The Private Sector's Role in Providing HIV Services in Namibia

Namibia is a middle-income country that struggles with one of the most severe HIV epidemics in the world. The country's HIV prevalence peaked at 15.9 percent of the adult population in 2001. After a steady decline, adult prevalence was estimated to be 13.3 percent in 2012. This decline coincided with a strong and effective government-led and donor-supported response that helped improve access to HIV care and treatment, including increased enrollment in antiretroviral therapy (ART). By 2012, 91 percent of the eligible population was enrolled in ART, representing a high level of coverage relative to other countries where HIV is endemic. Still, Namibia has the sixth-highest adult prevalence rate in the world, behind regional neighbors Botswana, Lesotho, South Africa, Swaziland, and Zimbabwe.

The continued need for a strong HIV response in Namibia comes at a time when donor support for HIV programming in the country is expected to decline. In response, the government of Namibia is identifying strategies to sustain its HIV programs using domestic resources. Similar to other governments in southern Africa, the government of Namibia encourages private sector participation in the country's HIV response through partnerships. For instance, the government partnered with private mobile clinics to expand access to HIV counseling and testing. Botswana and South Africa have experiences that could be used as models for Namibia. In Botswana, a public-private partnership between the government and a private medical aid scheme has increased the provision of ART in the private sector. The government of South Africa has also contracted out private providers to deliver ART and HIV services. With more than 3,200 registered private health care providers in Namibia, the private health sector is a key partner that the government can further leverage to make the country's HIV response more sustainable (SHOPS Project, 2013).

Jessica Scranton

A private pharmacy in Namibia

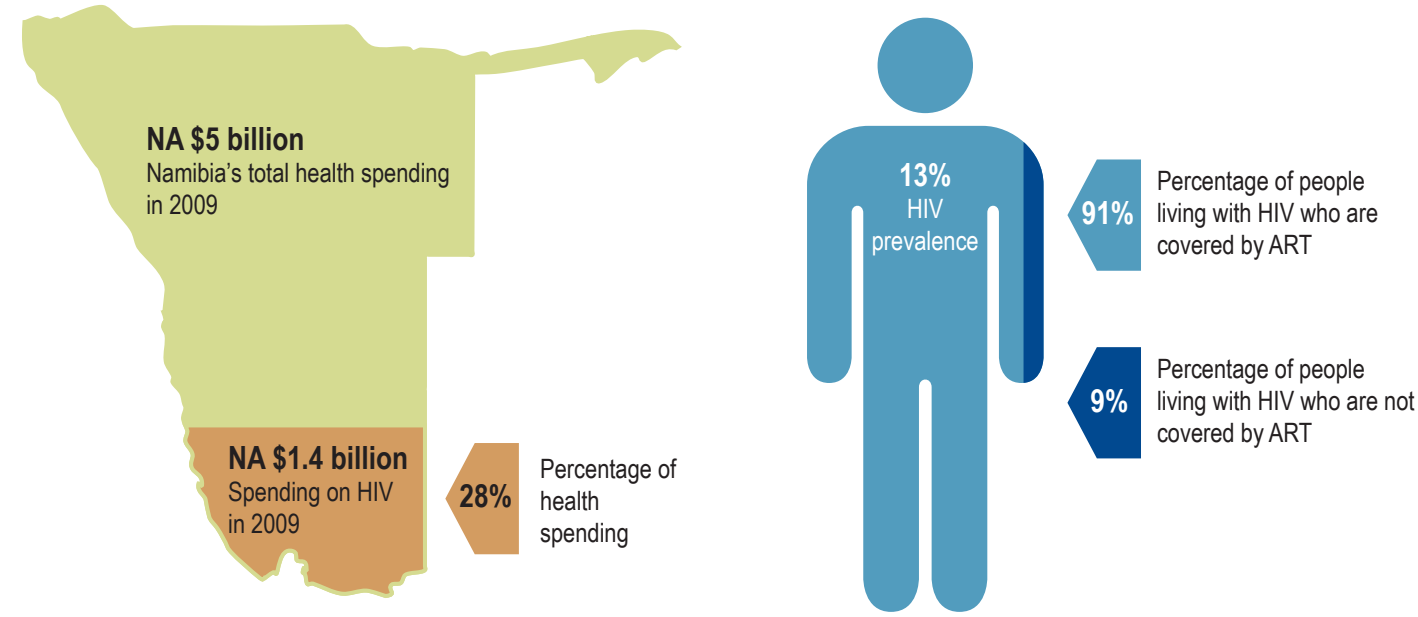
Health Spending in Namibia (2009)

- Gross domestic product: NA $76 billion
- Total health spending: NA $5 billion (7 percent of gross domestic product)
- Total HIV spending: NA $1.4 billion (28 percent of total health spending)
- HIV spending at private for-profit hospitals, medical centers, and pharmacies: NA $97 million (7 percent of total HIV spending)
- HIV spending at public hospitals, clinics, and health programs: NA $1.3 billion (93 percent of total HIV spending)

Note: All financial figures were converted to 2010 Namibian dollars (NA $) using GDP deflator estimates from the IMF World Economic Outlook database.

