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PUBLIC PRIVATE PARTNERSHIP IN THE HEALTH SECTOR OF ADDIS ABABA

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**Public Private Partnership in the Health Sector of Addis
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Acronyms

ART	Antiretroviral treatment
CBO	Community Based organizations
CCSA	Chamber of Commerce and Sectoral Associations
CSO	Civil Society Organizations
DOT	Directly Observable Therapy
GoE	Government of Ethiopia
HIV	Human immune virus
HMIS	Health Management Information Systems
HRD	Human Resource Department
HSDP	Health Sector Development Program
HSEP	Health Service Extension Program
IMF	International Monetary Fund
KAP	Knowledge, Attitude and Practice
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MOH	Ministry of Health
NGO	Non governmental Organizations
PFI	Private Finance Initiative
PPD	Public Private Dialogue
PPM	Public Private Mix
PPP	Public Private Partnership
SDPRP	Sustainable Development and Poverty Reduction Program
TB	Tuberculosis
WHO	World Health Organization

Abstract

Public Private Partnership is a partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector. As a modern service delivery mechanism, public private partnership when carefully applied benefits the government, the private partners and the citizens in general.

PPP in the health sector is believed to add value to the service quality and improve the efficiency in both the government and private health sector. When it comes to the health sector in Addis Ababa however, whether there is actual need for PPP in health is was not well known. The general situation of public private partnership in the health sector of the city with respect to the opportunities and challenges existing in the environment was not well studied.

With these basic questions in mind, the overall situation of Public private partnership in the health sector of Addis Ababa was studied. Various journals, books, policy and strategy documents, regulations, directives and PPP manuals were referred. Fifteen officials and experts from both public and private institutions were interviewed and have provided their views, opinions and information based on expertise. Views and opinions of both sectors are incorporated to the extent possible.

After carefully looking in to and analyzing the available data, the study has found out that there is a very much pressing need for public private partnership in the health service of the city from both the public and private side. The study has also come up with the fact that there are few beginning activities that can pave the way for public private partnership in the health sector of the city. The public private dialogue, the few efforts in the health sector of the city to jointly provide health services such as TB treatment, outsourcing of non clinical services indicate that there are PPP practices in the health sector of the city but are found at a very emerging stage.

Except these few activities however the health sector of Addis Ababa city has no advanced form of public private partnership arrangements. Contemporary service delivery concepts such as joint ownership of facilities, joint financing and administration of services and health infrastructure are almost non existent in the city.

There are good opportunities that create favorable conditions for the application of PPP in the health sector of the city. The national and City health Policies, the health sector development program (HSDP) the government's and private sector's readiness to closely work together are good opportunities and should be properly utilized.

The health sector public private partnership in Addis Ababa city also suffers from various challenges. Among these, the fact that the PPP concept is new to the health system has created confusion in almost all the actors. Lack of institutionalization of PPP and fragmented effort to introduce and apply PPP in the health sector is another challenge which calls for establishment of separate PPP unit with in the health system to assume the responsibility of coordinating the PPP activities. Public private partnership in the health sector of Addis Ababa is not augmented by strong technical capacity of its employees. PPP contract management, handling financial aspects and PPP project management capacity of the health system are at a very low stage and need rigorous work.

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Chapter 1

Introduction

1.1. Background

Public Private Partnership is a partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector. Public Private Partnerships come in a variety of different forms, but at the heart of every successful project and service is the concept that better value for money may be achieved through the exploitation of private sector competencies and the allocation of risk to the party best able to manage it.

According to Lewis and Myers (1997) public-private partnership can also be defined as a broad range of arrangements that involve a combination of state and non-state actors for the fulfillment of traditional state functions such as health, water, education, sanitation and citizen security. Fiszbein (2000) has pointed out that the common denominator of a partnership is the 'pooling of resources (financial, human, technical and intangibles such as information and political support) from public and private sources to achieve a commonly agreed social goal.

In recent years the private sector has been called on to deliver numerous services which were traditionally assured by the public sector: health, energy, water, waste services, transportation and telecommunications. According to Brown (1995), to provide a long-term response to the expectations of stakeholders and citizens, the partnership between a public authority and a private partner is based, above all, on a contract characterized by conditions that set clear limits between partnership and privatization.

The global burden of disease, especially the part attributable to infectious diseases, disproportionately affects populations in developing countries. Inadequate access to pharmaceuticals plays a role in perpetuating this disparity. Drugs and vaccines may not be accessible because of weak distribution infrastructures or because development of the desired products has been neglected. This situation can be tackled with push interventions

to lower the costs and risks of product development for industry, with pull interventions providing economic and market incentives, and with the creation of infrastructures allowing products to be put into use. If appropriately motivated, pharmaceutical companies can bring to partnerships expertise in product development, production process development, manufacturing, marketing, and distribution—all of which are lacking in the public sector. Dawson (2002) argues that a large variety of public–private partnerships, combining the skills and resources of a wide range of collaborators, have arisen for product development, disease control through product donation and distribution, or the general strengthening or coordination of health services. Administratively, such partnerships may either involve affiliation with international organizations, i.e. they are essentially public-sector programs with private-sector participation, or they may be legally independent not-for-profit bodies. These partnerships should be regarded as social experiments; they show promise but are not a panacea.

