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## STRENGTHENING HEALTH SYSTEMS BY ENGAGING THE PRIVATE HEALTH SECTOR: PROMISING HIV/AIDS PARTNERSHIPS

### INTRODUCTION

Recently there has been a renewed emphasis on the importance of a well-functioning health system in order to ensure sustainable access to essential health services, including HIV/AIDS. At the same time, there is growing recognition that the private sector plays a key role in the health systems of many developing countries. To illustrate, around 60 percent of the total health expenditure in sub-Saharan Africa in 2005 was financed by private sources, mostly through out-of-pocket payments. Expenditures on private providers accounted for half of this total expenditure (International Finance Corporation, 2007). In many contexts the private sector also employs a sizeable proportion of the human resources needed to deliver health services—a recent assessment in Kenya found that more than 60 percent of health providers in that country work in the private health sector (Barnes et al, 2009).

As health systems respond to the increased burden from HIV/AIDS, it is evident that engaging and leveraging the private sector appropriately is essential to

achieving HIV/AIDS health goals (PEPFAR Reauthorization, 2008; UNAIDS, 2009). Failing to do so can result in missed opportunities to tap resources found in the private sector—skilled health work force, financing, service delivery infrastructure—to achieve HIV/AIDS health goals. Moreover, harnessing private sector potential can help relieve some of the constraints challenging the public sector such as overburdened staff and weak distribution channels. More recently, concerns about sustaining the HIV response have become a key motivation for engaging with the private sector, as countries face the likelihood of static or declining external aid for HIV/AIDS.

Despite this, the private health sector—particularly the for-profit sector—tends to be overlooked in health systems strengthening initiatives that are traditionally focused on the public sector. A likely explanation for this is that the private health sector tends to be viewed in isolation and is not often conceptualized in a health systems framework. This brief seeks to address this problem and orient HIV/AIDS policymakers and

practitioners on how to engage and leverage the private sector to achieve HIV/AIDS and health systems strengthening outcomes by:

- Examining the six World Health Organization (WHO) health systems strengthening building blocks as a framework to identify private sector actors relevant to the different components of the health system
- Illustrating the range of public-private interactions and partnerships that can strengthen health systems while at the same time help achieve desired HIV/AIDS outcomes

While purely private sector initiatives can also help to achieve HIV/AIDS objectives, this paper focuses on how public-private engagement can more sustainably contribute to health systems strengthening. Such cross-sectoral engagement lies within the sphere of influence of our intended audience: policymakers and practitioners in public sector and donor agencies.



**BOLD THINKERS  
DRIVING  
REAL-WORLD  
IMPACT**



Strengthening Health Outcomes  
through the Private Sector



## EACH HEALTH SYSTEM BUILDING BLOCK INCLUDES PRIVATE SECTOR ACTORS

While various frameworks exist to explain the components and functioning of health systems, this paper uses as its starting point the WHO ‘building blocks’: Governance, Information, Financing, Service Delivery, Human Resources, and Medicine and Technologies. The government or public sector actors are not the only actors in each building block. If we could ‘unpack’ each block, we would see a range of both public and private actors who operate within a health system. Figure 1 presents an illustrative range of private sector actors in each building block. To better reflect the synergies between the ‘blocks’ or components of the health system, we present a modified framework in Figure 1.

Engaging and interacting with the private health sector can contribute to health system strengthening by:

- Building sector-wide capacity to deliver high-quality services and products
- Increasing the number and distribution of health personnel with the right skills available to deliver needed services, particularly to underserved groups
- Improving the generation, dissemination, and use of health information that reflect all stakeholders in the health sector and better support decision-making that integrates all activities in the sector
- Enhancing the government’s ability to ensure the availability of high-quality medical products, vaccines, and technologies

- Mobilizing resources for health in a manner that increases access, improves risk protection, and incentivizes providers appropriately, and
- Strengthening government oversight of the health sector, particularly by better enforcement of regulations and partnering with nongovernment actors

Despite the promise of the private sector, public-private partnerships are not always the answer. Designing and negotiating a partnership between the public and private sectors can require considerable time and money, so developers or ‘brokers’ should be able to make the case that the investment will pay off in terms of improved efficiencies or health outcomes (Barnes, 2010). In fact, it is suggested that the following criteria be met before initiating such a partnership: first, it should be

Figure 1: Illustrative range of private sector actors organized by the WHO building blocks



determined that there are persistent gaps in the health system that are not likely to be addressed by any one sector; and second, it should be established that the partnership will increase efficiency, sustainability or equity in the health system (Barnes, 2010).

