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# Commercial Prospects for Donor-Funded Namibian Nongovernmental Organizations



REPORT

June 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by Mark Robertson, Ilana Ron Levey, and Dawn Crosby for the SHOPS project.

**SHOPS**  
Strengthening Health Outcomes  
*through the Private Sector*

**Abstract:** Namibia's nongovernmental organizations (NGOs), including those providing vital HIV and AIDS services, face a sharp reduction in external donor funding due to the country's recent reclassification as an upper middle-income country. This decline may prompt NGOs to seek out alternative revenue streams to maintain health gains achieved over the past decade, and Namibia's growing for-profit private sector is a potential source of such revenue. The United States Agency for International Development, in conjunction with the Ministry of Health and Social Services, asked the Strengthening Health Outcomes through the Private Sector (SHOPS) project to explore commercialization prospects for Namibian NGOs. The SHOPS team interviewed more than 50 stakeholders to gain a better understanding of corporate demand for health and wellness services in Namibia, explored the current supply of health services provided by NGOs, and identified potential opportunities for NGOs to deliver commercial health services to Namibian firms and their employees. This report presents commercial opportunities for donor-funded Namibian NGOs, and reflects on the possibilities and limitations of commercialization as a strategy to promote the sustainability of NGOs.

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**Keywords:** AIDS, commercialization, disease management services, HIV, medical aid, multinational corporations, Namibia, NGO sustainability, private health insurance, wellness programs

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**Cover photo:** Jessica Scranton

**Project Description:** The Strengthening Health Outcomes through the Private Sector (SHOPS) project is USAID's flagship initiative in private sector health. SHOPS focuses on increasing availability, improving quality, and expanding coverage of essential health products and services in family planning and reproductive health, maternal and child health, HIV and AIDS, and other health areas through the private sector. Abt Associates leads the SHOPS team, which includes five partners: Banyan Global, Jhpiego, Marie Stopes International, Monitor Group, and O'Hanlon Health Consulting.

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**Submitted to:**

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# **Commercial Prospects for Donor-Funded Namibian Nongovernmental Organizations**

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## FOREWORD

HIV and AIDS remains a significant source of morbidity and mortality in Namibia, and is a major drain on health resources. Between 2008 and 2009, the national HIV and AIDS response consumed 27.5 percent of the total national expenditure on health. The HIV and AIDS epidemic is mature, generalized, and driven by heterosexual and mother-to-child transmission. Between 2008 and 2009, HIV prevalence among adults aged 15 to 49 years was estimated at 13.3 percent, with an estimated 5,163 new infections per year, and approximately 173,000 people living with HIV. The 2012 Antenatal Clinic Survey reported HIV prevalence among pregnant women attending an antenatal clinic was 18.2 percent, a decline from the peak antenatal clinic prevalence estimate of 22 percent reported in 2002, but still an alarming rate. Tuberculosis continues to be a major contributor to HIV-related mortality. With a tuberculosis notification rate of 598 cases per 100,000 population (of which 50 percent are co-infected with HIV), Namibia faces one of the largest national tuberculosis epidemics in the world.

Clearly, no one entity can meet these challenges alone but working together, the Namibian government, civil society, and the private sector, along with their global partners, can achieve the shared goal of a sustainable response put forth in the national policy on HIV and AIDS and the national strategic framework. Despite daunting challenges, the country has been able to achieve numerous successes through this partnership. Among these is the fact that Namibia achieved universal access to HIV treatment on target, by December 2010, and was one of only 10 low- and middle-income countries globally—three of which are in Africa—to do so. Namibia's civil society organizations have been central to those achievements and continue to be essential to an effective HIV and AIDS response.

The government of the Republic of Namibia and the donors that support it view the need to increase domestic resources for HIV prevention, care, and treatment as a top priority to ensure achievements made are not lost. The United States government and the Global Fund to Fight AIDS, Tuberculosis and Malaria remain the two largest sources of external funding for HIV and AIDS in the country, and it is widely recognized that the financial support provided by each will continue to decline over time. Since the beginning of the HIV and AIDS response, many civil society organizations have placed much of their attention, and rightly so, on scaling up HIV services, while limited attention has been given to diversifying funding streams. Currently, approximately 90 percent of HIV-focused civil society organizations are funded with either PEPFAR or Global Fund resources.

This recognition caused considerable unease among the Health Office at USAID/Namibia. Neither USAID/Namibia, nor the country, can afford to see retrenchment or—even worse—the collapse of civil society organizations working in HIV and AIDS. At a time when an AIDS-free generation is within reach, we cannot afford to lose the momentum or the investments made

building the capacity of organizations to effectively respond to the disease and its social consequences. To address this important concern, USAID/Namibia has worked closely with civil society partners, other donors, and technical experts (both internal and external to USAID), and we have been lauded for our results. Key to our success has been the involvement of the SHOPS project.

Since 2010, USAID/Namibia has funded SHOPS to assess and implement new approaches to increase the sustainability of HIV and AIDS services. Earlier that year, USAID funded SHOPS to conduct an assessment of the private sector that examined the potential role the commercial sector could play in contributing to the sustainability of the national HIV and AIDS response and the health system as a whole. The assessment looked at three types of for-profit actors: financiers, risk-pooling agents (e.g., private insurance schemes), and private, for-profit providers.

This report follows that initial work and a myriad of other USAID-supported interventions that aim to further strengthen the sustainability of civil society organizations in their response to HIV and AIDS. This work explores the potential pay-for-service relationships that could be forged between civil society organizations and their corporate clients. USAID/Namibia is delighted to endorse this work as part of a broader effort to ensure Namibia's response to HIV and AIDS is sustained over time. However, the report also recognizes that civil society organizations are unlikely to be sustained solely by corporate financing and will need to further diversify their funding sources. As the USAID/Namibia Health Office Director, I am encouraged by the leadership that SHOPS has demonstrated in promoting the sustainability of the HIV and AIDS response through the private sector. I especially want to recognize and acknowledge the technical assistance provided by Dineo Dawn Pereko, SHOPS country representative in Namibia. Her hard work and dedication are greatly appreciated.

Melissa A. Jones  
Health Office Director  
USAID/Namibia



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## TERMINOLOGY

**Absenteeism:** Habitual absence from the workplace

**Commercialization (for nongovernmental organizations):** The shift toward selling services at market rates to corporations or other buyers

**Corporate buying process:** The set of decisions that companies make when purchasing services

**Corporation:** A for-profit enterprise; in this report, the terms corporation, firm, and company are used interchangeably

**General health services:** Services related to the diagnosis and treatment of disease or the promotion, maintenance, and restoration of health

**Informal sector:** Unregulated companies

**Market map:** A graphical representation of a market, also called a market segmentation

**Market segment:** A group of market participants defined by specific criteria used in the market map

**Medical aid:** Paid-for coverage of medical expenses; in this report, medical aid includes medical or health insurance

**Multinational corporation:** A for-profit enterprise with operations in more than one country

**NGO sustainability:** The ability of an organization to continue doing the work of its social mission into the future

**Presenteeism:** The state of being at work, but chronically underproductive

**Private sector:** Companies that operate formally and are regulated

**Wellness:** The well-being of an individual, including his or her physical health and mental, emotional, psychosocial, financial, and professional conditions

**Workplace program:** A set of policies and initiatives related to employee wellness implemented in the workplace

## EXECUTIVE SUMMARY

In recent years, Namibia's reclassification as an upper middle-income country has caused sharp reductions in external donor funding for the country's nongovernmental organizations (NGOs), including those providing vital HIV services. This decline may prompt NGOs to seek out alternative revenue streams to maintain the health gains achieved in Namibia over the last decade. Namibia's growing for-profit private sector may prove to be a potential source of such revenue. Since late 2010, the United States Agency for International Development (USAID), through the SHOPS project and in conjunction with the Ministry of Health and Social Services (MoHSS), has been working to quantify, steward, and leverage private sector resources to contribute to national HIV and AIDS goals.

As part of this effort, USAID/Namibia and the MoHSS asked SHOPS to explore a potentially important facet of a national sustainability strategy: Namibian NGOs' prospects for commercialization. In July 2012, SHOPS began a process to define, quantify, and analyze the potential for Namibia-based NGOs to partially commercialize by serving corporate clients. The SHOPS team extensively reviewed secondary data and interviewed more than 50 stakeholders. The assessment had three goals: (1) to gain a better understanding of corporate demand for health and wellness services in Namibia, (2) to explore and understand the landscape of indigenous Namibian NGOs that already provide health services, and (3) to identify potential opportunities for NGOs to provide commercial health services to Namibian firms and their employees.

In Namibia, commercialization through NGO-corporate arrangements may be an important facet of overall NGO sustainability in light of decreasing donor funding. However, commercialization is only one element—albeit promising and with potential for growth—for a comprehensive, diversified strategy to ensure continued health service availability for Namibians. This report quantifies and presents commercial opportunities for donor-funded, indigenous NGOs in Namibia, and examines the possibilities and limitations of commercialization as a strategy to promote sustainability of NGO services. As the economy of Namibia evolves, donor funding continues to diminish rapidly, and initial NGO-corporate arrangements take place and hopefully flourish, commercialization may continue to evolve as an increasingly important element for NGO sustainability.

### **Namibia's Corporate Health Services Landscape**

In Namibia, provision of health services to employees varies greatly by corporate type. While multinational corporations (MNCs) and large Namibian firms tend to provide both medical aid and wellness services to their employees, small and medium-size Namibian firms provide medical aid less frequently, and seldom provide wellness services. The informal sector provides neither. Roughly half of employed Namibians have medical aid, which companies typically access through one of 10 major providers in Namibia, 90 percent of which are third-party administered. Among the

current challenges in Namibia's health provision landscape, three critical challenges stand out:

1. **The costs of providing medical aid are rising, driven by poor patient compliance and the high prices of service providers.** One of the key issues facing medical aid providers are the rising costs of health services. These drive up medical aid provider prices and, in general, make medical aid less accessible to much of the Namibian population. These cost increases are complicated by an additional set of challenges, including patient noncompliance to protocols and insufficient patient access to disease management and counseling providers.
2. **Public health services are overstretched, compromising the quality of the services they provide. The indirect costs of accessing services are also high.** Namibians without access to medical aid commonly rely on public health services. However, while most of these individuals typically cannot afford the high-quality services offered by private practitioners, they often are able to pay for quality services at a lower price. As such, there appears to be a gap in provision for a low-cost general health services provider.
3. **Providers of wellness services are scarce, inexperienced, expensive, limited in scope, and may be one of many perceived alternatives.** While medical aid is typically the first priority for Namibian firms looking to provide employees with health services, there is an increasing trend among these firms—particularly MNCs and large Namibian companies—to also provide a variety of wellness services. However, these limitations impede access to and purchase of wellness services.

### **An Assessment of Opportunities**

Below are three primary opportunities for NGOs to meet the challenges outlined above and address the specific concerns of different potential buyers. Although each opportunity has some market potential, none of the identified opportunities—nor all three combined—is currently large enough to replace approximate donor funding levels of NA \$182 million (US \$19.6 million) for Namibia's 13 key HIV and AIDS-focused NGOs.

1. **Disease management services** (market opportunity: NA \$4.8 million–8 million, or US \$0.6 million–0.9 million). Because the disease management services offered by current providers tend to be expensive, limited to certain conditions, and urban-focused, there may be some demand for new providers to become active in this market. However, overall corporate demand for disease management services is small and not expected to grow significantly in the medium term.
2. **Wellness services** (market opportunity: NA \$9.7 million–20.1 million, or US \$1.1 million–2.4 million). Wellness provision is an increasing

trend among firms, and NGOs have the experience and capacity to provide these services. Wellness provision is the most promising early entry point opportunity for NGO-corporate linkages identified in SHOPS research due to high corporate demand and strong NGO experience in providing wellness services for HIV and AIDS.

3. **Low-cost health services** (market opportunity: NA \$55 million–165 million, or US \$6.5–19.4 million). These services would be offered to the general public through fixed or mobile clinics, which some NGOs are already doing. Although this report does not offer deep analysis of this opportunity because it is not dependent on corporate demand, the sheer size of the low-cost health service market opportunity warrants additional investigation.

### **Key Challenges to NGO-Corporate Partnerships**

Nongovernmental organizations and firms highlighted four critical challenges that NGOs will need to address to inspire greater confidence among potential corporate partners—and ensure the smooth and professional delivery of services these firms will pay for.

1. **Technical and delivery challenges.** Most NGOs have far more experience working in rural settings than in the largely urban locations of Namibian firms, which can be a limitation. NGOs will need to customize their prices and services not just for the general corporate sector but potentially for each company—another area in which NGOs have little to no experience. Depending on the services offered, NGOs may also have to build new internal capacity to prepare and deliver these services. Finally, marketing themselves and their services in a way that makes sense to companies may require specialized marketing and commercial skills that NGOs often lack.
2. **Human resources challenges.** Many Namibian NGOs report a significant skills shortage in their sector; individuals with technical capabilities—such as doctors, nurses, and executives—are particularly hard to attract and retain. Additionally, NGO staff rely heavily on volunteers, which may affect service delivery. Additionally, volunteers often have limited experience in marketing services to companies.
3. **Management systems challenges.** Historically, sophisticated management systems have not been critical to NGO operations. However, some NGOs may need to upgrade their monitoring and evaluation systems, as well as their billing and invoicing systems, to meet corporate standards.
4. **Misaligned perceptions challenges.** Not only do NGOs need to overcome negative perceptions of their capabilities, but they also need to address misaligned perceptions of the key success factors in establishing partnerships. NGOs will need to develop a clear understanding of the corporate perspective and use it to change their

own approach to service delivery. For their part, firms interviewed for this report said that they will treat NGOs like any other private provider; NGOs should be aware of this and adapt accordingly.

### **Implications for NGOs, Donors, and Corporations**

While this report outlines market opportunities across three domains for Namibian donor-funded NGOs, there are significant implications and change management processes needed for NGOs, donors, and corporations to successfully operationalize these opportunities.

Nongovernmental organizations interested in pursuing a corporate commercialization strategy should understand that commercialization is only one element of a comprehensive diversified revenue strategy. NGOs will need to assess and quantify if there is a potential for a portfolio of corporate clients and negotiated long-term contracts in order to mitigate risk and ensure that major investments are made for multiple buyers. Most NGOs will need to acquire new skills in at least one of the following areas to successfully meet corporate requirements: marketing capacity, monitoring systems, invoicing and billing systems, and customer relationship management.

Donors interested in stewarding successful NGO commercialization may need to make substantial investments in technical assistance, including the development of monitoring and evaluation systems that can accommodate both corporate and donor data needs and increased marketing capacity. Donors may need to encourage NGOs to think about revenue diversification earlier rather than later and can require co-funding or sustainability strategy requirements even before donor funding levels are reduced. In designing broad sustainability strategies, donors should be aware that not all NGO services are commercially viable and that there are inherent prospects and limitations to any commercialization strategy. NGOs that focus solely on the weakest in society—namely, orphans, vulnerable children, or acutely ill individuals—may not have strong commercial prospects.

Corporations interested in purchasing NGO services, particularly for wellness, should become aware of the full range of wellness services available, including from NGO providers, and involve employees in wellness service provision decisions. Corporations looking for opportunities to simultaneously provide wellness services to employees and create positive corporate branding can enter into a business relationship with NGOs and help the firm achieve a “double bottom line.”

## 1. INTRODUCTION

From 2004 to 2009, Namibia experienced a steady influx of international donor funding to help scale its national HIV response. Financed largely through contributions from the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) and the Global Fund to Fight AIDS, Tuberculosis, and Malaria, a significant coordinated effort to manage the HIV and AIDS crisis ensued—with donors, the Namibian government, and local and international nongovernmental organizations (NGOs) working together to deliver critical HIV prevention and treatment services across the country. As a consequence of these efforts, major progress was made in stemming the HIV epidemic within Namibia's borders.

In 2010, Namibia was reclassified as an upper middle-income country (World Bank Group, 2010). This shift in status continues to cause reductions in international financial support for the country's health and development programs—including its HIV prevention and treatment services. While PEPFAR maintains an active portfolio in Namibia, PEPFAR contributions are now designed to support Namibia and its government in funding these programs themselves. PEPFAR has also declared Namibia one of the first "transition" countries to graduate from relying on American financial assistance for direct HIV and AIDS services delivery.

Yet how Namibia will finance, manage, and configure its health programs—and the provision of HIV and AIDS services in particular—as donor funds continue to decrease remains in question. To maintain the health gains it has achieved over the past decade, Namibia must find new strategies for addressing its own needs, primarily by finding ways to increase domestic—versus foreign—financial contributions exponentially.

Namibia's growing for-profit private sector is an obvious potential source. Since late 2010, SHOPS, in conjunction with the Ministry of Health and Social Services (MoHSS), has worked to quantify, steward, and leverage private sector resources to contribute to national HIV and AIDS goals.

SHOPS began with an extensive private sector assessment designed to identify, document, and analyze key entry points for harnessing contributions from the private sector, and to better understand key challenges hindering the sustainability of HIV and AIDS programs in Namibia. The assessment documented the growth of hundreds of donor-funded NGOs with a mandate to provide a range of HIV and AIDS services. The assessment, along with many other efforts commissioned by the United States Agency for International Development (USAID)/ Namibia and the Namibian government, concluded that reduced donor funding in Namibia will dramatically affect the ability of these NGOs to provide essential HIV and AIDS services by 2015.