New ventures should be built on need, appropriateness, and lessons on good practice learnt from experience. Suggestions are made for public, private, and joint activities that could help to improve the access of poor populations to the pharmaceuticals and health services they need.

The disparities in health between rich and poor populations are, in a significant measure, attributable to a lack of access to drugs and vaccines as well as to differences in the geographical distributions of certain disease agents and sanitation. Historically, drugs and vaccines and other health services have become available through an informal division of responsibilities between public entities and private companies, all undertaking activities in accordance with their mandates or motivations. This division of labor constitutes a poorly defined partnership in which the outcomes desired by different parties have never been explicitly negotiated. In the more economically advanced countries it is generally regarded as reasonably successful, having led to the availability of a broad range of effective drugs and vaccines and even disease control services. However, this kind of

system according to Ruane (2000) is not particularly responsive to the specific health needs of the world's poorest populations.

Rayment and Webster (1997) argue that the delivery of services such as health care in almost every country involves some form of public-private partnership. In countries where care is delivered mainly through the public system, many inputs, such as pharmaceuticals and support services, are sourced from the private sector. In countries with predominantly privately owned facilities, the state influences their configuration through regulations and financial incentives. In hospitals, the situation is further complicated because of the many functions provided by such institutions: the training of health professionals and research and development, for example, are activities that are publicly funded to varying degrees.

The Government of Ethiopia has taken on new approaches to private sector development in Ethiopia. In the Industrial Development Strategy (GoE, August 2003), it is stated that the Government recognizes the importance of the private sector in the growth and development of the Ethiopian economy and society. The Government has also expressed its commitment to create an enabling environment for business investment and development. Though the industrial development strategy gives attention to micro and small scale enterprise development, it can be inferred from the strategy that the partnership between the private and public sectors is clearly recognized at least in principle.

Over the past years, the Government of Ethiopia has framed its new activities within a macroeconomic environment mainly defined by the New Economic Policy, the Emergency Rehabilitation and Reconstruction Program, the Agricultural Development-Led Industrialization strategy, the Sustainable Development and Poverty Reduction Program (SDPRP) and strive to achieve the Millennium Development Goals.

It is usually argued that the implementation of the above programs and strategies can not be realized with out the participation of the private sector. It has also been acknowledged

that private sector institutions need to be strengthened in order to play an important advocacy role and become increasingly recognized in the transformation process of the whole socio-economic development of the nation. It is clear that both the private and public sectors face capacity constraints and there is a need to undertake analytical investigation of issues central to the promotion of private sector development so that the Government and private sector can engage in a constructive and deepened dialogue on the needs of the private sector to be an engine for growth, particularly in terms of policy, implementation and institutional change.

The population of Addis Ababa City was estimated to be 3,666,484 at the end of 2006 out of which 48% are males and 52% females. The administrative structure of the city has 10 sub-cities with 100 kebeles under them. The Addis Ababa health network is characterized by a dominance of the private sector. This is a noteworthy feature that should not be neglected when considering provision of health care in Addis Ababa, as private sector seems to play an important role.

The health sector development program report of 2006 indicates that there are few beginning efforts to develop partnership between the public and private sectors in the health sector development in general and provision of health care services in particular. However the efficiency and effectiveness of the partnership between the sectors need to be evaluated and improved for better results and achievements in the health service coverage and development of the health sector. This study will try to find out and evaluate the types, levels and status of public private partnerships in the health sector of Addis Ababa city administration.

1.2. Statement of the Problem

It is practically difficult for the public sector to exclusively provide all the services to the citizens effectively and efficiently. Godfrey (2000) strongly argues that the majority of public services call for the private sector involvement and participation. For him public private partnership in the service sector though essential for the efficiency and effectiveness of the services is yet at a very beginning stage both at developed and

developing nations. Cowper (2003) however argues that public private partnership should not be adopted for mere sake of partnership; the actual need and benefit to both the private and public sector actors should be taken in to account. According to Berman (1997) though there are several kinds of relationship between various actors in a give socio economic setting, whether it can be called Public private partnership requires scientific analysis. In the health sector the collaboration between the private and public sector seems inevitable as citizens' demand for health services increases. In the health sector of Ethiopia in general and that of Addis Ababa in particular whether there is a need for public private partnership is not so far studied by researcher of concerned bodies. What good opportunities and challenging environments exist in the health sector environment is also still not well known. There is in general a pressing need to address the health sector public private partnership of Addis Ababa with respect to the following basic questions.

