

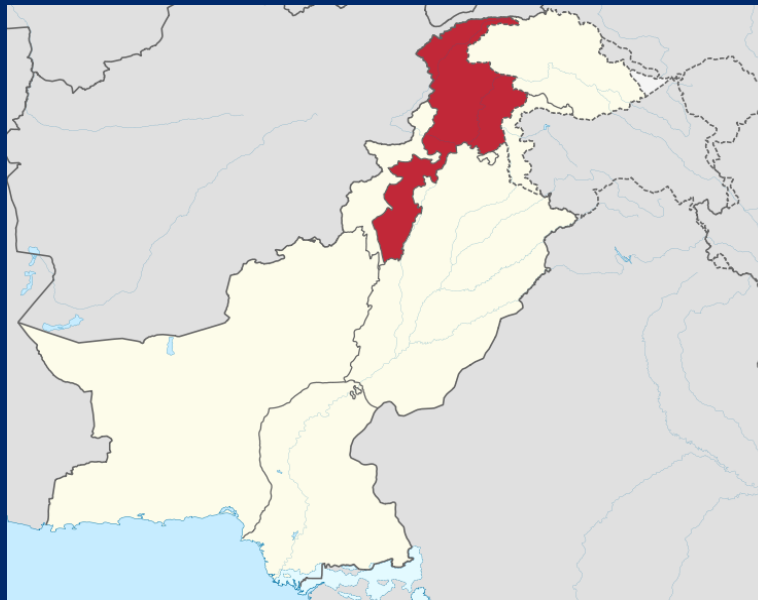


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USAID FIRMS PROJECT

Public Private Partnerships for Human Resource Development

Health Sector of Khyber Pakhtunkhwa



August 2014

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Abstract

Public Private Partnership (PPP) for private sector participation in trainings of nurses and paramedics has been organized to provide an overview of health status indicators of KP, shortage and need of health workforce. The framework introduces different PPP models currently in practice in health sector. There are certain conditions for successful PPP and government should be mindful of these key considerations while developing partnership. It also entails rationale for PPP to engage private sector and highlights of best practices in PPP. The framework provides the objectives of PPP Program, possible Institutional arrangements and steps for appraisal and implementation of the project. It further details the steps for Project Procurement while M&E forms an integral part of the program

Acronyms

DOH	Department of Health
HRH	Human Resource For Health
HRD	Human Resource Development
IDS	Integrated Development Strategy
KP	Khyber Pakhtunkhwa
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
NGOs	Non-Governmental Organizations
PRSP	Punjab Rural Support Program
PPP	Public Private Partnership
PP	Private Providers
PNC	Pakistan Nursing Council
RFQ	Request For Proposal
RFQ	Request For Quotation
SC	Steering Committee
SOPs	Standards Operating Procedures
TNA	Training Needs Assessment
WHO	World Health Organization

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1.0 Context

This section gives an overview of health status indicators of KP, shortage and need of health workforce. It also entails Rationale for Public Private Partnership (PPP) to engage private sector and highlights of best practices in PPP.

1.1 Background

Khyber Pakhtunkhwa (KP) has suffered a lot in economic growth and social progress due to decade long conflict, military operations cross-border terrorism and on-going low intensity war like situation. Health sector is one of the severely hit social sectors in the province. It has not only changed the face of population distribution through internal displacements but also disrupted the delivery apparatus of the health care service delivery system. Physical infrastructure of primary healthcare facilities has been badly damaged and health workforce is demotivated to go to the remote areas due to poor security situation.

Dismal picture of health status indicators are reflective of this situation. Less than one third of deliveries are assisted within the hospitals and nearly half of the pregnant women do not receive antenatal care¹. More than one-third of the children are not fully vaccinated against vaccine preventable diseases – a much higher proportion as compared to the national average. The overall situation presents a further poor situation when statistics are analyzed for districts that are directly affected by the ongoing conflict².

The health status indicators are directly linked to availability of properly trained and skilled care providers. Pakistan has been categorized, as one of the 57 countries that are facing a Human Resource for Health (HRH) crisis, below the threshold level defined by WHO, to deliver the essential health interventions required reaching the Millennium Development Goals (MDGs) by 2015³.

Pakistan has a shortage of nurses and paramedics, further exacerbated by a misdistribution across provinces. Against the internationally recommended nurse doctor ratio of 4 nurses to 1 doctor, the nurse doctor ratio for Pakistan is inverse i.e. 3.5 doctors to 1 nurse. The existing nurse- patient ratio is approximately 1:50 whereas PNC's prescribed ratio is 1:10 in general areas and 2:1 in specialized areas⁴.