SHOPS
Strengthening Health Outcomes *through* the Private Sector

Financing and ART Coverage in Namibia



Note: NA $ = Namibian dollars

Data on past HIV spending in Namibia's health sector, tracked using the national health accounts (NHA) and HIV subaccounts methodology, helps explain private sector engagement in the HIV response and can support the government of Namibia's efforts to improve the sustainability of its HIV programs. The SHOPS project used the most recent NHA data (Government of Namibia, 2010) to track how HIV funds flow through Namibia's health system and to identify implications for how donors and the government can better work with the private health sector.

NHA tracks a country's total health expenditures from their original sources through entities that allocate them, and finally to providers who deliver services. While general NHA tracks total health spending, the HIV subaccounts detail health spending on HIV to show how HIV resources flow through the health system. HIV subaccounts only include spending on HIV activities that aim to improve, maintain, or prevent deterioration of health. They do not include non-health programs such as those focused on orphans and vulnerable children. NHA and HIV subaccounts data can inform decisions about resource allocation and strategic planning, increase transparency, track progress toward spending goals, and inform civil society advocacy efforts.

Private Health Sector Composition

The nonprofit sector consists of:

- Faith-based organizations
- Charities
- NGOs
- Community-based organizations

The for-profit sector consists of a wide range of commercial entities, including:

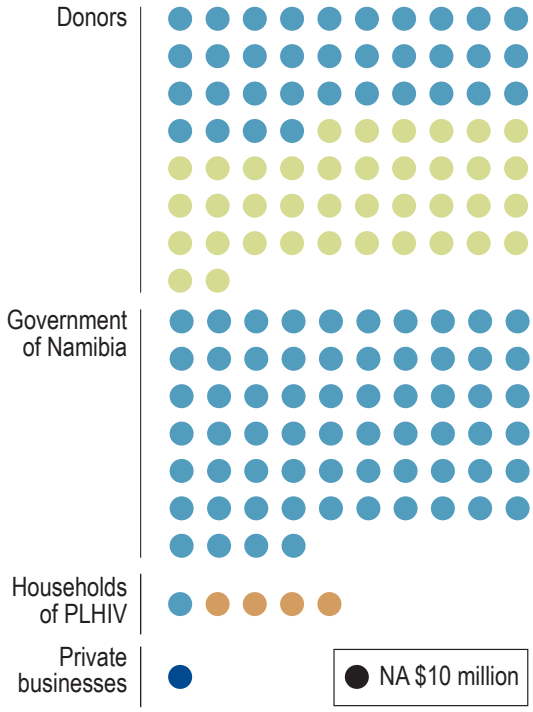
- Private health insurance companies
- Privately owned consultation rooms
- Companies with employee health programs
- Privately owned hospitals and medical centers
- Private pharmacies

The Flow of HIV Funds to For-Profit Facilities

This diagram illustrates the flow of HIV funds from various sources to public and private facilities, and depicts the following findings.

- Donors account for 51 percent of HIV funding, which is more than their share of general health funding (22 percent).
- The government of Namibia provides 44 percent of HIV expenditures, but decides how 69 percent of HIV funds are spent.
- Donor and government spending has kept out-of-pocket expenditures on HIV at 3 percent (this is lower than out-of-pocket spending on general health, which is 6 percent).
- Private businesses are the smallest of the major sources of HIV funds. They channel almost all of their money through private health insurance.

Where Do the Funds Originate?



Who Decides How to Spend HIV Funds?

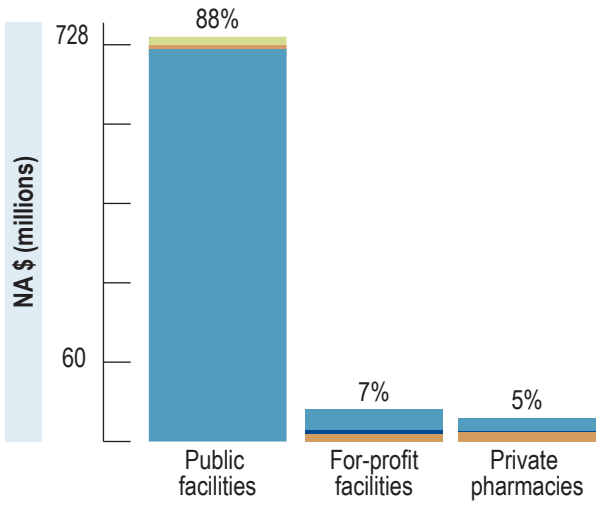
- Public agencies (e.g., ministries, government employee insurance)
- Private insurance
- Households (out-of-pocket spending by people living with HIV)
- Employers (private and parastatal)
- International and national NGOs

