

Public Private Partnerships in Social Protection

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*"Addressing global challenges
requires a collective and concerted effort,
involving all actors. Through partnerships and alliances,
and by pooling comparative advantages,
we increase our chances for success."*

Ban Ki-moon, UN Secretary-General

Abstract

Partnerships with the private sector are an inherent part of international (development) policy and respective policy implementation of international key stakeholders. A brief review regarding existing public-private (and development) partnerships in Social Protection sector shows a rather fragmented picture. This picture correlates largely with the respective business opportunities. Regarding future development of partnerships in Social Protection sector social insurance in developing countries can be identified as one emerging sector for public-private and development partnerships furthermore weather and crop insurance. Non-profit organizations or NGOs may be an adequate partner for partnerships in areas with small or lacking business opportunities. In market-oriented partnerships the poor and vulnerable are usually not in the focus of the private partner. For this reason public partners have to acknowledge and promote actively the special needs of poor and vulnerable people – already in the planning process of partnerships.

I. Introduction

What are Public Private Partnerships (PPPs)? There exist many definitions. Briefly defined they describe arrangements “whereby a public project or service is partially financed or run by a private company.”³ A more comprehensive definition pictures arrangements “whereby the private sector provides infrastructure assets and services that traditionally have been provided by government, such as hospitals, schools, prisons, roads, bridges, tunnels, railways, and water and sanitation plants.”⁴ In a general approach the term “describes a range of possible relationships among public and private entities in the context of infrastructure and other services.”⁵ Other common terms in this context are “Private Sector Participation” or (partly) privatization.

In the last years PPPs and development partnerships extended in social services sector and came up in further areas of Social Protection, such as health insurance. For this reason this paper analyzes the topic *Public Private Partnerships in Social Protection* from a systematic and elementary point of view. It does not intend to give an exhaustive overview regarding existent partnerships; rather it focuses on selected examples for reflection and discussion. Guiding questions are: What is the role of PPPs in the different areas of Social Protection? Which areas of Social Protection attract the private sector? Which areas of Social Protection can be identified as emerging (business) sector for public-private and development partnerships in the future?

The analysis starts with the *Background history of Public Private Partnerships in Social Protection* (II.) and a short technical view on the *Design of Public Private Partnerships* (III.). After that, *PPPs in social services* (IV.), *PPPs in social insurance* (V.), *PPPs in social assistance* (VI.) and *PPPs in further areas of Social Protection* (VII.) will be in the focus. The paper concludes with a *Summary and Outlook* (VIII.).

³ Compare: <http://oxforddictionaries.com/definition/PPP>.

⁴ Compare: <http://stats.oecd.org/glossary/detail.asp?ID=7315>.

⁵ Compare: ADB 2008.

II. Background history of Public Private Partnerships in Social Protection

More than 120 years ago – in the 1880s and 1890s – the first modern social/welfare states were developed and implemented in Europe. They posed the answer to immediate social questions brought up by industrialization, migration and eroding informal/family safety nets. The respective compulsory public insurance schemes were based on the rule of law and were implemented by means of public authorities/agencies. For example: pension benefits from public pension authorities were paid out from public post offices. In this manner, both administration and service delivery were bundled in public hands.

Around 100 years later – in the 1990s – general liberalization, deregulation and privatization of the public sector and of public services occurred. The reasons for this were manifold. But in many cases liberalization intended to promote efficiency and quality – through market mechanisms like competition, supply and demand. Furthermore – due to budget constraints and limited resources – the public sector needed to attract private capital in order to invest e.g. in new infrastructure projects. In the beginning, Public-Private Partnerships occurred in national infrastructure sectors, for example telecommunication and electricity, railways, and distribution of water. The latter – infrastructure for water and sanitation – are at the same one element of Social Protection, as basic social services pose one of its key elements. It is worth to note that many national stakeholders did not want a full privatization of public duties and because of this they realized the idea of Public-Private Partnerships. In case of full privatization the performing private company could decide autonomously which services and which quality to provide, which consumers to attract and which fees to demand for. In line with Public-Private Partnerships the public sector could carry on monitoring and steering public services. At the same time public sector could benefit from experience/capacity or capital of private companies.⁶ On the other hand the private sector could enter new business fields and profit from public policy support.⁷

⁶ Compare: OECD 2007.

