



# Democratizing the PPP standard setting process of the health sector

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The United Nation's Economic Commission of Europe (UNECE) has shown remarkable organisational entrepreneurship and political innovativeness. As a result of the UNECE Reform Process adopted in December 2005, a new programme on Economic Cooperation and Integration was started. This programme is implemented by the Committee on Economic Cooperation and Integration (CECI). The Committee promotes a policy, financial and regulatory environment conducive to economic growth, innovative development and higher competitiveness in the region of the UNECE focusing mainly on countries with economies in transition.

However, while initially focusing on the region covered by UNECE (Europe and Central Asia), the CEDI expanded its mandate by focusing on Public Private Partnerships (PPP) in various social and economic sectors at global level thereby going beyond the traditional UNECE territorial boundaries. In order to avoid conflicts of influence and overlapping of mandates with the other UN economic commissions such as UNECA, UNESCAP or UNECLACe, a solution was found to keep the central policy making at UNECE in Geneva while creating knowledge or competence centres in different parts of the world.

As stated on the UNECE's website:

*The main objective of CECI in this area is to increase the expertise of governments to identify, negotiate, manage and implement successful public-private partnership projects (PPPs). This will be done through exchange of knowledge and experiences of PPPs by member States, including experts from public and private sectors, particularly in the identification and testing of best practice. The activities will result in guides on best practice,*

*studies and innovative tools that can be used in capacity-building programmes and training. To achieve its objectives, CECI organizes meetings and conferences, drawing on the expertise of an international network of experts in the area of Public-Private Partnerships. It incorporates the work of the former PPP Alliance.<sup>1</sup>*

Following the stated objectives, UNECE has been able to set up knowledge centres or is currently negotiating such PPP knowledge centres for instance in the sector of Health, with the Department of Health, Philippines, Green PPPs with the Korea Development Institute, renewable energy with the Moroccan government, Schools with Germany, Airports with Turkey and Flood Control with the Netherlands.

In order to further institutionalize the PPP initiative, UNECE created a UNECE International PPP Centre of Excellence consisting of International PPP Standards, guides, case studies and readiness assessments, a business advisory board, a Strategic Heritage Plan and PPP, International PPP Specialist Centres, Donors contacts, on how to work with the private sector and partnering with other UN organizations.

Two years ago, an additional initiative was undertaken by UNECE with far reaching impact which aims at defining standards of PPPs of social and economic sectors. At the 6th session of the UNECE Team of Specialist on Public-Private Partnerships held in Geneva in June 2014, an agreement was reached both to develop international PPP standards and on an innovative structure for producing them. The new UNECE International PPP Centre of Excellence (ICoE) will become a project-driven, goal-oriented body that produces standards both relevant and effective in

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<sup>1</sup> <http://www.unece.org/ceci/ppp.html>

the evolving PPP landscape. As part of the justification for initiating standard setting under the guidance of UNECE, the following statement is listed on its website namely:

In 2015, the Millennium Development Goals will be superseded by the Sustainable Development Goals (SDGs). A key focus of these goals is to improve access to essential public services. However, as the financing required to do so cannot be fully met through public funds and donors, new financing arrangements such as Public-Private Partnerships (PPPs) will need to be utilized. But what are the most appropriate PPP models and procedures that can contribute to achieving the SDGs across a wide spectrum of different sectors like water and sanitation, health and renewable energy and how can these models be developed in a time scale that will be consistent with the achievements of these new targets?<sup>2</sup>

UNECE implemented its work programme and organised working groups by sector to develop such PPP standards. The project proposal for PPPs in Health Policy for instance defines project purpose, scope, deliverables and geographical focus team membership and required functional expertise, resource requirements and timetable. Defining the project scope, the following is stated:

*The project will specifically address the use of PPP programmes to fund capital investment in physical infrastructure and systems such as medical equipment and ICT. It will consider ECE/CECI/PPP/2014/CRP.1 page 2 healthcare social infrastructure projects ranging from acute hospitals, mental healthcare facilities and community clinics, diagnostic and treatment centres to outreach services such as dialysis and radiotherapy centres. While these programmes may include some services including clinical services, this project will not address partnerships limited solely to the delivery of healthcare services which do not require capital investment.*<sup>3</sup>

The experts for this standard setting PPP working group were selected very quickly right after the

<sup>2</sup> <http://www.unece.org/index.php?id=36228>

<sup>3</sup> [https://www2.unece.org/wiki/download/attachments/23758291/P0001%20Project\\_Proposal\\_PPPs\\_in\\_Health\\_Policy.pdf?version=1&modificationDate=1405348781755&api=v2](https://www2.unece.org/wiki/download/attachments/23758291/P0001%20Project_Proposal_PPPs_in_Health_Policy.pdf?version=1&modificationDate=1405348781755&api=v2)

project got initiated on 1 June 2014. The working group is scheduled to terminate its standard drafting work by reaching approval and endorsement by 1 April 2015. The speed of selecting, organising and drafting a PPP Health standard is impressive.