## **Origins of Exploring NGO Commercialization**

While a broad range of stakeholders are assisting USAID/Namibia and the MoHSS in designing an overarching NGO sustainability strategy aimed at ensuring that the HIV and AIDS services provided by these NGOs continue uninterrupted, USAID/Namibia asked the SHOPS project to examine commercialization prospects for donor-funded NGOs in Namibia. Generally, commercialization implies that there is some market demand for services provided by NGOs and that NGOs can sell these services at market rates to corporations. In addition, commercialization can imply a small or large percentage shift of selling services to corporate entities. Commercialization does not connote the size of the shift, merely that a shift occurs. Finally, the concept of commercialization should be examined in light of the social mission of most NGOs. Some NGOs may feel that a high degree of commercialization can weaken their mission and social ideals of serving the poor; other NGOs may view commercialization as an opportunity to cross-subsidize initiatives to reach the needy.

In Namibia, commercialization through NGO-corporate arrangements may be an important facet of overall NGO sustainability in light of decreasing donor funding. However, commercialization is only one element—albeit promising and with potential for growth—for a comprehensive, diversified strategy to ensure continued health service availability for Namibians. This report identifies current market prospects for Namibia’s NGOs as of late 2012, quantifies and presents commercial opportunities for donor-funded NGOs in Namibia, and considers the possibilities and challenges of commercialization as a strategy to promote sustainability of NGO services. As Namibia’s economy evolves, as donor funding continues to diminish rapidly, and as initial NGO-corporate arrangements take place and hopefully flourish, commercialization may continue to evolve as an increasingly important element for NGO sustainability.

## **Understanding Commercialization**

In mid-2012, USAID/Namibia and the MoHSS engaged SHOPS to explore a potentially important facet of a national sustainability strategy—the commercialization of Namibian donor-funded NGOs by selling their services to corporate clients. Given the large number of donor-funded NGOs and corporations<sup>1</sup> (including South African multinational companies) present in Namibia, there was growing interest in thoroughly exploring the potential market for NGO services. However, many broad questions remained about the prospects for commercialization: What types of health services would companies want to purchase for their employees—and would NGOs be able to provide these services? Would corporations be willing to pay a price that would allow NGOs to generate much-needed income—and would NGOs be able to sell these services at desirable market rates? Would commercialization be a small element of Namibia’s NGO sustainability strategy, or could it make a much larger contribution?

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<sup>1</sup> For the purposes of this report, the terms “corporation,” “firm,” and “company” are used interchangeably.



## **Approach and Methodology**

To begin answering these questions, SHOPS contracted a well-known Namibian market research firm, Survey Warehouse, to rapidly assess more than 120 Namibian companies of various sizes and industries, documenting their processes for choosing whether or not to provide health and wellness services to their employees—and, if yes, what kind and from whom. An existing Survey Warehouse market assessment study was enhanced with interviews conducted with representatives from Namibian firms, medical aid providers and administrators, and existing health service providers. These efforts became the foundation for a high-level market map of the types of services Namibian firms require and are willing to pay for. These formative data revealed some of the complexities of the corporate health provision decisionmaking process, and also helped identify potential industries and companies where commercialization prospects appeared strongest.

In 2012, SHOPS engaged Monitor Group—a SHOPS partner and global strategy consulting firm—to build on this work and help further define, quantify, and analyze the total market for commercialization of donor-funded NGOs. The SHOPS team gathered secondary data and interviewed more than 50 stakeholders, including 22 firms, 13 NGOs, six medical aid providers, four medical aid administrators, three service providers, and three NGO umbrella organizations.

This assessment had three goals: (1) gain a better understanding of corporate demand for health and wellness services in Namibia, including who provides (and pays for) these services, (2) explore and understand the landscape of NGOs in Namibia that currently provide HIV and AIDS services, and (3) identify potential opportunities for NGOs to provide commercial health services to Namibian firms and their employees.

This report shares those findings, identifies market prospects for Namibian NGOs as of late 2012, and reflects on the possibilities and limitations of commercialization as a strategy to promote the sustainability of NGO services throughout Namibia.

*"[Most] firms provide medical aid/ insurance to their employees ... but small and medium-size enterprises generally cannot afford to."*

- HIV and wellness manager,  
employer organization

*"Apart from medical aid, the big transport and mining companies also have a lot of employee health and wellness services ... most of them in-house."*

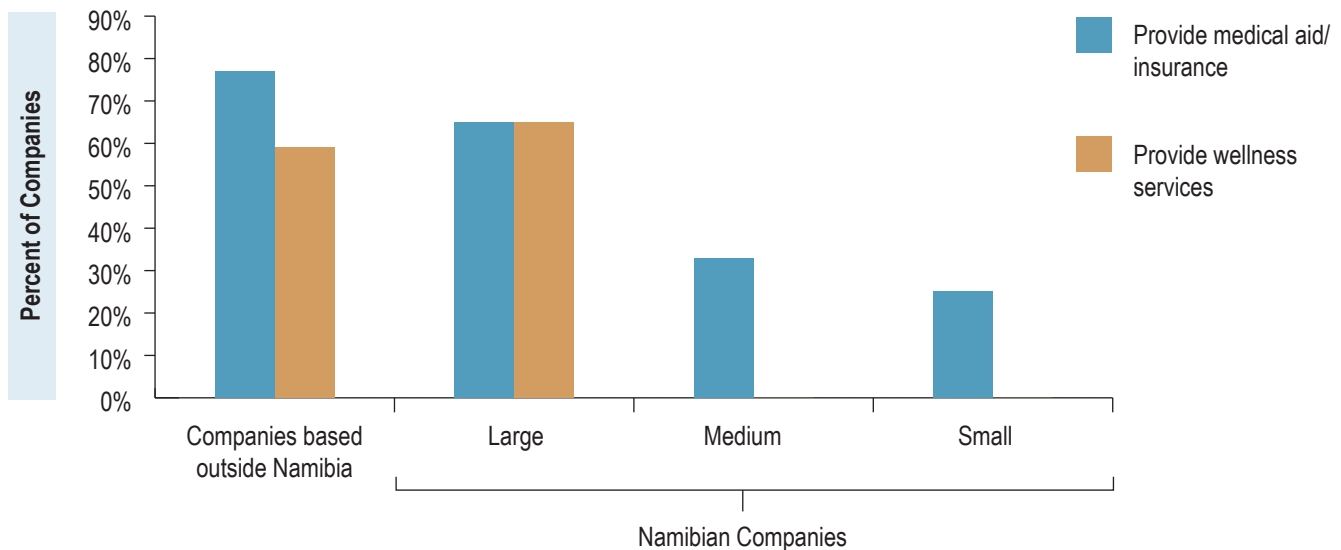
- HIV and wellness coordinator,  
employer organization

## 2. NAMIBIA'S CORPORATE HEALTH SERVICES LANDSCAPE

Roughly half (52 percent) of employed Namibians have access to medical aid coverage (O'Hanlon et al., 2011). Medical aid is almost always provided through employers, but not all Namibian corporations offer it—or related wellness services—to employees. Most multinational corporations (MNCs) and large Namibian firms offer both medical aid and wellness services; among small and medium-size Namibian firms,<sup>2</sup> the provision of medical aid is lower and wellness services are rare. Informal sector workers rarely gain access to medical aid or wellness services through their employers and typically rely on public health services.

The market map in Figure 1 shows how a firm's size and the location of its headquarters are key determinants of whether it provides medical aid or wellness services to employees. Figure 2 highlights an additional five factors influencing the decision regarding whether to provide medical aid for the 22 interviewed firms.

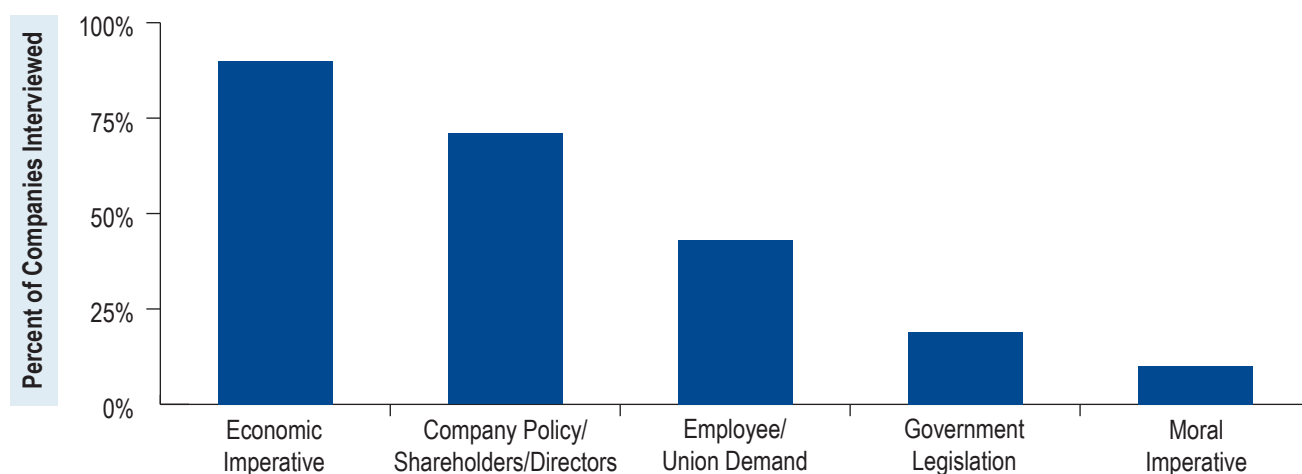
**Figure 1. Namibian Corporate Health Services Market Map**



Note: Based on interview data from 22 firms; they were permitted to select more than one factor.

<sup>2</sup> Small firm: fewer than 50 employees; medium-size firm: 50–100 employees; large firm: > 100 employees.

**Figure 2. Factors that Influence Corporate Provision of Medical Aid**



Note: Based on interview data from 22 firms; they were permitted to select more than one factor.

Medical aid costs are typically subsidized by employers, with a 50 percent subsidy most commonly reported.<sup>3</sup> However, even when subsidized, the costs often remain prohibitively expensive. Many employees—particularly those of lower income—opt out of coverage, choosing instead to receive the amount of the subsidy as part of their salary. These employees, about 48 percent of Namibia’s employed population (about 8 percent of Namibia’s total population), typically rely on public provision for their health needs.

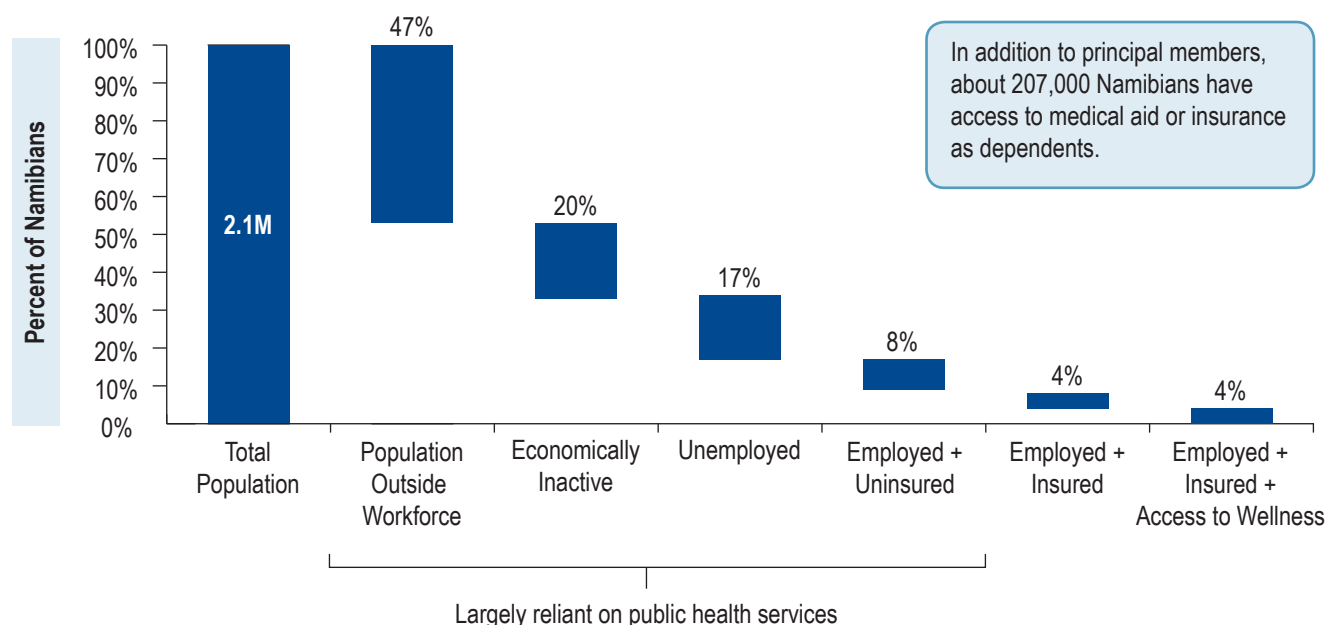
Figure 3 charts the employment characteristics of Namibia’s population and shows a declining percent of Namibians with access to both medical aid and wellness services.

*“Our priority is that as many people as possible should be on medical aid ... About once every two years, we get the Namibia Business Coalition on AIDS to come in with their clinic to do wellness tests and we encourage all personnel to get the tests, including for HIV. The more people have medical aid, the better it is for us.”*

- Chief executive officer,  
Namibian firm

<sup>3</sup> According to medical aid providers, an average package would cost approximately NA \$1,200 (or US \$140, assuming an exchange rate of 8.5:1). Employee contribution would be approximately NA \$600 (US \$71) per month.

**Figure 3. Employment, Access to Medical Aid, and Access to Wellness in Namibia**



Sources: Namibian Association of Medical Aid Funds, 2011; PharmAccess et al., 2004; MoHSS, 2012; Social Security Commission of Namibia; Namibia Ministry of Labor and Social Welfare, 2008.

The decision to provide medical aid to employees is complex. The most important factors, listed in declining order of importance, Namibian firms consider when deciding whether or not to provide medical aid to employees are:

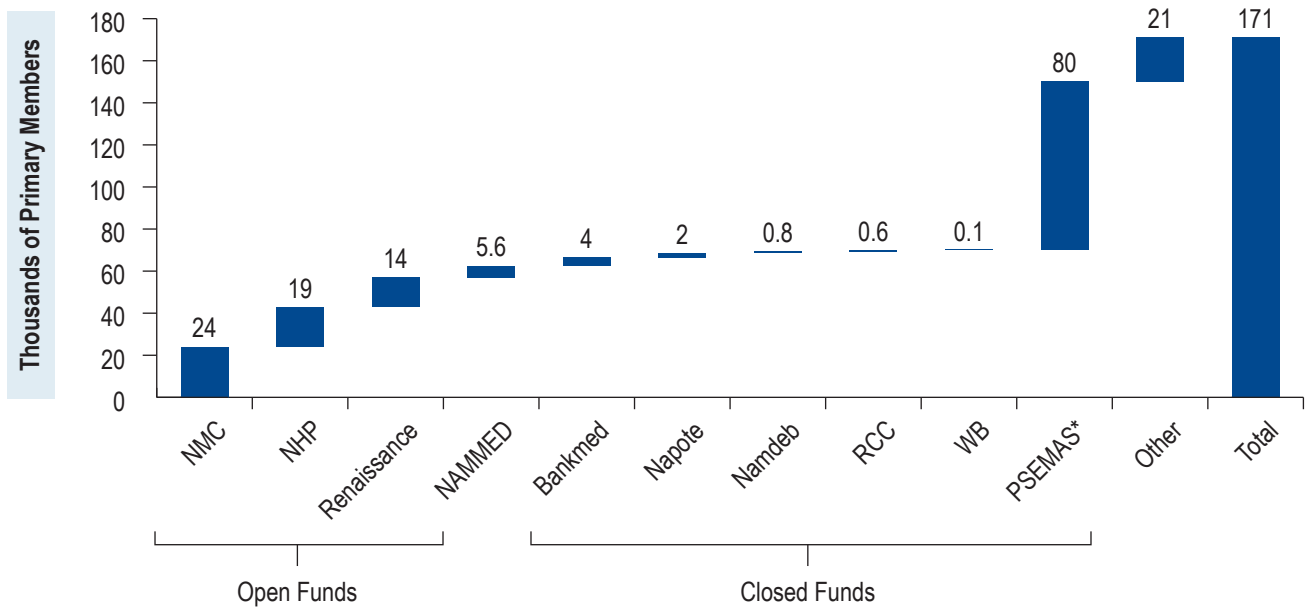
1. **Economic imperative:** Providing medical aid to employees may reduce absenteeism and presenteeism, raise morale, and boost productivity—all of which can directly impact a firm's economics. When this positive impact exceeds the cost of providing medical aid, firms will generally offer it.
2. **Corporate policy:** MNCs generally adhere to global corporate policies regarding medical aid provision, but tailor offerings according to local needs and nuances. Many MNCs and Namibian companies, especially in industries such as mining, fishing, and logistics, provide mandatory medical aid access to all employees as part of corporate policy.
3. **Employee/union demand:** Employee demand for health services may be advocated through trade unions. Some employers in sectors such as mining, logistics, and financial services benchmark against companies in their industries to remain competitive and retain talent.

