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## ISSUE BRIEF

### Increasing the Role of the Private Health Sector

In sub-Saharan Africa, the private health sector ranges from traditional healers, pharmacies, and shopkeepers selling health care products, to nonprofit and for-profit clinics and hospitals. There are a variety of reasons people use the private health sector including convenience, perceived quality, confidentiality, or because nothing else is available. Moreover, private health care in sub-Saharan Africa is not just for the rich. Africans of all socioeconomic backgrounds turn to the private sector for their health care needs.

Meeting health care needs in sub-Saharan Africa is an enormous challenge for Ministries of Health (MOHs). The private health sector is an untapped resource that could be mobilized to help achieve Millennium Development Goals (MDGs). Sub-Saharan Africa will achieve better health sooner and more efficiently as the private sector is harnessed. MOHs can play a strategic role in setting the stage – through policies and program interventions – that can influence the private sector to achieve public health goals.

Considering the limitations on public health budgets and the reality of out-of-pocket spending flowing to the private health sector, it is time to bring the private sector into the fold as an ally in the struggle to provide quality health services to a greater number of people.

#### Why Involve the Private Health Sector?

- **The public sector must protect consumers by regulating and ensuring quality within the private sector.** Even in countries where the public sector is strong, significant numbers of consumers will continue to go to private sector providers. This does not mean, however, that they will receive quality care. Consumers are not always able to judge the competency of private providers, even when they perceive them to be friendly and caring. For this reason, the public sector must play a regulatory and oversight role in licensing and regulating private providers to ensure quality. Responsible private providers welcome the oversight and opportunities to improve their skills through continuing medical education requirements.
- **It frees up public health resources to reach those most in need.** Currently, public health service provision in sub-Saharan Africa is imperfectly targeted, more often benefiting the wealthier than poor population groups. An analysis from Guinea found that MOH spending benefited only 20 percent of the poor in comparison to 35 percent of the rich. In Mauritania, the same analysis demonstrated that 40 percent of the richest benefited compared to 20 percent of poor. This situation is not unique to these two countries, raising issues of equity and efficiency. The public sector can create policies and incentives that would encourage those who could afford to pay to go to the private sector for their health needs, thereby freeing up much needed resources for the public sector to focus on priority services for segments of the population who cannot afford to pay.
- **Private sector services and products require little support from donors or government budgets.** The advantage of the private sector is that it is self-sustaining because it leverages consumers' willingness to pay and is able to offer products and services at affordable prices. Profit made by private sector providers sustains the provision of health services over time and encourages more people to invest in the health sector.
- **Public-private partnerships can strengthen and retain human resources.** Partnerships with the private sector can offer a greater range of opportunities for qualified health professionals, retaining as many professionals as possible in the country. The public sector can greatly increase the number of trained professionals working in the country by simply including private

providers in its own training programs. Private providers have their own infrastructure and clientele, where they will apply their new knowledge and skills. The public sector can increase the number of service delivery points by adopting more flexible regulatory regimes that allow more providers to set up private practices while still staying within their scope of practice.

- **Private health infrastructure and networks can deliver services and drugs in areas not reached by the MOH.** With the HIV/AIDS crisis, there is growing recognition that all service providers must be mobilized and harmonized to cope with the epidemic. MOHs can play an important role in encouraging the private sector to address this public health emergency by setting standards and monitoring the quality of care so that public health goals can be reached. Many private clinics run by companies and nonprofit organizations operate in isolated areas. The public sector can extend its reach into these areas at a lower cost by contracting out public sector services to these clinics. For distribution of health products, social marketing and other private sector partnerships can ensure wide and reliable access to urgently needed health services and products in areas not already served by the public sector.

## African Success Stories in Working With the Private Health Sector

Sub-Saharan African governments can influence the private health sector through a variety of mechanisms, including:

- Public financing of the private health sector to create more efficiencies which will then allow the public sector to better target their resources
- Creating an enabling environment for the private health sector through legislation and regulation
- Establishing formal partnerships with the private health sector to encourage delivery of certain kinds of health services, such as family planning and reproductive health.

### Public Financing Strategies

- Health insurance
- Community health insurance (*mutuelles*)
- Vouchers

### Public-Private Partnerships

- Contracting services
- Franchising
- Leasing equipment and facilities
- Concessions

For additional information on successful public-private partnerships for health, please refer to:

**Private Participation in Health Services.** By April Harding & Alexander S. Preker. World Bank.

Visit [http://www-wds.worldbank.org/servlet/WDS\\_IBank\\_Servlet?pcont=details&eid=000094946\\_03061104025794](http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000094946_03061104025794)

**State of the Private Health Sector Wall Chart.** By PSP-One, USAID.

Visit <http://www.psp-one.com/content/resource/detail/2676/>

**Trends and Opportunities in Public-Private Partnerships to Improve Health Service Delivery in Africa.** Working Paper Series – No. 93.

**Working With Private Providers to Improve the Delivery of Priority Services.** PHR Primer.

Visit <http://www.phrplus.org/Pubs/pps2.pdf>