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THE ROLE OF THE PRIVATE SECTOR IN GLOBAL HEALTH: WHY, WHAT, HOW

Context

Public health and for-profit entities present a multidimensional interface, with multidirectional linkages. Human health and well-being are key factors—either enabling or constraining—for the private sector to develop and flourish. Conversely, for-profit companies are major actors to mobilize in progressing toward better health for all: many participate in health systems, whether directly or indirectly, and all produce externalities—positive or negative—on human health. In principle, good health and economic prosperity reinforce one another. Yet, in real-life situations, private and public interests often diverge, and interventions—through laws, policies, or market-shaping—are needed to maximize the contribution of for-profit entities to public health.

From Theory to Practice: The Case of the Global Fund

Some public-private partnerships, such as the Global Fund, have delivered effective collaborations with concrete, large-scale impact on public health. With around USD 4.6 billion in annual investments, the Global Fund is the world's largest multilateral provider of grants for health systems and core pandemic preparedness capacities. In 2024, it accounted for 76% of international funding for TB, 62% for malaria, and 28% for HIV/AIDS.

The Global Fund was conceived as a public-private partnership from its inception: fighting the three diseases required the private sector to develop and massively scale up the production of biomedical commodities, while the private sector needed its workforce and markets to withstand the shock of the HIV pandemic and overcome poverty driven by infectious diseases. Over more than 20 years of existence, it has developed practices for public-private collaboration through a differentiated, bottom-up approach that can serve as a model for other sectors in health and human development, where the role of the private sector is particularly prominent.

Key Questions

- Why does it matter to involve the private sector in achieving public health outcomes?
- What are the main tensions and limitations underpinning private and public collaboration in health?
- How have the Global Fund and other global health institutions resolved these tensions to deliver better impact on health and the economy?

1. Health Systems as an Economic Sector

For-profit entities play a key role in health systems at the international, regional, national, and local levels. Companies in the health sector develop and manufacture biomedical commodities and technologies, and they provide health services to populations. Companies operating in sectors such as energy, transportation, construction, data, banking, insurance, legal, or telecommunications services contribute to the core infrastructure necessary for health systems to function and for people to access health services.

Health Service Provision

The role of private actors—such as pharmaceutical companies, pharmacies, self-employed medical and paramedical personnel, clinics and laboratories, warehousing and logistics providers, and insurance companies—varies across countries depending on cultural, historical, and political factors. The private sector's footprint in health service provision is significant: in sub-Saharan Africa, 31% of children under five treated for fever attend private points of care, while an average of 76% of patients in high-burden TB countries enter care through a private provider.

While private service provision can complement public health providers and expand the availability and geographic reach of services, ensuring strong linkages with the broader health system is a key challenge. This is essential to maintain quality and avoid fragmentation. Public health authorities must collaborate with private health providers to ensure, for example, that private points of care comply with national laws, norms, and policies; that they share epidemiological data; and that patients referred by private actors to public health structures are not lost to follow-up.

The Global Fund has developed technical and ethical guidance to help governments better leverage and regulate collaboration with the private sector in their responses to the three diseases. This is done through country coordinating mechanisms responsible for designing and overseeing grants while managing conflicts of interest.

Biomedical Tools and Technologies

In the health sector—and especially in pharmaceuticals—the tension between private and public interests presents a particularly strong ethical dimension, as exemplified by the case of pediatric HIV. With 90% of children with HIV living in low- and middle-income countries, the pediatric HIV market was not financially viable, due to both low volumes of demand and limited purchasing power. Unitaid worked with private actors to stimulate the development of pediatric formulations and production capacities, while the Global Fund provided assurances that the drugs would be purchased. As a result, 780,000 children now receive antiretroviral treatment. Efforts continue to address other underdeveloped markets, such as pediatric formulations of newer HIV drugs, treatments for adults and children with AIDS, and long-acting tools for malaria prevention and treatment.