Assuming that these criteria have been satisfied, this paper describes the levels of private sector engagement, as well as approaches that involve one or more of the building blocks of the health system, and the health objectives they can achieve.

## PRIVATE SECTOR ENGAGEMENT AS AN APPROACH TO STRENGTHENING THE HEALTH SYSTEM

There are different levels of private sector engagement. The most commonly used phrase for working with the private sector is public-private partnerships or “PPPs.” But the term “PPP” has many different connotations, ranging from global alliances with international pharmaceutical companies to develop and manufacture vaccines for neglected diseases, to multinational and local corporations donating in-kind supplies to health programs, to government contracting-out to local private providers to deliver health services. As the variety and range of public-private interactions illustrate,

the term PPP can mean different things to different people. Based on field experience in working with the private sector, there are three common levels of private sector engagement:

- **Public-Private Dialogue** to prioritize and identify solutions in which the private sector can contribute to addressing health system gaps in the areas of human resources constraints, demand generation, access to affordable health care, generation of accurate and comprehensive information, and innovations
- **Public-Private Interaction** on policy and other regulatory issues creating a favorable policy environment for the private sector to thrive and setting the neutral standards and practices of health care that govern all actors in the health sector

*Figure 2: Illustrative range of policy instruments and approaches to dialogue, interact and partner with private sector actors organized by the WHO building blocks*



- **Public-Private Partnerships** to operationalize programs—through a variety of policy instruments such as vouchers, health insurance, and contracting, to name a few—that improve access to health services and/or products for underserved groups

Figure 2 provides an overview of the breadth and scope of areas in which the public sector can engage the private sector to strengthen health systems. As the figure illustrates, working with the private sector can be as informal as a consultative process to identify private sector stakeholders (public-private dialogue) to discussing language on how to update health policy (public-private interactions) to acknowledging

private sector contributions to the health sector structured as a contract (PPPs). In most countries where there is genuine and effective private sector engagement, public-private dialogue and/or interactions have been precursors to and the foundation on which trust has been built to move toward operationalizing PPPs.

The following section presents the range of private sector engagement for each of the health systems strengthening building blocks. But as the case studies demonstrate, collaborating with the private sector often contributes to strengthening multiple building blocks simultaneously, facilitating interactions between these key elements of the health system.

## EXAMINING PRIVATE SECTOR ASPECTS OF THE BUILDING BLOCKS

### Service Delivery

In many countries, the HIV pandemic has increased the need to rapidly expand the availability of HIV/AIDS-related services such as counseling and testing, antiretroviral treatment (ART), and TB treatment in addition to other priority health services. In many settings, the public sector cannot shoulder this burden alone. Partnering with the private sector in service delivery can be a means to expand availability of critical services and drugs by leveraging service delivery capacity in the private sector, thereby relieving some