4. **Government legislation:** Medical aid provision is not legally mandated in Namibia, but all firms must comply with Occupational Health and Safety regulations as per Labor Act Number 11 of 2007. Companies in the manufacturing, mining, and food industries are subject to even more stringent regulations. Thus it often makes sense for companies to provide medical aid to employees to ensure regulatory compliance.
5. **Moral imperative:** Although some employers believe that every employee has a right to medical aid, this imperative is seldom the primary factor that drives them to provide it.

**The Namibian Medical Aid Provider Landscape**

Medical aid is typically provided through four major open medical aid funds and six large closed funds, shown in Figure 4.

**Figure 4. The Namibian Medical Aid Provider Landscape**



\* Public Service Employee Medical Aid Scheme (PSEMAS) is exclusively for government employees and their dependents.

Medical aid coverage typically includes HIV and AIDS services. All 35 companies interviewed for this report provide these services to employees through medical aid packages. Approximately 57 percent of these firms rely exclusively on medical aid providers to supply HIV and AIDS services to employees, including counseling and testing. The remaining 43 percent provide these services through both medical aid and a workplace program. These firms typically do not make it compulsory for employees to have medical aid or utilize HIV and AIDS-oriented workplace programs. Annex A describes the specific HIV and AIDS services referred to in this report.

As Table 1 shows, most Namibian medical aid funds are administered by third parties.

**Table 1. The Namibian Medical Aid Administrator Landscape**

Administrator	Medical Aid Funds
Prosperity Health	RCC Napotel Renaissance Namdeb
Methealth Namibia Administrators	NMC Bankmed PSEMAS
Paramount Healthcare and Employee Benefits	NAMMED
Medscheme	Namibia Health Plan
Internally Administered	WB

*PSEMAS – Public Service Employee Medical Aid Scheme*

Medical aid providers do not offer health services themselves. The actual providers are private practitioners or clinics with valid licenses and certification. Any organization registered by the Health Professions Council and possessing a Namibian Association of Medical Aid Funds (NAMAF) practice number can provide these services, including NGOs. Typically, medical aid providers accept claims from any registered health service provider; however, low-cost programs often name which health service providers can be used.<sup>4</sup>

<sup>4</sup> Medical aid providers and administrators rarely enter into preferential service provider agreements.

### **Demand-Side and Supply-Side Challenges for Medical Aid Providers**

One of the key issues facing medical aid providers is the rising costs of health services, which drive up their prices and make medical aid less accessible to much of the Namibian population. This cost issue is made more complicated by an additional set of challenges on both the supply side and the demand side of the problem. On the demand side, poor patient behavior—including non-adherence to protocols—is a major challenge, especially when patients are responsible for the full cost of their drug regimens. Another is insufficient patient access to disease management and counseling providers. On the supply side, service provider prices are high and rising, due to limited supply and low levels of competition. This increase in price is particularly true for specialized and in-hospital services, where service providers typically charge more—sometimes significantly more—than NAMAF-approved rates.

To address supply-side challenges, medical aid providers set claim limits based on NAMAF recommended rates and encourage the use of generics, which can significantly reduce drug costs yet can be difficult to enforce among pharmacists and medical practitioners. To address demand-side challenges, medical aid providers have launched ad hoc awareness campaigns designed to improve knowledge about diseases, although without patient management and counseling, lack of adherence to protocols may persist. They have also invested in disease management services, which can improve adherence to drug regimens—and thus improve patient health outcomes—through education, counseling, clinical oversight, and monitoring. Of these strategies, disease management services arguably have the most significant potential to influence patient behavior and address increasing costs.

### **The Namibian Disease Management Provider Landscape**

Disease management services are generally delivered by specialized providers linked to existing medical aid administrators, as shown in Table 2. These providers offer a range of HIV and AIDS services, access to a network of local medical providers, greater accessibility than independent private disease management providers, and higher ease of administration on a contract or fee-for-service basis.

*“The big problem is that Namibia needs more medical practitioners in the field if the cost of medical aid is to reduce.”*

- Human resources manager,  
Namibian firm

*“There are very few psychologists or trained counselors in Namibia, especially those who can speak local languages.”*

- Human resources manager,  
insurance company

**Table 2. Disease Management Providers Linked to Administrators**

Administrators	Disease Management Providers
Prosperity Health	<b>Health is Vital:</b> Risk equalization fund providing access to holistic HIV and AIDS management services
Methealth Namibia Administrators	<b>MyHealth:</b> Corporate, clinical, and social programs providing holistic awareness, positive living, and disease management
Paramount Healthcare and Employee Benefits	<b>No disease management program</b> All chronic illnesses, including AIDS, are treated in the same way
Medscheme	<b>Aid for AIDS:</b> Disease management company providing holistic disease management services for AIDS
Internally Administered	<b>No disease management program</b> Medical aid covers HIV and AIDS claims

*\*Woermann Brock Medical Aid Fund is the only internally administered medical aid fund in Namibia. Other internally administered funds are classified as insurance funds and are regulated by the Namibia Financial Institutions Supervisory Authority.*

A few independent for-profit private disease management providers—such as Independent Counseling and Advisory Services and CareWays—also operate in Namibia; they offer disease management for AIDS and other disease and addiction management services on either a contract or fee-for-service basis. Independent providers offer a broader range of services (see Figure 5). Their value proposition rests on access to risk management and policy development services, global best practices (in the case of Independent Counseling and Advisory Services), and employee training.

**Figure 5. Services Offered by Disease Management Providers**

<b>Providers Linked to Medical Aid Administrators</b>	<b>HIV and AIDS management:</b> counseling; clinical oversight; patient education; health status monitoring; patient compliance; knowledge, attitudes, and practices surveys, epidemiological assessments; economic impact reporting
<b>Independent For-Profit Private Providers</b>	<ul style="list-style-type: none"> <li>• <b>HIV and AIDS management:</b> policy development, voluntary counseling and testing campaigns, assessment services, employee and managerial training, peer educator training</li> <li>• <b>Other disease management:</b> tuberculosis, coronary heart diseases, diabetes, heart failure, hypertension, cancer</li> <li>• <b>Addiction management</b></li> </ul>



However, there are notable gaps in this landscape. First, the number of major disease management service providers in Namibia is limited (there are only six). Also, the services offered by these providers are often expensive and just one manages lifestyle diseases, while the remainder focus primarily on AIDS. While most disease management providers are highly accessible in urban areas, most have limited rural reach and may have difficulty providing services in local languages. Finally, there are a limited number of psychologists and trained counselors in Namibia, none of whom provide comprehensive disease management services. The implications of these challenges can be seen in the landscape map depicted in Figure 6. The top right quadrant includes all disease management providers, indicating that they have primarily urban reach and that the estimated cost of their services to patients is relatively high.

*"We work in rural [areas] using outreach teams. In some of the areas, even government services are not accessible."*

- HIV-focused NGO

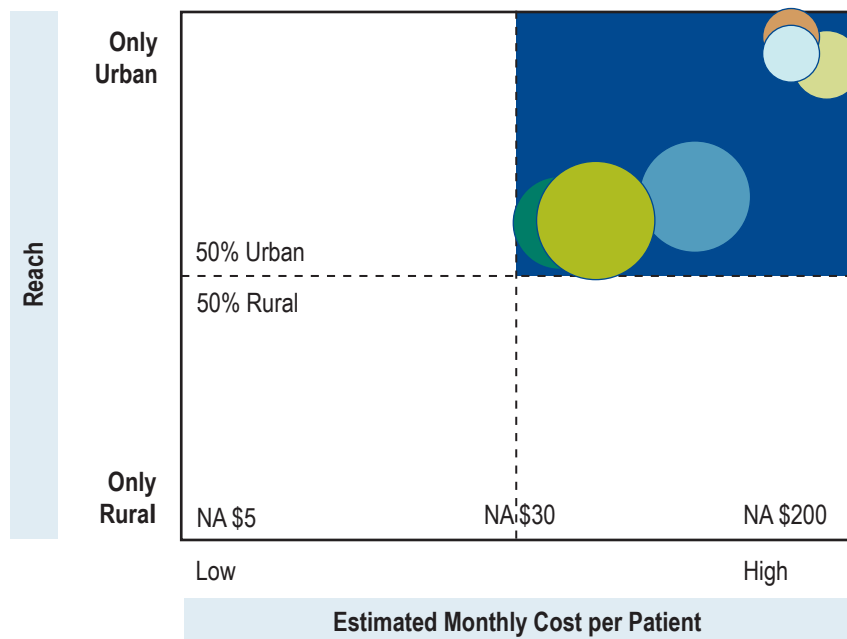
*"Our two offices in Khomas and Omusati are located in urban areas, but all our services are provided in rural areas since people living in rural areas are the ones who need our services the most."*

- HIV-focused NGO

*"The people who need our help are mainly located in rural areas where poverty rates are higher and access to health services is poor."*

- HIV-focused NGO

**Figure 6. Disease Management Providers Landscape Map**



Note: The size of each bubble represents the estimated number of people reached.

*"Many firms do not know the facts about the extent of lifestyle diseases on employee wellness and their bottom lines. Those who get sick cannot give 100 percent productivity."*

- Human resources manager,  
Namibian firm

*"Medical coverage and wellness go hand-in-hand."*

- Corporate wellness consultant,  
Namibian firm

## Corporate Wellness Provision

For most firms looking to provide health services to employees, medical aid is viewed as the most important health service and is the primary service to which they provide access. Although wellness is still a relatively new concept in Namibia, there is also an increasing trend of companies providing wellness services. Currently, approximately 25 percent of Namibian companies offer these services.<sup>5</sup> As shown earlier in Figure 1, provision varies according to corporate type, with MNCs and large Namibian corporations more likely to provide wellness services to employees.

Larger MNCs often have in-house health service capacities, particularly if they operate in extractive industries such as mining and fishing. By comparison, the wellness programs at large Namibian firms range from limited to extensive, though some larger companies have also developed in-house capabilities.<sup>6</sup> These in-house capabilities are most often found in labor-intensive industries with low-skilled labor and a high risk of work-related injuries, such as mining, manufacturing, transport, and fishing. In small and medium-size firms and in the informal sector, wellness services are rarely offered and in-house wellness capabilities are essentially nonexistent.

Wellness services are provided by four types of providers, as shown in Figure 7:

- **For-profit private providers** are the most common and are reportedly more reliable than the alternatives. However, their services are often expensive.
- **Complementary wellness providers** offer high-quality services and information, but their scope is narrow and their flexibility is limited.
- **In-house wellness providers** and **NGOs/government wellness providers** are used less frequently, except in industries that must comply with stringent health and safety regulations, such as mining or food manufacturing. Both have their benefits: in-house providers increase accessibility and create opportunities for relationship building and continuity, while NGOs/government wellness providers offer low-cost or even free services. However, in-house providers can be expensive, mainly due to staffing, and NGOs/government wellness providers are often perceived as offering lower-quality service than other provider types.

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<sup>5</sup> Based on the Survey Warehouse survey of 124 Namibian firms. No cases were found of firms providing wellness services to employees without providing access to medical aid.

<sup>6</sup> Limited wellness programs may consist of as little as a company policy on wellness, but normally include information and education on specific days (such as World AIDS Day) throughout the year. Extensive wellness programs include multiple services related to physical health and mental, emotional, and psychosocial wellness, and may include some services related to financial or professional wellness, though these final two categories are not common among Namibian firms.

**Figure 7. Summary of Wellness Service Provider Types**

<p><b>Private Providers Paid by Companies</b></p> <p>Medical practitioners, including biokineticists, dieticians, and psychologists; private companies</p> <p><b>Example providers</b> Medical practitioners, private companies (Occumed, Medic, ICAS, CareWays), NGOs offering additional services (NABCOA)</p> <p><b>Used by</b> MNCs and large<sup>1</sup> Namibian companies</p>	<p><b>Complementary Private Providers</b></p> <p>Financial/insurance/medical aid companies, health and fitness companies, medical practitioners</p> <p><b>Example providers</b> Medical aid providers (NMC), insurance companies (MetHealth), health and fitness companies (Virgin Active), medical practitioners</p> <p><b>Used by</b> MNCs and large<sup>1</sup> Namibian companies, some SMEs<sup>2</sup></p>
<p><b>In-house Providers</b></p> <p>Full-time employees, contractors, peer educators</p> <p><b>Example providers</b> Employees, contracted medical professionals (nurses, psychologists, or GPs<sup>3</sup>), peer educators</p> <p><b>Used by</b> Larger MNCs and large<sup>1</sup> Namibian companies</p>	<p><b>NGOs/Government Providers</b></p> <p>Government departments, NGOs</p> <p><b>Example providers</b> Ministry of Health and Social Services (MoHSS), NABCOA, PharmAccess, P-Center</p> <p><b>Used by</b> All companies; SMEs<sup>2</sup> rely on them for provision</p>

<sup>1</sup> Corporate size definitions: < 50 employees = small, 50–100 employees = medium, and 100+ employees = large, <sup>2</sup> SMEs = small and medium enterprises, <sup>3</sup> general practitioners

## Exploring the Dimensions of Wellness

While there is no formal definition of “wellness services,” the term is used to refer to four broad topical categories of offerings including physical/health, mental/emotional/psychosocial, financial, and professional.

Specifically, **physical/health** wellness refers to health screenings and healthy living including diet, exercise, and nutrition; lifestyle disease management and assistance; HIV and AIDS prevention and treatment, family planning and reproductive health; and workplace ergonomics. **Mental/emotional/psychosocial** wellness describes stress management, substance abuse and addiction counselling, trauma interventions, relationship advice, and depression counseling. **Financial** wellness includes debt counseling and financial management. Finally, **professional** wellness incorporates professional development advice and managerial support. Overall, corporations most heavily prioritize physical/health wellness and least prioritize professional wellness.

Across these types of wellness categories, there are five service elements or modalities in which wellness services can be delivered. Most donor-funded NGOs are already providing many key elements of wellness services. These elements include:

1. **Counseling:** Advice or guidance designed to improve well-being and covering HIV and AIDS and general wellness; **92 percent** of the NGOs interviewed provide counseling services.
2. **Training:** The transfer of skills from one entity to another, covering all health-related content areas including wellness and general health; training is offered by **85 percent** of the NGOs interviewed.
3. **Communication and awareness:** The development, distribution, and delivery of information, education, and communication materials (e.g., books, pamphlets, DVDs, and campaign materials) and non-written materials (e.g., media campaigns, dance, theater, and exhibitions); **100 percent** of the NGOs interviewed have communication and awareness-related offerings.
4. **Testing:** Clinical diagnostics and procedures used to determine whether an individual has a particular disease or ailment. NGOs can perform testing for a variety of conditions including HIV, diabetes, cholesterol, and high blood pressure; **23 percent** of the NGOs interviewed have testing capabilities, though these are often limited to HIV testing only.
5. **Caregiving:** The care of persons with chronic or terminal illnesses, extended to the patients’ homes through family participation and community involvement. Caregiving often depends on volunteer health workers for service delivery, which can include elements of counseling, training, communication and awareness, and treatment support. Caregiving services are offered by **46 percent** of the NGOs interviewed.

## Challenges to Corporate Wellness Provision

Seventy-seven percent of the 22 interviewed Namibian firms offering wellness services said that they were unsatisfied with the wellness services they currently offer to employees and/or unable to afford more desirable options. Even when engaging multiple wellness service providers, firms often report gaps in provision, particularly in counseling, training, and communication and awareness.

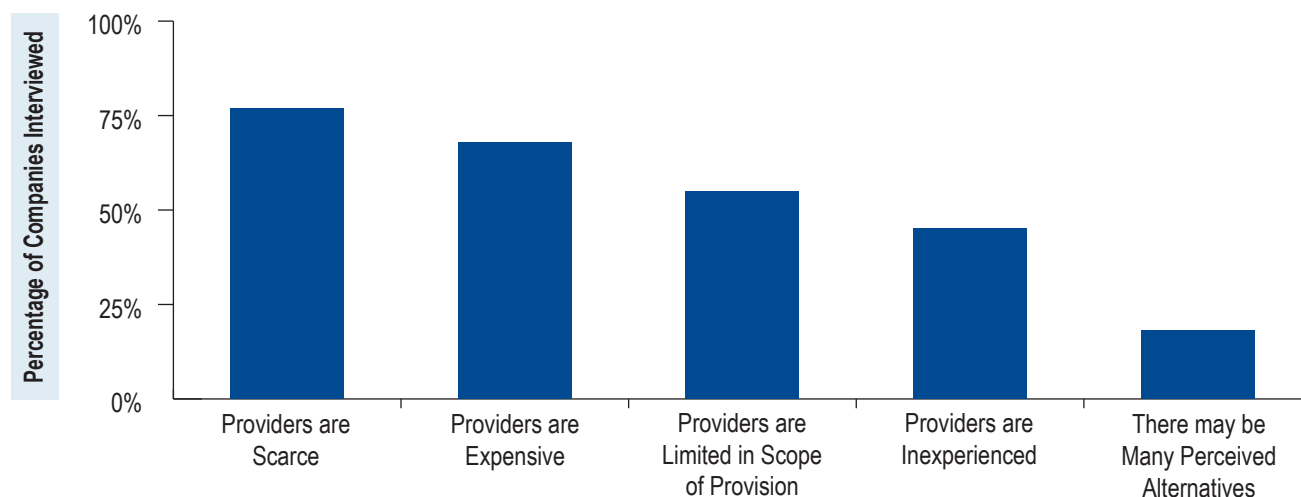
The Namibian companies interviewed for this report cited five major limitations impeding either their access to or purchase of wellness services (see Figure 8). Broadly, these limitations are:

1. **Providers are scarce.** There are few private wellness providers, and many firms do not know where to seek some wellness services.
2. **Providers are expensive.** Companies may not be willing or able to pay for wellness services from private providers, especially if NGOs or government providers and complementary private providers offer similar wellness services for free.
3. **Providers are limited in their scope of provision.** Namibian firms have a wide range of wellness needs across multiple geographic regions and would generally prefer to have a single wellness provider covering all of these needs. However, very few providers can do so.
4. **Providers are inexperienced.** Because wellness as a concept is still relatively new in Namibia, providers have not built up sufficient experience to satisfy many companies.
5. **There may be many perceived alternatives.** Medical aid providers, complementary private wellness providers, NGOs and government wellness providers, or in-house wellness services may already offer a wide enough range of wellness services to satisfy some firms.