⁷ “Effective PPPs recognize that the public and the private sectors each have certain advantages, relative to the other, in performing specific tasks. The government’s contribution to a PPP may take the form of capital for investment (available through tax revenue), a transfer of assets, or other commitments or in-kind contributions that support the partnership. The government also provides social responsibility, environmental awareness, local knowledge, and an ability to mobilize political support. The private sector’s role in the partnership is to make use of its expertise in commerce, management, operations, and innovation to run the business efficiently. The private partner may also contribute investment capital depending on the form of contract” (ADB 2008).

Finally, in the end of the 1990s, partnerships with the private sector comprised also international organizations and international politics. In 1997, Secretary General of the United Nations, Kofi Annan, prioritized the strengthening of development partnerships between United Nations and the private sector. Current Secretary General, Ban Ki-moon, continued this approach.⁸ Partnerships with the private sector were broadened and deepened and are now “an integral part of the work of much of the UN-System”.⁹ They are implemented – amongst others – by means of the United Nations Office for Partnerships and the United Nations Global Compact.¹⁰ Beyond that, countless partnerships with the private sector have been implemented from further international organizations to this day. Also non-state actors – e.g. the private sector and NGOs – are integrated into international policy design and policy implementation.

Partnerships in the Social Protection sector started concerning basic social services and in the last years came up in further areas of Social Protection, such as health insurance. In this manner the overall trend of liberalization, deregulation and privatization of the public sector and public services as well as the international trend to development partnerships with the private sector comprised the Social Protection sector – a sector which before was governed exclusively by governments.

III. Design of Public Private Partnerships

Depending on local requirements and on the interests of both partners there exists a huge variety concerning structure, design and implementation of PPPs. Usually a contract between the public and the private partner plays a key role in the partnership: it fixes the objectives and standards, the mutual roles and responsibilities, the compensation as well as the liabilities. In order to achieve a successful partnership risk-sharing between both partners should be balanced well. Furthermore appropriate financial incentives/rewards promote good performance of the partner. Basic contract types are:

⁸ Genevois 2008.

⁹ Compare: UN doc. A/60/214, 10 August 2005; ILO 2008a; UNDP 2004.

¹⁰ Compare: <http://www.un.org/partnerships/>; <http://www.unglobalcompact.org/>.

- service contracts;
- management contracts;
- lease contracts;
- concessions;
- build – operate – transfer (BOT) and similar arrangements;
- joint ventures; and
- hybrid arrangements.¹¹

Each of these options stands for various roles and levels of risk and responsibility of the partners.

The design of a PPP requires thorough preparatory work and detailed knowledge in the respective sector: regarding the political, economical, legal, institutional, financial and social context or resource. For this reason a solid analysis of the respective sector is essential. The analysis should include status quo, gaps, strengths, shortcomings, and future tasks of the sector. It is essential to involve an interdisciplinary team of specialists which elaborate the context and identify promising approaches (e.g. engineers, lawyers, economists, financial analysts, and policy and transaction specialists). Furthermore proper and early stakeholder consultation poses an essential precondition for a successful designing process. The result of this preparatory work is a sector map which analyzes strengths and weaknesses and identifies most promising areas for efficiency increases or public/private investment.

The selected PPP option depends very much on the government's objectives, the overall context in which the PPP shall be implemented and the private partner's willingness to take risks.¹² If the government e.g. wants to improve services or reduce costs it may choose service or management contracts with the private sector. Expanding the system with private capital would require concessions, BOTs or joint ventures but private partners may fear the level of risk. In order to find a private company for the partnership and in order to implement the PPP sustainable the selected PPP option and contract should balance appropriately the mutual risks and responsibilities. In this manner the public and the private partner may both benefit.

¹¹ For further information: see ADB 2008; OECD 2007.

¹² Compare: OECD 2007.