KP is also travelling/suffering from shortage (though better than Sindh and Baluchistan) of health work force especially nurses. This shortage is coupled with inequitable distribution in public private and urban rural settings. Mismatch between demand and supply is widening with the passage of time. Limited capacity and training facilities in public sector along with in-migration of nurses to other provinces (security reasons) and out-migration to Saudi Arabia and Gulf States (lucrative jobs) are the major factors contributing to disparity⁵.

1.1.1 Linkage with Integrated Development Strategy

Health Sector Strategy and Integrated Development Strategy (IDS)⁶ of KP acknowledge and place emphases on the availability of appropriately qualified health care personnel to improve the health service delivery in the province. Moreover, these focus on the quality of their trainings and refreshers to abreast them with evolving health care demands and needs. In this regards IDS proposes following major activities:

- Implement continuing medical education system for nursing, medical and paramedical staff linked to career development including through PHSA

- Develop needs based knowledge and skill packages of training and quality standards for various staff categories
- Undertake TNA of paramedical and allied staff and develop training plan to fill those gaps

At the heart of each and every health system, the workforce is central to advancing health. As stated before that there is ample evidence that worker numbers and quality are positively associated with health status indicators. Therefore developing capable, motivated and supported health workers is essential for overcoming bottlenecks to achieve provincial and national health goals.

1.1.2 Best Practices in PPP

Public Private Partnership (PPP) has been seen successful health system strengthening reform to increase coverage and quality of health care services in international and regional perspectives. In Pakistan various PPP model have been implemented from small to large scales with varied degree of success. There is some recognition and practice of purchasing health services from private sector as increasingly being practiced in regional countries⁷. In Pakistan so far PPPs have been restricted to purchase of 'services' by public sector from private sector. Participation of private sector in provision of trainings (services) to health care providers is quite sporadic.

The 'contracting out' of BHUs to Punjab Rural Support Program (PRSP) in Punjab and the PPHI in Sindh (Go NGOs) are the largest contracting models and involve contracts with alternative government management while private sector involvement is limited to technical support only. These changes have shown positive advances in BHU functionality and utilization⁸. PPP through franchising of Private Providers (PP) has been successful in urban setting in the access and provision of quality health services and also ensuring protection of the urban poor⁹.

Trainings of nurses for various qualifications by Fatima Memorial Hospital/Nur Foundation for Government of the Punjab has been a glaring example of participation of private sector in provision of trainings services. Here both parties were in formal agreement whereby public sector acted as financier/regulator and the private sector provided all services necessary for the trainings of nurses¹⁰.

PPP models generally lack policy and legal framework, operational strategies, mechanism for safeguarding consumer protection and effective mechanisms of targets setting, monitoring and third party validation¹¹.

1.2 PPP Rationale

Khyber Pakhtunkhwa poor health status indicators coupled with shortage of health workforce (especially nurses and paramedics) and keeping in sight limited public sector capacity and trainings facilities needs to focus on the issues of health work force (adequacy and appropriateness) by promoting and practicing PPP. Rationales behind PPPs are several. PPPs are considered to be more motivated and not being under the direct control of government bureaucracy, their organizational structure is more flexible, and they can adjust their services to the needs of clients.

Public-Private Partnership (PPP) is one of the most effective vehicles to enhance private sector participation in public services delivery, increase growth, and create jobs leading to reduction of poverty. The PPPs help in attracting private capital investment, increasing efficiency through the

profit motivation of the private sector, and helping reform the selected sectors through the reallocation of roles and risks.

2.0 Theoretical Framework

This section introduces PPP, different models currently in practice in health sector. Conditions for successful PPP and key considerations while developing partnership are detailed. Also given are criteria to assess the PPP models.

2.1 Public Private Partnership

PPP is institutional relationships between the state and the private for-profit and/or the private not for-profit sector, where the different public and private actors jointly participate in defining the objectives, the methods and the implementation of an agreement of cooperation. 'Contracting out' of health care services, therefore, would encompass those activities/services for which the state or local health department has reached a formal decision to withdraw from or contract out for provision of a public health service, in whole or in part, and a non-governmental entity has taken over responsibility for provision of that service¹².

The idea of a PPP in general and in the health sector specifically is theoretically appealing, the review of case studies has shown that the design and implementation is still not very common and straightforward in developing countries. Through thinking/considerations is required to make it workable and beneficial for populations. Else it can prove a double edge sword resulting in low quality of services and wasteful expenditure of public resources.