*“In Namibia, (wellness) service providers are generally lacking. It’s even difficult to source very simple skills for wellness days; it’s not the norm to find someone doing this.”*

- Human resources manager,  
MNC operating in Namibia

**Figure 8. Limitations in the Wellness Service Provision Landscape**



Note: Firms were permitted to select more than one limitation.

*“Primary medical care is good in Namibia. The problem may have to do more with the public health facilities being inundated with large volumes of people.”*

- Human resources practitioner,  
Namibian firm

### Health Services for the Employed but Uninsured

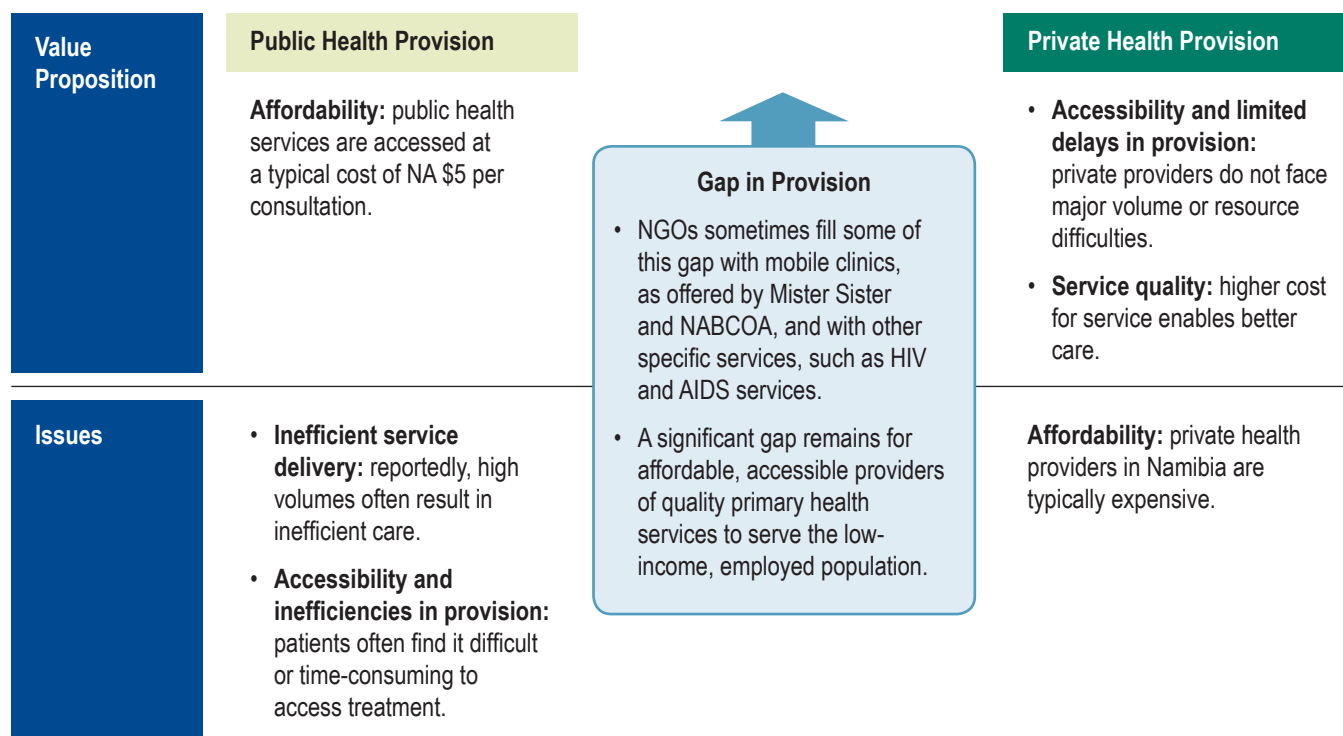
As Figure 9 shows, secondary data and the perceptions of respondents suggest significant gaps between public and private health provision in Namibia. Employees who do not have access to medical aid rely on Namibia’s public health services, because private providers—perceived as of high quality—are often prohibitively expensive and are mainly located in urban areas. Public health services are perceived to be widely available, of reasonable quality, and affordable; consultations cost between NA \$5 and NA \$8 (US \$0.60–0.94). In reality, public health providers are greatly overstretched and their service delivery is frequently compromised, in large part because of their enormous task of serving over 80 percent of Namibia’s population.<sup>7</sup>

NGOs such as PharmAccess Foundation (through the Mister Sister program) and the Namibia Business Coalition on AIDS help to fill some of the gap between the public and for-profit sectors, particularly with HIV and AIDS services. However, there remains a significant market opportunity for low-cost primary health providers willing to serve Namibia’s low-income employed population. These providers would need to be affordable and accessible, in addition to providing quality primary health services.<sup>8</sup>

<sup>7</sup> Source: SHOPS analysis based on data from NAMAF, 2011; PharmAccess et al., 2004; MoHSS, 2012; Social Security Commission of Namibia; Namibia Labor Force Survey, 2008.

<sup>8</sup> Market demand for primary health services has not been tested by this project, and the feasibility of implementation, especially given Namibia’s low population density, merits further research.

**Figure 9. Perceived Gaps between Public and Private Health Provision**



Note: Firms were permitted to select more than one limitation.

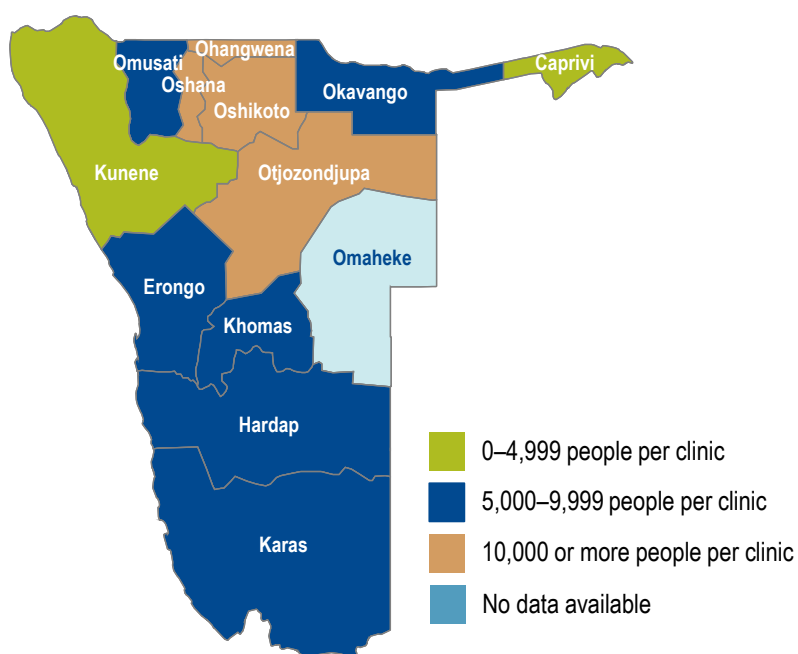
Many individuals who currently rely on public health services may be able to afford services from a low-cost primary health service provider. A significant portion of these individuals work for small and medium-size companies, and many may opt out of employer-provided coverage due to high costs.<sup>9</sup>

*“There is a big gap between state clinics, which are cheap but inefficient, and private medical care, which is expensive but efficient.”*

- HR practitioner, company

<sup>9</sup> For an average medical aid package in Namibia, individuals pay up to NA \$1,200 (US \$141) per month, even with a 50 percent subsidy.

Figure 10. Geographic Spread of Government Health Facilities



Source: Namibia Ministry of Health and Social Services

*"I don't like government services ...  
I understand that the facilities are full,  
but I'd rather pay the doctor a huge  
amount than use these services."*

- HR coordinator, company

### Summary of Challenges and Opportunities in Health Provision

The health provision landscape in Namibia presents three critical and simultaneous challenges:

1. The costs of providing medical aid are rising, driven by poor patient compliance and service providers' high prices.
2. Public health services are overstretched, compromising the quality of the services they provide. The indirect costs of accessing services are also high.
3. Providers of wellness services are scarce, inexperienced, expensive, limited in scope, and may be one of many perceived alternatives.



Given these challenges and health service gaps, there is potential opportunity for NGOs to become more involved in providing health services, not just to the public for free but to corporations, government entities, and other paying clients for a fee. As Figure 11 shows, these challenges suggest three opportunities for NGOs in particular to provide:

1. **Disease management services** to corporate employees who are medical aid members
2. **Wellness services** directly to corporate employees
3. **Low-cost primary health care services** to the general public, through either fixed or mobile clinics

In Section 3, the ability of NGOs to provide these services is examined in further detail.

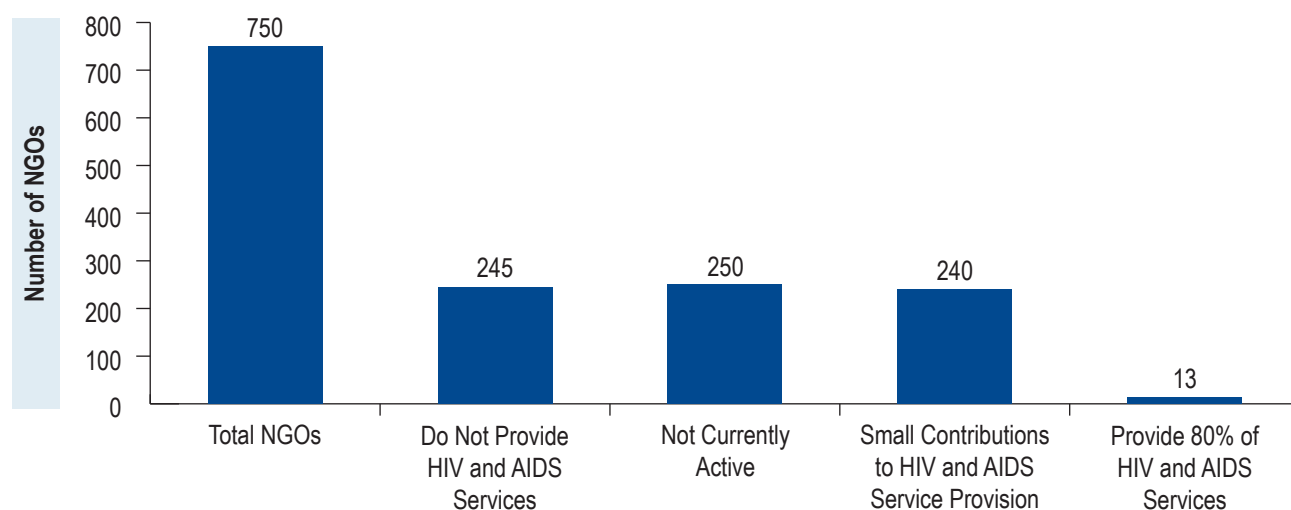
Figure 11. Summary of NGO Opportunities			
	Disease Management	Wellness Services	Low-Cost Health Clinics
Buyer	Medical aid and insurance providers	Private companies	Individuals employed by companies that do not provide access to health care services; and those who are unemployed with buying power
Rationale for Purchase	Improving patient behavior can potentially cut the cost of coverage for medical aid for chronic diseases	Wellness services are becoming increasingly popular, and there appear to be insufficient affordable and reliable service providers	There is a service provision gap between private providers and government provision, particularly for the employed but uninsured population
Potential Solution	Provide disease management and counseling services to medical aid and insurance members	Provide wellness services to company employees	Provide primary health care services, through either fixed or mobile clinics
Potential Solution	Affordability, service quality, scope of offering, reliability, familiarity, up-to-date medical knowledge, monitoring systems	Affordability, service quality, scope of offering, experience, reliability, certification	Affordability, accessibility, service quality

### 3. UNDERSTANDING NGOS' ABILITY TO PROVIDE HEALTH SERVICES

#### The NGO Landscape in Namibia

As Figure 12 shows, between 700 and 800 NGOs have a presence in Namibia (NANGOF Trust, 2009 and 2011).<sup>10</sup> Of these, approximately two-thirds either provide or support HIV and AIDS services.<sup>11</sup> This high number is partly due to the fact that, historically, funding has been easier to obtain for HIV and AIDS initiatives than for many other causes and issue areas. This funding pattern may have led some NGOs to shift their focus area or add HIV and AIDS services to their roster of offerings; it may also have sparked the creation of entirely new HIV and AIDS-focused NGOs over the last few decades. While both affiliates of international NGOs and indigenous, locally registered NGOs exist in Namibia, this analysis focuses on commercial prospects for indigenous Namibia-based NGOs.

Figure 12. Active HIV-Focused NGOs Compared to All Namibian NGOs



Source: Data from NGO interviews; NANGOF Trust (2009); and NANGOF Trust (2011).

Note: Numbers are estimates.

<sup>10</sup> Given the ease with which NGOs can be established, the exact number is unknown.

<sup>11</sup> According to a 2011–2012 NANGOF Trust survey, NANGOF Trust is one of three NGO umbrella bodies for NGOs working in the HIV and AIDS space in Namibia.

Interestingly, only about 235 to 270 of Namibia's HIV and AIDS-focused NGOs are currently active, meaning that they enjoy regular funding and have ongoing projects. Within this group, just 13 NGOs provide 80 percent of HIV and AIDS services and receive more than half of all HIV and AIDS funding.<sup>12</sup> These 13 NGOs are indigenous Namibian NGOs that are locally registered, although three have historical linkages with international NGOs. More than half of all employees and volunteers delivering HIV and AIDS services in Namibia are affiliated with these 13 NGOs. Together, they have an aggregate budget of about NA \$198 million (US \$23 million), 52 percent of which is sourced from USAID or other U.S. government agencies. The remaining 48 percent is reportedly sourced from a range of international donors and funds. Given their prominence in the HIV and AIDS service delivery in Namibia, the remaining analysis focuses narrowly on these 13 key NGOs.

### Reductions in Donor Funding

As mentioned earlier, Namibian NGOs have seen sharp declines in donor funding in recent years, largely due to the reclassification of Namibia as an upper middle-income country. During their interviews, NGOs reported funding reductions of up to 33 percent over the last few years. With further cuts in funding imminent, NGOs are compelled to consider alternative sources of funding to ensure the continuation of their services. Meanwhile, other organizations and foundations are attempting to address this issue at a systemic level:

- In 2011, the Joint United Nations Program on HIV/AIDS (UNAIDS) issued a brief titled, *A New Investment Framework for the Global HIV Response*, which encouraged countries to prioritize and implement their most cost-effective services on a global scale.
- In February 2012, the Civil Society Partnership published a paper titled "Sustainable Financing of the HIV and AIDS Response," emphasizing the importance of involving all sectors—especially government and the private sector—in the development of sustainable approaches to funding HIV and AIDS response services.
- NANGOF Trust, an NGO umbrella organization, plans to host an NGO fair in Namibia that will bring together NGOs, corporations, and government.
- The government of Namibia is leading funding efforts to increase domestic sources of HIV funding, including through the Social Security Development Fund and funding opportunities available to civil society initiated by the National Planning Commission.
- While still in its infancy, the Civil Society Foundation of Namibia, once established, will raise funds on behalf of all NGOs in Namibia that are unable to secure donor funding.

*"The Minister of Health and Social Services, Dr. Richard Kamwi, has called upon civil society organizations responsible for AIDS and tuberculosis patient caregiving to do more with less—and be more efficient and accountable since global economic circumstances have become erratic."*

- Paulus, 2012

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<sup>12</sup>According to the Namibia Network of AIDS Service Organizations, another NGO umbrella organization. Cross-referenced data from this network and NANGOF Trust shows that NGOs (including faith-based organizations) receive roughly NA \$523 million (US \$62 million) in annual funding. Assuming uniform funding, active HIV and AIDS service-providing NGOs receive about 67 percent of this total, with the 13 key NGOs receiving about 54 percent of the total funding to active HIV and AIDS service-providing NGOs.

Another opportunity already being pursued by roughly half of the 13 key NGOs is the development of commercial relationships with companies and medical aid providers—either by expanding their current service offerings or commercializing services they already offer. For example, some NGOs are offering counseling services to corporate employees; employee training and information sessions; communication and media campaign services to firms; testing and general health services to corporate employees; and capacity-building<sup>13</sup> services to other nonprofit organizations.