- Is there a need to adopt the public private partnership options in the health service delivery of Addis Ababa City? What economic and social benefits can justify the use of public private partnership in the health sector?
- Does public private partnership as service delivery mechanism exist in the health sector of Addis Ababa City Administration? What does the general status of public private partnership look like in the health sector of the city?
- What does the environment of public private partnership in the city look like? What good opportunities that can facilitate the use of PPP in the health sector can be mentioned?
- What are the challenging situations that may negatively affect the application of public private partnership in the health sector of the city?

The study will therefore assess the above research questions and come up with major findings by investigating relevant primary and secondary data related to the public private partnership in the health sector.

1. 3. Objectives of the Study

It is generally believed that the socio-economic development of a given state can be accelerated through the intervention of various actors. Ever increasing demand of citizens is forcing governments to look for alternative mechanisms of public service delivery.

In light of these facts, the general objective of the study will be assessing the general situation of public private partnership and its application in the health sector of Addis Ababa City Administration.

In meeting the above general objective, the study will focus on the following specific objectives. It will:

1. Identify whether there is a need to have public private partnership options of service delivery in the health sector of the city.
2. Identify whether the practice of public private partnership exists in the health sector of Addis Ababa City Administration and look in to the general status of partnership so far attained.
3. Investigate the opportunities that pose favorable conditions for the application for public private partnership in the health sector of the city.
4. Identify the challenging situations that may hinder the effective implementation of public private partnership in the health sector service delivery.
5. Come up with some findings, summaries and conclusions regarding the situation of PPP in the health sector of Addis Ababa City Administration.
6. Provide recommendations by referring to the findings on how to get the best out of public private partnerships and how to go about it.

1. 4. Significance of the Study

Service quality and coverage of a country is usually considered as one of the indicators of development. The United Nation's Millennium Development Goal puts basic services such as health service coverage as one of its important components. The public private collaboration in this regard is believed to accelerate the efforts being made by

international and state actors in enhancing the coverage of basic services to the citizens.

This study will therefore be significant in:

- A. Awaiting the government, the private sector actors and all other stakeholders about alternative service delivery mechanisms.
- B. Indicating directions and possible options of collaboration between the service providers of public institutions and their private counterparts. The findings and recommendations of the study will serve as a bench mark on how to establish an institutionalized and structured partnership between the public and private service providers.
- C. Serving as an important reference material by adding value to the existing literature on public private partnerships and assist the teaching learning process in development related disciplines.
- D. Initiating researchers and development scholars to conduct further and comprehensive study in the area.
- E. Serving as a partial fulfillment for the requirement of obtaining masters degree in Public Administration.

1. 5. Methodology

The study was conducted by raising various issues of PPP in the health sector of Addis Ababa and looking in to the variables that can be addressed to analyze the issues. The averall issues raised and variables used along with the sources of data are presented in the following Data Matrix.

Table 1. Data Matrix for the study on Public private partnership in the Health Sector in Addis Ababa

Issue	Variables	Data needed	Instruments	Possible Location of Data
1. Need for PPP in the health Sector	Service Quality Equity Access Efficiency Sustainability	improved services, equipments, facilities etc Equitable distribution of services, financing, resource sharing etc Wider access to services, distribution of health services and facilities to wider areas Wise resource utilization, minimization of wastage, cost minimization, resource complementarity etc.	Archival search Structured and unstructured interviews	Federal Ministry of Health Addis Ababa City Health Bureau Ministry of Capacity Building Ministry of Trade and Industry Officials and Experts in various Health Institutions

2. Existence of Public Private Partnership in the Health Sector on Addis Ababa	Dialogue Joint decisions and problem solving Cooperation and coordination Ownership Financing Management Joint Service Delivery	Practice of public private dialogue on policies, Systems, Health services etc Practices of Cooperation and Coordination among the private and public sector actors , Joint problem solving activities, practices of jointly owning, financing and managing health institutions and health services Practices of jointly providing health services to citizens etc.	Archival search Structured and unstructured interviews	Federal Ministry of Health Addis Ababa City Health Bureau Ministry of Capacity Building Ministry of Trade and Industry Officials and Experts in various Health Institutions both in public and private settings
3.Opportunities for PPP in the Health Sector of Addis Ababa	Relationships through Dialogue Policies Strategies Government Support	-existence of good environment for dialogue and discussions on common issues -Room for PPP in the health and other policies of the Federal and Local Government -HSDP strategies and emphasis given for PPP in the Strategies -Government's readiness and Commitment to adopt PPP in the Health Sector of the City.	Archival search Structured and unstructured interviews	Federal Ministry of Health Addis Ababa City Health Bureau Ministry of Capacity Building Ministry of Trade and Industry Officials and Experts in various Health Institutions both in public and private settings