Key considerations¹³ to be kept in mind while working a 'PPP contracting out' model are:

- Clearer definitions types of parties involved
 - ✓ National, provincial or local government
 - ✓ Private for-profit and/or the private non-profit sector
- Clarity in different roles parties may play as part of the partnership
 - ✓ Provision (services)
 - ✓ Financing (services)
 - ✓ Regulation and monitoring, and
- Spectrum of forms the partnership might take depends upon
 - ✓ The degree of control desired by the government
 - ✓ The government's capacity to provide the desired services
 - ✓ The capacity of private parties to provide the services
 - ✓ The legal framework for monitoring and regulation
 - ✓ The availability of financial resources from public or private sources

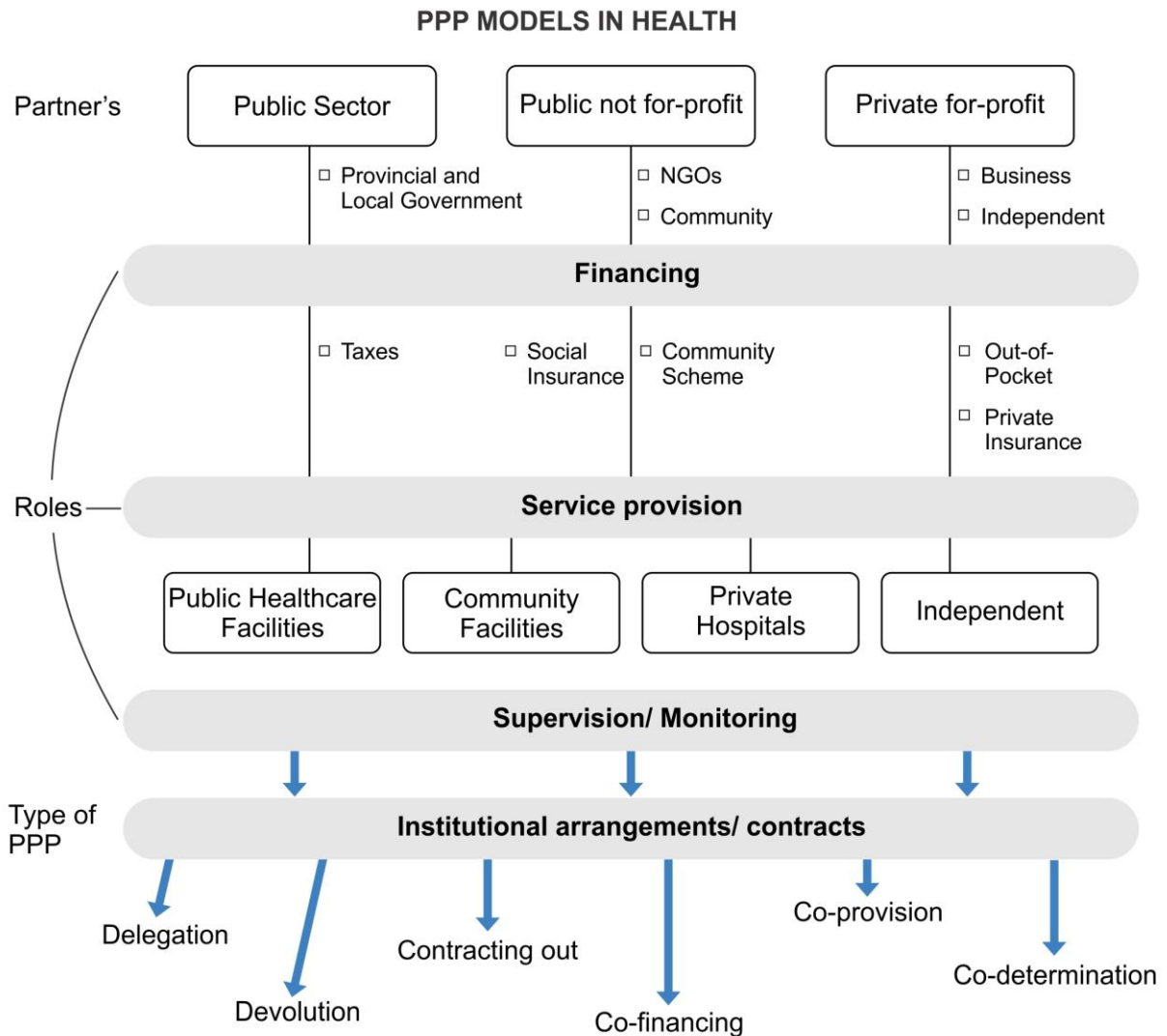
2.1.1 Models

It is very obvious that in PPP there are numerous actors and the varieties of roles ranging from financing, provision and management several types of cooperation are possible. The figure below well explains concept of PPP by explaining different actors, the roles and the types of a PPP in the health sector of developing countries¹⁴.

Following diagram sets the outline for a PPP in the health sector. It shows that within the three major sectors – state, for-profit and not for-profit – a variety of individual actors found their place. The opportunities and possibilities of a PPP are nearly unlimited as in addition to the variety of actors they can also play different roles, e.g. financing, provision, management and supervision of health care services.