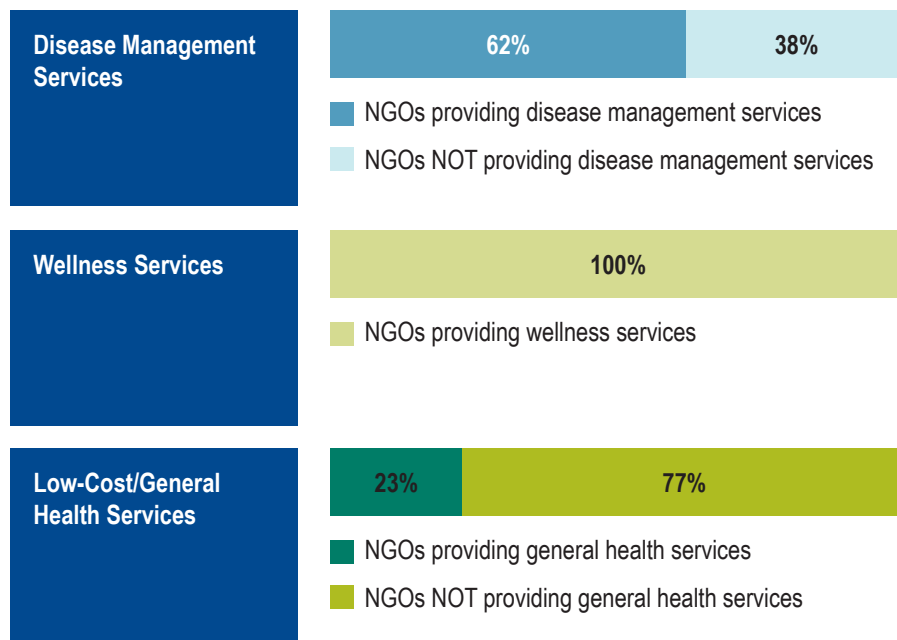
These engagements are still new, typically ad hoc, and have not yet resulted in significant revenue generation. No NGO has been able to raise more than 15 percent of its total budget through such activities, and most raise far less.

### NGO Experience Providing Relevant Health-Related Services

The 13 key NGOs have varying levels of experience and expertise in delivering the three types of services highlighted in this report: wellness services, disease management services, and general health services. As Figure 13 shows, all 13 provide wellness services; 62 percent offer disease management services; and 23 percent provide low-cost/general health services.

<sup>13</sup>Capacity building can include communications strategies, volunteer recruitment, governance, and technology. For more information, see <http://www.councilofnonprofits.org/capacity-building/what-capacity-building>.

**Figure 13. NGO Experience Providing Relevant Health-Related Services**



1. **Disease Management Services:** Disease management services are primarily focused on antiretroviral treatment for HIV and are typically designed to ensure that patients adhere to their treatment regimens. Treatment support is usually provided off-site (in the patient's home) by volunteers, with full- or part-time employees playing a coordinating role. Volunteers are usually community-based and trained by the NGO with which they are affiliated. They act as primary treatment supporters in cases where the patient does not have a supportive local family member, or as secondary treatment supporters in cases where the patient has a family member whom the volunteer can train appropriately. In some instances, NGOs may provide patients with food parcels to improve their nutrition and boost the efficacy of their treatment. Historically, these HIV-focused treatment, care and support, and disease management services are universally provided free of charge to clients and are fully funded by donors.
2. **Wellness Services:** Wellness services have five broad service elements: counseling, caregiving, communication and awareness, training, and testing. As Figure 14 shows, all of the 13 key NGOs provide at least two of these, and many provide four or five. The three most prevalent services are counseling, training, and communication, and awareness. Overall, NGOs in Namibia have rich experience in providing wellness services for HIV prevention.
3. **Low-Cost General Health Services:** General health services range from disease diagnosis and treatment to the promotion, maintenance, and restoration of health (World Health Organization). All of the 13 key NGOs offer some of these services in relation to HIV and AIDS; however, Namibian NGOs typically have limited experience providing general health services outside of HIV and AIDS, with only around 25 percent of those interviewed having done so previously (primarily targeting tuberculosis and malaria).<sup>14</sup> The delivery of low-cost general health services varies across NGOs, but they are often provided off-site (in an NGO facility such as a mobile clinic), as part of local community outreach programs, or in-house by a trained NGO employee. These services are generally free for individuals and communities, while companies and government entities usually pay for them.

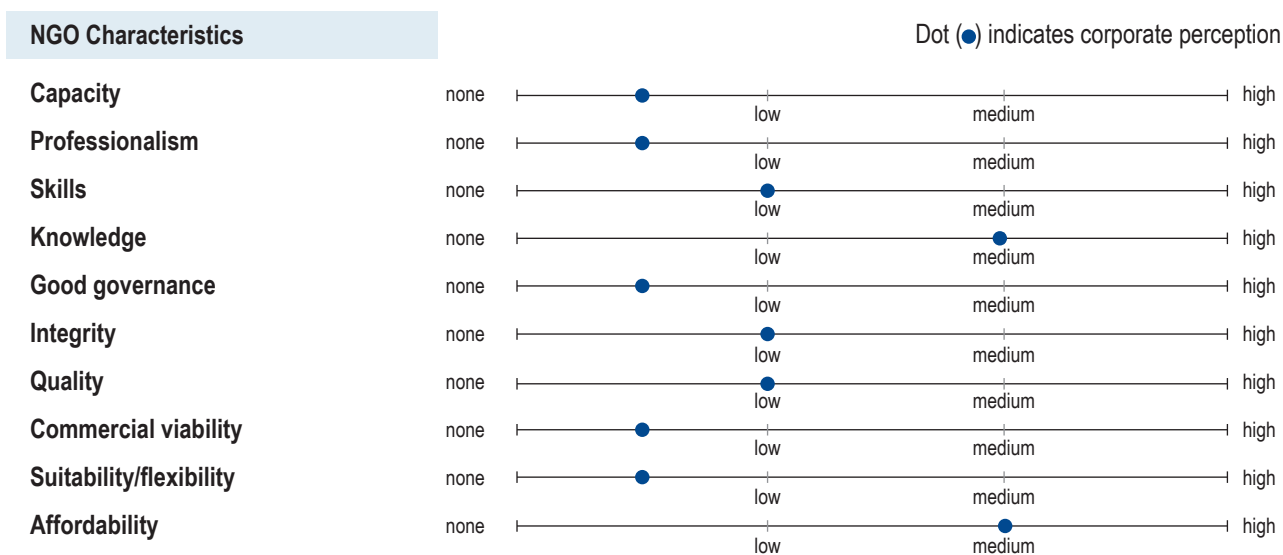
### Key Challenges to NGO-Corporate Partnerships

Many of the firms interviewed for this report said they would consider procuring services from NGOs. But as Figure 14 shows, they also expressed low confidence in NGOs' ability to deliver these services effectively and professionally. Before agreeing to enter into commercial relationships with NGOs, firms may require assurances about service quality, delivery capacity, and competitive pricing.

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<sup>12</sup> Additional, less frequent examples include services related to first aid, maternal and child health, alcohol and substance abuse treatment, and the provision of safe drinking water.

**Figure 14. Corporate Perceptions of NGO Capabilities against Key Characteristics**



**Capacity:** Having the resources to deliver services

**Professionalism:** Reliably deliver services in the context of a corporate environment

**Skills:** Trained, certified, competent, and skilled employees

**Knowledge:** Having up-to-date information about health issues

**Good governance:** As exemplified by a board and constitution

**Integrity:** Manage funds transparently

**Quality:** Deliver high-quality services

**Commercial viability:** Ability to operate as a commercial entity

**Suitability/flexibility:** Provide services that suit the client

**Affordability:** Deliver services at an affordable cost to the client

During their interviews, both NGOs and firms highlighted critical challenges that NGOs will need to address to inspire confidence among potential corporate partners—and ensure the smooth and professional delivery of the services these firms will pay for. These challenges sort into four categories: technical and delivery challenges, human resources challenges, management systems challenges, and misaligned perception challenges. Each type of challenge is addressed below.

### Technical and Delivery Challenges

Nearly half of the 13 key NGOs work exclusively in rural settings, though they typically have offices in urban areas. The other NGOs work in both rural and urban settings but focus mainly on rural communities and typically lack experience delivering services consistently in urban areas. If corporations hire NGOs to deliver rural services, they would almost certainly have a competitive advantage—particularly if knowledge of local languages is required. However, the opposite is true—at least currently—if urban services are required. Additionally, these key NGOs have minimal to no experience in pricing their services or negotiating fees and could either overprice or underprice their services.

In addition, NGOs will need to customize their services not just for the corporate sector in general but potentially for each individual company—another area in which they have little to no experience. Depending on the services offered, NGOs may have to build new internal capacity to prepare and deliver these services, which could have cost implications. Likewise, NGOs often have limited experience in marketing services to companies. This skill gap could make it difficult for NGOs to approach and advertise their services to firms. Marketing themselves and their services in a way that makes sense to companies may require specialized marketing and commercial skills that NGOs currently lack.

Finally, donors typically provide restricted funds to NGOs, meaning that they can only be allocated to specified services. Therefore, NGOs looking to expand their offerings may not be able to use donor funds to do so, which could limit their ability to meet corporate demand.

### **Human Resources Challenges**

According to the NGOs interviewed, there is a skills shortage in the Namibian NGO sector; finding and retaining skilled staff can be difficult. Individuals with technical capabilities—such as doctors, nurses, and executives—are particularly hard to attract and retain. NGOs find it difficult to compete with private sector salaries—and the skilled individuals they do secure often move to private firms. Partly because of this, many NGOs rely on volunteers to deliver their services. These volunteers typically receive nominal financial or nonfinancial incentives and can use their local relationships and community presence to increase an NGO's reach as well as trust in its services. However, several NGOs reported that a high dependence on volunteers can also cause service quality to suffer.

### **Management Systems Challenges**

Historically, sophisticated management systems have not been critical to NGO operations. However, some NGOs may need to upgrade their monitoring and evaluation (M&E) systems—and their billing and invoicing systems—to meet corporate standards. Although a few of the 13 key NGOs already have advanced M&E systems,<sup>15</sup> the majority have only basic systems in place. The NGOs with basic M&E systems generally have limited accountability to key stakeholders, do not use M&E outcomes to improve efficiency and effectiveness, are under-resourced and have deprioritized M&E as a result, focus mostly on the evaluation of services and not on monitoring, analyze impact ex-post, and perform M&E at the service level only (versus the project, service, and organizational levels).

### **Misaligned Perception Challenges**

In addition to overcoming negative perceptions of their capabilities, NGOs need to address misaligned perceptions of the key success factors in establishing partnerships. The challenge for NGOs will be to develop a clear understanding of the corporate perspective and use it to change their approach to service delivery. Firms interviewed for this report said that they will treat NGOs like any other private provider; NGOs need to be aware of this reality and adapt accordingly.

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<sup>15</sup>Advanced M&E systems have most or all of the following characteristics: they use M&E outcomes to improve efficiency and effectiveness; they are able to allocate resources exclusively to M&E; they prioritize both monitoring and evaluation; impact is assessed ex-ante during implementation as well as ex-post; and they have capacity to perform M&E at project, service, and organizational levels.



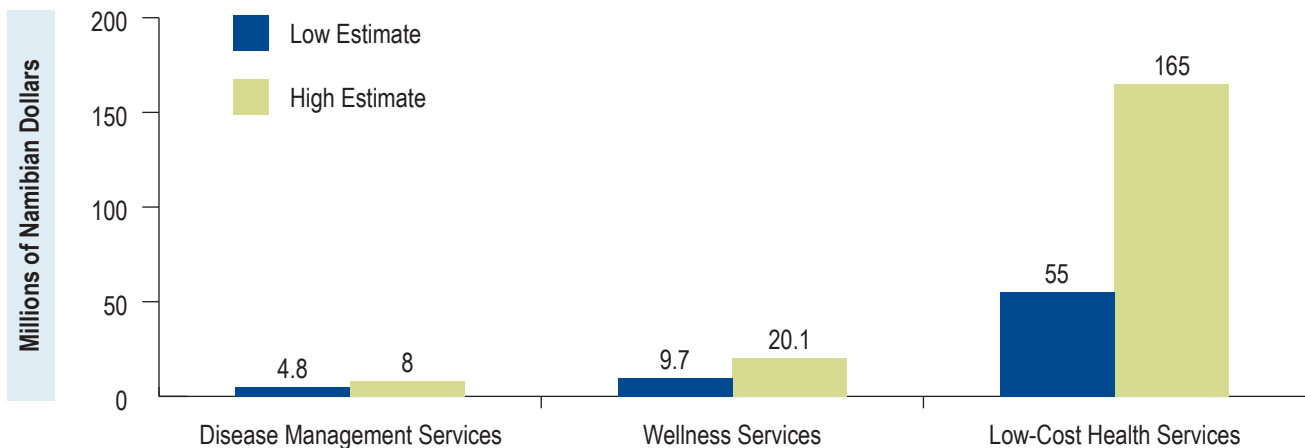
#### 4. AN ASSESSMENT OF OPPORTUNITIES

The research suggests that there is potential opportunity, from the demand perspective, for NGOs to provide the three kinds of health services identified in the last chapter: disease management services to medical aid providers, wellness services directly to corporations, and low-cost health services to the employed but uninsured. However, NGOs would need to overcome a specific set of supply-side challenges to successfully provide these services. Below are estimates of the unconstrained market opportunity for these three services and an assessment of the relative feasibility of NGOs providing them.

##### Opportunity Sizing and Prioritization

Low-cost health services appear to offer the largest potential opportunity for NGOs: an estimated NA \$55–165 million (US \$6.5–19.4 million) annually (see Figure 15). Wellness services represent a moderate-size opportunity by comparison, followed by an even smaller disease management opportunity. This opportunity sizing does not take into account the ability of NGOs to provide these services or the profile of the competitive environment. However, this estimated annual unconstrained size of opportunities presents the maximum value of commercialization opportunities, if NGO supply-side challenges were addressed and if the competitive environment was favorable.

Figure 15. Estimated Annual Unconstrained Size of Opportunities

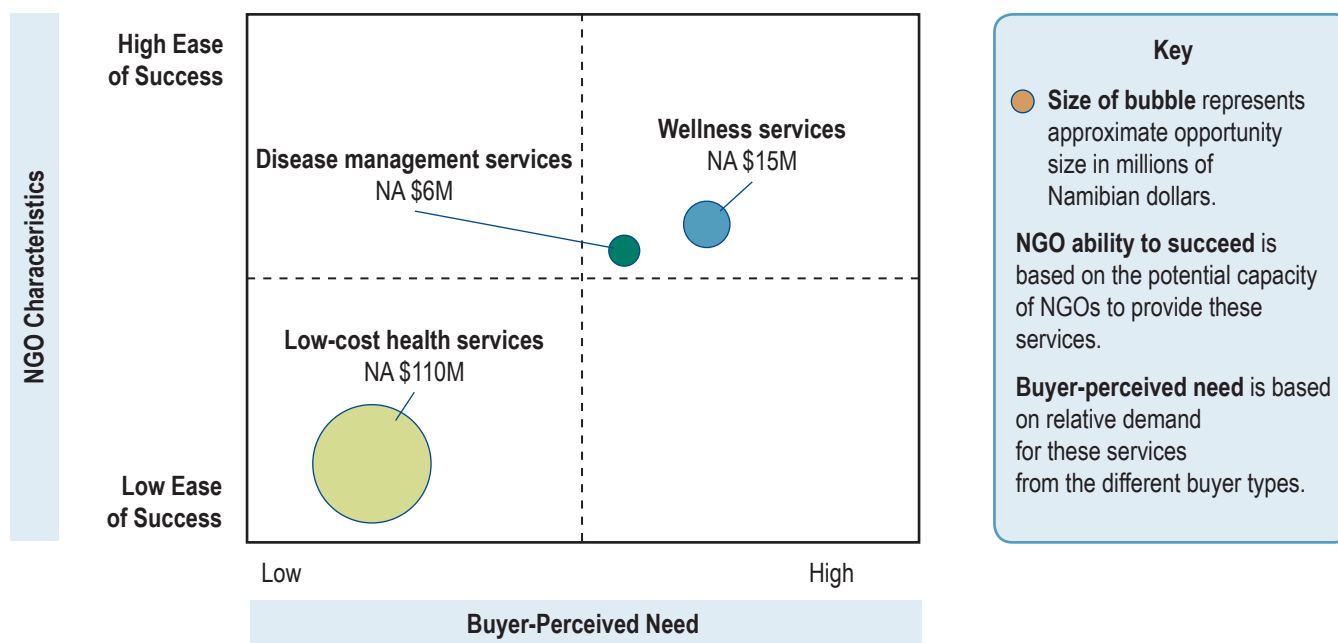


Low and high estimates are the result of ranges in the assumptions around the HIV and AIDS-related service premium, the amount spent on wellness, and the cost of clinic visits.



Differences in the size of these opportunities are largely due to one variable: the volume of individuals who could potentially access each service. Because low-cost health services have the potential to reach and be used by a large percentage of the population, the estimated opportunity for these services is significantly larger than it is for both disease management and wellness services. However, low-cost health services could be particularly complex to implement for NGOs that are already struggling with capacity issues. Figure 16 charts the overall opportunity size against the ability of NGOs to take on a potential new service line successfully. This figure also suggests that the only significant market opportunity for NGOs is through the provision of low-cost health clinics. However, there are fewer operational challenges in providing wellness services and NGOs are already providing wellness services with an HIV and AIDS focus. Together, these three market opportunities represent a sizable but not replaceable percentage of the total annual donor funding for HIV and AIDS services for Namibia's 13 key NGOs.