4. Challenges to PPP in the Health Sector of Addis Ababa	-	Understanding of the meaning, applications and Various Contexts of PPP by concerned parties. Establishment of formal PPP units with in the Health System at Various levels Ability of PPP contract Management, Financial management in PPP arrangements, Capacity to Apply Various PPP models in the health sector of the city.	Archival search Structured and unstructured interviews	Federal Ministry of Health Addis Ababa City Health Bureau Ministry of Capacity Building Ministry of Trade and Industry Officials and Experts in various Health Institutions both in public and private settings
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The study was conducted by making use of both primary and secondary sources. Secondary data were collected by referring to relevant published and unpublished materials related to public private partnership practices in general and health service development in the country in particular. The study has made excessive use of documents such as books journals and magazines on public private partnerships, private sector development program documents, documents on public private dialogue at national level, the national and regional health policies, health care financing strategy manuals of the federal government and the city administration, Ethiopian health sector development program documents, various proclamations, regulations and directives related to the health sector, various reports of the health bureau, health offices and health service providers will be the major documents referred to obtain secondary data.

Primary data was obtained through interviews with relevant leaders in both public and private sector organizations. Relevant administrative bodies of Federal Ministry of Trade and Industry, Ethiopian and Addis Ababa Chamber of Commerce and Sectoral Associations were interviewed. Selected management bodies of the Federal Ministry of

Health, Addis Ababa Health Bureau and two Sub-city Health Offices were also part of the interview to get basic information on health sector public private partnership.

Summary of Private and public sector organizations and interviewees from the institutions is presented below.

Table 2: Summary of Organizations Contacted and respondents selected for interview.

No	Organization	Number of Interviewees	Basis of Sampling	Remark
1	Federal Ministry of Health	2	Purposive Sampling	One Team leader and one expert in PPP area were purposely selected.
2	Ministry of Trade and Industry	2	Purposive Sampling	Two PPD experts were purposely selected.
3	Ministry of Capacity Building	1	Purposive Sampling	An Expert in private sector capacity building was interviewed
4	Addis Ababa Chamber of Commerce and Sectoral Associations	2	Purposive Sampling	Two experts on Policy advocacy were purposely selected to represent the private sector.
5	Addis Ababa City Administration Health Bureau	4	Purposive Sampling	One deputy bureau head, one department head, one Team leader and one expert from relevant units were purposely selected.
6.	Addis Ketema Sub City Health Office	1	Purposive Sampling	One person was purposely selected and interviewed
7	Arada Sub City Health Office	1	Purposive Sampling	One person was purposely selected and interviewed

8	Yekatit 12 Hospital	1	Purposive Sampling	One expert in the health Service area was purposely selected.
9	Betezata Hospital	1	Purposive Sampling	One expert in the health service area was purposely selected to represent the private health providers.

As can be seen from the above table a total of 15 persons were selected from both public and private sector institutions and participated in the interview. Purposive Sampling was used in order to obtain relevant respondents who can provide appropriate data related to Public private Partnership.

Information obtained from the secondary sources and the interviews will be presented and descriptive analysis will be made. The information and data obtained will be systematically compared and analyzed. Views and opinions of interviewees will be presented and analyzed with respect to the concepts and theories of public private partnerships. Summary of the application, types, levels and status of PPPs in health will be written as major findings and relevant recommendations will be drawn.

1. 6. Scope and Limitations of the Study

1. 6.1. Scope

Though the term public private partnership can include other non state actors such as non governmental organizations (NGOs), civic organizations and others, for the purpose of this study, the partnership between the public sector and the private sector (profit making organizations) is considered. Since the study mainly aims at assessing public private partnerships in the health sector of Addis Ababa City, rigorous and deep investigation and assessment of PPP cases is made. The health sector is taken as an illustration of the service sector and to show some examples on how PPP can be applied in the service sector.

1. 6.2. Limitations

The following are some of the factors that directly affect either the research process or its outcome.

- I. Both the concept and application of public private partnership are apparently new to the Ethiopian system and this created bit confusion in understanding the full concept and ideas in the research. The researcher however has tried to make all possible efforts to bring clarity in the concept and application of the term.
- II. The study has made of interviews and secondary documents. Obtaining variety of data through these tools needed strong willingness and cooperation from the public and private institutions in general and individual respondents in particular. The interviewees' lack of sufficient time to be interviewed was also one of the challenges for the researcher which to some extent affected the comprehensiveness of the study.
- III. Since little or no comprehensive research is so far made in Ethiopia in the area of PPP in general and health sector PPP in particular, it was so challenging to get relevant literature to support this study.

