

Advancing Good Governance Seminar

7 June 2013 – 11:15 AM – 12:30 PM

Transforming Development: Is the Traditional Donor Model Being Superseded by Public-Private Partnerships?

As the development sector faces increasing funding deficits, there has been a gradual shift towards public-private partnerships (each, a “**PPP**”). This session examined the evolution of the PPP model through illustrations of historic approaches and examples of current operational models. The panelists discussed the challenges posed by the private sector’s profit motive, and the challenges involved in establishing effective governance principles (including specific governance challenges) for PPPs.

Key Points from the Session

- 1. PPPs provide a sustainable way of intervening in the development sector when governmental assistance ends, or suffers from funding shortfalls.** Governmental resources are often limited, and PPPs are an efficient way of ensuring that projects remain sustainable, in terms of impact as well as funding. Therefore, a project aimed at targeting HIV/AIDS with a limited time span and restricted funding could have more sustainable impact if taken forward under the auspices of a PPP, given the long-term engagement required to deal with HIV/AIDS patients. The challenge is to try and locate a set of overlapping interests between the private sector, governments and the developmental sector to take projects forward.
- 2. Project design is of paramount importance in PPPs.** The real challenge when it comes to designing PPPs is to ensure that the governance structure is not lopsided – although this should not necessarily mean that each party has equal say in the day-to-day operation of the PPP. In certain matters, the government or community-based organizations may have the final say, and equally, in certain commercial matters the private sector may have the final say. As the private sector is risk averse, project design has to be documented in a comprehensive manner to ensure legal certainty. The role of each party in the PPP has to be clearly understood; for example, in the Strategic Water Partners Network (the “**SWPN**”) a code of conduct has to be adhered to by the private sector when tendering for projects. Comprehensive project design (e.g., building stakeholders such as women’s organizations, nurses organizations and cleaner’s organizations into the equity structure of a hospital PPP) can provide a counterpoint to traditional procurement models which have extremely vague rules on community participation.
- 3. PPPs are less susceptible to corruption.** The panelists agreed that, due to the increased transparency and accountability inherent in the collective governance of PPPs, PPPs are less susceptible to corruption.
- 4. PPPs seek to complement the work of government rather than provide a substitute for governmental services.** In many countries, PPPs are a way for governmental services to be enhanced through the participation of the private sector. Riders for Health provides healthcare outreach services in countries where governments are not able to access certain rural areas. Similarly, the SWPN seeks to provide a multi-stakeholder solution for South Africa’s water shortage problems, going beyond the work of the government.

Emerging Questions

1. PPPs often do not safeguard the interests of civil society which tend to be the least powerful of the PPPs constituents – how are issues of legitimacy and accountability addressed in a PPP, and how are these issues continually monitored and evaluated?
2. Can we quantify PPPs' decreased susceptibility to corruption?
3. What can be done to ensure that the benefits of PPPs flow through to the communities rather than to private sector actors?