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SHOPS Trade Fair and National Private Health Sector Exhibition

Welcome Remarks by Gary Linden, Acting Mission Director

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Addis Ababa, Ethiopia

It is my pleasure to represent the U.S. Agency for International Development (USAID) and welcome all of you to the opening session of the National Private Health Sector Exhibition and Trade Fair.

The private health sector in Ethiopia is an important partner in improving health outcomes of the general population. In the past decade, the private sector has grown through increased investment in private clinics, hospitals, and laboratories and comprises over half of the country's health clinics and hospitals. The private sector in Ethiopia also employs 55 percent of the country's general practitioners, 65 percent of specialists, and 79 percent of the laboratory technicians.

With the support of the government of Ethiopia qualified private facilities in Ethiopia can now provide screening, counseling, and treatment of tuberculosis (TB) and HIV and AIDS. Previously these types of services were only available in the public sector. USAID and the [President's Emergency Plan for AIDS Relief \(PEPFAR\)](#) are pleased to be a partner in this expansion of services and to promote more opportunities through this forum.

The long-term sustainability of the private sector depends on its ability to invest in new equipment and new technologies, to upgrade its infrastructure, and to expand the quality and scope of its service delivery. For this, private health providers need access to finance.

In 2011, USAID, with PEPFAR funding, signed a Development Credit Authority guarantee with the Bank of Abyssinia and NIB International Bank to share risk and stimulate lending to the private health sector, especially facilities that are providing HIV and AIDS and TB services.

Over the last year, USAID's global Strengthening Health Outcomes through the Private Sector, or SHOPS project, here in Ethiopia supports private health providers to strengthen their business skills and bankability, and also provides technical assistance to the partner banks on health sector lending.

Lending in the health sector is a new phenomenon in Ethiopia. The SHOPS project and the Development Credit Authority helped provide the opportunity for health sector lending by the two partner banks who had never lent to private sector health providers before. As a result, the banks have altogether granted loans totaling over \$3.7 million USD in local financing to strengthen the delivery of HIV, AIDS and TB services. The project also trained 230 providers on access to finance and business planning, and provided individual business counseling to over 80 providers.

While these accomplishments are important, there remain challenges to address. Ethiopian commercial banks have limited liquidity to meet the demand for loans, especially longer term and larger loans for large facility construction. There are limited financing options for the private sector outside of commercial banks, and as lenders the banks have competing interests in other priority sectors such as agriculture and housing.

There are also challenges on the demand side. Some smaller health care providers often lack collateral. Others are risk averse and fear being indebted. Some consider the cost of borrowing to be too high.

This is why the SHOPS project is sponsoring this National Exhibition and Trade Fair. With this event, we are bringing together key actors and stakeholders who are committed to building a strong and sustainable health system for Ethiopia, who believe that public-private partnerships are necessary in this time of decreasing donor funding and stretched government resources, and who welcome and seek innovative solutions. In this room, we have participants from all over Ethiopia and from other countries gathered, ready to share and learn, and even invest!

I encourage all of you to identify potential opportunities for expanding access to finance for regulated, quality private health services that will retain qualified medical personnel and advance Ethiopia's national goals for the health and well-being of the population. I hope you will have a productive and enlightening two days resulting in new paths for moving forward health care in the private sector.

Thank you.