Chapter 2

Theories and Literature Review on Public Private Partnerships

2. 1. Concepts and Theories of Public Private Partnerships

A Public Private Partnership is a partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector. Public Private Partnerships come in a variety of different forms, but at the heart of every successful partnership is the concept that better value for money and quality of services may be achieved through the exploitation of private sector competencies and the allocation of risk to the party best able to manage it. For Maltby (2001) the dialogue between the public and private sector actors is the key to start advanced partnerships.

According to Cowper (2003) partnerships between the public sector and the private sector for the purposes of designing, planning, financing, constructing and/or operating projects which would be regarded traditionally as falling within the remit of the public sector.

For Godfrey (2000) PPPs entail a sharing of responsibility between government and the private sector: For example, the private sector contributes design, construction, operation (service provision), maintenance, finance and risk management skills while the government is responsible for strategic planning and industry structure, obtaining permits, some customer interface issues, regulation, community service obligations and (sometimes) payment on behalf of the service users. Godfrey (2000) further argues that the core idea of public private partnership therefore is cooperation and coordination of efforts and resources.

Public private partnership involves a strong contractual agreement. In this regard (Grimshaw and Marchington, 2001) indicate that a public private partnership is a legally-binding contract between government and business for the provision of assets and the

delivery of services that allocates responsibilities and business risks among the various partners. In a public private partnership arrangement, government remains actively involved throughout the project's life cycle.

Some scholars also see public-private partnership as a broad range of arrangements that involve a combination of state and non-state actors for the fulfillment of traditional state functions such as health, water, education, sanitation and citizen security. Humphreys (2003) for instance has pointed out that the common denominator of a partnership is the 'pooling of resources (financial, human, technical and intangibles such as information and political support) from public and non state sources to achieve a commonly agreed social goal.

The term "public-private partnership" (PPP) describes a spectrum of possible relationships between public and private actors for the cooperative provision of services. The only essential ingredient is some degree of private participation in the delivery of traditionally public-domain services. Expanding the scope of the private actors Maltby (2001) argues that the private sector may include private businesses, as well as nongovernmental organizations (NGOs) and community-based organizations (CBOs). This definition of public private partnerships is broader in scope since it includes both for profit and not for profit non state actors.

Scholars look at Public-Private-Partnership as an emerging method of executing public programs. Baines (2002) for instance indicate that public private partnership is a mode of implementing government Programs/schemes in partnership with the private sector. For Baines, et al, the term private in PPP encompasses all non-government agencies such as the corporate sector, voluntary organizations, self-help groups, partnership firms, individuals and community based organizations.

Public private partnership is not a single event agreement between the public and private sectors. Hunter and Robinson (2002) indicates that PPP involves a long-term relationship between the public sector and the private sector which may start at the design phase of

the project and extend to the phase out including the operations and service delivery. Public private partnerships are approaches to public service provision that governments increasingly use to respond to growing demands.

Governments generally have capacity constraints to effectively provide services to citizens. According to Pollock and Vickel (2002) public officials face the increasing challenge of providing public services and infrastructure in an environment of limited budgets. While not the answer to every government needs, Public-Private Partnerships can be taken as effective answer when appropriately applied. By combining the resources of the public and private sector in a carefully structured contractual arrangement, a wide range of projects and services can be delivered more quickly and cost effectively while maintaining a suitable level of public control.

2.2. Benefits of Public Private Partnerships for Government and Citizens

Many scholars analyze public private partnerships with respect to benefits and limitations to both the public and private sector.

According to Dawson (2002) public private partnerships improve service delivery by allowing both sectors to do what they do best. Government's core business is to set policy and serve the public. It is better positioned to do that when the private sector takes responsibility for non-core functions such as operating and maintaining buildings.

Using public private partnerships in service delivery improve cost-effectiveness by taking advantage of private sector innovation, experience and flexibility. PPPs can often deliver services more cost-effectively than traditional approaches.

Fairs (1997) put another dimension of benefits to public private partnerships. For him PPP options make better use of assets since private sector partners are motivated to use facilities fully, and to make the most of commercial opportunities to maximize returns on their investments. This can result in higher levels of service, greater accessibility, sustainability and reduced occupancy costs for the public sector.

2.3. Benefits of PPPs for the private sector

Public private partnerships give the private sector access to secure, long-term investment opportunities. Private partners can generate business with the relative certainty and security of a government contract. According to Monbiot (2002) private sector partners can profit from PPP by achieving efficiencies, based on their managerial, technical, and financial and innovation capabilities. They can also expand their PPP capacity and expertise – or their expertise in a particular sector – which can then be leveraged to create additional business opportunities. In short PPPs ensure sustainability of businesses to the private sector.