What is however problematic is the composition of the drafting group. In an interview published in the International PPP Centre of Excellence Newsletter, Peter Ward, Team leader of the UNECE PPP standard working group for the health sector, himself Director of Healthcare Projects and Non-Executive Director of the Oxford University Hospitals NHS Trust, commented on the membership of his PPP Health Standard working group by stating:

*We are lucky to have a very broad range of very experienced team members from government, service providers, advisory firms, investors and contractors from countries across the world, and each is able to bring the benefit of a strong network that will help ensure we get an accurate picture of what helps make a PPP programme in the healthcare sector successful.*<sup>4</sup>

Taking into account the speed of the working group's deliberations and the closed membership selection, this author suggests radical re-thinking and re-organisation of this crucial standard setting process of the UNECE for the following reasons:

- a) The health sector should not be determined by private sector suppliers neither in regard to health infrastructure nor of healthcare services. The working group does not have a single representative of a healthcare consumer group. Healthcare should no longer be determined by private sector suppliers nor by government policy makers nor by financial brokerage firms. The demand side is equally if not more important and that means inclusion of the citizen-users of health services
- b) Understanding the needs and wants of healthcare consumers is a must. Citizens are no longer as un-informed- or kept uninformed- as was the case in the past. They are increasingly informed of what determines costs and quality of healthcare. Citizen groups and healthcare consumer groups have

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[http://www.unece.org/fileadmin/DAM/ceci/documents/PPP\\_newsletter/Peter\\_Ward.pdf](http://www.unece.org/fileadmin/DAM/ceci/documents/PPP_newsletter/Peter_Ward.pdf)

become aware of the interactions and roles among insurers, pharmaceutical and life sciences companies, providers, PPP actors and government regulators. Social media have accelerated the speed of healthcare consumer's level of information.<sup>5</sup> This change of bargaining power is not reflected by the membership of the UNECE PPP Health sector specifically nor in the other UNECE PPP standard setting groups.

c) UNECE being a member of the UN family should take it to heart what the Sustainable Development Goals entail (post-millennium development goals). The PPP Health standard group team leader suggests consultations with agencies like Who and UNDP that would be involved in the standard setting process to ensure relevance of this new PPP standard for low and middle income countries. To include other UN agencies is certainly a good idea but does not compensate for the lack of membership inclusion of civil society groups competent and experienced in healthcare, health finance, health infrastructure development in developed and developing countries. Goal 17 of the UN SDG zero draft, negotiated between governments and civil society groups and published on June 2014, proposes to strengthen and enhance the means of implementation and global partnership for sustainable development. Partnership is more than private sector suppliers and government buyers of health infrastructure and services<sup>6</sup>.

d) The UNECE PPP standard group's working strategy was to split the work to be done into a study phase and a subsequent production of the standard. The approach suggested makes sense but not within a period of 6 months! The literature on PPPs in health sector is not adequately reflected in the references listed on the UNECE website. Of the listed

references, 17 of the 37 publications given are from the UK, Australia, and Canada which are ruled by governments who share similar political orientations and preferences for private sector involvement in public goods provisions such as health and education. What is greatly missing are references to critical studies on PPPs in general and on PPPs in the health sector in particular and what is also missing are indications as to the risks of applying PPPs in least and low income developing countries.<sup>7</sup>

In conclusion, suggestion is made that UNECE fundamentally reassesses its SDG compatibility and ensures that the PPP standard setting process is conform with the SDGs and democratises the PPP process by inviting consumer based civil society groups as well as other parties like philanthropic organisations to partake in the elaborations of standards and best case examples.

Our citizens are entitled to be informed of the strengths and weaknesses of PPPs in the health sector and to be given the right to contribute to the discussion as to whether the health sector should be conceived as a public good or not, whether private financing is called for, and whether PPPs contribute to equitable provision of health services for the aging and the young generation. Similar discussions are urgently needed to assess the potential benefits or losses of the new variant of PPP called Private Public Product Development.

There is more to PPPs than inviting financial wizards to rescue governments short of money or unable to collect sufficient taxes to invest in their social and economic sector as seen adequate and appropriate based on realistic needs assessments of their citizens current and future needs. PPPs means getting money today to be paid back in the future by the next generation. Similarly to the climate change discussion, it is not right to backload the due payments without giving the citizens and the young generation the ability to take part in the decision making process.

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<sup>5</sup> For reference see : Kauffman, Vaughn, Tsouderos, Trine ; (2015), « The Future of Health Is More, Better Cheaper: new entrants and established players are racing to create the next generation of medical products and services », Strategy + Business, issue 78, Spring 2015

<sup>6</sup> Full draft: <http://www.worldwewant2015.org/node/442161>

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<sup>7</sup> Changsik Cho, Fatima Yaagoub , Feifei Lu and Janaina Zen (2012); An analysis of ppp in health facilities: a way of improving trade in health service, <http://www.csend.org/images/articles/files/Trade%20Development%20and%20PPPs%20Capstone%20Report.pdf>, 139 pp.

The SDGs suggest achievement of sustainable economic, social and environmental goals for each member country of the United Nations. To implement the SDGs, each government is supposed to set its triple bottom line goals, communicate them to their citizens, make the goal setting inclusive and participatory and provide for means to review and monitor the implementation of the SDGs from 2015 to 2030. The UNECE PPP standard setting process is too crucial for the future of our societies to be left to private sector providers (construction companies, financial brokers) and

government offices often short on democratic legitimacy. Without immediate inclusion of the social society actors- NGOs, consumer groups, cooperatives, philanthropies- the risk of misguided investment decisions and related rent-seeking by private and public sector actors all sides of the PPP projects is too high to be left to experts however competent they might be. What is needed is a UNECE watch to help all of the PPPs to stay on course towards a democratic, inclusive, equitable and participatory process.