**Table 1: Private sector engagement that strengthens the health system: Service delivery**

Private Sector Actors	Public-Private Engagement to Strengthen Health Systems	Intermediate Health Systems Outcomes
Who	What	Why
Private for-profit, NGO, and FBO providers	Service delivery contracts, management contracts, and drugs-for-performance contracts	Increase <b>financial access</b> via public purchasing of privately provided services and offering providers incentives linked to services delivered
		Increase <b>physical access</b> by contracting with providers in underserved areas
		Improve <b>coverage</b> by offering providers incentives linked to coverage
		Improve <b>quality and safety</b> by accrediting contracted providers, offering providers quality-linked incentives, and monitoring contracts for quality
Provider associations	Regulation focused on accreditation, licensing, defining, or enforcing scope of practice or quality standards	Increase <b>physical access</b> by defining scopes of work for health workers and generating more medical graduates
Private provider councils		Increase <b>financial access</b> by offering public subsidies for education and regulating charges
Corporations	Corporate funding for piloting service delivery innovation	Improve <b>financial access</b> and <b>coverage</b> by leveraging corporate funding for innovations and strategic problem solving
	Funding for technical assistance to identify key bottlenecks to expand service delivery	Improve <b>quality and safety</b> by addressing key constraints



of the pressure on overburdened public sector systems. This can also improve the ability of the health system to respond to changes in volume or types of services needed. Service delivery PPPs—through a variety of mechanisms that establish clear guidelines for quality and health outcomes required for reimbursement—can also serve as a de-facto mechanism to ensure quality of private service provision that may currently operate with little oversight. Table 1 presents an illustrative list of the different ways in which the public sector can engage the private sector to promote better service delivery of health care while contributing to health systems strengthening.

### Health Work Force

HIV/AIDS delivers a double blow to health systems in high-prevalence countries, increasing the need for health services while directly depleting the number of available

health workers to provide these health services. ‘Brain drain’ and distribution imbalances of health workers can further complicate this picture, and many countries suffer from the three human resource wrongs: the wrong number of health workers (usually too few), the wrong skill mix/type of health workers, and uneven distribution (often too few relative to needs in rural areas). Acute shortages of the ‘right’ kind of human resources for health are often a key constraint to expanding HIV/AIDS service delivery. The private sector—both for-profit and nonprofit—can be an important resource in relieving these constraints by leveraging its skills and health workers and by mobilizing private educational/training resources available. Table 2 presents an illustrative list of the ways partnering with the private sector can address health work force constraints and strengthen the health system.

### Health Information Systems

Well-functioning health information systems (HIS) are vital to generate reliable demand-side and supply-side data that reflect all HIV/AIDS activities in both the public and private sectors. These data are needed for implementing and planning for HIV/AIDS-related services as well as for monitoring and evaluating their impacts. One area for public-private engagement is encouraging private sector providers to share statistics on their HIV/AIDS services and patients. A commonly observed symptom of a poorly functioning HIS is poor logistics for antiretroviral drugs and test kits. Private sector actors can contribute to a solution in multiple ways. Emerging technologies developed in the private sector (like mobile phone technologies) can improve the ease with which data are collected, analyzed, and used. Private providers who deliver services or manage logistics for commodities can also contribute valuable data for

**Table 2: Private sector engagement that strengthens the health system: Health work force**

Private Sector Actors	Public-Private Engagement to Strengthen Health Systems	Intermediate Health Systems Outcomes
Who	What	Why
Private for-profit, NGO, and FBO providers	Management contracts; service delivery contracts for lab services and contracting-in private sector staff to the public sector	Increase physical access by leveraging human resources in the private sector to deliver essential health services
		Increase coverage by redressing maldistribution via contracts with providers in underserved areas
Private laboratory technicians		Increase financial access and address short-term skill shortages by subsidizing specialist services in the public sector
Private medical and nursing schools	Public sector accreditation of private medical schools or private training institutions, and public subsidies for priority medical degrees	Increase physical access to health services by increasing the number of health workers with the right skills
		Increase financial access to health services by subsidizing priority medical education
		Improve quality and safety by creating and enforcing standards for private medical education
Provider associations	Regulation focused on accreditation, licensing, defining, or enforcing scope of practice or quality standards	Increase physical access by defining or broadening scopes of work for health workers and promoting task shifting
		Improve quality and safety by creating and enforcing standards via licensing, accreditation, and supportive supervision by professional councils or associations