Low-income groups pose a specific challenge for PPPs. The private sector may have little incentives to provide services to these groups or to low-income areas - due to high cost of providing services or due to building up infrastructure and low profits because of low consumption or lack of payment culture. Because of this scientists and practitioners discuss targeted PPP approaches to the needs of these groups. These approaches comprehend tailored interventions for low-income groups, which acknowledge these groups, set the right incentives to the private sector and balance the financial and social risks to all stakeholders.¹³

Furthermore, the respective political, legal, practical and financial backgrounds have to be assessed, acknowledged and adapted: to include low-income groups requires strong policy commitment, freedom of scope from a legal perspective (which means scope for design, implementation, enhancement of private activities, etc.), good knowledge regarding existing services (coverage, access, shortcomings, etc.) and appropriate financial instruments (e.g. government subsidies, connection fees, ongoing payments for service, prepaid meters, pay points, etc.).

IV. PPPs in social services

There already exist many examples of PPPs in the social services sector.¹⁴ The reason for this is that basic social services like water, sanitation and health are an essential part of public infrastructure. And infrastructure is traditionally a strong sector for PPPs: infrastructure is usually targeted at the whole population. Because of this there exist a lot of (potential) customers and business opportunities. This applies as well to the basic social services sector. In most countries social services like water and sanitation pose a real market with calculable risks and opportunities (determined by supply and demand). For this reason basic social services attract the private sector – in developed as well as in less developed countries – and they are subject-matter of PPPs. On the other hand, private companies may attract the public sector as they may provide very good management skills and efficient service delivery structures.

¹³ Such incentives for the private sector are for example low-cost mechanisms of providing service, pricing structures that encourage customer payment, low-cost financing for system extension, and other contract mechanisms regarding the specific characteristics of the low-income population (cp. ADB 2008, 8.2).

¹⁴ Compare: ADB 2008; Mital/Mital 2006; OECD 2003; Reich 2002; Lucas 2002; Buse/Waxman 2001; OECD 2000; Ahmed 2000; Mukhopadhyay 2000; Moser 2000; Wang 2000.

For provision and delivery of basic social services the public sector cooperates predominantly with private companies. But there also exists evidence of successful cooperations with NGOs (see example 1).

Example 1: Management contracts concerning primary health care in Cambodia: Management contracts with NGOs concerning primary health care facilities were implemented in 12 districts in Cambodia. The duration of management contracts was 4 years. The providers had complete management responsibility. This included binding performance targets set by the Government: primary health care services had to cover immunization, antenatal care and family planning services, as well as services to the poor and services free of charge, e.g. emergency obstetrical care, minor surgery, and inpatient treatment of serious diseases. Regarding performance and coverage achievements as well as improvement of working conditions the Government proved the private management to be more effective than public management (cp. ADB 2008).

This example shows that NGOs can act as appropriate private partner in PPPs. They usually provide very good local networks and local knowledge, whereupon their monetary interest is potentially not as strong as in private companies (because they are regularly not-for-profit organizations). However, a very important precondition is that the respective NGO offers sufficient capacity in the respective sector. But assessment and verification of capacity of private bidders in line with the tendering process constitutes a common procedure. This assessment should also include the reliability of the private partner. Private partners – companies as well as NGOs – have to practice legally, acknowledging and respecting legal, social and labour standards. Efficient partnerships with the private sector at the cost of quality of basic social services or at the cost of social and labour standards are not justifiable.

There exist many good practices in the social services sector regarding PPPs.¹⁵ Here also exists huge variety: Hospitals were subject to lease contracts and wastewater facilities have been constructed with private capital investment. PPPs may improve efficiency of service delivery. Furthermore, PPPs may attract private capital investment. But their success is very much related to a comprehensive planning process and to ongoing monitoring from the public partner. Only in this manner the quality of basic social services can be assured.

¹⁵ Compare for example: Mital/Mital 2006; Reich 2002; Lucas 2002; Buse/Waxman 2001; Ahmed 2000; Mukhopadhyay 2000; Moser 2000; Wang 2000.

Basic social services refer briefly to sensitive human needs, such as the need for clean water, effective sanitation and appropriate health provision. In this sector bad service delivery may have catastrophic consequences for many humans – much worse than e.g. a poor constructed road.