2.4. Some Challenges of Public Private Partnerships

It is indicated above that PPP arrangements have various benefits to the government, citizens as well as the private sector operators. However these are not without limitation. According to Dawson (2002) there are operational, political and financial risks that are borne by national and local governments and the private companies involved in PPPs. Recent reviews of impediments to successful PPP's indicate that lack of information, awareness and supportive processes within government causes confusion and delays with negative impact, and that sometimes when the policy environment or economic conditions change, there can be major losses to the private investors.

There is general agreement that the PPP approach to public service provision requires a high level and diversity of expertise from the partners. According to Pollock and Godden (2001) different agencies are developing learning materials to help inform readers about various aspects of the processes. Capacity building of the authorities in charge of the process will have to come in various ways and forms, as the requirements and levels of expertise show a significant variation across countries and within countries. Application of public private partnerships without building the necessary capacities from both sides may produce more dangers than benefits.

In many countries public private partnerships are implemented in a centralized environment. According to Proper and Green (2001) using PPP options in a centralized

environment may not yield expected outcomes. He argues that effective decentralization is a precondition for PPP development at the local level. This means that local authorities must have the resources and sufficient authority, and the ability to formulate, negotiate, award, implement, supervise, and monitor PPP's. There must be clear regulation on when and how local government needs consultation with existing regulatory authorities at national level, and how to decide over other contractual matters such as pricing and dispute resolution. Ruone (2001) indicates that in many countries, the legislative system provides a system of regulation for each economic sector, arbitration systems and legal jurisdiction for contracts with investors, and this legislation and practice constitutes part of the PPP system and procedures at national level.

According to Dawson (2002) the level of decentralization or devolution provides the local officials adequate authority over the PPP; in some cases again different levels or agencies of government have to be involved, and there needs to be clarity and consistency to guide all the partners. A legal and judicial framework that provides overall, consistent and predictable set of laws, regulations, decrees and orders is a good reference point for local government and private investors. This framework should include administrative processes and a judicial system considered operational, fair and firm; there must be legal, regulatory and administrative processes that uphold and respect contracts and regulations. According to Shifrin (1997) lack of institutional arrangements for PPP is another challenge. Public private partnership should be implemented in a structured and formally established manner. He further argues that applying PPP in a fragmented manner may not yield the required outcomes.

2.5. Public-private partnerships and the state in Africa

Even though the state and non-state actors in Africa have worked together for centuries to solve societal problems, explicit demands for "partnerships" between the two sectors have become much more prominent in recent years because of changing ideas about the role of the state. According to Buse and Wait (2000) the economic crises of the late 1970s and 1980s and the apparent lessons from international experience of the success of

market-friendly economies have combined to produce what some people term a redefinition of the role of the state:

By the late 1990s the need for a market-friendly economy had become widely accepted throughout sub-Saharan Africa. It implies a reduced role for the state in national economic management and service delivery. According to Buse and Wait (2000) the state is instead expected to provide an enabling environment for private sector economic activities by implementing appropriate economic policy reforms and providing the necessary legal and regulatory framework. In addition to this Liddle and Overton (2000) say many of the public services can be efficiently provided if partnership agreements are made between state and non state actors. It is also expected to provide some of the social and physical infrastructure, sometimes in partnership with community based organizations.

According to Marshall (2000) ambitious political and social goals require, at the very least, both political legitimacy and competent administration. Above all, if the state has to rely on non-state agencies in the private and citizen sectors to provide services which it once provided directly, then there is an enormous premium on its ability to regulate and manage public-private partnerships as well as sectors which have been fully privatized.

For Ruane (2000) improvements in public service provision which are supposed to flow from introducing private sector practices and the disciplines of the market do not necessarily materialize if the politics of privatization undermine both the “logic of the market” (customer-contractor accountability) and the state’s ability to regulate performance standards and contract conditions. According to Gaffney and Pollock (2002) this is particularly so with respect to services such as urban water, sanitation, public health and solid waste collection in most African Countries where effective demand is low and the service involves delivery to large numbers of poor households in logistically difficult situations. Beyond this there are very restricted opportunities for cost recovery.

According to Egnew and Baler (1998) public services such as basic health, urban waste management, sanitation and water supply are services which continue to require substantial public participation, and tend to be provided either by pure public provision of the main city-wide services or through various mixes of public-private partnership.

70 percent of the urban areas of sub-Saharan Africa lack formal, household-based public provision of drinking water, liquid and solid waste disposal, and main water borne sewerage are a rarity Jones (1998). In the case of solid waste disposal for instance, the mass of the poor urban population living in densely populated traditional or ever-expanding “informal” (shanty town) areas of Africa rely on publicly provided local area containers and dumps which are difficult to charge for or to make excludable. For Lewis and Myers (1998) regarding sanitation and liquid waste, the poor rely mainly on various kinds of public, locality-based latrines and drainage systems, which have to be maintained and emptied through some form of collective provision.