**Figure 16. Opportunity Size and NGO Ability to Succeed**



## Disease Management Services: Assumptions and Calculation

The size of the disease management opportunity is based on several key assumptions:

- The HIV and AIDS-related premium is about NA \$30–50 (US \$3.5–6) per person, per month.
- The number of people with access to medical aid is about 378,000.
- Seventy percent of costs relate to treatment, and 30 percent to administration.
- A medical aid provider can reduce costs by 10 percent by using disease management services.
- Medical aid providers will be willing to pay half of the cost reduction achieved for the service.

The actual size of the opportunity is calculated as follows:

(HIV and AIDS premium) x (12 months) x (insured individuals) x (percent of costs related to treatment) x (cost reduction) x (willingness to pay for services)

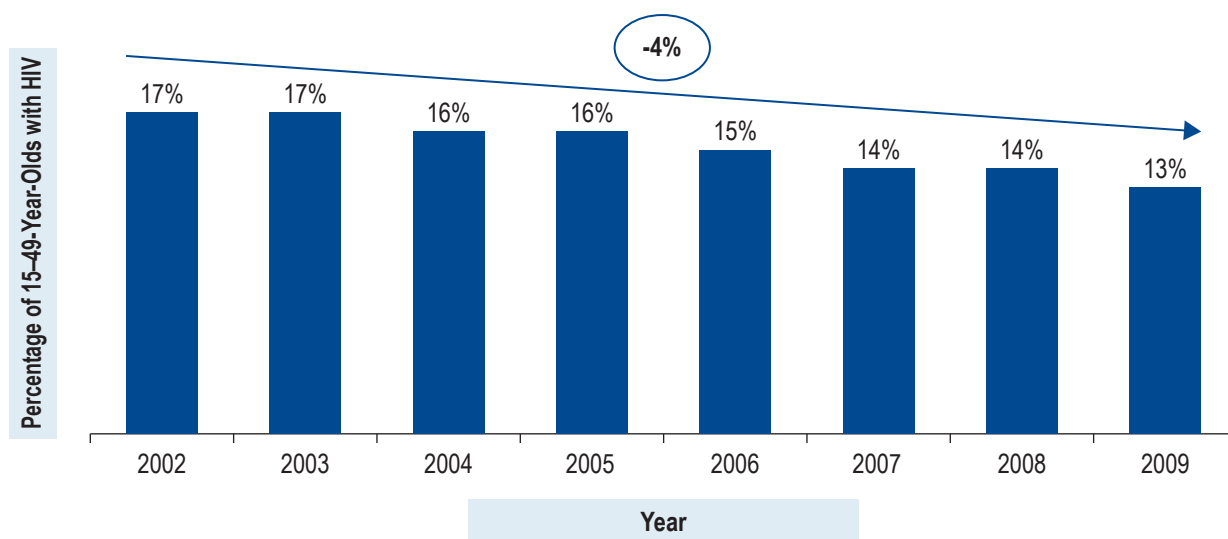
Below is an in-depth discussion of each market opportunity, including the key assumptions and calculations used to size the opportunity.

### Disease Management Services

Because the disease management services offered by current providers tend to be expensive, limited to certain conditions, and urban-focused, there may be some demand for new providers to become active in this market.<sup>16</sup> However, overall corporate demand for disease management services is small and not expected to grow significantly in the medium term. This low demand is in part the result of the declining prevalence of HIV in Namibia (see Figure 17).

<sup>16</sup>Current providers have limited rural experience and local language skills. Thus, in rural areas, NGOs may have a comparative advantage.

Figure 17. Declining HIV Prevalence in Namibia



In addition, NGOs do not have significant experience or capacity to deliver these services, which require up-to-date medical knowledge and highly qualified, permanent staff.<sup>17</sup> Both are challenges for NGOs, whose staff and volunteers are likely to lack the requisite qualifications and certifications. Disease management services also require sophisticated patient tracking and monitoring systems, which are uncommon among NGOs and can be expensive to acquire. Finally, NGOs interested in providing disease management services are not likely to be price competitive. For example, existing service providers use medical administration fees to cross-subsidize their disease management services, an option not available to NGOs.

### Wellness Services

For years, HIV and AIDS services have been a strong employee health provision component of Namibian companies. However, with HIV and AIDS viewed as increasingly under control, firms are now turning their attention to providing more holistic wellness services to their employees—including but not limited to HIV and AIDS services. Such services are viewed as beneficial to companies and employees alike, as they help to mitigate workplace issues such as presenteeism, absenteeism, and low productivity. Among the firms interviewed for this report, 62 percent already provide some wellness services to employees—and demand for them is increasing.

## Wellness Services: Assumptions and Calculation

The size of the wellness services opportunity is based on several key assumptions:

- About 102,000 Namibians are employed by MNCs or large firms.
- About 62 percent of MNCs and large Namibian firms provide wellness services.
- Average annual spend on wellness per employee is NA \$463 (NA \$313–667, or US \$37–78) for MNCs and large firms.
- Seventy percent is spent on wellness services and 30 percent on administrative cost.
- Of actual wellness spend, 70 percent is recurring and 30 percent is one-time spend.

The actual size of the opportunity is calculated as follows:

(Namibians employed in MNCs or large firms) x (percent of firms providing wellness) x (annual spend on wellness) x (percent spent on actual wellness versus administrative costs) x (percent recurring versus one-off spend)

Some NGOs have the experience and capacity to provide wellness services, which suggests that their ability to succeed in this area is relatively high compared to the other opportunities. NGO readiness, combined with the sizable potential market opportunity, make wellness service provision the most operationally promising opportunity identified thus far.

<sup>17</sup>Not all staff involved in disease management need to be medically qualified. Many individuals assisting with disease management programs are family members or community volunteers.

*“Corporations are moving away from HIV toward wellness. NGOs should probably focus their attention there.”*

- CEO, service provider

*“NGOs need to reinvent themselves and start providing holistic wellness services, not just HIV.... They have the skills and services, so why not reposition themselves to provide these through a profitable business?”*

- Wellness manager,  
MNC operating in Namibia

### **Low-Cost Health Services**

Some NGOs are already addressing this opportunity; for example, PharmAccess Foundation’s “Mister Sister Program” and the Namibia Business Coalition on AIDS both offer affordable testing and health services via mobile clinics. However, the ability of NGOs to succeed in this space may be low due to the complexities associated with delivering these services. Because this opportunity is anchored in direct market demand—not corporate demand—it also falls outside the purview of this report. Yet this opportunity merits further investigation by NGOs for two reasons: (1) a large potential market size and (2) the possibility that offering services to the larger market, versus corporations specifically, could lead to greater long-term sustainability. Further studies should also consider the willingness of consumers to pay and address questions around implementation in Namibia, given its small, dispersed population and large geographic area.

This analysis suggests that the market opportunity for all three services combined—let alone individually—is not large enough to compensate for the continued sharp decrease in the traditional funding streams of NGOs. Low-cost health services represent the largest opportunity among the three, but cannot be anchored in corporate demand. The opportunity to provide wellness services is smaller but still sizable. At present, it represents the natural entry point opportunity for NGOs interested in building commercial relationships with the corporate sector (see Figure 18). Though not a replacement for donor funds, pursuing this strategy can help select Namibian NGOs diversify their revenue streams and unlock new commercial funding sources during the country’s donor funding transition.

## **Low-Cost Health Services: Assumptions and Calculation**

The size of the low-cost health services opportunity is based on several key assumptions:

- The number of people who could potentially access low-cost health services is the total population (2.1 million) minus the 55.8 percent living on less than US \$2 per day (1,171,800, based on CIA World Fact book data) minus the 378,000 already covered by insurance.
- For this population, each individual will make two to three visits per year to a low-cost health clinic.
- Visits cost NA \$50–100 (US \$6–12) each, paid by the patient.

The actual size of the opportunity is calculated as follows:

(total population – population below the poverty line – insured individuals) x (visits per year) x (cost per visit)

## Figure 18. Summary and Prioritization of Market Opportunities

### Disease Management Services

- Demand exists for disease management providers, as providers are typically expensive with limited rural reach, and have limited language capabilities
- Opportunity is small and not expected to grow significantly
- NGOs have limited experience providing disease management services, and may lack the capacity to meet service delivery parameters
- NGOs face extremely intense competition from existing providers, who are able to subsidize their costs using administration fees

### Wellness Services

- Wellness services represent a sizeable opportunity
- NGOs have the capacity and broad experience to provide aspects of wellness services
- There is an increasing corporate demand for these services

### Low-Cost Health Services

- Represent the largest opportunity, as they fill the provision gap between public and private health services,
- Has significant potential and can be anchored on direct market demand; however, NGOs have limited experience in the space and it will be operationally complex to execute
- Cannot be anchored on corporate demand and is thus beyond the scope of this report

## 5. IMPLICATIONS AND RECOMMENDATIONS

### Implications for NGOs

For an NGO to remain sustainable—that is, to be able to continue doing the work of its social mission into the indefinite future—it must have a stable revenue stream. NGOs that have diversified revenue streams are stronger in this regard; if one revenue stream reduces or ends, the organization is not completely destabilized. Diverse revenue streams usually include some mix of the following: bilateral donors, individual donors, service offerings to the general public, income generating activities outside the core mission of the organization, market segmentation and cross-subsidization, and service offerings to institutional clients. Revenue streams that generate unrestricted funds allow organizations to use those funds however they choose. In a study conducted by the Global Fund for Women (Kanyoro, 2011), a randomized survey of 82 grantees found that unrestricted funding offers three key advantages:

- It allows grantees to practice strategic acumen—adjusting and adapting their strategies more freely according to what works.
- It gives organizations the freedom to “be what they are” instead of just “following the money.”
- It enables organizations to cover their operating costs, including staff salaries.

As this report suggests, offering health services to corporate clients is a way for NGOs to diversify their revenue streams and tap into a new source of much-desired unrestricted funding. However, corporate contracts do not necessarily represent a game-changing opportunity for NGOs; their contributions to the larger portfolio might be more moderate than revolutionary. But for this strategy to be successful, NGOs must understand the market for selling services to corporations, identify one or two services they are competent in and for which there would be multiple potential buyers, and invest in developing those services to meet corporate standards and expectations. For this path to be viable, NGOs would need to secure service contracts from more than one company—ideally three or more. Otherwise, the revenue stream may not be stable and the costs could outweigh the benefits.

NGOs must also be able to define and communicate the bottom-line benefits of their services. Many NGOs are accustomed to demonstrating their social benefit to donors, but few are experienced in explaining their value-add from the client’s perspective, such as what the NGO will do for a corporation as opposed to what it will do for society. However, demonstrating social benefit and communicating a value-added proposition are not as different as they might seem; they are conceptually similar and often employ identical approaches, such as the counterfactual or opportunity costs as a basis of comparison. While some NGOs might be daunted by the prospect of entering the world of corporate competitiveness, in reality NGOs compete all the time—for donor resources, human resources, and so on.

Given the imminent and serious reduction in external funding for Namibian NGOs, it is inevitable that these NGOs will—and must—become more competitive to survive the drastic changes to their funding environments. Concerns about corporate competitiveness will likely diminish as they become more involved in serving a range of corporate clients who—like society more generally—would benefit from their services. Below are specific recommendations for NGOs interested in pursuing a corporate commercialization strategy.

### Recommendations for NGOs

1. Make the commercialization strategy **one element** of a comprehensive diversified revenue strategy.
2. **Do your homework first.** NGOs should research specific companies and service lines to gauge the size of the opportunity and identify any market gaps that their services might fill.
3. Move forward if there is a potential for a **portfolio of corporate clients.** Because institutional buyer strategies are inherently more risky than service offerings to the general public, it is important to mitigate some of this risk by having multiple clients. Avoid making major investments such as new systems for a single buyer.
4. Whenever possible, **negotiate long-term contracts** to mitigate the risk of fluctuations in buying patterns.
5. Move forward if **the price is right.** The service line must produce net revenue in order to be viable.
6. Understand the **legal and tax implications.** Different countries have different regulations around nonprofit organizations and restrictions regarding their exemption status. Namibian NGOs must study the legal and tax implications of selling services commercially to for-profit companies.
7. Invest before **going to market.** For-profit companies and NGOs speak two different languages. Pursuing corporate clients will likely require an upfront investment in marketing capacity, monitoring systems, invoicing and billing systems, or customer relationship management.

### **Implications for Donors**

Donors play an essential role in enabling NGOs to deliver high-quality, accessible health services, particularly those related to HIV and AIDS prevention, care, and treatment. Donors are also increasingly aware of the need to develop sustainability strategies to ensure the uninterrupted availability of these services, given the funding challenges now facing many NGOs—a problem that becomes particularly acute as donors approach “transition” or graduation horizons.

When designing sustainability strategies, donors should consider a range of revenue diversification opportunities. Contracting arrangements with the government, donor diversification, and cross-subsidization are useful strategies, in addition to exploring commercial prospects. While donors can learn across countries about successful sustainability strategies and effective technical assistance approaches, the particular sustainability mix varies across countries, levels of economic development, and NGO type.

Commercialization efforts may be especially context-specific. Each NGO-company pairing requires a unique value proposition; services, pricing, and marketing may need to be tailored to corporate needs and priorities. Thus, the initial start-up costs for successful commercialization may be high.

Given that the commercialization approaches are relatively new, the degree to which HIV-focused NGOs will be able to successfully meet the needs of paying corporations—even with ample technical assistance—remains unclear. However, successful commercialization could yield tremendous benefits, including revenue diversification and increased income generation for NGOs; a larger pool of skilled and low-cost health service providers for corporations; and increased access to essential health services for employees. Below are key recommendations for donors wishing to design or support a commercialization strategy for donor-funded NGOs.

### **Recommendations for Donors**

1. Supporting NGO commercialization efforts will likely require substantial investments in technical assistance, including the development of M&E systems that can accommodate both corporate and donor data needs and increased marketing capacity. Support for these investments will be particularly critical for NGOs facing decreased donor funding.
2. Encourage NGOs to think about revenue diversification earlier rather than later, potentially through required co-funding requirements or sustainability strategy development early on. Donors in low-income countries may not feel an immediate need to encourage NGOs to pursue a wider set of strategies—especially commercialization strategies. But doing so can help NGOs prepare proactively for eventual reductions in donor contributions.



3. Develop a strong understanding of corporate needs and decisionmaking processes. Successful, sustainable NGO-company linkages can only occur if the services offered by NGOs are high in value and competitively priced. While some corporations might express initial interest in supporting an NGO for philanthropic or community outreach reasons, a partnership based on shared need, mutual understanding, and demonstrated value is far more sustainable.
4. Understand that corporate needs may not follow the parameters of vertical donor programs. In Namibia, corporations have expressed a clear preference for holistic wellness services that stretch far beyond HIV counseling, testing, and treatment. For donors, this creates a dilemma: Can earmarked funds, usually delivered to support high-impact HIV interventions, be used to support commercialization efforts that may not immediately result in increased HIV and AIDS health outcomes for employees?
5. Understand whether an NGO's services are commercially viable. NGOs that focus solely on the weakest in society—namely, orphans, vulnerable children, or acutely ill individuals—may not have strong commercial prospects. It is critical to understand and evaluate both the prospects and limitations of any commercialization strategy.

## Implications for Corporations

While this report describes market opportunities for NGOs in providing disease management and low-cost health services, most Namibian corporations are particularly interested in opportunities to expand wellness offerings for their employees. Namibian firms interviewed for this report—particularly MNCs and large local companies—revealed that they hope to increase the wellness services offered to their employees. But many also noted that the current wellness service provider landscape is somewhat limited, and some reported not knowing where to find providers. NGOs with the capabilities and capacity to address these limitations could be of great service to these and other firms. Below are specific recommendations for firms interested in providing or expanding wellness services to employees:

1. **Be aware of the full range of wellness services available.** Wellness is still a relatively new concept in Namibia and, as such, companies do not always know what types of services are available. Firms that know what options exist are more likely to select the services best suited to their needs.
2. **Involve employees in wellness service provision decisions.** As the end users of the wellness services offered, employees need to be able to trust their providers—especially if they will be sharing sensitive information, such as HIV status. Use employee feedback to help assess the desirability of—and satisfaction with—the services provided.
3. When deciding which wellness services to offer employees, **consider their potential business impact.** Wellness services that help reduce workplace issues such as absenteeism, presenteeism, and low employee productivity are likely to be more valuable to firms than services that do not. Keep in mind that services that have a strong impact in one organization may not in another.
4. When looking for wellness service providers, **consider NGOs.** In addition to their experience and capability in providing quality wellness services, NGOs may also provide services at lower cost than private providers. They may also be backed by significant global knowledge and resources as well as local, community-level networks.
5. Look for opportunities to simultaneously **provide wellness** services to employees and **create positive corporate branding.** Entering into a business relationship with NGOs can help a firm achieve this double bottom line. It may also create opportunities to support Namibian NGOs through corporate social responsibility-type spending.

