

The Public-private interface: more than 'a driver of economic growth'

Dr. Sania Nishtar

Changes in public-private roles are interlinked with broader changes in the macro-economy. Limitations of centrally planned economies, the resultant privatization of State-owned enterprise accentuated by fiscal constraints and donor conditionalities have continued to promote a package of measures in the developing countries, which make private sector the engine of growth. The current Government of Pakistan polices hinge on this concept and have forged 'partnerships' with the private sector in order to finance infrastructure needs of the country and open new sectors on the premise that the role of the State is to provide a policy, regulatory and legal environment. Within this context the recent title of Pakistan's Development Forum "Drivers of Economic Growth: Unleashing the Potential of the Private Sector" was relevant given that it underscored the realization that many considerations have – and will continue to – automatically move back the borders of the State, reshaping the way the government does business.

However, it must be recognized that these considerations also impact the discourse over public goods and the role played by governments in financing and providing social services – health and education, in particular. And it is here that another dimension relating to "unleashing the the private sector" – one that draws the social sector into the debate – is of relevance. Exploring different mixed arrangements for the delivery of public good does not mean changing the roles of the Government but *transforming it*. It is hoped that future gatherings of the Pakistan Development Forum will expand their focus to this broader and more appropriate context of public-private roles and opportunities and will ensure adequate representation of stakeholders given that a discourse over this transformation takes more than the development partners and the government and in view of the fact that one of the key stakeholder in this arrangement is the indigenous civil society!

Public-private relationships range from interface arrangements, privatization, contractual roles, to true partnerships. The latter being long-term task-oriented arrangements that bring together organizations with the mandate to offer public good on the one hand, and those that could facilitate this goal through the provision of resources, technical expertise or outreach, on the other. A variety of combinations can emerge to serve a number of purposes when the public sector comprised of governments at various levels and/or multilateral agencies vis-à-vis the private sector, which consists of for profit and non-profit entities, are interfaced.

Extrapolated to a health sector context, and limitations notwithstanding, a range of partnerships can be cited from within Pakistan where the public-private mix works together for service delivery, enhancing outreach, in governance arrangements and in strategic planning. For example, Pakistan is involved in many *transnational*

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As the government forges new partnerships with the private sector, it must not ignore its role in financing and providing social services — particularly health and education

health

A healthy debate

By Dr. Sania Nishtar

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partnerships such as GAIN, GAVI , STOP TB and Roll Back Malaria for improving access of populations to products and services. At a *service delivery level*, the recent strategy to revamp the Primary Health Care System is based on a public private model where services are contracted out to NGOs at a basic health care level. Partnerships have also been forged *for the delivery of preventive programs*, as in the case of the National HIV/AIDS and Malaria control programs. Examples of *outreach enhancing partnerships* are the EPI programs' use of private sector field force to augment polio day campaigns and the social marketing partnerships with Green star, Key Social Marketing and Marie Stopes for improving contraceptive use. Partnerships with NGOs with technical capabilities such as with Marie-Adelaide for leprosy control and Heartfile for non-communicable disease control are also well established. The public private interface can also be galvanized at a governance level; representation of the private sector on hospitals boards such as in the case of SIUT and Kidney Center in Karachi and other hospitals is an example; at a grass roots level, public-citizen partnership can be formed at the level of Citizen Community Boards and Village Health Committees as part of the Devolution initiative. Public private relationships can also be forged for resource mobilization; these allow governments to tap into corporate resources and enable the commercial sector to fulfill its social responsibility. The recent contributions of Merck Marker to renovate and upgrade the Emergency of PIMS hospital is an example of an infrastructure related contribution; Novartis pharmaceuticals' contribution of Rs. 1.5 billion in the year 2005 to provide the anticancer drug Glivec under its Glivec International Assistance Program is an example of contributions for improving access. The private sector interface for health financing also has the potential to restructure the manner in which services are delivered. The State currently models health care delivery on tax revenues and out-of pocket payments; this base can be broadened by mainstreaming the role of private insurance industry, enhancing the coverage of the Employee's Social Security Scheme and mainstreaming health in the recently launched Social Protection Strategy. Furthermore, the recent creation of the Heartfile-hosted Health Policy Forum is yet another example of a civil society led effort which serves as the first health think tank in the country and contributes to strategic planning at a policy level.

It is well established that leveraging the potential of the private sector partners can significantly improve outcomes across a range of social services and can enable the State to share responsibility for getting programmes out to communities by relying on groups and organizations that have complementary mandates. These arrangements present a very powerful mechanism for leveraging the strengths of various partners; however caution needs to be exercised given that the idea is not to privatize public responsibilities but to strengthen safety nets. Careful attention therefore needs to be paid to ethical, conflict of interest related, methodological, accountability, sustainability and governance issues in such relationships. In line with this there is a need to develop norms and standards which stipulate certain criteria in relation to the relevance of partnerships to the overall goal of development. In addition, there is also the need to strengthen and update policies, legislative frameworks and operational strategies that legitimize and give clarity to the roles and responsibilities of the public and private stakeholders in combined models.

The Punjab Government has drafted a law – the Punjab Private Participation in Infrastructure Development Act – which lays down a statutory framework and procedures for formalizing the participation of the private sector in building infrastructure in the province. According to their website, the law will come into force after approval by the provincial cabinet and assembly. However, this law and the institutional mechanisms which it will create – the Punjab Infrastructure Regulatory Authority – are primarily relevant to building infrastructure and outlining contractual agreements on the basis of BOT, BOO and ROT – expressions that have been referred to in the Medium Term Development Framework. However, legislation on public-private relationships needs to be more overarching and applicable at a country level. The role of the recently created Infrastructure Project Development Facility under the auspices of the Ministry of Finance can be important in this regard as it can play an important role not just by providing timely and easy access for PPP implementing agencies but also preparing and managing PPP projects in the country in view of the aforementioned broader considerations.

The impetus for driving efforts in creating a transparent and conducive environment for public-private partnerships needs to come from the public sector. This raises the issue of capacity and highlights the need for gaps in capacity to be bridged as a priority – particularly with respect to regulation given that the success of public

private partnerships lies in the ability of governments to transparently regulate such arrangements. It must be recognized that the results of such actions will only be as good as the Government intends to make them and therefore, it must have a strategic outlook in attempting to yolk the private sector to their own cart.

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