Pooled procurement mechanisms developed by Stop TB/GDF, UNICEF, and the Global Fund also help address market shortcomings. When countries seek to procure second- or third-line treatments for a small number of patients, pooling orders across multiple countries allows for a critical mass of demand that makes production profitable. Pooling orders can also strengthen buyers' negotiating power and drive prices down. In recent years, the Global Fund and its partners have secured a 25% price reduction for first-line HIV treatment regimens and a 55% reduction for the main treatment against drug-resistant tuberculosis.

Private interests can also conflict with public health. In monopolistic markets, producers are incentivized to set prices and production volumes that maximize profits, often making products unaffordable for the majority of patients. International rules on Trade-Related Aspects of Intellectual Property Rights (TRIPS) were developed to affirm the primacy of health over commercial interests and allow countries to produce or import generic versions of patented medicines. Under the TRIPS agreement, Malaysia reduced the cost of a full course of new-generation hepatitis C treatment from $84,000 to $300. The TRIPS rules also incentivized companies to allow generic production of monopoly-protected products at negotiated prices, mainly for low-income countries, through mechanisms such as the Medicines Patent Pool, which is funded by Unitaid.

Market-shaping interventions can also help align market dynamics with longer-term strategies aimed at strengthening countries' autonomy and self-reliance in health. The deep inequities experienced by countries in accessing COVID-19 diagnostics and vaccines—often based on income level—triggered demands to reduce dependence on international biomedical supply chains. The development of regional manufacturing capacities now involves pharmaceutical companies working alongside low- and middle-income countries, bilateral donors, and key multilateral actors such as Unitaid, the Global Fund, Gavi, and development banks.

2. Interlinked Health and Economic Outcomes

Health Externalities of the Economy, Economic Externalities of Health

Beyond the health sector, companies generate both positive and negative externalities on human health through their products, production chains, or working conditions. Negative externalities can occur directly—for example, through the production and marketing of processed foods, sugary drinks, tobacco, or alcohol; through unhealthy or exploitative working conditions; or through misleading advertising. They can also occur indirectly, via greenhouse gas emissions, water use, waste generation, deforestation, and other harmful impacts on environmental and animal health.

For example, at the intersection of environmental, animal, and human health, the use of pesticides and antibiotics in the food industry is among the main drivers of resistance to drugs and insecticides in human pathogens—posing immediate threats to global health security.

From an economic standpoint, health can be seen as a public good that benefits private entities. Healthy societies create a favorable environment for many economic sectors across the primary, secondary, and tertiary industries. On the input side, human health is a key determinant of workforce availability and productivity. On the output side, it significantly influences the volume and type of market opportunities by shaping demographics, household economic and financial capacity, and public spending.

Research by Oxford Economics Africa shows that cutting malaria by 90% by 2030 would boost international trade by $80.7 billion, G7 country exports to key malaria-endemic countries by $3.9 billion, and the GDP of malaria-endemic countries in Africa by $126.9 billion. Private sector actors that contribute their fair share to health—whether through workforce health, value chain practices, taxation, or philanthropy—also contribute to their own long-term prosperity.

Solutions Developed by the Global Fund to Address Mutual Externalities

Over its 20 years of existence, the Global Fund has developed effective practices to address the complex interlinkages between health and the economy.

On the regulatory side, the Global Fund's framework for engagement with the private sector excludes the tobacco and weapons industries, requires the assessment of potential partners' impacts on health and its determinants, and mandates due diligence processes in areas such as human rights and gender policies and practices, environmental sustainability, and data privacy and security.

On the resource mobilization side, the Global Fund has continuously evolved mechanisms to encourage private philanthropy, mobilizing USD 4.3 billion in private funding since its inception. Some donors have incentivized private contributions by matching corporate pledges. Companies have also partnered with (RED) to create (RED)-branded products, generating over USD 785 million for the Global Fund since 2006.

Unlike public donors, companies, foundations, and individuals can direct financial contributions to specific initiatives—for example, to expand access to game-changing prevention, diagnostic, and treatment tools; to increase resilience to pandemics and climate-related health crises; or to empower women, girls, and marginalized populations. The private sector can also contribute through in-kind or non-financial services, including donations of health products.