2.6. Promoting an Enabling Environment for Public Private

Partnership in Africa

For Nash and Veloski (1998) Public private partnerships in water supply sanitation and basic health services in most African countries imply the participation of a wide range of main actors and additional stakeholders (consumers, regulators, NGOs, unions, environmental groups, and independent providers etc.), which are involved as contracting parties. According to Cutler (1998) because of the complexity and quality of relationships among the contracting parties, successful PPPs require creating an enabling environment in which key roles and responsibilities are institutionally separated, clearly defined, and allocated among all actors.

Bazzoli and Stein (1998) argues that appropriate regulatory frameworks and institutions at national and local levels to oversee water, sanitation and public health services provision are essential to operationalize national policies, protect property rights, and generate equitable returns on private investments through efficient tariff structures and

levels, service standards, and expansion targets. When responsibility is delegated to local bodies for provision of services, an appropriate distribution of roles between national and local authorities is essential and should be clearly defined.

There are some beginning attempts in African countries such as Ghana, Mozambique, South Africa, Uganda and others to apply public private partnership options in public service provision. However Fox (1997) indicate that much has to be done in creating an enabling environment to derive the maximum benefits from PPP options and produce effective results.

2.6.1. Providing Conducive Regulatory Framework

The effectiveness of regulatory frameworks is a critical factor in any arrangement for PPPs. For Lewis and Myers (1997) government capacity to set up appropriate regulatory systems and consequently make appropriate decisions about private sector participation can determine which partnership options are most suitable for the country. Also the regulatory system selected by government can considerably affect the business environment, and, as a result, determine the competitiveness and ability of private operators to efficiently conduct business.

In designing the broad regulatory framework that will support conducive environment for private sector participation and public private partnerships, governments consider a wide range of specific laws, constitutional rules, and measures from central and local bodies. According to Egnew and Baler (1998) these include:

- ⌚ General legislation that regulates different types of PPP arrangements with private sector, including foreign companies;
- ⌚ Specific measures that allow close oversight of water and sanitation management, general health, and environmental protection by applying service standards and penalties for default, etc.;

- ⌚ Equitable rules to ensure fair competition in subcontracting and procurement procedures, and tax liability and systems;
- ⌚ Social policy measures aimed at protecting the rights of vulnerable groups of consumers, such as tariff adjustment rules, government subsidy policies, etc

According to Rayment and Webster (1997) although options to develop robust regulatory frameworks and strong institutions to implement the above measures may vary from one country to another, experiences from many African countries suggest that the regulatory system should provide enough guidelines for setting out the key parameters, including: clear and independent principles in legislation to ensure effectiveness in the monitoring and implementation process; accountability of regulators by establishing a credible and timely scrutiny of regulatory decisions; transparency by placing, for example, contract awards and regulatory instruments in the public domain; and professionalism and technical expertise in concluding partnership agreements.

2.6.2. Enhancing the performance of service providers

Efficient and professional management of the public services is vital in achieving financial sustainability, customer responsiveness and optimal use of resources. Most public utilities and services owned and run by government entities in Africa have been singularly unsuccessful in providing reliable water supply public health and sanitation services. According to Brown (1995) government monopoly over service provision has resulted in lack of accountability and community ownership in the planning, implementation and management of public service projects; poor management and sustainability; low quality of services; and limited service alternatives.

Craven (2000) argues that major policy reforms for enhancing the performance of service providers should emphasize:

- ⌚ Defining a clear legal framework that reduces the risks of regulatory uncertainty for private investors, thereby leading to optimal project costs and lower tariffs;
- ⌚ Adopting transparent procurement rules and legislation that allow fair competition to allow small and medium scale enterprises to compete with the main operators;
- ⌚ Establishing an autonomous statutory governing body applying commercial management techniques and expertise, clear financial and operation targets and accounting systems, greater management autonomy, and a demand-driven orientation;
- ⌚ Designing performance incentives, such as ensuring minimal government oversight in day-to-day management of public services.

According to Bazzoli and Stein (1998) the implementation by governments of sound capacity-building programs, especially at local level, also remains a key policy factor to promote a demand-responsive approach aimed at enhancing the performance of service providers and community outreach. For Sweeney (1998) capacity-building measures that enable all stakeholders to function and build successful partnerships should include:

- ⌚ Carrying out targeted training to communities, private sector, NGOs, and local/national governments in order to familiarize them with new innovative tools and methodologies and especially encourage training-by-doing at all levels;
- ⌚ Developing training programs that are time-bound, output- and impact-oriented, with performance monitoring and targets to measure capacity and achieve goals;

- ⌚ Providing opportunities for local stakeholders, including private sector, local governments, to participate in workshops, conferences, and public private dialogues to assist in building their own capacities.