## 6. CONCLUSION

This report reflects the SHOPS project's understanding, quantification, and analysis of the potential for Namibian NGOs to begin to commercialize by serving corporate clients. It also offers the beginnings of a road map for how NGOs can diversify revenue away from donor funds and toward corporate purchases, and explains how and why corporations might choose to purchase a greater share of health and wellness services for employees from NGOs. The report offers a balanced perspective on the market opportunities for NGOs through commercialization, as well as the challenges and limitations inherent in the approach.

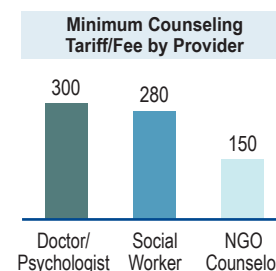
Namibia's position as a frontrunner in the PEPFAR transition offers both complexities and opportunities for Namibian NGOs. The advent of successful NGO-company linkages in Namibia may spur growth in this market and generate greater corporate interest in the service provision capabilities of NGOs. Conversely, missed opportunities and mismatched expectations may weaken demand in the future.

While this report focuses specifically on Namibia, its findings and recommendations can assist corporations, NGOs, and donors in other countries that are exploring similar commercialization options—even in lower-income countries with a longer donor funding time horizon. This new perspective on the revenue diversification potential for NGOs through commercialization, as well as the shortcomings of the model, are intended to spark further conversation and experimentation in these areas.

## ANNEX A: NGO SERVICE PROVISION DETAILS

### Figure A1. NGO Service Provision: Counseling

<b>Description</b>	<ul style="list-style-type: none"> <li>• Counseling is the act of providing advice or guidance to improve mental and emotional well-being</li> <li>• Counseling covers HIV and AIDS and general wellness             <ul style="list-style-type: none"> <li>– With respect to HIV and AIDS, counseling is typically provided pre- and post- HIV testing and on an ongoing basis</li> <li>– With respect to wellness, NGO counseling offerings typically cover mental and emotional/psychosocial wellness</li> </ul> </li> <li>• Domains covered include depression, stress management and grief</li> <li>• 92% of NGOs provide counseling</li> </ul>
<b>Beneficiaries and Clients</b>	<ul style="list-style-type: none"> <li>• Beneficiaries: individuals, couples, and communities</li> <li>• Clients: companies and government entities that cover employees via medical aid or dedicated wellness programs</li> </ul>
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Counseling is typically provided:             <ul style="list-style-type: none"> <li>– On-site and in-house, at the NGO site by NGO employees or trained volunteers</li> <li>– At a location chosen by the beneficiary—usually their home—to preserve confidentiality</li> </ul> </li> </ul>
<b>Payment Mechanism</b>	<ul style="list-style-type: none"> <li>• When provided to individuals, couples and communities, counseling is free of charge; the NGO covers all delivery costs</li> <li>• When provided to companies and the government, NGOs:             <ul style="list-style-type: none"> <li>– Generally provide services for free</li> <li>– Sometimes receive a discretionary donation from the company or government entity</li> <li>– Sometimes price services on a cost-recovery or cost-plus basis; see comparison of fees and tariffs in the bar graph to the right</li> <li>– Very rarely price services per employee, per month</li> </ul> </li> </ul>



## Figure A2. NGO Service Provision: Training

<b>Description</b>	<ul style="list-style-type: none"><li>• Training is the transfer of skills from one entity to another</li><li>• Training covers all health-related content areas, including wellness and general health</li><li>• 85% of NGOs offer training</li></ul>
<b>Beneficiaries and Clients</b>	<ul style="list-style-type: none"><li>• Beneficiaries: volunteers, NGO employees, other NGOs (mostly training), individuals, communities</li><li>• Clients: companies and government entities</li></ul>
<b>Delivery</b>	<ul style="list-style-type: none"><li>• Training is typically provided:<ul style="list-style-type: none"><li>– Off-site, at the client or beneficiary site (e.g., in local communities, at corporate offices, in schools)</li><li>– In-house, by external providers or partners<ul style="list-style-type: none"><li>◦ Training is primarily provided by NGO employees</li><li>◦ A few NGOs seek professionals who can volunteer their services or provide specific training<ul style="list-style-type: none"><li>– NGOs may use peer educators to provide training, especially when targeting services toward youth</li></ul></li><li>◦ A few NGOs leverage other NGOs to provide training services</li></ul></li><li>– Individual or group format</li></ul></li></ul>
<b>Payment Mechanism</b>	<ul style="list-style-type: none"><li>• When training is provided to beneficiaries, it is generally free<ul style="list-style-type: none"><li>– Some NGOs charge each other for training</li></ul></li><li>• When training is provided to clients, NGOs:<ul style="list-style-type: none"><li>– Generally provide services for free</li><li>– Sometimes receive a discretionary donation from the company or government entity</li><li>– Sometimes price services on a cost-recovery or cost-plus basis</li></ul></li></ul>

## Figure A3. NGO Service Provision: Communication

<b>Description</b>	<ul style="list-style-type: none"><li>• Communication services include the development, distribution and delivery of informational and educational communication materials, such as:<ul style="list-style-type: none"><li>– Materials: books, pamphlets, DVDs, campaign materials</li><li>– Services: media campaigns, dance and dramatic performances, and exhibitions</li></ul></li><li>• 100% of NGOs have communication-related service offerings</li></ul>
<b>Beneficiaries and Clients</b>	<ul style="list-style-type: none"><li>• Beneficiaries: volunteers, NGO employees, other NGOs (mostly training), individuals, communities</li><li>• Clients: companies and government entities</li></ul>
<b>Delivery</b>	<ul style="list-style-type: none"><li>• Communication materials are generally developed in two ways:<ul style="list-style-type: none"><li>– In-house, by the NGO</li><li>– By another organization (i.e., another NGO, MoHSS, hospitals)<ul style="list-style-type: none"><li>◦ The MoHSS provides informational and educational materials to NGOs free of charge</li></ul></li></ul></li><li>• NGO employees and volunteers distribute and deliver materials in a variety of places; the most common are:<ul style="list-style-type: none"><li>– High risk areas such as bars</li><li>– Schools</li><li>– Mass media outlets</li><li>– Community gatherings</li><li>– During the delivery of other services (e.g., during counseling or training)</li></ul></li></ul>
<b>Payment Mechanism</b>	<ul style="list-style-type: none"><li>• Communication materials are:<ul style="list-style-type: none"><li>– Always free for beneficiaries</li><li>– Generally delivered at a price to clients (except for schools)</li></ul></li></ul>

## Figure A4. NGO Service Provision: Testing

<b>Description</b>	<ul style="list-style-type: none"><li>• Testing is the clinical diagnostic/procedure used to determine whether an individual has a particular disease or not. Common tests include:<ul style="list-style-type: none"><li>◦ HIV</li><li>◦ Diabetes</li><li>◦ Cholesterol</li><li>◦ Hypertension</li></ul></li><li>• 25% of NGOs have testing capabilities<ul style="list-style-type: none"><li>– Two NGOs (Catholic AIDS Action and Development Aid from People to People) have HIV testing capabilities</li><li>– Only one NGO (Namibia Business Coalition on AIDS) can test for HIV and other diseases</li></ul></li></ul>
<b>Beneficiaries and Clients</b>	<ul style="list-style-type: none"><li>• Beneficiaries: Testing is available to individuals, couples or communities</li><li>• Clients: Companies and government entities can provide training to their employees<ul style="list-style-type: none"><li>– In contrast to South Africa, Namibian legislation only allows specific providers to perform workplace testing</li></ul></li></ul>
<b>Delivery</b>	<ul style="list-style-type: none"><li>• Testing is typically provided:<ul style="list-style-type: none"><li>– On-site or off-site, at an NGO facility (e.g., a New Start Center) or in local communities during outreach programs</li><li>– In-house, by trained NGO employees (e.g., nurses)</li><li>– With the use of a testing kit<ul style="list-style-type: none"><li>◦ HIV testing kits are provided by the NGO or the MoHSS</li></ul></li></ul></li></ul>
<b>Payment Mechanism</b>	<ul style="list-style-type: none"><li>• If provided to a beneficiary directly, testing is free for the beneficiary</li><li>• Clients usually pay a per-person fee for the testing of their employees</li></ul>

## Figure A5. NGO Service Provision: Treatment Support (Disease Management)

<b>Description</b>	<ul style="list-style-type: none"><li>• Treatment support activities are geared toward ensuring patients do not default on treatment</li><li>• 62% of NGOs provide treatment support, specifically with respect to antiretroviral treatment</li></ul>
<b>Beneficiaries and Clients</b>	<p>Every individual on antiretroviral treatment must have a treatment supporter</p> <ul style="list-style-type: none"><li>• Treatment support is generally provided to individuals on antiretroviral treatment</li></ul>
<b>Delivery</b>	<ul style="list-style-type: none"><li>• Treatment support is typically provided:<ul style="list-style-type: none"><li>– Off-site and in-house, at the beneficiary’s home by volunteers; employees coordinate treatment support pairings<ul style="list-style-type: none"><li>◦ Volunteers are usually trained by the NGOs and are based in the community</li><li>◦ Only one volunteer is needed to provide treatment support, serving as a secondary treatment supporter<ul style="list-style-type: none"><li>– If a patient has a supportive family member, a volunteer trains this family member to be a primary treatment supporter for the patient</li><li>– If a patient does not have a supportive family member, a volunteer serves as the primary treatment supporter</li></ul></li></ul></li><li>– To patients who have registered with an NGO</li></ul></li><li>• NGOs sometimes provide food parcels to the very poor; a patient must have a healthy diet for treatment to be most effective</li></ul>
<b>Payment Mechanism</b>	<ul style="list-style-type: none"><li>• Treatment support is always provided free of charge; funded fully by donors</li></ul>



## Figure A6. NGO Service Provision: Low-Cost General Health Services

<b>Description</b>	<ul style="list-style-type: none"> <li>• According to the World Health Organization, general health services include services related to the diagnosis and treatment of disease (excluding AIDS, for this analysis), or the promotion, maintenance, and restoration of health</li> <li>• Generally, NGOs providing HIV and AIDS services only work in the HIV and AIDS arena</li> <li>• NGOs providing general health services cover non-clinical services related to: malaria, tuberculosis, first aid, maternal and child health, alcohol and substance abuse, and the provision of safe drinking water</li> <li>• 25% of NGOs provide general health services, and are best equipped to provide low-cost health services</li> </ul>
<b>Beneficiaries and Clients</b>	<ul style="list-style-type: none"> <li>• Beneficiaries: Individuals and communities</li> <li>• Clients: Companies and government entities</li> </ul>
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• General health services are delivered in a variety of ways, but largely:</li> <li>• Off-site, in an NGO facility (e.g., a mobile clinic) or in local communities during outreach programs</li> <li>• In-house, by trained NGO employees (e.g., nurses)</li> </ul>
<b>Payment Mechanism</b>	<ul style="list-style-type: none"> <li>• When provided to individuals and communities by NGOs, general health services are usually free             <ul style="list-style-type: none"> <li>– Sometimes, community leaders pay for services at cost on behalf of the community</li> </ul> </li> <li>• When provided to companies and government entities, general health services are usually not free</li> </ul>

## Figure A7. NGO Service Provision: Caregiving

<b>Description</b>	<ul style="list-style-type: none"> <li>• Caregiving—or home-based care as it is called by NGOs—is the care of persons with chronic or terminal illnesses, extended to the patients' homes through family participation and community involvement within available resources and in collaboration with health care workers</li> <li>• Caregiving has elements of counseling, training, communication, and treatment support</li> <li>• 45% of NGOs provide caregiving services</li> </ul>
<b>Beneficiaries and Clients</b>	Beneficiaries: Caregiving is primarily provided to individuals who have been debilitated by illness such as AIDS or cancer
<b>Delivery</b>	<p>Caregiving is typically provided:</p> <ul style="list-style-type: none"> <li>• Off-site, in individuals' home</li> <li>• In-house, by trained volunteers who sometimes train a member of the patient's family to become a caregiver and provide treatment support</li> <li>• With the use of a home-based care kit which is either provided for free by the government or funded by donors</li> </ul>
<b>Pricing Mechanism</b>	<ul style="list-style-type: none"> <li>• If sourced from an NGO, caregiving is always free to the beneficiary</li> </ul>

## ANNEX B: NGO REGISTRATION TYPES

**Volunteer association:** A group of people organized formally around a common purpose. A volunteer association has a simple legal structure and few regulatory requirements, does not need to register with any ministry or government body, and must be membership-based and reflect this in its constitution and bylaws.

**Trust:** A legal arrangement in which fiduciary control of property is given to a trustee. A trust can be formed to benefit a particular person or class of persons (beneficiaries) or to work toward a goal that helps a particular group of people. Trusts are governed by a board of trustees and are registered with the Master of the High Court. *Fifty percent of the NGOs interviewed for this report are registered as trusts.*<sup>18</sup>

**Foundation:** An organization that typically receives funding from a single donor. Funds are then donated to other organizations or used to fund charitable purposes directly.

**Section 21 (nonprofit company):** An incorporated organization that exists for charitable reasons. A Section 21 nonprofit company can promote any cultural/social activity or communal/group interest, including science, art, religion, and education. It cannot distribute profits, income, or dividends among members, shareholders, or trustees and any money earned is retained by the organization and used to fund expenses, operations, or service provision. Like for-profit companies, Section 21 nonprofits are registered through the Registrar of Companies. *Thirty percent of the NGOs interviewed for this report are registered as section 21 companies.*

**Welfare organization:** An organization that engages in public welfare and intends to request funding from the government (at any level) or the public. Welfare organizations are registered with the Ministry of Health and Social Services. *Fifty percent of the NGOs interviewed for this report are registered as welfare organizations.*

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<sup>18</sup> NGOs can be registered as more than one organization type.

## ANNEX C: DONOR ENVIRONMENT

### Figure C. Major Foreign and Local Donors Operating in Namibia

Foreign Donors	<b>USAID</b>	<ul style="list-style-type: none"> <li>• USAID and PEPFAR fund 50% of NGOs</li> <li>• Each NGO receives more than NA \$8M (~US \$1M) in annual funding</li> </ul>
	<b>The Global Fund</b>	<ul style="list-style-type: none"> <li>• The Global Fund funds 60% of NGOs               <ul style="list-style-type: none"> <li>– Each NGO receives up to NA \$35M (~US \$4.5M) in annual funding</li> </ul> </li> <li>• The Namibia Network of AIDS Service Organizations and the MoHSS primarily channel funding to the NGOs</li> <li>• Implementation of grants is overseen by the Namibia Coordinating Committee for HIV/AIDS, Tuberculosis and Malaria</li> </ul>
	<b>European Union</b>	<ul style="list-style-type: none"> <li>• The European Union funds 30% of NGOs               <ul style="list-style-type: none"> <li>– Each NGO receives up to NA \$35M (~US \$4.5M) in annual funding</li> </ul> </li> <li>• The EU is the anchor funder for NANGOF Trust, an NGO umbrella organization               <ul style="list-style-type: none"> <li>– The EU is donating NA \$40M (~US \$5M) in funding to the recently created Civil Society Fund of Namibia; funding will be distributed over the next three years to set up the organization and provide small grants</li> </ul> </li> </ul>
Local Donors	<b>Government of Namibia</b>	<ul style="list-style-type: none"> <li>• The Government of Namibia assists 70% of NGOs               <ul style="list-style-type: none"> <li>– Each NGO receives up to NA \$35M (~US \$4.5M) in annual funding</li> </ul> </li> <li>• The government provides both financial and in-kind assistance               <ul style="list-style-type: none"> <li>– In-kind assistance includes free condoms and home-based care kits</li> </ul> </li> </ul>
	<b>Corporate Social Responsibility Companies</b>	<ul style="list-style-type: none"> <li>• Corporate social responsibility programs allocated funds to 40% of NGOs               <ul style="list-style-type: none"> <li>– Each NGO receives NA \$22–35M (~US \$2.5–4.5M) in annual funding</li> </ul> </li> <li>• Companies that have provided corporate social responsibility funding to NGOs include De Beers, Namibia Dairies, and NamPower</li> </ul>

## ANNEX D: UMBRELLA ORGANIZATIONS IN NAMIBIA

### Figure D. Major Umbrella Organizations in Namibia

<b>NaCCATuM</b> Namibia Coordinating Committee for HIV/AIDS, Tuberculosis and Malaria	<p><b>Mission:</b> To oversee implementation of Global Fund grants to Namibia</p> <ul style="list-style-type: none"> <li>• Serves as the country coordinating mechanism; responsible for oversight of Global Fund Grants in Namibia</li> <li>• Prepares, coordinates, reviews, and submits proposals to the Global Fund that meet Global Fund requirements and align with national policies related to HIV and AIDS, tuberculosis, and malaria</li> <li>• Selects principal recipients for proposed projects to be financed by Global Fund, based on a transparent process</li> </ul>
<b>NANGOF Trust</b> Namibia Non-governmental Organizations Forum Trust	<p><b>Mission:</b> To establish, promote, and sustain an enabling environment for nonprofit organizations in Namibia</p> <ul style="list-style-type: none"> <li>• Coordinates networking efforts among NGOs</li> <li>• Advocates for policy changes on behalf of NGOs</li> <li>• Assists member NGOs with capacity-building efforts</li> <li>• Provides training to and shares information with member NGOs</li> </ul>
<b>NANASO</b> Namibia Network of AIDS Service Organizations	<p><b>Mission:</b> To be the primary hub of the HIV and AIDS network and support services for AIDS service organizations</p> <ul style="list-style-type: none"> <li>• Serves as one of two principal recipients for the Global Fund; the other is the MoHSS</li> <li>• Provides training to member organizations</li> <li>• Advocates on behalf of AIDS service organizations</li> <li>• Facilitates community meetings and establishment of networks</li> </ul>