## EXAMPLES FROM THE FIELD

### CONTRACTING WITH PRIVATE SECTOR PHYSICIANS FOR HIV TREATMENT: BROADREACH HEALTHCARE IN SOUTH AFRICA

In 2005, the company BroadReach Healthcare, South Africa's Department of Health (DOH), and a local private sector doctors' network entered into an innovative PPP using contracting-out to boost antiretroviral treatment capacity in the Matlosana district of the North West province. Stable ART patients who have been on ART for more than six months at the (public sector) district hospital are identified for 'down-referral' and may opt to attend a private sector general practitioner (GP) (BroadReach Healthcare, 2010). This private GP is then responsible for routine monitoring of ART patients. GPs can also 'up-refer' ART patients to the district hospital if needed. Drug procurement, drug distribution, laboratory testing, and care for 'up-referred' patients remain the responsibility of the DOH. BroadReach Healthcare provides overall program coordination and monitoring and evaluation and supports GPs through appointment reminders, patient counseling, patient tracking, and contracted database management services. The DOH and hospital also provide some oversight of the PPP. Patients who choose the PPP pay no fees; funding is provided by PEPFAR and the DOH.

Contracting with private GPs to deliver ART addresses a critical bottleneck in the South African health system. While 80 percent of the population relies on the public sector for health care, only 30 percent of South Africa's doctors are located in the public sector (Navario, 2010). Furthermore, the demand for ART increased overcrowding and pressure on public sector ART facilities. This problem is addressed by leveraging existing private sector resources to expand overall capacity to deliver ART. The PPP strengthens different health system building blocks and improves interactions between them. It improves service delivery by freeing up DOH resources for new patients and reduces the patient burden at public sector clinics. The PPP also strengthens governance of the private sector. The PPP brings participating GPs in line with government guidelines on ART through a combination of capacity building and monitoring. GPs have an incentive to comply with government guidelines as PPP ART patients are a source of revenue. In the first three years of operation, 918 patients enrolled for ART down-referral to private sector GPs (BroadReach Healthcare, n.d.). Recent research found that the PPP had better patient retention rates (94 percent v. 75 percent), better viral suppression rates (88 percent v. 67 percent), and was also more cost-effective. Patients also reported feeling healthier in the PPP model (Navario, 2010).

**Health system building blocks: Service delivery, health work force, and governance**

### CONTRACTING-OUT FOR CONSTRUCTION AND SERVICE DELIVERY IN LESOTHO

Lesotho is implementing one of the most wide-ranging partnerships in the African health sector. In October 2008, the government of Lesotho contracted Ts'epong Consortium (managed by Netcare, one of South Africa's largest private health care providers) to design, build, and equip a 425-bed national referral hospital and four public sector clinics in Maseru, Lesotho's capital city. In addition, all operations—including service delivery for HIV/AIDS and TB—at these facilities have been contracted-out to Ts'epong Consortium. Funds to construct the hospital came from a combination of public and commercial sources, with commercial funds raising the additional revenue needed to replace the 100-year-old Queen Elizabeth II hospital. Three refurbished filter clinics are operational from May 2010 and services, including HIV/AIDS and TB care, are being provided by the private party. The new hospital will be completed in March 2011.

Public purchasing of privately provided services through performance-based contracts in this initiative potentially expand financial access to health services while expanding the range and quality of services available. Patient charges at Ts'epong-operated facilities follow public sector norms, and no patient is turned away for inability to pay. The 18-year contract with Ts'epong Consortium is performance-based and monitored by a third party: payments are contingent on meeting predefined service volume and health care outcome targets.

Because Ts'epong Consortium is responsible for running both referral hospital and clinics in the Maseru region, Ts'epong absorbs the costs of inefficiencies—or conversely reaps the rewards of efficiencies—across the referral chain. As a result, the consortium is involved in a number of initiatives that extend beyond their contractual role and directly contribute to strengthening the capacity of the system to deliver health services. These initiatives include: assisting the Lesotho National Drug Service Organization with converting its manual procurement and supply management systems to electronic ones, and converting paper-based patient records to electronic records to give health care providers better and more reliable access to patient information, and improving the quality of information available for policymaking and planning. The other initiative is to partner with the National Health Training College to train more specialized health professionals (The Global Health Group, 2009).