Because of this it is worth to note that each partnership with the private sector means an ongoing responsibility of the public partner. Delegation or partnership does not lead to indemnification of the public sector. Also in ongoing partnerships the public sector stays responsible for the social rights and the wellbeing of the people. For this reason effective monitoring instruments have to be implemented.

Equally essential is thorough preparatory work in order to develop and implement PPPs in an inclusive, pro-poor manner. In market-oriented partnerships the poor are usually not in the focus of the private partner as other target groups are much more promising. Due to high cost of providing services or building up infrastructure and due to low profits because of low consumption or lack of payment culture, the private sector may have little incentive to provide services to low income groups or to low-income areas. The public partner is responsible to acknowledge and promote actively the special needs of the poor and vulnerable – already in the planning process of PPPs. Broad access to basic social services – regardless of income or social status of people – is still a huge challenge in many developing countries. By means of special instruments – for example incentives or cross-subsidies – the public partner may achieve inclusion of poor and vulnerable people.

The former paragraphs point out clearly that successful and sustainable partnerships with the private sector require strong and capable partner – on both sides. This may pose a problem in developing countries for example in case of weak administrative structures. As shown, the public partner is responsible for the social rights of the people which demands ongoing monitoring of the private partner. Unequal partnerships – for example between weak public agencies and strong international companies – endanger potentially the right balance in the partnership – regarding mutual responsibilities, mutual risks and mutual opportunities.

For the sake of completeness one further aspect of basic social services shall be mentioned briefly: education. Primary and secondary education is traditionally and today delivered predominantly by public schools. Education represents a

rather new but emerging sector for PPPs. The topic is discussed controversially and this sector still requires further research, reviews and analyses.¹⁶

V. PPPs in social insurance

The social insurance sector in general is a rather new and emerging sector for PPPs.¹⁷ There does not exist similar experience as in basic social services sector (compare IV. PPPs in social services). Furthermore, PPPs in social insurance are currently very much focused on health insurance in developing countries.¹⁸ PPPs in other areas of social insurance are rare in developing countries (e.g. pension, unemployment or occupational accident). In developed countries PPPs in social insurance concentrate more on service delivery for existing public social insurance schemes. What is the reason for this?

From the viewpoint of business opportunities and private sector attraction – and compared to basic social services – the social insurance sector shows a completely different picture: In developed countries with already existing public (compulsory) social insurance schemes, partnerships in social insurance relate mostly to service delivery, as the social insurance market is already served by the existing public schemes (“sufficient supply” and “no demand” or only “small demand” for additional insurances/partnerships). In contrast, less developed countries – with fragmented social insurance schemes – pose an insurance market as there are many uninsured risks. Due to fragmented public insurance schemes there is a real gap in supply.

In developing countries the current focus on PPPs in health insurance results from prioritized development goals regarding the Millennium Development Goals: in environments lacking broad coverage of Social Protection/social insurance development cooperation focuses on the most urgent areas. In many countries social health protection or health insurance marks the first step for development of a comprehensive Social Protection system. Consequential further areas of social insurance will follow – after successful implementation of health insurance. Because of this growing social insurance markets can be expected in developing

¹⁶ Compare: Genevois 2008; Barrera-Osorio/Patrinós/Wodon 2009; Elacqua/Contreras/Salazar 2009; Ahmed 2000.

¹⁷ cp. Pelham/Clay/Braunholz 2011.

¹⁸ Compare: ILO 2010; GTZ 2010; Mital/Mital 2006; Reich 2002.

countries. These markets may attract the private sector and may lead to more partnerships in social insurance.

PPPs and development partnerships may function as vehicle to enter these markets combining strategies, knowledge and means from public and private sector in order to raise awareness and to create a real demand. Exploitation of these markets as well as development and implementation of adapted social insurance products requires remarkable capital investment. Furthermore the whole legal and institutional environment of a country/Social Protection system has to be opened and adapted. These are challenges for both the public and private sector, but in line with thorough designed PPPs the respective risks and opportunities can be balanced well.

