

THE PROMOTION OF PUBLIC-PRIVATE PARTNERSHIPS IN HEALTHCARE

Public-Private Partnerships (PPPs) are increasingly promoted as an instrument to provide and finance healthcare in low- and middle-income countries. However, the available evidence does not show that PPPs fulfill the benefits for which they are promoted. In fact, most research points out that PPPs have an opposite, negative effect on achieving equal access to quality key health services for everyone (Universal Health Coverage).

As outlined in this paper, PPPs are often far more expensive for governments than public procurement, do not align with the most urgent medical needs and they seem to exacerbate access for poor populations. Wemos therefore strongly recommends global actors such as the World Bank and World Health Organization and country donors to stop promoting PPPs for healthcare provision and financing in low- and middle-income countries. Instead, they should focus on strengthening public healthcare provision and financing - in alignment with the current trend in high-income countries.

What is a PPP? A PPP is a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance (source: pppknowledgelab.com). In a typical a PPP, the project company raises finance from the investors, subcontracts other private companies to run the service, and the service is repaid by the government (through subsidies) and/or citizens (through user fees).

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The use of PPPs for healthcare provision and financing is promoted in low- and middle-income countries by global actors such as the World Bank and by country donors such as the Netherlands. Such institutions use many arguments while promoting PPPs in healthcare, which we can summarize in these points:

- PPPs leverage financial resources from the private sector, thus relieving the public purse;
- PPPs allow for higher risk sharing, shifting the investment risk from the public to the private sector;
- PPPs leverage the expertise and skills of the private sector;
- PPPs provide better efficiency and Value for Money;
- PPPs increase access of poor populations to healthcare.

However, how valid are these arguments? In this position paper, we compare these arguments with available literature from academics and civil society. After doing so, we highlight the main concerns regarding PPPs.

MAIN CONCERNS ON PPPS IN HEALTHCARE

PPPs are often more expensive than traditional methods of public procurement



The profit margin for investors, as well as the use of private finance, make PPPs often very expensive. According to a [2019 systematic review](#), all academic articles that compared PPPs with traditional public provision in Europe, pointed out the higher cost of PPPs in healthcare. Because of their high costs, European countries that previously invested the most in PPPs (Spain, Portugal and the UK), are now abandoning them. Yet, healthcare PPPs are still strongly promoted in low- and middle-income countries.



PPPs allow private investors to set (wrong) priorities in healthcare financing

Investors are interested in investing in the most profitable areas, such as specialized care, even when more basic services are lacking. For example, an expensive PPP contract for the leasing of specialised medical equipment in Kenya was conducted without a proper assessment of the healthcare and capacity. According to a [report from 2020](#), this resulted in underutilization of the equipment, due to lack of personnel and supporting infrastructure in the health facilities.

PPPs require complex contracts, which often are renegotiated, with escalating costs for the government.



This is what makes PPP very risky, especially in low- and middle-income countries, where governments lack the technical capacity to carry out complex contracts and renegotiations. Renegotiations are very common, with [68% of PPP contracts](#) being renegotiated in Latin America. The cost of renegotiations can also be very high, as in the case of the [Queen Mamohato Hospital](#) in Lesotho, whose costs more than doubled after the renegotiations.



PPPs may not improve the access of poor populations to healthcare

As private health investment is often not directed to areas where the poorest populations live, they fail to improve access to care for the poorest, as highlighted in a [recent report from ISER](#) on a PPP for maternal health services in Uganda. Moreover, PPPs can entail user fees, which increase inequality in the access to healthcare, as [documented in India](#).

RECOMMENDATIONS

Considering that the risks and disadvantages of healthcare PPPs are connected to the involvement of private financing, as well as a lack of budget for public investment, we developed the following recommendations. Development actors – including bilateral, regional and international providers of Official Development Assistance (ODA), multilateral, regional and national development banks, and United Nations (UN) institutions – should:

- Stop promoting PPPs in healthcare delivery and financing until more evidence on their impact on access, efficiency and fiscal risk is produced.
- Focus on overcoming the obstacles in strengthening public healthcare provision and financing, through technical and financial assistance.
- Promote public investment, especially when used to address the most pressing needs of the health system; strengthen the public purse through progressive fiscal revenue.