Most common is a cooperation in the area of financing or provision of health services, e.g. the state subsidizes health care facilities that are run by local communities or cost-recovery schemes in which the financing side is with the private sector and the state delivers the service.

Figure 1: Conceptual model of PPP in the health sector



2.1.2 Conditions for successful PPP

The conditions for the building of a PPP in a specific country can be divided into two parts: those attributed to the incentives for building a PPP (macro level) and those related to the capacities of the different actors in acting as a competent partner (micro level).

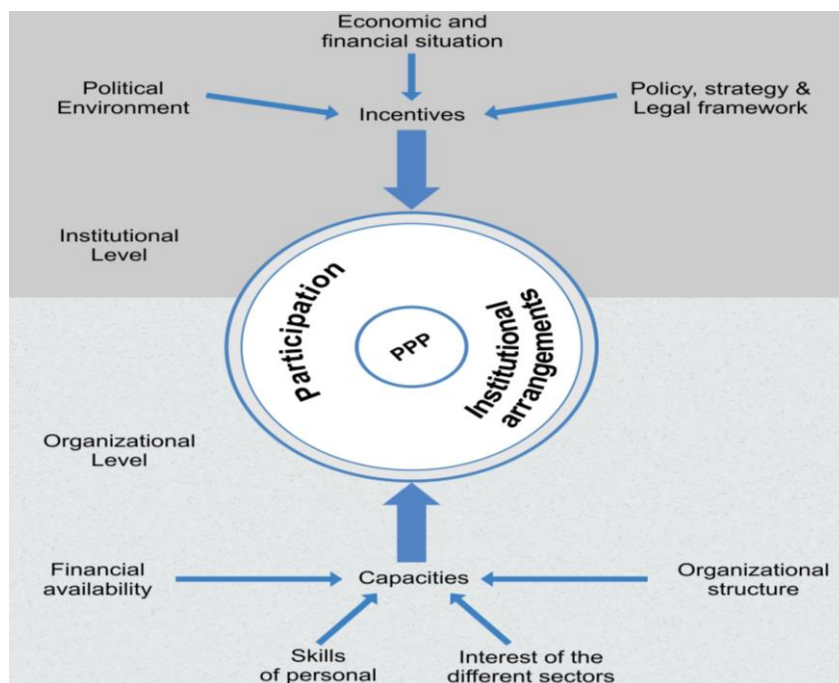
Without an overall political environment favoring private for-profit and not-profit activities no real partnership can be established. In countries where the civil society and/or the private sector are discriminated, the government will remain the dominant responsible for social service provision. Apart from the political factor the economic situation in a country are important. A financial and economic crisis is often the starting point of a rethinking of government activities. However, in the mid to long term the financial engagement of the state in the health sector is necessary for the sustainability of a PPP as the poorer part of the population will continuously depend on public support. Finally on the macro level, the legal framework is important. The credibility and transparency of the cooperation between the different actors are critical determinants for a long-term success of a PPP.

Regarding the micro-level certain conditions are important for establishing a PPP in the health sector. First of all, there must be interest and a commitment of some individuals to make a PPP happen. As for example personal involvement of the users of services helped to provide an efficient and equitable service provision. Suppose there is an interest in a PPP and an acceptance of the different partners to be involved, and then one has to look at the capacities of the different actors. Skills of the personal to provide specific services, the financial availability for an engagement in service provision and the overall organizational and management structure have to be considered.

Beside the role of the government concerning social protection, another important role is the setting of rules and standards of conduct. Only then can it be guaranteed that the other actors not only see their own vested interest but also the overall health system profits. The designing of rules and regulation and its enforcement can only be done by the government and remains a major responsibility.

The involvement and the delegation of power to the local level is important. Without the active participation of the communities and the municipalities it difficult to build a functioning and sustainable health care system. Health care systems, which integrate the local people in designing, providing and monitoring of services, can better deal with information asymmetries and moral hazard problems. Moreover, they can use voluntary work and therefore provide services at lower costs. Finally, through such self-help activities mid-term to long-term benefits in form of a strengthening of social capital among community members might mature.

Figure 2: Conditions for successful PPP



Country specific solutions are required. The development of a blue print on how to build a PPP in the health sector of developing countries is neither possible nor desirable. It depends on a variety of country specific conditions that set the framework for cooperation between the different actors. Moreover PPP varies in targets, forms, process and parties. The most successful co-operative arrangements stem from a flexible approach drawing and adapting experience of other cases.

2.1.3 PPP Assessment Criteria

To assess the PPP ‘Criteria’ has been developed and that is given on left side of the table. For the sake of elaboration it has been applied on two hypothetical examples X and Y.

