

The Role of Public–Private Partnerships in Strengthening Health Systems

Although public–private partnerships are not a panacea, they show much promise as an innovative way to include the private sector in health systems strengthening and enhance program sustainability over time.

As an invaluable component of strengthening health systems, public–private partnerships (PPPs) enable governments to collaborate with the private sector in pooling resources, combining the managerial and technical skills of both to improve the health of the population.

Recent Examples of FHI 360's Work

FHI 360's work in this area extends across a range of settings and includes: efforts to strengthen health service delivery through provider networking or franchising; the creation of monitoring frameworks that ensure the accountability of both partners; and activities that build trust and encourage collaboration between the public and private sectors.

- In Kenya, an FHI 360 collaboration with the Ministry of Health to reduce the burden on public hospitals established and implemented the Gold Star Network as a private-sector provider of HIV/AIDS and family planning services and programs. The network, now operational in four of the country's eight provinces, subsidizes treatment at private facilities and facilitates referrals to public facilities for individuals who are unable to meet treatment costs. Private providers in the network receive training in services and standards of care and gain access to a public commodities management system. The Gold Star Network served 116,636 clients in 2010 and is being extended to include tuberculosis care.
- In India, FHI 360-led technical assistance for the Andhra Pradesh Health Sector Reform Program provided guidance to the government on the best types of public–private partnerships for rural emergency health-transport services and a health-information help line. Several PPPs were already in place, including one between the Health Management and Research Institute of India and a not-for-profit professional organization contracted by the Andhra Pradesh government to provide emergency ambulance service. Together with the government, this partnership assists citizens, particularly in rural and interior areas, to access qualified doctors and obtain accurate information on health issues through a toll-free help line. To ensure accountability and strengthen the relationship between partners, FHI 360 developed a monitoring framework and a random-audit system.
- Also in Andhra Pradesh, FHI 360 facilitated the adoption of the Karuna Trust, a well-documented public–private partnership through which several states in India have contracted out the management of primary health centers to a private partner to ensure quality primary health care. The pilot for the Karuna Trust was launched in 1996 in Andhra Pradesh, and the Trust was soon extended to other states. The primary health centers managed under the Karuna Trust during its pilot saw their overall infant mortality rate drop from 75.7 deaths per 1,000 live births in 1997–98 to 23.6 deaths per 1,000 live births in 2004–2005.

The Evidence

Public–private partnerships may be more effective than separate public- and private-sector programs and services, but expected results depend on the type of PPP, described in Table 1.

Evidence points to the potential of public–private partnerships to achieve measurable improvements in strengthening health systems.¹

Contracting out increases the use of health services. In Bolivia, El Alto Municipality contracted out the management of a hospital to a nongovernmental organization (NGO) and later transferred the management of all district facilities to the NGO. The Ministry of Health reported a 21 percent increase in the number of deliveries attended by health personnel.

Contracting out improves health outcomes. In Cambodia, the Ministry of Health partnered with several international NGOs—different organizations for each district—transferring to them the control, management, and use of all means to provide all health promotion, prevention, and curative services in district hospitals, sub-district health centers, and health posts. This contracting out correlated with an absolute increase of 21 percent in the use of public facilities as well as a 19 percent increase in the uptake of vitamin A. Measures of health outcomes also indicated improvement. The number of individuals reporting they had been sick in the past month decreased, as did the incidence of diarrhea in infants.

Concessions can generate large revenues for health systems that can be reinvested in key service areas.

Since 2000, the Free State Department of Health in South Africa has entered into concessions agreements with private hospitals and health groups to upgrade underused public hospitals. Under the agreements, which last for periods of 20 to 30 years, the private partner pays a monthly fee to rent private hospital space within the public facilities for which it is responsible and pays a share of operating costs. Concessions are normally conducted to improve efficiency, and these types of concessions show encouraging results. One concession, involving two public hospitals, has generated total revenues of 9.6 million South African Rand (US\$ 1.4 million) since its inception in 2002. These funds are dedicated to the maintenance of hospitals under the Bloemfontein Hospitals Public–Private Partnership. This arrangement also gives public or academic providers access to the private sector’s state-of-the-art equipment and technologies, allowing these providers to offer higher-quality services to their patients.

Regulatory analysis, reform, and harmonization can open the door for innovation and improved services.

