Reversing the Private-First approach: the risks of Public-Private Partnerships in Healthcare

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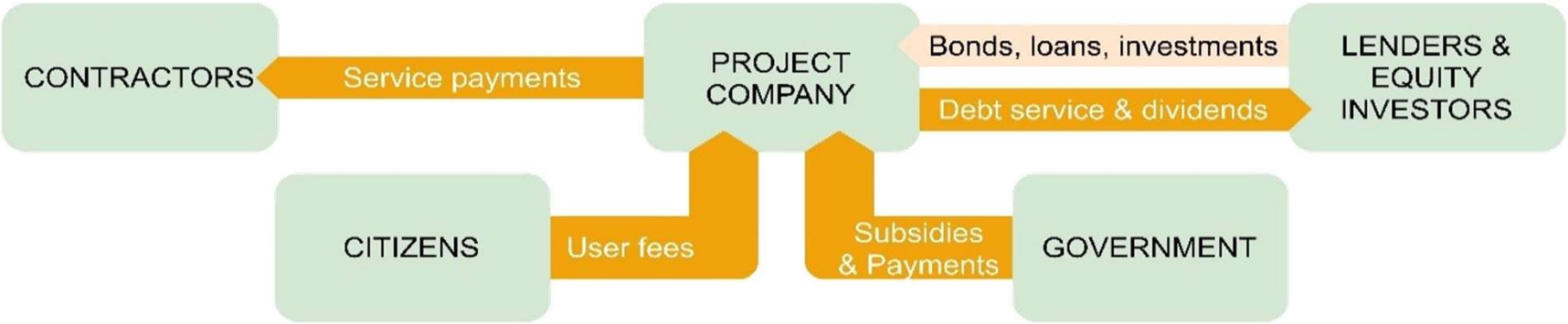
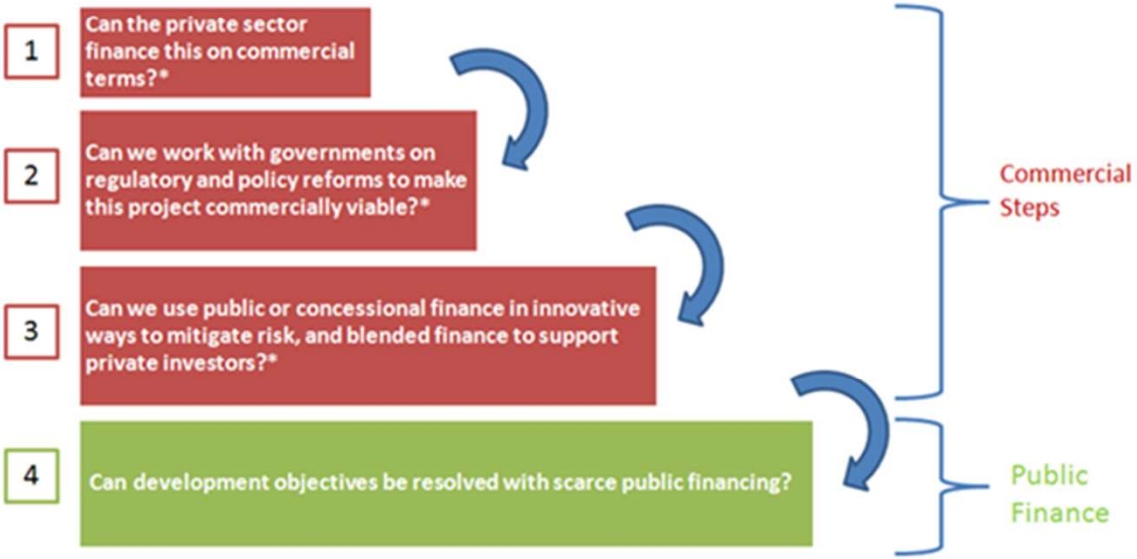
What is a Public-Private Partnerships and how does it work?

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.



From: pppknowledgelab.com

The promotion and the narrative of Public-Private Partnerships in healthcare



The Narrative around Public-Private Partnerships (PPP) in healthcare

1. PPPs shift the investment risk from the public to the private sector
2. PPPs leverage the expertise and skills of the private sector
3. PPPs provide better efficiency and Value for Money (VFM)
4. PPPs increase access of poor populations to healthcare

From: Jim Yong Kim (2017). Rethinking Development Finance

Public-Private Partnerships put private investment at the centre of financing and provision of healthcare services. This:

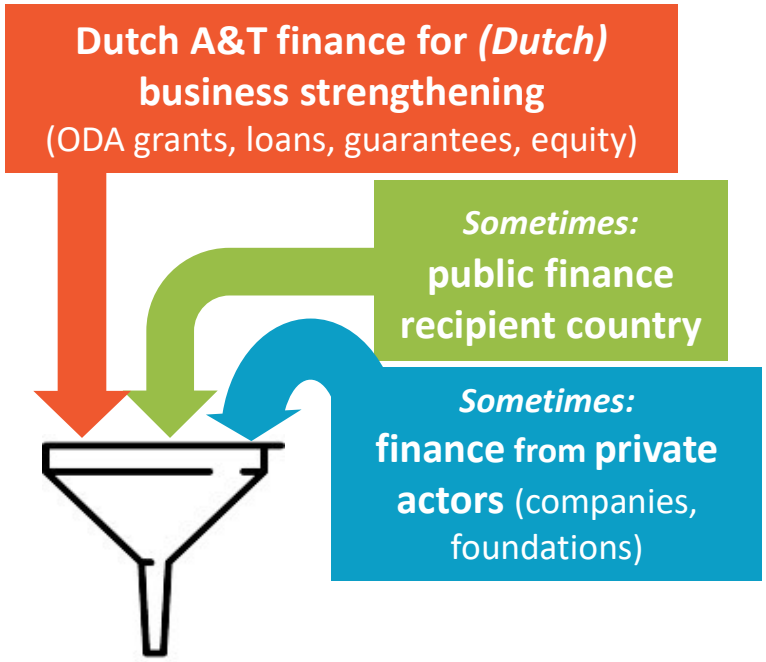
- Makes them expensive for governments (and citizens)
- Influences priority setting
- Requires complex contracts and risky renegotiations
- Can affect access to health services

Are PPP-related costs higher than under traditional public financing?

According to a 2019 systematic review, all peer-reviewed articles that compared PPP cost with traditional procurement in the EU, pointed out the higher cost of PPPs in health.

Cepparulo, Eusepi, & Giuriato (2019). Public Private Partnership and fiscal illusion

Dutch Aid & Trade programs in Africa: the private health sector promotion through development finance



Use in healthcare in sub-Saharan Africa

Main concerns:

- Focus on opening the healthcare market to private (Dutch) businesses
- Fast realisation of PPPs
- Transparency & accountability
- At odds with untying of aid
- Crowding out of citizens' voices

Read more in our discussion papers: https://www.wemos.nl/en/dutch-aid-trade-in-health-at-odds-with-health-equity/

Our recommendations on Public-Private Partnerships

1. Stop promoting Public-Private Partnerships in healthcare, until more evidence on their impact on access, efficiency and fiscal risk is produced.
2. Avoid contracts that involve high levels of private finance.
3. Increase the budget for public healthcare, because of its potential to reach Universal Health Care even with limited resources.

Consider an upside-down cascade

Or a *'public first'* approach in health financing for development