



Chapter 12

Private Sector

1. Why should the private sector be involved?

In addition to the enormous impact of HIV/AIDS on the private sector in human, financial and social costs, companies and professional business associations represent powerful stakeholders and effective partners in the war against the epidemic. Many private companies are already implementing HIV/AIDS prevention, care and treatment and mitigation programs that can easily be scaled up.

- **Coverage and Influence.** A large proportion of Africans spend much of their lives working in private companies which are in unique positions to influence behavior both within their own work forces (and their families) and with the broader constituencies with which they deal. Employees of certain industries, such as mining and transportation, have high levels of vulnerability to HIV and therefore carry a significant burden;
- **Results Approach.** The “bottom line” discipline and the results-oriented approach with its emphasis on efficiency and effectiveness are important to HIV/AIDS programs. Many effective HIV/AIDS programs were initiated by and piloted in the private sector, both in Africa and around the world;
- **Special Expertise.** The private sector has various core competencies which can be of particular use in the war against the epidemic. These include: financial and accounting skills, technical know-how, understanding of communications media, and the marketing and selling of products and services. It also possesses particularly valuable knowledge to reach and change opinions/behavior of large numbers of people;
- **Financial Resources.** Many private companies may be prepared to shoulder a much higher percentage of the costs of HIV/AIDS programs than the public sector or other segments of civil society, thus leveraging donor funds.

2. The role of the private sector today

The private sector has started HIV/AIDS programs itself both in industries whose workers are severely impacted by or transmitters of HIV/AIDS and more generally. However, the ability of small and medium-sized companies to provide sufficient financial and technical resources has been far less than for large companies and for local branches of international companies. The private sector has also participated in NACs and has begun to mobilize, often through professional associations, resources for various HIV/AIDS activities. The private sector participation in fighting the epidemic should fall under overall national HIV/AIDS strategies, and companies that seek resources from donors should fulfill established eligibility criteria. These criteria can be different depending on the size of the company, as well as taking into account the local business environment. NAC resources should supplement funds already mobilized within the private sector.

However, experience to date has shown that donor funds have not often been used to support private companies even though donor funds do provide for funding of civil society organizations, including individual private companies and various kinds of private sector associations¹⁴. In addition, a number of international private sector partnerships are available¹⁵.

3. Lessons learned

- **The private sector is not a monolith but very diverse.** Many different types of organizations can be defined within the private sector. The private sector can encompass commercial sex workers, independent truckers, guest-workers, micro-enterprise, the non-formal sector, SMEs, pharmaceutical and private health services, professional associations, and large national and multi-national companies. Programs that are defined and put in place to target the private sector, should recognize the different needs and types of interventions necessary to make an impact.
- **SMEs and the informal sector need special attention.** SMEs and the informal sector make up the largest proportion of the private sector in developing countries and emerging markets. They are also the fastest growing part of the private sector worldwide. They are, however, less easy to reach in an coordinated and efficient way. Options can include exploring strategies to engage them through industry associations and informal groups, often at the community level. Additionally, larger companies can be encouraged to reach out to their suppliers and supply chains and develop programs and provide technical assistance to service providers which can be funded by a National AIDS Commission (NAC).
- **Don't forget the parastatels.** Parastatels occupy an unusual position. They are often large employers, and can be semi-private. If these organizations don't fall within the public sector portion of a MAP program, they can be captured within the private sector as many of their issues are similar.
- **NAC does not reach out – the private sector does not reach in.** Despite representation on NACs, the private sector is not getting the message that resources are available to support their programs. As a consequence, the opportunities to reach large numbers of affected and infected people and to share experiences and lessons learned are more limited than they could be. Similarly, the private sector has not yet actively pursued a systematic engagement with the NAC in most countries, often because they find the “transaction costs” of dealing with bureaucratic NACs to be too high. In many countries, the private sector is actively participating in National Business Coalitions against HIV/AIDS, as a strategy to coordinate their interests and have influence on national policies and HIV/AIDS agendas. Though significant gains have been made, the private sector would like to be asked to participate and this can be done through financial support for the emerging coalitions, and a targeted communications campaign.
- **Donors, or recipients, or both?** Some private sector companies are able both to undertake HIV/AIDS programs with their own resources and to contribute technically and financially to others. However, most private companies, especially the medium and small companies that employ the largest number of workers overall, are not in this position and should receive NAC funds, with the appropriate amount of counterpart financing. Only in this way will the private sector be fully engaged in the war against HIV/AIDS and make the important contribution of which it is capable.
- **Private Healthcare is often left out.** Private healthcare is a critical partner in the ability of some countries to deliver general health services as well as scale up access to and implementation of treatment. Yet, they are often left out of the national HIV/AIDS strategy, the strategy of most Ministries of Health, and the core constituencies of the many budding Business Coalitions. Private healthcare often provides between 12% – 70% of services in many countries and is a valuable partner in national HIV/AIDS programs.