Allocation of HIV Funds

The figure below shows the breakdown of HIV spending at public and private facilities. NHA data indicate that HIV spending at public health facilities is much larger than spending at for-profit health facilities and private pharmacies. These data reveal several important findings about how for-profit facilities are financed compared to other types of facilities.

- Most HIV funds managed by private insurance companies are spent at for-profit facilities (65 percent) and private pharmacies (31 percent).
- Forty percent of out-of-pocket spending on HIV (NA $35 million) occurs at for-profit facilities, indicating that people living with HIV still use private facilities despite the availability of free and subsidized services in the public sector.
- Public employee insurance (which gets 85 percent of its funding from the government and 15 percent from household contributions), is one of the main sources of funding at private for-profit facilities and pharmacies. It is the only channel through which government money reaches private health facilities.
- NGOs are the second-largest manager of HIV spending (29 percent). Most of their money (94 percent) is spent on public health programs and administrative costs. Very little money managed by NGOs makes it to for-profit facilities or pharmacies.

Facilities that Receive HIV Funds



NA $831 million was spent on HIV at all health facilities in 2009. The majority (88 percent) of that spending went to public facilities, while for-profit facilities only accounted for 7 percent.

Policy and Program Implications

The HIV response is highly dependent on donors with low levels of private contributions and low out-of-pocket spending on HIV goods and services.
With more than half of the funding for Namibia's HIV response coming from donors, stakeholders face the important task of ensuring the sustainability of the response and should consider new mechanisms for leveraging private sector contributions. A key challenge will be managing financial risk to households by keeping out-of-pocket payments low.

Despite the availability of subsidized services in public sector facilities, people living with HIV still choose to seek services at private for-profit facilities for HIV care.
Although out-of-pocket payments are low, a significant portion of them (40 percent) occur at private for-profit facilities. This trend could signify that there is some willingness to pay for HIV services in the private sector. Integrating private for-profit facilities comprehensively within government and donor-sponsored HIV programs will ensure more consistent financial risk protection to people living with HIV regardless of where they prefer to seek care. Additional research would reveal the best ways to achieve this integration.

Government employee insurance programs spend more than half of their HIV resources at private for-profit facilities. No other public program spends at for-profit facilities.
The public sector's willingness to channel money into the for-profit sector through government employee insurance suggests that there are opportunities for increased public-private partnerships, such as contracting out HIV service provision to private providers. Given the necessary training, the private health sector has the potential capacity to scale up its provision of HIV-related services and contribute effectively to maintaining Namibia's national HIV response.

Very little donor funding reaches private for-profit facilities.
These data show that a lack of donor funding reaches private for-profit facilities. Many large donors, including PEPFAR, the Global Fund, and the World Bank's Multi-Country AIDS Program, explicitly mention private sector engagement as a key component of a sustainable HIV response (Sulzbach et al., 2009). However, data from this analysis show a discontinuity between vision and practice in Namibia.

REFERENCES

Government of Namibia. 2010. *Health and HIV/AIDS Resource Tracking: 2007/08 & 2008/09*. Accessed March 4, 2013, http://www.healthsystems2020.org/content/resource/detail/2810.

SHOPS Project. 2013. *Namibia: Engaging the Private Sector to Achieve Priority Health Goals*. Bethesda, MD: Abt Associates.

Sulzbach, S., S. De, and W. Wang. 2009. *From Emergency Relief to Sustained Response: Examining the Role of the Private Sector in Financing HIV/AIDS Services*. Bethesda, MD: Private Sector Partnerships-One project, Abt Associates.

The Strengthening Health Outcomes through the Private Sector (SHOPS) project is a five-year cooperative agreement (No. GPO-A-00-09-00007-00) funded by the U.S. Agency for International Development (USAID). The project 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. SHOPS is led by Abt Associates, in collaboration with Banyan Global, Jhpiego, Marie Stopes International, Monitor Group, and O'Hanlon Health Consulting. The views expressed in this material do not necessarily reflect the views of USAID or the United States government.

For more information about the SHOPS project, visit: www.shopsproject.org

Abt Associates Inc.
4550 Montgomery Avenue, Suite 800 North
Bethesda, MD 20814 USA
Telephone: 301.347.5000 • Fax: 301.913.6019
www.abtassociates.com