TABLE 1 ASSESSMENT OF MATCH WITH PPP CRITERIA (EXAMPLE X PPP FOR TRAININGS OF NURSES

PPP	Criterion	Y/N	Remarks
Criteria private Partner	Strict budget constraint	Yes	Payment of a fixed fee per student
	Not majority owned by Government	Yes	Nongovernmental organization
	Not majority funded by Govt.	Yes	X is not funded by the government (though they are paid for their services)
	Able to make decisions	Yes	X is acting independently

PPP	Criterion	Y/N	Remarks
	independent from the government		
Criteria Project	Joint delivery of public service or project by public and private party	Yes	NGO delivers the service, and the government provides funding based on performance
	Significant risks borne by private sector entity	Yes	All costs of educating students have to be paid by X (in exchange for a fixed fee) and X receives less money for every student that drops out of the program.
	Cooperation is based on formal or informal agreement	Yes	Formal agreement
	“Private” money is at risk in the delivery of the service	Yes	If the costs of education are higher than the fee that X receives, FMH will lose money.

3.0 PPP Program and Implementation

This section focuses on objectives of PPP Program, possible Institutional arrangements and steps for appraisal and implementation of the project. Steps for Project Procurement are detailed. M&E forms integral part of the program.

3.1 PPP Program

Government of KP intends to engage private sector in the trainings of nurses and paramedics. Private sector including for-profit and not for profit NGOs/agency will be engaged for providing these services. Public Private Partnership implied will be 'Contracting out' of 'Services' and PPP will be managed through a 'Co-operative agreement' between government and selected NGO. Whereby, government will formally 'contract out' trainings of nurses (will pay annual tuition fee and stipend per student) and paramedics to a NGO and NGO will take all the necessary actions for management and provision of the 'quality services' i.e. trainings to the students. Overall aim is; to make up health workforce deficiency and provision of equitable and quality health care services.

Government provincial will retain the roles/responsibilities of:

- Financer / purchaser
- Contract arrangements/management
- Ensure compliance to standards
- Monitoring and evaluation
- Carrying out feasibility studies (if needed)
- Risk distribution
- Putting in place an appropriate enabling environment including;
 - Favorable policies,
 - Implementation strategies, and
 - The legal and institutional framework

Private sector/NGO will have the following responsibilities:

- Provision of trainings facilities (class room, Laboratory/equipment, as well as clinical)
- Provision of trained facility (nurses and Paramedics)
- Hostel and transport facilities
- Affiliation with examination boards and/ or University
- Approval/affiliation with Pakistan Nursing Council and/or paramedics regulatory body
- Compliances to standards of examining and regulatory bodies
- Providing technical expertise and managerial skills

- Risk sharing

3.1.1 PPP Targets

Targets will be successful trainings of number of nurses and paramedics. Specific targets will be defined by government at the time of entering in PPP through determining their particular needs of categories of nurses and paramedics. Following may be possible options:

- Basic nursing diploma
- Post basic specialization
- BSC Nursing
- Paramedics (specify discipline)

3.1.2 Institutional arrangements

In KP to develop and execute effective PPPs in health sector, possible institutional arrangements would be:

- Steering Committee
- PPP Cell
- Risk Management Unit
- PPP Nodes/Focal points

These arrangements have been proposed on the premise that in KP Health Foundation will be responsible for developing and managing PPPs in Health sector.

3.1.3 Steering Committee

To ensure a consistent approach to Public Private Partnerships across sector and an efficient use of funds by the department/health foundation a high-level PPP Steering Committee (SC) shall need to be created under **the Public-Private Partnership Act** having the following members:

- Minister for health
- Secretary health
- Secretary finance
- MD Health foundation
- Any other

The PPP Steering Committee will be responsible for:

- Formulation of PPP policy
- Supervision and Coordination implementation of this policy
- Approval/rejection of PPP Nodes' requests for financial assistance for project preparation
- Approval/rejection or sending back for reconsideration of PPP project proposals submitted by health foundation/department
- Approval/rejection of bid evaluation reports/recommendations on contract award to the selected private sector partners submitted by health foundation/department and

- Helping solve major problems impeding PPP project preparation and implementation