¹⁴ *The private sector has been involved so far in MAP projects largely as providers of goods and services funded by MAP for implementation agencies or as contractors when various functions such as financial management and disbursement, procurement, and monitoring and evaluation have been contracted out by NACs and implementing agencies.*

¹⁵ *“The Business Response to HIV/AIDS (www.unaids.org);” Global Business Council on HIV/AIDS (www.GBCAids.com); World Economic Forum (www.weforum.org).*

- **Efficient communication.** Responding in “real-time” on issues of interest to the private sector, such as information requests and financing decisions, is essential since the private sector works on a faster turn-around cycle than donors/public sector;
- **Start with large, well financed firms for piloting interventions.** Success with a highly visible private sector firm’s efforts provides a demonstration effect and paves the way for other and smaller firms to follow;
- **Promote twinning** of larger firms with SMEs in sharing knowledge about effective HIV/AIDS interventions.

4. Recommendations

- **Make sure policy is well publicized.** The private sector needs to know that they are explicitly included in access to NAC resources.
- **Private sector representation in the leadership of the NAC.** To insure that NAC policies and practices are considered in the development of the overall national strategy, it is useful to have a representative from the private sector as a member of the NAC, or in a high-level position within the national AIDS secretariat.. Inviting a Chairman or Executive Director of an influential or large national or international company would provide useful perspective and involvement of the private sector in high level decision making.
- **Market MAP to the private sector.** NASs need to market the MAP approach as aggressively to the private sector as it does to other elements of civil society, through a variety of mechanisms such as: (i) establishing a private sector focal point¹⁶ in NASs ; (ii) contracting out MAP marketing and project preparation for small and medium sized businesses to business associations; and (iii) building formal partnership links to national and international private sector organizations;
- **Private sector criteria.** Countries should define precise financial terms for the private sector to access NAC resources in each country, and the private sector should be encouraged to increase its participation as “donors”.
 - **Financing.** If the NAC asks the private sector to work together to mitigate the impact of the disease, either as a partner or donor, than companies will likely need more incentive than just getting free advice. Companies and organizations will expect that they can receive financial assistance to scale up programs, pilot new initiatives, and reach out to their memberships to deliver programs. In exchange, companies should offer counterpart financing and in-kind contributions, including: a network of contacts, channels of communications to business partners; material assets, such as premises, providing venues for meetings, VCT, sponsorship campaigns, equipment, goods, drugs, transport; and skills- such as management, monitoring and measurement capacities - information technology, and human resources;
 - **Transparent and simple eligibility criteria, application and selection process.** It would be useful to work with the private sector to develop criteria and an application process to access donor funds from the NAC. These criteria should distinguish between different categories and sizes of private sector companies (e.g. micro-enterprises, SMEs, large nationals, multi-nationals), as a one-size approach will not fit all. Developing a simple how-to guide for the private sector on how to access funding from the NAC is always useful.

¹⁶ *The full benefits of working with the private sector will be recognized if a NAC is able to hire a private sector focal point. Because the private sector is so diverse, taking full advantage of the energy, opportunities and resources of the private sector takes specialized knowledge. This may include, (i) a full-time person within the NAS (recruited from the private sector or with knowledge of the sector to understand the essential issues), or (ii) out-sourcing the focal point function to a private sector partner as seen in Annex 12 (CD_ROM) (e.g. Business Council, Chamber of Commerce) so that mainstreaming/outreach is delivered by a “peer”;*

- **Consider earmarking a percentage of funding for private sector programs.** It may be useful to demonstrate the intent of the NAS to ensure collaborating with the private sector will result in real benefits for both. In order to do this, a percentage of the annual funds available from the NAS might be negotiated and earmarked on an annual basis to support private sector participation in the fight against HIV/AIDS.
- **Use an industry association** – An existing association, such as a national HIV/AIDS private sector business council, labor unions, employee federations, and coalitions of associations are logical groups to work with the NAC on private sector participation. Such groups tend to include all the types of members and representative organizations that NAS would want to reach in order to provide materials, information and advice. It also has the added value of being able to coordinate resource mobilization for its membership.
- **Develop and implement a communications strategy aimed at the private sector.** NAC should develop an effective outreach strategy that will use the power of media partners to get the message out to companies about their civic responsibility to participate in the war on HIV/AIDS. It will also let companies know that resources are available to start-up programs and to scale-up successful pilots as well as point out the importance of private sector linkages with NGOs to enhance IEC. The campaign should also include specific information about how to access technical and human resources that can provide guidance for companies interested in getting started.
- **Full grants to the private sector.** If a private company wants to provide HIV-AIDS services outside its normal business operations, it should be treated as any civil society NGO and receive full grant financing.

