

## PPP IN HEALTH SERVICES

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## Presentation Outline

- ◆ Private sector's understanding of PPP
- ◆ Private sector in health
- ◆ Contribution of the private sector in health service delivery in Nepal
- ◆ Potential areas of PPP from the private health sector's viewpoint
- ◆ Constraints, issues and operational problems in the context of PPP in the health sector

## PPP: Definition

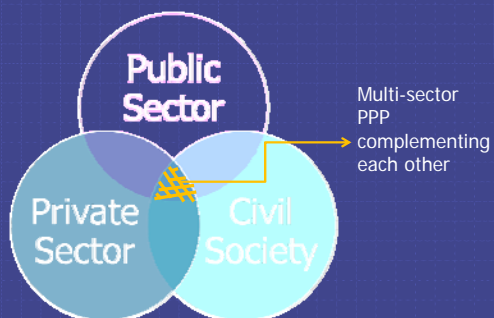
**Public private partnership is an agreement between two partners (government and private institutions) to provide quality health services cost effectively.**

## Who is the private sector in health?

- ◆ Both: for-profit and not-for-profit
- ◆ **For-profit:**
  - Private hospitals and nursing homes
  - Private practitioners
  - Pharmaceutical companies/suppliers
  - Private medical colleges
- ◆ **Not-for-profit:**
  - I/NGOs
  - Community organizations
  - Cooperatives

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## PPP: Creating synergy among multiple partners



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## Key Partnership Principles

- ◆ Recognition as **partner**, not as master-servant relationship
- ◆ **Mutual trust**
- ◆ **Understanding** of each party's strengths and weaknesses and arrangements for creating synergy/mutual complementarities
- ◆ **Involvement of both parties** in design, financing, implementation and sharing of risks and benefits.
- ◆ **Sustained partnership** arrangements

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## Contribution of Private Sector in Health Service Delivery in Nepal

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## Contribution of Private Sector

- ◆ Almost 90 % of medical doctors (MBBS) are produced by private-sector institutions
- ◆ Almost all of domestic drugs are produced by the private sector: 32% of total domestic consumption and worth 9,719.3 million NRs. '06
- ◆ Private providers have been playing vital role by offering **quality curative services** in urban areas
- ◆ Private sector offers more than **13,400 hospital beds**, where as government hospital beds number only 6,796 (2005/2006)

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## No. of Private Health Institutions (for-profit)

- ◆ Private Hospitals and Nursing Homes – 87
- ◆ Medical Colleges – 12

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## Hospital Beds: A Comparison

### Public Vs Private

Government hospitals	5,250 (2000 -'01)	5,250 (2004 -'05)	6,796 (2004 -'05)
Private hospitals & medical colleges	200-250 (before '90)	500 (1990s)	13,406 (2008)

Source: CBS, 2006 and Association of Private Hospitals and Nursing Homes, 2008

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## Contribution of Private Sector

- ◆ Private health sector provides significant employment opportunities: 20,000
  - Medical doctors
  - Nurses
  - Paramedical staff
  - Administrative staff and others

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## Contribution of Private Sector

- ◆ Private sector invested a huge amount for health services and contributed in capital formation
  - Total worth of investment: **NRs. 30 billion** (estimate, 2006/2007)
  - Prevented outgoing capital for medical education and treatment – more than NRs. **500 million/year** (estimate, 2008/2009)
  - Contributed significant amount of government's revenues through tax and other means

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## Strengths and Potential areas for PPP

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## What can private sector offer?

- ◆ Be an **integral part of national health system** and complement government in providing public health services
- ◆ Provide **high-quality curative services**: specialty and super-specialty services/sharing of high-tech facilities
- ◆ **Quality improvement** and skill enhancement in government facilities (technical & managerial)
- ◆ **Human resource** production (high- and medium-level/job creation)
- ◆ Drugs and equipment production: **import substitution**, research, innovations

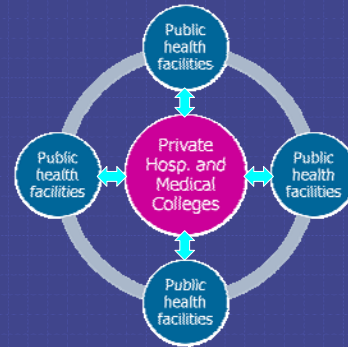
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## PPP Models and Methods

- ◆ **Joint venture projects** – high-tech curative services, such as infertility management and others
- ◆ Support to public health facilities through **Telemedicine**
- ◆ Regular **joint out-reach clinics** in public health facilities and remote areas
- ◆ Establishment and management of **polytechnic university** under PPP arrangement

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## PPP: Bridging HR gap in district hospitals and PHCCs



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## Government's Role in PPP

- ◆ Changing the **mindset of government officials** (both politicians & bureaucrats)
- ◆ Changing the **role of government** – from service provider to facilitator, policy maker, financier, regulator, quality controller, promoter of partnership
- ◆ **Governing through governance approach** (managing public affairs through multiple players)

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## Government's Role in PPP

- ◆ Clear **PPP policy and strategy** prepared through participatory process (involving all key stakeholders from the outset of design)
- ◆ Clear **mechanism and effective institutional home** to promote PPP with time-bound action plan

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## Constraints, Issues & Problems

- ◆ Private (for-profit) are discouraged, not seen as partner and taxed a lot
- ◆ Financial burden and non-financial barriers have increased costs and increased burden to users
- ◆ Because of these factors, service became expensive reducing access and adversely affecting the equity issues (despite the efficiency created)

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## Final Remarks

- ◆ Need to enhance conceptual understanding of PPP (both sides) through regular dialogue, sharing and learning sessions, and joint projects
- ◆ Change mindset of the public sector: need to realize that private sector institutions are valuable partners, not subordinates
- ◆ Need to neutralize political biases and unnecessary interference
- ◆ Improve governance through transparency and institutional reform (institutional behavior, policy, systems and procedures) for PPP

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**We are committed to work together to provide health services to all Nepalese people in the context of "New Nepal."**

THANK YOU