**Health system building blocks: Financing, service delivery, and HIS**

## THE HEALTH INSURANCE FUND: STRENGTHENING HEALTH FINANCING IN NIGERIA

The PharmAccess Foundation is funded by the Government of the Netherlands to strengthen health systems in Africa. In 2007, the foundation's Health Insurance Fund, an initiative involving Dutch insurance companies and multinationals, partnered with Hygeia, Nigeria's largest health maintenance organization, to implement the six-year Hygeia Community Health Plan (HCHP). The partnership developed a health insurance model for low-income workers and their families in Lagos and Kwara state. HCHP contracted with a total of six public and 13 private sector clinics and hospitals to provide health services, including HIV/AIDS-related services. In Kwara state, people who work and live in the rural community of Shonga are eligible to enroll. In Lagos, HCHP targets women who work in markets and their families.

In both regions, low-income individuals are eligible for subsidies on the insurance premium. During the initial year on the plan, each insured member pays 5 to 13 percent of a low annual premium, while the Health Insurance Fund subsidizes the remainder. For instance, in Kwara state, the annual insurance premium is the equivalent of \$27 per person per year. In the first year, members in Kwara are responsible for 5 percent of the premium, or \$1.35 per person per year. A family of ten would pay \$13.50 for the first year in order for each family member to be covered. As of 2008, more than 50,000 people across both regions were insured on the HCHP plan. Participating clinics are upgraded by HCHP and provide access to good-quality HIV treatment for HCHP enrollees (UNAIDS, 2009).

In addition to protecting insurance program members from potentially catastrophic health spending and increasing financial access to health services, HCHP expands the range of providers delivering health services by contracting with public and private providers. Moreover, HCHP also improves service delivery by building administrative and technical capacity of staff at contracted facilities (PharmAccess Foundation, n.d.).

**Health system building blocks: Health financing, health work force, and service delivery**

## PPP UNITS IN HEALTH: STRENGTHENING GOVERNANCE AND LEADERSHIP WITHIN THE HEALTH SYSTEM

A growing number of sub-Saharan African nations—including Ethiopia, Ghana, Kenya, Nigeria, South Africa, Uganda, and Zambia—have established PPP units within governmental institutions. PPP units serve as a focal point for engaging the private sector in health. A typical PPP unit is composed of three to six experts who can identify, broker, and support suitable PPPs that meet public health goals. The units include staff with different expertise—in areas such as business administration, law, or economics—who have extensive private sector experience. The key role of a PPP unit is to serve as an internal resource to ministry of health staff, offering resources and data, strategic advice, technical assistance, implementation support, evaluation support, and capacity building on private sector engagement and PPPs in health. The PPP units are therefore an important stewardship mechanism.

While PPP units share similar goals, their location within government bodies varies from country to country. The location of a PPP unit reflects the needs of a particular nation, and it influences the strengths and weaknesses of a unit. For instance, in Zambia and South Africa, the PPP unit is located within the National Department of Finance. Thus, it has a strong capacity to assess the cost effectiveness of proposed PPPs. Alternately, Uganda's PPP unit resides in the Federal Ministry of Health's Department of Planning. This gives the PPP unit direct proximity to key decisionmakers within the health system. Finally, PPP units can fit into a decentralized model of governance.

In Nigeria, PPP units exist at both the federal and state level, allowing subnational government structures to take a more active role in facilitating PPPs. PPP units can foster PPPs in a number of ways by: contracting out service delivery to private providers; designing concessions, lease contracts, or management contracts with private firms; providing regulatory analysis, policy reforms, or legal harmonization; grouping health care providers under a parent organization; and facilitating dialogue and consolidating partnerships between the public and private sector (O'Hanlon, 2009).