Access to social security is a human right – and for social insurance applies similar public accountability as in the case of basic social services: Delegation or partnership does not lead to indemnification of the public sector. This means that the public sector stays responsible for the social rights and the wellbeing of the people. Essential is thorough preparatory work in order to develop and implement social insurance in an inclusive, pro-poor manner. Already in the planning process the special needs of poor and vulnerable people have to be acknowledged. This comprehends broad access to social insurance – regardless of income or social status of the people. Special instruments – for example subsidies, adjusted contributions or micro insurances – may achieve inclusion of these people in social insurance. Essential are furthermore appropriate monitoring instruments so that implementation of PPPs safeguards the social rights of the poor and vulnerable.

Social insurance markets provide opportunities for private companies as well as NGOs. The latter are an attractive partner as they usually come with very good local networks and local knowledge, whereupon their monetary interest is potentially not as strong as in private companies (because they are regularly not-for-profit organizations). This may be an opportunity for markets with low business opportunities and lacking interest of private (commercial) insurance companies. Particularly social insurance schemes for poor people by means of community based or cooperative schemes could be a future sector for NGOs.

Example 2: Pilot health insurance scheme for children in Hyderabad City, India, which is also carried out from a NGO by means of a Public Private Partnership. Naandi Foundation is an autonomous, not-for-profit trust in India. In 2005, the foundation implemented a comprehensive health programme for poor children studying in public schools. It was targeted to young children in the age group of 6 to 14 years. The insurance package provided full coverage without any limitation or service cap (operating at all levels). The donated premiums (Rs 120 per child per year) did not reduce the financial means of the respective families. The programme organized for example health camps in which each child experienced comprehensive health checks (by a pediatrician, dental surgeon and community eye health worker) and at last around 60,000 children attended the health camps. The scheme was fully administered by the Naandi staff and succeeded in reducing the cost to a minimal level. For this reason it was possible to provide a comprehensive and all-inclusive package of health care. Further positive impacts could be observed concerning health behavior of poor families as well as school attendance of children and overall improvement in children education (cp. ILO 2007).

In summary, PPPs in social insurance pose a future market as there are many opportunities for adapted insurance products targeted to poor and vulnerable people (for example micro insurances). But there remain many open questions and knowledge gaps, for example: What is the area of application regarding social insurance in comparison to other instruments of risk coping like savings and credit or in comparison to social assistance schemes? Further research and practice has to clarify these questions in the future.

VI. PPPs in social assistance

Regarding PPP's in social assistance and similar areas of social safety nets there is no broad experience. The reason for this is that social assistance does not represent a separate market like in the case of basic social services or the social insurance sector. In the case of social services it is the user fees of a broad target group and in the case of social insurance it is the contributions of the insured persons that open business opportunities. Social assistance is not based on former contributions or fees. Typically it represents a tax financed benefit of poverty relief. Because of that private partners do not find many business opportunities and this sector does not attract the private sector – in developed as well as in less developed countries. It is usually not subject-matter of PPPs. However, there is a small chance for private activities: regarding administration services as well as delivery/payment services as the following example shows.

Example 3: Delivery of social pension in Namibia, which is carried out by a private company. Indeed there exists a network of branch post offices in Namibia but people in remote areas have to travel very long distances in order to reach these offices. Furthermore many people lack identification paper. The government identified these problems and mandated a private company. Now several mobile teams with trucks serve the social pension in remote areas. The trucks travel on defined routes and stop in preassigned communities on fixed dates. Each team uses two trucks, one for identification of beneficiaries via fingerprint and one for drawing out money by means of an ATM. In this manner beneficiaries have the choice – how much money they draw out from their personal account or how much they want to save.

The case of social assistance and similar areas of social safety nets points out that PPPs generally require private interest and market opportunities. These preconditions do not exist in each area of Social Protection. But even in “non market” areas PPPs are possible in a small scale – as shown above. These areas may also be an opportunity for NGOs. As their activities are very often determined by separate, non market-oriented objectives they may act as private partners in markets with low business opportunities and lacking interest of private (commercial) companies.¹⁹

VII. PPPs in further areas of Social Protection

Child benefits sector

The child benefits sector represents a similar “non market” sector and it is – in contrast to social insurance – no new and emerging sector of partnerships. As well as in the case of social assistance child benefits are not based on former contributions or fees. Typically they represent tax financed benefits of social provision. As shown above, for PPPs only administration and service delivery opportunities remain. These services may attract also NGOs with child welfare and not market oriented objectives.