## ANNEX E: CORPORATE BUYING PROCESS FOR WELLNESS SERVICES

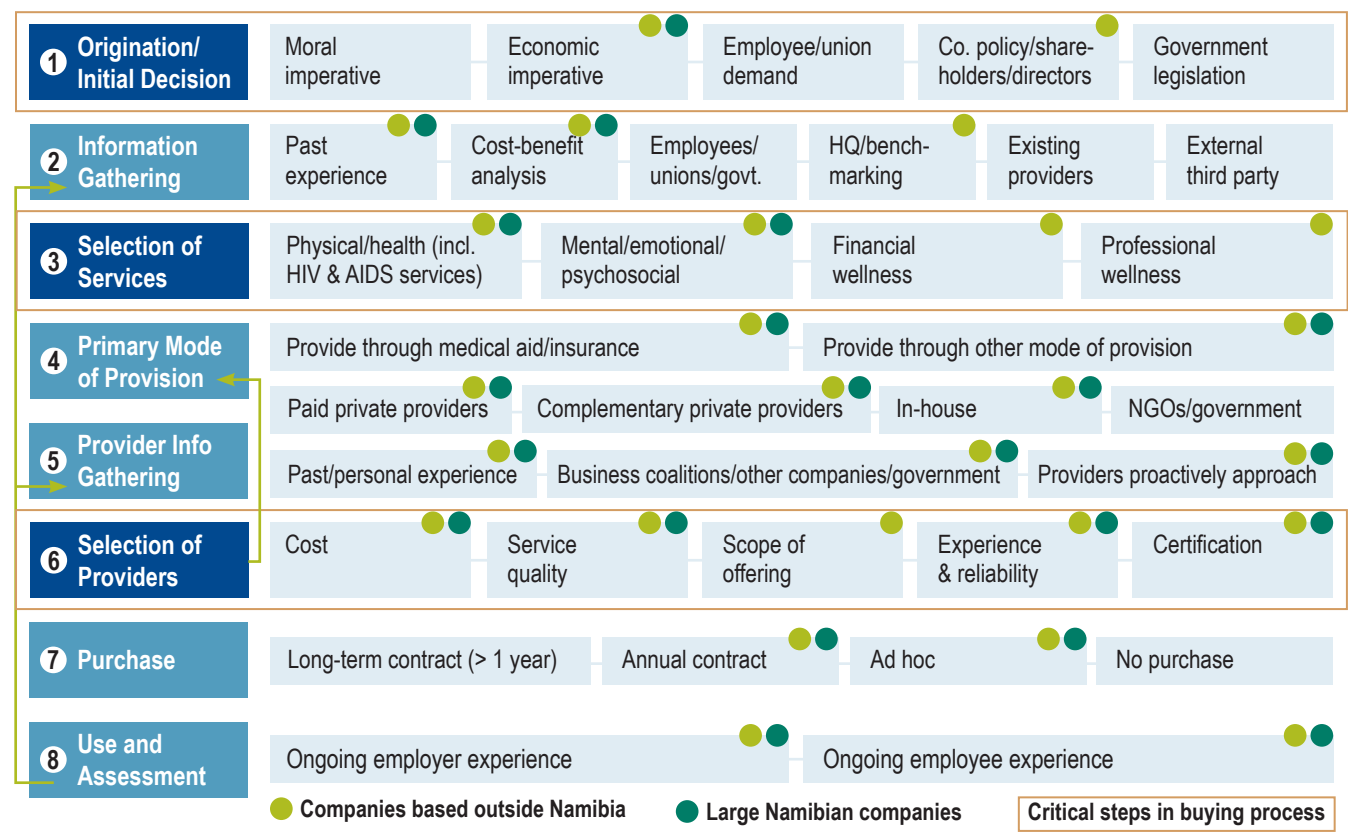
Wellness services represent the best potential opportunity for NGOs that want to provide services to MNCs and large Namibian companies. In order to sell these services to corporate buyers, NGOs first must develop a unique value proposition, based on a clear understanding of:

- The corporate buying process and key purchase criteria
- Current service providers and their competitors
- Capability gaps in existing service delivery

<sup>16</sup>While this overview offers an accurate high-level view of the landscape, it is important to note that the buying process is likely to differ across companies. This has implications for an NGO's value proposition, which will need to be customized for each individual corporate buyer.

The current service provision landscape and the perceived gaps in service delivery were addressed in Section 2. The corporate buying process for most MNCs and large Namibian companies—the two segments most likely to purchase these services for their employees—is described below (and illustrated in Figure E1).<sup>19</sup>

**Figure E1. Corporate Buying Process for Wellness Services**

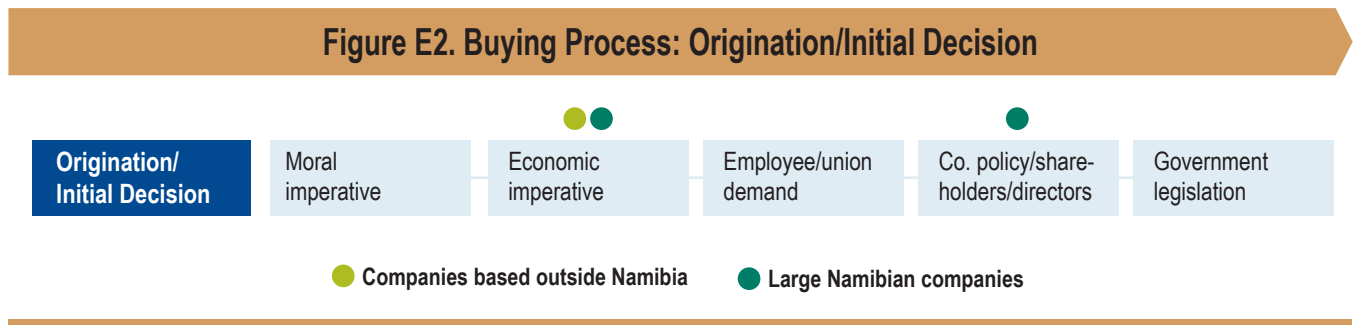


Note: In Step 1 (origination/initial decision) companies typically make the initial decision to provide wellness based on any of five factors: a moral imperative, an economic imperative, employee/union demand, company policy and/or shareholder/director influence, or government legislation. Most MNCs are influenced by economic imperative or global company policy, while large Namibian companies primarily base their decision on economic imperative.

Of the eight steps in the buying process, three of them—steps 1, 3, and 6—are particularly critical for NGOs to consider.

### Step 1: Origination/Initial Decision

As Figure E2 shows, both MNCs and large Namibian companies are commonly driven by an economic imperative to provide wellness services to employees, though MNCs are also influenced by company policy and shareholders/directors.



For both types of companies, the case for wellness services must be made from an economic perspective: they must feel there is a business case for it. They also consider the investment made in providing wellness services (the cost) and the economic effects of the services (the benefits), with the goal of ensuring that the latter is greater than, or at least equal to, the former. Companies typically point to three areas where wellness services have the potential to either reduce costs or increase revenue:

1. **Absenteeism:** Habitual absence from the workplace has far-reaching implications for firms, including reduced productivity, decreased operational efficiency, and even increased labor costs. Firms therefore view any reduction in absenteeism as having a direct impact on their bottom lines.
2. **Low employee productivity:** Underperformance by employees can have any number of causes, many of which can be addressed through wellness services: poor employee eating, sleeping, or exercising habits; lifestyle diseases such as diabetes; low employee morale associated with death or illness in families or the workplace; and mental or psychosocial problems including depression, stress, alcohol

or substance abuse, trauma, relationship issues, financial difficulties and debt, and professional frustration. Wellness services can reduce or eliminate some of these causes, thereby increasing employee productivity.

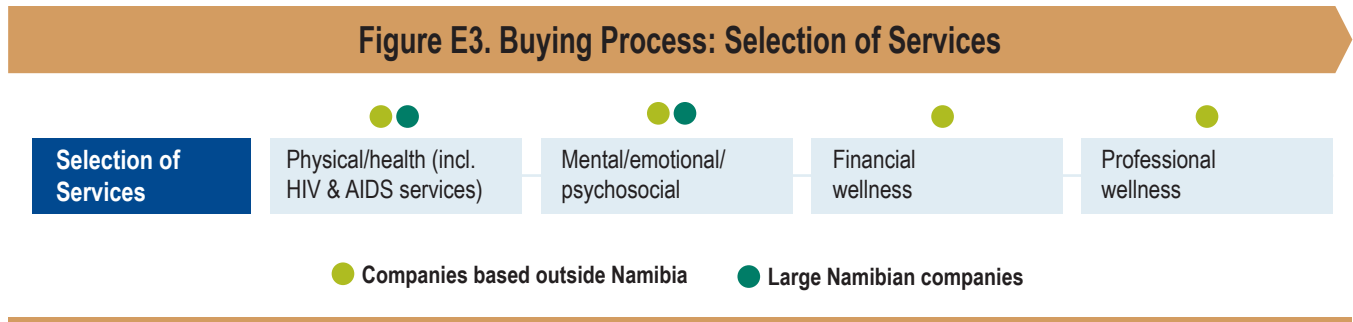
1. **Presenteeism:** Presenteeism is the state of being at work but chronically underproductive while there. It is most commonly a result of lifestyle choices or chronic illnesses that reduce the capacity of employees to perform their tasks as required. Wellness services can educate employees on personal health practices, provide physical or health support to those with chronic illnesses, and even provide psychosocial support to those with personal issues—all of which can reduce the incidence of presenteeism.

Multinational corporations also look to global company policies or leadership from shareholders and directors when making high-level decisions about what types of health and wellness services to provide to employees. These corporate policies are usually international in nature, though decisions around specific service provisions and providers are almost always made locally.

During the origination/initial decision step, NGOs must understand and present the costs and benefits of the wellness services they are offering—and explicitly show the link between their wellness services and increased revenue and/or reduced costs for the firm. In other words, a positive return on investment needs to be demonstrated. In addition, NGOs looking to serve MNCs who take direction from company policy and/or shareholders and directors may need to be prepared to negotiate with firms' international headquarters in some cases, particularly when wellness services decisions are not made locally. However, this is not common in the Namibian context.

### Step 3: Selection of Services

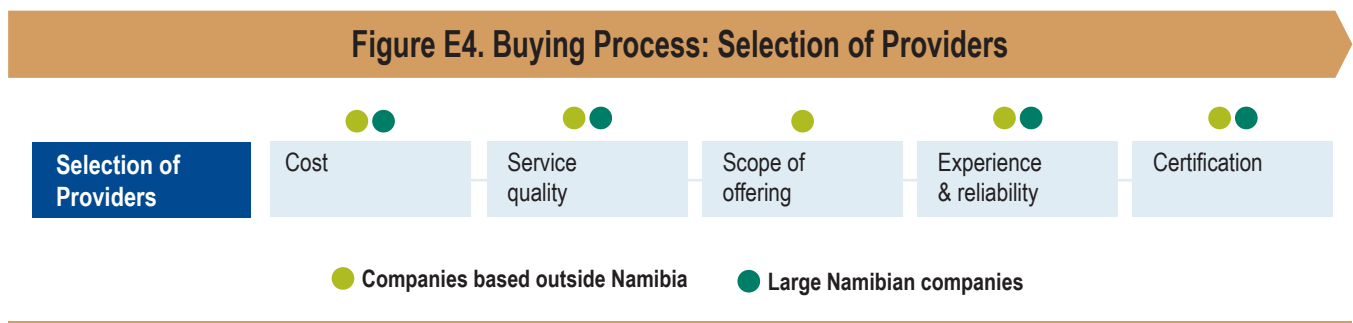
As Figure E3 shows, both MNCs and large Namibian firms routinely provide employees with both physical/health services (including HIV and AIDS-related services) and mental/emotional/psychosocial services. While large Namibian firms often stop at these two types of service, MNCs often make additional wellness services available to employees. NGOs might therefore consider expanding their offerings to cover a more comprehensive range of wellness services for potential MNCs clients.



NGOs should consider targeting specific sectors that have a proven appetite for wellness services. MNCs tend to offer similar services across sectors, though certain industry regulations—in the fishing and mining industries, for example—encourage more comprehensive wellness services. By contrast, the wellness services offered by large Namibian firms vary—sometimes greatly—by sector, with the most comprehensive services typically found in the mining, manufacturing, telecommunications, and fishing industries. However, the interviews conducted for this report yielded several examples of companies outside of the above-mentioned sectors that offer wide-ranging wellness services.

### Step 6: Selection of Providers

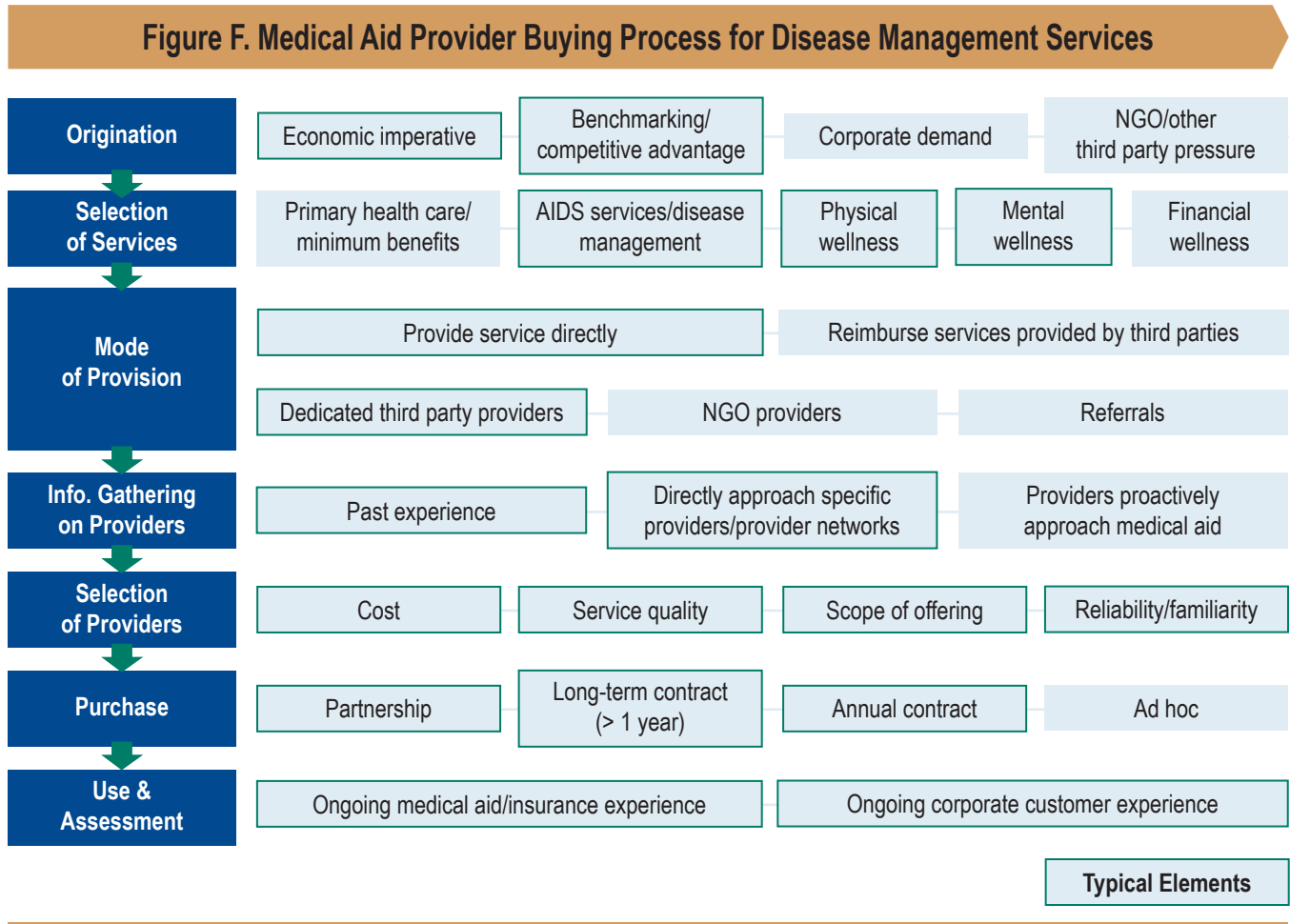
When selecting wellness service providers, both MNCs and large Namibian firms typically consider four primary elements (as shown in Figure E4): cost, service quality, scope of offering, experience and reliability, and certification (for services that require it).



Multinational corporations also consider the scope of a service provider’s offering when making decisions. This is consistent with the fact that, as mentioned above, MNCs often offer a more comprehensive range of services than large Namibian firms.

## ANNEX F: MEDICAL AID PROVIDER BUYING PROCESS FOR DISEASE MANAGEMENT SERVICES

Figure F outlines the typical elements of the buying process for medical aid providers when purchasing disease management services.





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