**Health system building block: Governance**

decision making on health outcomes, on client demand for services or for logistics management. Working with pharmaceutical companies to research medicines and medical technologies can leverage private sector capital and expertise for public gain. Table 3 presents an illustrative list of how the private sector can contribute to improving the data and information available on health.

### Medical Products, Vaccines, and Technologies

The availability of good-quality vaccines, medical commodities, and technologies is a fundamental requirement for delivering effective health services. Widespread shortages of drugs, vaccines, and other medical commodities are clearly visible symptoms of a poorly functioning health system, and a constraint to improving public health in many

developing countries. Partnering with the private sector can address this situation by boosting the supply and lowering the costs of drugs, vaccines, and other medical products, by improving supply chain management when skills and technologies available in the private sector are harnessed, and by developing more effective drugs and technologies. Table 4 presents an illustrative list of PPPs that contribute to health systems strengthening in the medical products, vaccines, and technologies building block.

### Health Financing

The objectives of a good health financing system are to raise adequate revenues for health, to ensure good financial access to health services, to protect health service users from impoverishment related to service use, and to create appropriate incentives for service delivery and use. These

functions are strikingly relevant when viewed from an HIV/AIDS lens. To illustrate, drugs to manage HIV/AIDS tend to be (relatively) expensive and are required over multiple years, as advances in HIV/AIDS have made it akin to a chronic disease. Furthermore, many of the gains in quality of life and lifespan for people living with HIV/AIDS (PLHIV) have come from new drug technologies developed by commercial pharmaceutical companies. Health financing mechanisms to procure new HIV-related drugs and therapies, expand the availability of affordable drugs and services, and protect PLHIV from financial catastrophe associated with using health services are clearly critical in high HIV-prevalence contexts. Table 5 presents an illustrative list of how the private sector can contribute to improve health financing.

**Table 3: Private sector engagement that strengthens the health system: HIS**

Private Sector Actors	Public-Private Engagement to Strengthen Health Systems	Intermediate Health Systems Outcome
Who	What	Why
Pharmaceutical companies	Public and private shared investments in medical research	Increase access to and coverage of health services by developing new technologies to collect and manage health information
Commercial product distributors and marketers	Agreements to contribute data on service statistics, medical products, or commodities in local markets	Increase physical access and coverage via better planning for health services delivery, and/or improve financial access by leveraging private investments in HIS to plan/ deliver health services
Pharmaceutical companies		
Private providers		
Cell phone and information technology companies	Agreements or formal contracts to use privately developed cell phone/ information technologies to collect data or improve reporting of health information	
	Public and private shared investments to develop enhanced data collection/ reporting platforms	
Professional associations	Public sector support for professional associations to provide continuing education for health professionals	Improve quality and safety through improved and updated provider knowledge
Academic institutions	Contracts to plan and conduct data collection to analyze consumer preferences and health seeking behavior and to monitor or evaluate health services or outcomes	Increase physical access and coverage by leveraging private sector expertise for better monitoring and evaluation
Market research companies		



**Table 4: Private sector engagement that strengthens the health system: Medical products, vaccines, and technologies**

Private Sector Actors	Public-Private Engagement to Strengthen Health Systems	Intermediate Health Systems Outcomes
Who	What	Why
Pharmaceutical companies, and/or academic institutions	Public and private shared investment in primary research to identify new vaccines or treatments. This could include funding to set up research institutions	Increase physical access and coverage by developing new vaccines or treatments that are easier to deliver and more cost-effective
	Public and private shared investments in manufacturing, e.g., licensing of intellectual property, contract manufacturing	Improve financial access by leveraging R&D efforts in the private sector, lowering market price and increasing supply of medical commodities
	Advance market commitments that involve publicly financed incentives for private companies to make investments from the research and development stage through to the manufacturing stage	Improve quality and safety by ensuring quality of drugs and products manufactured by contractors
Commercial product distributors and marketers	Agreements or contracts to market or distribute drugs, vaccines or other products to local markets	Increase physical access and coverage by increasing supply of drugs, vaccines, and other medical commodities
		Increase financial access by lowering market price of drugs, vaccines, and commodities
		Improve quality and safety by monitoring quality of drugs and products
Cell phone/information technology companies	Agreements or formal contracts to use privately developed cell phone/ information technologies for supply chain management in public facilities	Increase physical access and coverage by ensuring availability and preventing stock-outs of drugs, vaccines, and other medical commodities
Commercial laboratories	Agreements or formal contracts for the provision of laboratory or diagnostic services	Increase physical access and coverage by leveraging private sector skills and equipment to conduct diagnostic or laboratory tests
		Improve financial access by lowering user charges (if any) when services are procured from commercial laboratories at a lower cost
		Improve quality and safety by subsidizing laboratories that meet and maintain quality standards and offering providers performance incentives linked to quality