Labour market policies sector

There are real business opportunities in the labour market policies sector as private companies may have strong interest in hiring trained and qualified labour

¹⁹ See for example the case of Bangladesh where a large NGO implemented the multi-dimensional social assistance programme, compare: ILO 2010. See also: Devereux 2001.

force – in developed as well as in developing countries. On the other hand, the public sector has a stake in lifting people out of low-skilled informal jobs into qualified and formal employment. Furthermore many private companies are keen on rendering training services related to occupational training or further training. It can be stated that there is a huge overlap of public and private interests in the labour market policies sector. For this reason it can be classified as an emerging and future sector for partnerships with the private sector – in developed as well as in developing countries.

Crop and weather insurance sector

Crop and weather insurances are a new field of Social Protection in the broader sense. At this stage extreme weather events endanger the livelihood and the family income of millions of self employed farmers and their families in developing as well as in developed countries. In the last years crop and weather insurances were piloted and implemented in developing countries. In contradiction to developed countries there exists up to now almost “no demand” and “no supply” regarding crop and weather insurance. Due to global climate change the relevance of crop and weather insurance will increase significantly, in developing as well as in developed countries.

From the viewpoint of business opportunities and private sector attraction crop and weather insurances pose a new and emerging insurance market as the risk of crop failure and extreme weather events is not yet insured in most cases and countries. As well as in the case of social insurance, PPPs and development partnerships may function as vehicle to enter new markets, combining strategies, knowledge and means from the public and the private sector in order to raise awareness and to create a real demand. Exploitation of these markets and development or implementation of adapted crop/weather insurance products requires remarkable capital investment. Furthermore the legal and institutional environment of respective country/Social Protection system has to be adjusted. These are challenges for both, public and private sector, and in line with thorough designed PPPs the respective risks and opportunities can be balanced well.

Example 4: Weather-indexed micro insurances on Philippines (Munich Re, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Cooperative Life Insurance and Mutual Benefit Services – CLIMBS). Their objective is to offer insurance services against the effects of extreme weather events. In this manner they enhance the financial stability of cooperatives and other microfinance providers and pass on the insurance benefits to low-income members of these institutions. How does it work?

“Triggers, also known as indexes, have been defined across the country for each municipality (...). If a cooperative operating in a given municipality experiences extreme weather conditions that exceed the indexes set for that municipality, then the weather event triggers a payout for the cooperative (...). In a binding statement, the cooperatives made a commitment to pass on the insurance benefits to their members. To this end, each cooperative establishes a separate Natural Catastrophe Fund and special lending windows that offer interest-free emergency loans from the fund to help afflicted members to recover. Those most strongly affected by the natural catastrophe shall be prioritized. Certification from village officials and other quick, transparent mechanisms will verify the actual damage to each member and thus help decide on prioritization. Insurance payouts may also be used to purchase micro insurance products for the affected to cover future risks (...). The micro insurance product CLIMBS Catastrophe Protection Policy is beneficial to two tiers: firstly, to the cooperatives by helping them manage their exposure to the default risk; and secondly, to the member borrowers or shareholders of these cooperatives by protecting their equity and investments in the cooperatives and by enabling them to rebuild their livelihoods after an extreme weather event. It thus prevents low-income households from slipping into poverty. Moreover, by enhancing the micro lending capacity and liquidity of cooperatives even in critical times, it makes loans affordable to their low-income members. As democratically organized associations, cooperatives in the Philippines are an important vehicle for promoting self-reliance and economic development by offering loans, insurances and other services. CLIMBS unites over 1,600 cooperatives nationwide, which means a potential outreach to over 900,000 members and policy holders (...).”
(compare GIZ 2011).