3.1.4 PPP Cell

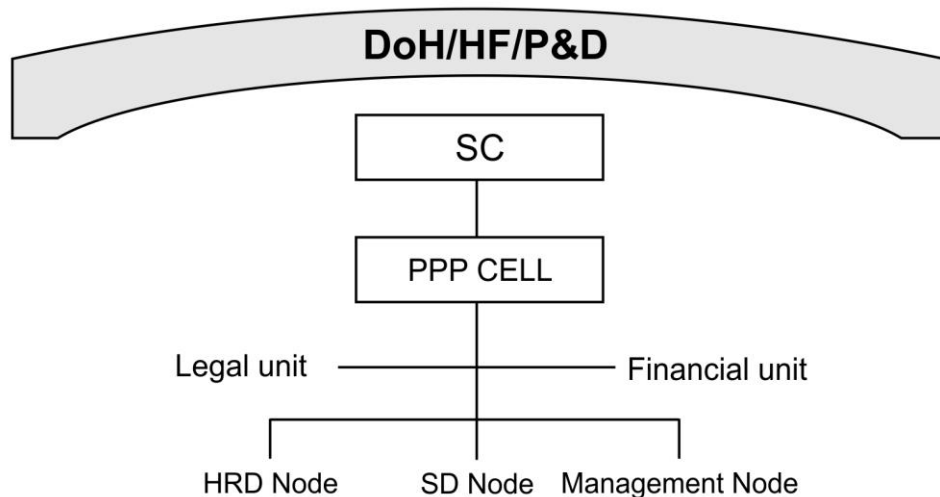
The PPP cell will be established in Health Foundation and it will serve as a focal point for supporting all PPP initiatives in health. The mandate of the PPP Cell will be to promote and facilitate PPP development in health and assist department in preparing and executing high-quality PPP projects. To fulfil this mandate, the PPP Cell will perform the role of a PPP catalyst and advocate, knowledge manager, policy and project advisor. PPP Cell will be providing support to department in identifying financially viable concepts and also building the capacity of their staff to transform these concepts into projects. Functions of the will be as follows:

- Provide technical support to the Committee and act as its secretariat
- Develop operating guidelines, procedures and model documents for projects for approval by the Committee
- Provide support and advice to a Government Agency throughout the PPP process
- Evaluate and prioritize project proposals submitted by the Government Agencies
- Evaluate, in close cooperation with the Risk Management Unit, the type and amount of government support sought for a project
- Review bid evaluation report, submitted by a Government Agency
- Prepare and regularly update a pipeline of the projects; and
- Perform any other functions as may be assigned to it by the Committee

PPP Cell will work in conjunction with other integral components of the institutional PPP framework, including a high-level PPP Steering Committee, PPP Nodes as focal points (to be established at health foundation/department) for specific PPP projects in department and a Risk Management Unit to be established in the Finance Department.

Details of Node and Risk management Unit (Finance Dept.)

Figure 3: Organogram of PPP Cell

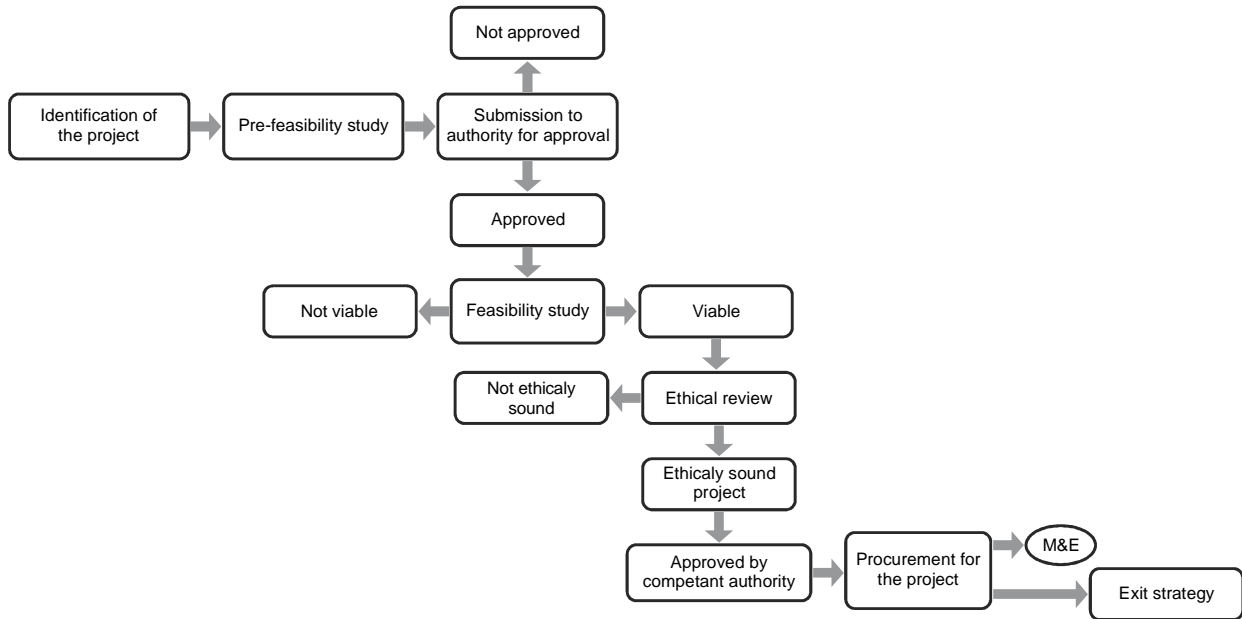


Project Appraisal and Implementation

The appraisal and implementation of PPP projects in the Health will take into account the following procedures:

- Identification of the project
- Approval of project
- Procurement for project
- Implementation of project
- Monitoring and evaluation
- Expiry of the project agreement

Figure 4: Framework of project appraisal and implementation



3.1.4.1 Identification of the Project

PPP project (in this case trainings of nurses and paramedics) may be identified by a public or private party and will be submitted to department. In present case as government is interested private sector participation in trainings of nurses will submit through PPP cell to Steering Committee for consideration and initial approval. The present project conforms to 'suitable PPP project criteria' as given below:

- Address the health sector priorities
- Compliance with value for money requirement
- Affordable
- Ensure cost-effectiveness in project implementations

- Ensures net benefits and savings as a result of private sector participation in the project compared to government financing
- Adherence to the Public Private Partnership Act and other relevant laws
- Adequate risk analysis and sharing

3.1.4.2 Approval of the project

Before approval pre-feasibility and feasibility studies would need to be conducted to see whether project/program is worth doing and is viable. The responsibility of the studies depends upon the nature of project; if it is un-solicited private party will conduct the studies and responsibility of studies shift to public side if project is solicited.

PPP Cell will review the report along with experts of the relevant (including financial) field and relevant Node. Once satisfied will initiate the process of approval from SC. SC will give the final approval of the project and will give ahead to initiate procurement of the project

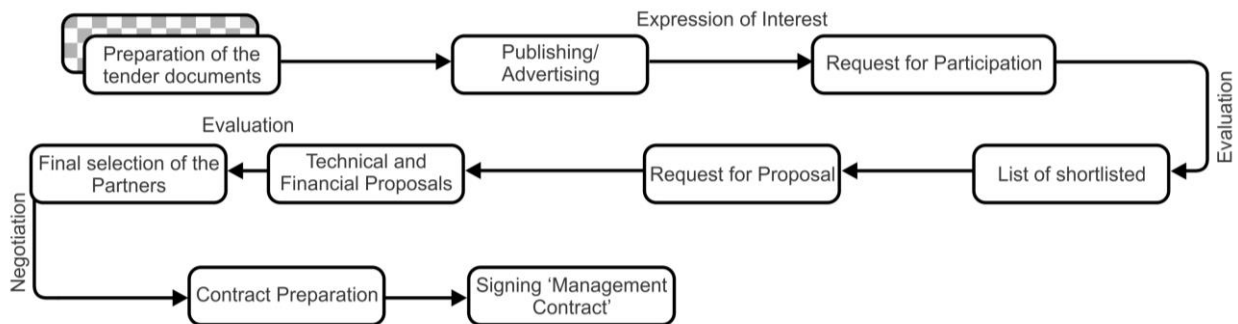
3.1.4.3 Procurement for the project

Procurement for the approved PPP project shall be done through an open and competitive bidding process in accordance with the **applicable law, rules and regulations**. Detailed **SOPs** are given below:

- Drawing up and approving tender documents
 - ✓ PPP Cell will prepare tender documents for the selection of a private partner
 - ✓ PPP Cell shall submit the tender documents to the SC for its approval
 - ✓ PPP Cell along with Risk Management Unit makes an assessment of the content of the submitted tender documents and their conformity with the approved project proposal, especially in the part relating to the duration of the contract period, risk distribution and the existence of a positive value for money.
 - ✓ Contracting authority (SC) makes the decision which of the two possible public procurement procedures (**the negotiated procedure or the competitive dialogue**) should be used.
- Implementing the public procedure for selection private sector (**competitive dialogue**)
 - ✓ Publishing the 'Tender Notice' on 'standard format' with stipulated time period, in print and electronic media to provide equal opportunity
 - ✓ Private parties interested in taking part in a public procurement procedure shall submit the request to participate/**request for quotation (RFQ)** along with documents proving their suitability, to the contracting authority within the time limit set for sub-mission.
 - ✓ The contracting authority may not open requests to participate before the expiration of the time limit for their submission
- PPP Cell evaluates the suitability of the parties who submitted requests to participate in response to the invitation to tender on the following criteria:
 - ✓ Legal and business capacity,
 - ✓ Non-existence of a criminal record,