## Governance

Effective oversight and regulation, coalition building, provision of appropriate incentives and ensuring accountability are key to a well-functioning health system in general, but also essential to harness the potential of the private sector to achieve public health objectives. Strong leadership and good governance exercised by the state play a critical role in creating an

enabling environment for private sector actors to contribute to public health, and also to shape the type and quality of contribution that the private sector makes to public goals. In fact, the state role in providing leadership and governance of private sector actors is a function that is particularly critical in contexts where private sector actors make a large contribution to service delivery, account for a

large proportion of health financing or employ a substantial proportion of the human resources. Genuine dialogue and interaction between the public and private sectors are necessary conditions to build trust and overcome biases, thus creating opportunities for PPPs in health care. Table 6 presents an illustrative list of how the private sector can contribute to improving the governance within a health system.

**Table 5: Private sector engagement that strengthens the health system: Health financing**

Private Sector Actors	Public-Private Engagement to Strengthen Health Systems	Intermediate Health Systems Outcomes
Who	What	Why
Consumers and households	Demand-side subsidies for priority services delivered by accredited private providers. Illustrative mechanisms include vouchers or cash transfers	Increase <b>physical access and coverage</b> by expanding the range of providers who offer subsidized priority services
Private for-profit providers		Improve <b>financial access</b> by lowering (or eliminating) out-of-pocket payments at the point of use
Not-for-profit providers		Improve <b>quality and safety</b> by subsidizing services delivered by private providers who meet and maintain quality standards and offering providers performance incentives linked to quality
Private insurance companies Community-based health financing organizations	Health insurance schemes to pool risk. The public-private mix in a health insurance scheme depends entirely on the design of the scheme. Publicly driven insurance schemes can leverage private providers and private insurance administrators. On the other hand, privately driven schemes could be publicly regulated and may use public incentives to cover lower-income groups. Microcredit organizations may offer loans to members to cover health insurance premiums	Increase <b>physical access and coverage</b> by expanding the range of providers who offer priority services
Microcredit organizations		Improve <b>financial access</b> by pooling risk and lowering (or eliminating) out-of-pocket payments at the point of use
Consumers and households		Improve <b>quality and safety</b> by accrediting private providers who meet and maintain quality standards and offering providers performance incentives linked to quality
Private for-profit providers	Service delivery contracts, and/or management contracts	Increase <b>financial access</b> via public purchasing of privately provided services and offering providers incentives linked to services delivered
NGO/FBO providers		Increase <b>physical access</b> by contracting with providers in under-served areas
		Improve <b>coverage</b> by offering providers incentives linked to coverage
Company workplaces	Corporation or corporate foundation financing of training institutions	Improve <b>quality and safety</b> by accrediting contracted providers, offering providers quality incentives and monitoring contracts for quality
		Increase <b>financial access</b> to training and increase the number of health workers available to deliver priority services
		Increase <b>physical access</b> by expanding the number of providers delivering priority services
Pharmaceutical companies	Advance market commitments that involve publicly financed incentives for private companies to make investments from the research and development stage through to the manufacturing stage	Improve <b>quality and safety</b> by providing high-quality technical training to health service providers
		Increase <b>physical access and coverage</b> by developing new vaccines or treatments that are easier to deliver and more cost effective
		Improve <b>financial access</b> by leveraging R&D efforts in the private sector, lowering market price and increasing supply of medical commodities
		Improve <b>quality and safety</b> by ensuring quality of drugs and products manufactured by contracted manufacturers

