, a 2005 study of a smaller competitive voucher scheme for STIs in Nicaragua provides interesting evidence on the cost-effectiveness of STI treatment voucher programmes (Borghi *et al*. 2005). In that setting, the high level of subsidisation for the vouchers that provide STI services through output-based aid programmes tends to be more costly than regular service provision (in the Nicaraguan study, the voucher programme cost US$62,495 in comparison to US$17,112 with no voucher scheme). However, that study also determined that the average cost per STI cured was actually $82 lower with the OBA scheme than without (Borghi *et al*. 2005: 228).

The OBA project in Uganda brings together all stakeholders in the development community. It is an example of the way partnerships between donor organisations, governments, non-profits and private-sector health clinics can dramatically improve the availability of services and directly benefit sexual health by providing viable alternatives.

7 'Output Based Aid in Uganda', oba-uganda.net, accessed 14 January 2007.
8 *Ibid.*
9 *Ibid.*

Venture Strategies' involvement in evaluating the OBA system is especially important because it lends third-party, outside, legitimacy to the programme and encourages the private sector to become, and stay, involved. Projects such as this one supply a double bottom line to private enterprises as they benefit financially and socially from their engagement. By having third-party non-profits provide evidence of the financial viability of this kind of work, private health clinics are more likely to recognise the benefits of offering health services and STI testing to the greater community, and not only to those members that can afford the care.

With respect to both projects, Venture Strategies benefits from its close collaboration with the School of Public Health at the University of California, Berkeley and thus has ready access to the scientific evidence and health and economic data that are vital to building the scientific case for its initiatives and to structuring its solutions for strategic implementation as requested from developing countries. This suggests that partnerships between third sectors—for example, between non-profits and universities—can be a practical way to activate the knowledge available at an academic centre in order to aid the developing world.

Conclusion

In the final analysis, no one breed of organisation, sector or approach is adequate alone to supply the answers to under-development, poverty and ill-health. Each strategy and actor has its drawbacks, as well as its unique advantages for contribution: the third sector possesses the mission statement, goals, and the local and scientific knowledge necessary to maintain strategies for development that are ultimately beneficial to the poor; international organisations can act as the decisive body of oversight and governance and provide the broad goals, the Millennium Development Goals and the Roll Back Malaria programmes, which inspire and direct the efforts of the third sector; finally, it is impossible to ignore the tenacity and energy of the private sector. Private enterprises, community businesses and multinational corporations are all vital elements of development. They have the knowledge and command of market forces that are imperative for the increased and sustainable distribution of goods and services. Third-sector actors are perfectly positioned to provide the bridge between global institutions and the private sector. They can act as the conduits of the poverty alleviation goals of the institutions by encouraging businesses to expand their practices with a double bottom line that combines financial benefits with national and community development. The importance of cooperation, both within a certain sector and between different sectors, cannot be stressed enough. It is simply unacceptable to refuse to collaborate when the lives, livelihoods and health of many millions of people around the world are at stake. There is an inextricable and necessary symbiosis between international institutions, and the third and private sectors. If carefully managed, a partnership among these three players can produce fruitful strategies for development.

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