Policy reform that lowers barriers to private-sector participation in the health sector is not traditionally conceptualized in terms of public–private partnership, but such partnerships can be powerful. Reforming laws, regulations, and policies that hamper the development of the private health sector can engage the private sector as an important ally in ensuring access to and quality of primary health care in low- and middle-

TABLE 1. COMMON TYPES OF PUBLIC–PRIVATE PARTNERSHIPS

Intervention	Description	Expected results
Contracting out	Governments contract with private providers (nonprofit and for-profit) to deliver health services or to operate facilities.	Contracting out can expand the private-sector coverage of particular services and, through competition, may improve (when specified in a contract) the quality and efficiency of care.
Concessions or lease contracts	A private company pays either a percentage of revenue or a fixed sum to the government for the exclusive right to operate, maintain, and conduct investment in a publicly owned facility for a given number of years. A lease contract defines the firm’s payment terms.	Concessions and leases are typically conducted for efficiency gains. The government can maintain ownership of the asset but pass on operational tasks to the private firm.
Regulatory analysis, reform, and harmonization	Governments update and harmonize laws, policies, regulations, and procedures to authorize the private provision of services and products by certain health professionals in specific settings.	Regulatory analysis and reform can promote competition and organization (for example, multi-pharmacy chains), which often provide better quality and lower prices. They remove obstacles to private-sector contribution and create incentives that motivate the private sector to provide public health services and products.
Provider networks and franchises	Networks and franchises group health care providers under an umbrella structure or parent organization.	Networks and franchises can provide a standard for quality and prices and encourage individual private providers to scale up their services.

Adapted from O’Hanlon B.²

TABLE 2. COMMONLY CITED STRENGTHS AND WEAKNESSES OF PUBLIC AND PRIVATE SECTORS

Sector	Strengths	Weaknesses
Public	<ul style="list-style-type: none"> • More affordable services • Large and well-trained staff • Ability to bring other sectors on board • Governing role for the entire health sector • Large infrastructure 	<ul style="list-style-type: none"> • Technical inefficiency • Lack of choice for consumers • Poor quality • Operational inefficiency • Inefficient use of money and other resources • Poor enforcement policies • Donor-driven focus
Private	<ul style="list-style-type: none"> • Technical efficiency • Managerial capacity • Additional resources • Consumer orientation • Innovation • Less bureaucracy • Highly motivated staff • Ability to mobilize resources 	<ul style="list-style-type: none"> • Profit-driven focus • Narrow focus • Competitive instead of complementary approach • Quality issues • Affordability

Adapted from Barnes J.³

income countries. In 2004, the Zambian Ministry of Health issued regulations that enumerated and expanded the scope of practice for private-sector nurses, including the conditions they can treat and the drugs they can prescribe. In addition, the Nursing Council revised the nursing regulatory system to permit nurses to own and operate nursing homes.⁴

Relevance of Public–Private Partnerships to Strengthening Health Systems

Both the public and private sectors have strengths and weaknesses (see Table 2), and neither sector can independently address the comprehensive health needs of the population and fulfill all of the functions of the health system.

FHI 360’s Expertise and Services in Public–Private Partnerships

FHI 360 experts can provide services that include the following:

- Assess the strengths and weaknesses of both private and public sectors
- Identify areas in the health system where a public–private partnership would add value
- Develop a contract or memorandum of understanding between public and private sectors
- Evaluate the results of a public–private partnership in terms of health systems strengthening and health outcomes

- Assess a public–private partnership’s costs and efficiency
- Advise ministries of health on sustaining and scaling up such partnerships after evaluation of a pilot

Lessons, Challenges, and the Way Forward

Adequate trust among partners, political will and public support, access to sustainable funding, governance, and accountability are all crucial to the success of public–private partnerships in the health sector. To be successful in strengthening the overall health system, the partnerships must be well designed and well managed. Agencies must foster the capacity to partner well with the private sector. Thorough planning, a robust monitoring mechanism, and meaningful regulatory measures from the government are necessary to ensure that services provided by NGOs meet agreed-upon standards of care and contribute to positive health outcomes. Although public–private partnerships are not a panacea, they show much promise as an innovative way to include the private sector in health systems strengthening and enhance program sustainability over time.



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About FHI 360: FHI 360 is a nonprofit human development organization dedicated to improving lives in lasting ways by advancing integrated, locally driven solutions. Our staff includes experts in health, education, nutrition, environment, economic development, civil society, gender, youth, research and technology — creating a unique mix of capabilities to address today's interrelated development challenges. FHI 360 serves more than 60 countries, all 50 U.S. states and all U.S. territories.

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