**Table 6: Private sector engagement that strengthens the health system: Governance and leadership**

Private Sector Actors	Public-Private Engagement to Strengthen Health Systems	Intermediate Health Systems Outcomes
Who	What	Why
Professional associations Private health advocacy groups	Policy forums and other processes (e.g., revise and update laws, strategic planning) that actively engage and consult private sector groups	Overcome suspicion and build trust that is needed to implement policy instruments to harness private sector capacity
Professional associations	State mandate, through councils and/or boards, to define scopes of professional scopes of practice, pre-service or continuing medical education standards, and facility licensing	Improve <b>quality and safety</b> by defining and enforcing quality standards and increasing provider knowledge
	Publicly provided financing or technical assistance to define or support enforcement of mandate	
Private health advocacy groups	State mandate to educate consumers, create a mechanism for addressing consumer complaints, and advocate with private insurance companies	Improve <b>quality and safety</b> through consumer education and pressure and by advocating for standards
	Publicly funded (or public-private co-funded) campaigns to inform consumers about health insurance market	

## CONCLUSIONS

Health systems strengthening efforts that focus solely on the public sector may be overlooking available resources in other sectors to address the HIV/AIDS epidemic. The private sector—both commercial and nonprofit—offers a wide range of needed resources such as skilled staff, infrastructure and equipment, finances, technical expertise, and innovation as evidenced by their strong presence in each of the WHO health systems building blocks.

Private sector actors who can make an important contribution to HIV/AIDS are as diverse as the types of PPPs. The most important private sector stakeholders include formally trained and licensed private providers as well as insurance companies financing health care, private corporations offering HIV/AIDS services, pharmaceutical companies that produce critical drugs and medical products and distributors that ensure broad access to medicines.

There are three common levels of private sector engagement:

- **Public-Private Dialogue** to prioritize and identify solutions to address health system gaps
- **Public-Private Interaction** on policy and other regulatory issues to create a favorable environment
- **Public-Private Partnerships** to operationalize programs that improve access to HIV/AIDS services and products to underserved groups

Public-private initiatives that hold the most potential to strengthen health systems often address more than one building block simultaneously and improve interactions between these building blocks. HIV/AIDS practitioners concerned with health systems strengthening should therefore consider the roles that the private sector can play in a given health system, identify context-specific opportunities to engage the private sector, and implement PPPs that can effectively contribute to strengthening the health system while achieving HIV/AIDS objectives.

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### About SHOPS

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### About Health Systems 20/20

Health Systems 20/20 is a five-year (2006-2011) cooperative agreement (No. GHS-A-00-06-00010-00) funded by the U.S. Agency for International Development (USAID). The project uses an integrated approach to address the financing, governance, operational, and capacity constraints in a health system that impede access to and use of life-saving priority health services.

Abt Associates Inc. leads a team of partners that includes:

Aga Khan Foundation | Bitrán y Asociados | BRAC University | Broad Branch Associates | Deloitte Consulting, LLP | Forum One Communications | RTI International | Training Resources Group | Tulane University School of Public Health

For more information about SHOPS, please contact: Strengthening Health Outcomes through the Private Sector  
E-mail: [info@shopsproject.com](mailto:info@shopsproject.com)  
<http://www.shopsproject.org>

For more information about Health Systems 20/20, please contact: Health Systems 20/20  
E-mail: [info@healthsystems2020.org](mailto:info@healthsystems2020.org)  
[www.healthsystems2020.org](http://www.healthsystems2020.org)



Abt Associates Inc.  
4550 Montgomery Avenue,  
Suite 800 North  
Bethesda, MD 20814 USA

Tel: (301) 347-5000  
Fax: (301) 913-6019

[www.abtassociates.com](http://www.abtassociates.com)

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