- ✓ Financial and economic standing, and
- ✓ Technical and economic ability
- The contracting authority must draw up minutes concerning the assessment of the suitability of each candidate. The minutes must include all relevant circumstances, and the results of the assessment must be sent to both successful and unsuccessful candidates. The contracting authority must send a decision on the inadmissibility along with reason with in due time.
- The invitation to tender in a **negotiated procedure** includes information on the number of candidates to whom the invitation to negotiate will be submitted, where in the case of a sufficient number of suitable economic operators, the number of candidates to be invited by the contracting authority may not be less than three.
- Contracting authority sends an invitation to participate to **all** selected suitable candidates at the same time in case of **competitive** and **three** or more in case of **negotiated**. To the written invitation, the contracting authority must enclose tender documents and any other documents that might be necessary, or the contracting authority should state in the invitation that the tender documents are to be made available by electronic means.
- Short listed Participants/Bidders will be asked to submit Request for **Proposal (RFP) both technical and financial**, within minimum volume, service, and budget parameters to provide the government with a clear idea of what is possible within the range of affordability.
- Bidders will be scored on their technical proposals and then on their financial bids
- Finally selected private partner and Contracting authority sign '**Management Contract**'

Figure 5: Process of project procurement



3.1.4.4 Managing Contract

Management Contract is legal document that shall essentially contain:

- Roles and responsibilities of both parties
- Explicit 'definitions' of relevant 'Terms'
- Performance standards for private sector
- M&E (internal and external)
- Mode and schedule of payments

- Legal outcomes in case of default or exit

3.1.4.5 Implementation of the project

The contracting authority shall initiate the process of entering into written agreement with the successful bidder. This will include forming a negotiating team, drafting of agreement, approval of draft agreement by the competent authority.

After signing of the agreement, the Contracting Authority together with the private party shall commence the process for implementation of the project. The PPP Cell and relevant Node shall ensure that the agreement is properly implemented, managed, enforced, monitored, and reported on from inception to expiry or termination.

3.1.4.6 Monitoring and Evaluation

The project shall be monitored and evaluated by the Contracting Authority to ensure that the project is implemented in accordance with the agreement. The Contracting Authority shall, in collaboration with the private party, prepare a monitoring and evaluation framework, which shall be comprised of:

- Project management plan
- Performance criteria
- External audit and reporting requirements
- Submission of progress reports
- Verification of project assets and value
- Stakeholders' communication

3.1.4.7 Expiry of the project agreement

In case of expiry of the agreement period, the handing over of the project and its facilities to the public/private will be arranged as per agreement. However, the parties shall decide and agree on the way forward. The parties may decide to enter into another agreement or come up with another option.

4.0 Appendices

Appendix -1 Conditions of Successful PPP

Themes	Assurances needed
Political and social commitment	<ul style="list-style-type: none"> • Is the government regarded as a credible partner in PPPs? • Is there strong political commitment to the PPP approach? <p>Will a PPP solution be socially and politically acceptable?</p>
Local and National government policy	<ul style="list-style-type: none"> • Does the policy environment favor PPPs and does it cater for the different components required for a PPP? • Is PPP consistent with other government policies i.e. land use, social policies etc.
Legal Framework	<ul style="list-style-type: none"> • Is there a sufficiently stable and comprehensive legal framework for enabling the use of PPPs? • Is there sufficient legislation and transparency to support the management and supervisory role of the public sector in a PPP?
Market Structure	<ul style="list-style-type: none"> • Are private service providers sufficiently autonomous? • Are efficient private sector operators available and are they competent, sufficiently capitalized and interested in PPP? • Are private sector operators willing and able to scale up the service provision?
Cost recovery	<ul style="list-style-type: none"> • Is there adequate cost recovery through users achieved under the PPPs? • Are alternative sources (government budget, NGO) available for covering costs not recovered from users?
Taxation, reporting and accounting framework	<ul style="list-style-type: none"> • How are PPPs treated in corporate accounting? • How are PPPs treated in national authority accounts? • How are public disclosure requirements defined? • What is the tax status of a PPP? • Are there any particular advantages (tax breaks, depreciation mechanisms, subsidies, etc.) to stimulate the development of PPPs?
Financing issues	<ul style="list-style-type: none"> • Is access to capital markets easy for the private sector? • Does a national capital market exist, or is international funding needed? • Can private sector financing compete with public financing? • What financial support mechanisms by government are available?
Technical and	<ul style="list-style-type: none"> • Is there sufficient data available about existing service provision

<p>organizational issues</p> <p>Trust</p>	<p>(quality, quantity, users, etc.?)</p> <ul style="list-style-type: none"> • Is there sufficient data available about assets currently in use? • Can competitive tendering be assured? • What quality control mechanisms exist? • Is the government capable of monitoring and assuring quality control? • Do private sector operators trust the partnering government? • Does the government trust the partnering private sector operator? • Does the general public trust private sector providers, or is there a strong “anti-privatization” sentiment?
<p>Stakeholders</p>	<ul style="list-style-type: none"> • Are stakeholders sufficiently consulted and included in the design of the PPP?

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