This new sector for PPPs requires as well further research, reviews and analysis.²⁰

²⁰ cp. Pelham/Clay/Braunholz 2011; ADB 2009.

VIII. Summary and Outlook

1. The idea of partnerships with the private sector came up in line with liberal deregulation and privatization policies in the late 1980s/early 1990s and led to Public Private Partnerships between (national) public agencies and private companies. Since then, many Public Private Partnerships were implemented in the infrastructure sector. In the late 1990s furthermore development partnerships with private stakeholders came up and boomed in international policy sector. They are now an inherent part of international (development) policy and respective policy implementation of international key stakeholders.

2. A brief review regarding existing public-private (and development) partnerships in Social Protection sector shows a fragmented picture:

Many partnerships have been realized in basic social services sector, such as water, sanitation and health. Because of this there already exist case-studies, experience and recommendations.

Much less practices and experience exist regarding further areas of Social Protection: for example in the education sector, the social insurance sector or the social assistance sector. The need for further basic research and practical experience in these areas has been recognized already.

3. Considered from the viewpoint of business opportunities and private sector attraction, the Social Protection sector shows a complex picture:

Basic social services sectors like water and sanitation in the most countries pose a real market with calculable risks and opportunities (determined by supply and demand). For this reason basic social services attract the private sector – in developed as well as in less developed countries – and they are and will be subject-matter of PPPs.

Concerning further areas of Social Protection it is necessary to differentiate: in developed countries with already existing public (compulsory) social insurance schemes partnerships in social insurance will very much relate to service delivery, as the social insurance market is already served by public schemes (“no demand” or only “small demand” for additional insurances). In contrast, less developed countries – with fragmented social insurance schemes – present an insurance market. Due to uninsured risks and fragmented public insurance schemes there exists a gap in supply. PPPs could function as vehicle to enter these markets

combining strategies, knowledge and means of the public and the private sector in order to raise awareness and to create real demand.

Social assistance or similar social safety benefits do not provide such business opportunities as in case of basic social services or social insurance – in developed as well as in developing countries. Nevertheless, there is a business opportunity as PPPs can be considered for provision of benefits in cash or in kind.

4. The fragmented picture regarding existing public-private (and development) partnerships in the Social Protection sector correlates largely with the respective business opportunities. The Social insurance sector in developing countries can be identified as one emerging (business) sector for public-private and development partnerships, as well as the weather/crop-insurance sector. But there still remain many questions and knowledge gaps. For example: What is the area of application regarding social insurance or micro insurance in comparison to other instruments of risk coping like savings and credit or in comparison to social assistance schemes? How and in which manner could these different instruments of Social Protection/social safety be combined effectively in the respective context?

5. Successful partnerships in the Social Protection sector can also be carried out together with non-profit organizations/NGOs. They provide usually very good local networks and very good local knowledge, e.g. concerning local needs, local supply and local demand. Because of this, they are a good partner for PPPs in principle. In particular, they are a good partner in areas with small or lacking business opportunities, as their work is usually not profit-oriented.

6. PPPs may achieve greater efficiency and pose a chance for mobilization of private capital. But it is worth to note that each partnership with the private sector includes an ongoing responsibility of public authorities. Delegation or partnership does not lead to indemnification of public sector. In ongoing partnerships the public sector stays responsible for the social rights and the wellbeing of the people.

7. Social Protection is a sensitive issue. Essential is thorough public monitoring as Social Protection affects basic human rights and basic human needs such as water, sanitation, health and social insurance. Essential is as well thorough preparatory work in order to develop and implement PPPs in an inclusive, pro-poor manner. In a market-oriented partnership the poor and vulnerable are

usually not in the focus of the private partner as other target groups are much more promising. Because of this the public side has to acknowledge and promote actively the special needs of the poor and vulnerable – already in the planning process of PPPs.

8. Even though there already exist lots of experiences regarding partnerships the new and emerging sectors of PPPs in Social Protection require further observation and research. But by now we can state that in line with successful cooperation and competition of public and private sector both sides, the public as well as the private, and furthermore the people/beneficiaries can profit from public-private and development partnerships.

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