2.6.3. Promoting Good Corporate Governance Practices

Williams (1995) argue that in most African countries, there is a need to define clear options and undertake necessary reforms vis-à-vis PPPs for the provision of basic services. Political commitment and long-term engagement from government, supported by an appropriate legal framework, is essential to create favorable conditions for public private partnerships.

In this regard Betty (2001) recommends some policy measures that Governments should clearly articulate and promote.

- ⌚ Institutional reforms aimed at decentralizing responsibility for service provision to local governments and community-based entities, and promoting cross-sectoral linkages, such as education, health and sanitation, rural development, and energy;
- ⌚ Improved communication, transparency and advocacy channels based on a demand- responsive approach that allows citizens to make informed choices about their participation, service standards and levels, and service delivery mechanisms;
- ⌚ Clearly defined roles for key stakeholders where user communities own and manage their facilities; governments facilitate the process through encouraging stakeholder participation and setting policies and standards; private sector and NGOs provide consumer goods and services; and CSOs provide policy guidelines and implementation support;

2.6.4. Ensuring Financial Sustainability

Financial viability of service providers is essential to ensure improved and sustainable public services through public private partnerships and meet a growing demand for services in Africa. For instance Marshall (2000) indicates that the expansion of water services has been mainly hindered by insufficient resource allocation from the public sector and a weak capacity to mobilize resources from stakeholders, especially the private sector. For Mahoney and Wetle (1998) operators in both sectors must generate sufficient revenues from user charges, transfers and subsidies to cover the operation and maintenance costs of services as well as related investment costs.

Availability of sufficient financial capacity as a strong requirement to apply public private partnership needs both the government and the private sector to take measures in this area. Daniel and Michael (2003) indicate the following key measures that need to be taken.

- ⌚ An adequate tariff policy that promotes effective cost recovery of capital resources and preserves the social objectives of providing equity of access and free basic services for poorer consumer groups.
- ⌚ Effective recovery of operation and maintenance costs of services from users and commitment from the latter – based on their willingness – to make upfront contributions as a gauge of the service sustainability and the capacity of the community to administer funds and tariffs.

2.6.5. Promoting Greater Participation of the Private Sector and Other Stakeholders

According to McFadyean and Rowland (2002) water supply, sanitation and public health services specially in Africa require a participatory and dialogue approach that aims at strengthening collaboration among the three key stakeholders, namely: governments (national government, local governments and municipalities), private sector (national and

transnational businesses, formal and informal enterprises), and CSOs (communities, NGOs, research centers and professional associations).

One of the most challenging aspects facing public private partnerships in Africa remains the need to reconcile two competing aspects: governments need to find ways to fulfill their socioeconomic responsibilities for ensuring services to all citizens, on one hand, while striving to preserve the interests of private investors on the other.

For Keen and Mays (2001) an important factor is that private companies operating in the sector need to be convinced that investing in any particular public service project offers more attractive returns than other available investment opportunities in the country.

In order to support the principles of good corporate governance and fulfill their responsibilities, Scholte (2005) argues, private operators and other stakeholders in African countries should consider the following policy actions:

- ⌚ Promote private sector participation as a means for increasing investment in service provider infrastructure as well as for enhancing the efficiency and performance of service delivery;
- ⌚ Ensure that options for private participation are based on realistic investment and service targets with appropriate share of risks and responsibilities between public and private groups of partners;
- ⌚ Promote dialogue with target consumers and all partners to ensure that contracts and programs address specific needs and ensure that channels for communication are available;

Although public private partnership in service delivery as an emerging concept is expanding in some African countries, one can safely argue that the implementation and its effectiveness still need to be worked out. Conca (2001) in this regard says, “because

of many difficulties related to the cost-recovery levels and priority given to meeting the social objectives, public private partnerships in most African countries will continue to require public funding -- in the form of financial allocation or direct subsidies -- to augment the private sources of funds in all types of partnerships.”

2.7. Public Private Partnerships in the Health Sector

The delivery of health care in almost every country involves some form of public–private partnership. Slaughter (1997) indicates that in countries where care is delivered mainly through the public system, many inputs, such as pharmaceuticals and support services, are sourced from the private sector. In countries with predominantly privately owned facilities, Kelly and Robinson (2000) argue the state influences their configuration through regulations and financial incentives.

In the health sector, comprehensive privatization was rejected because of the existence of market failure. Instead, various quasi-market solutions were developed; typically the separation of purchasers and providers within the public sector. The logical next step was to move the delivery of health care out of the public sector. For Bazzoli and Stein (1998) this was seen as a means to increase value for money, innovation, and responsiveness to users.

Public private partnerships in the health sector may take various forms. The following table shows the options of partnerships in public hospitals.

Table: Options for private Participation in Public Hospitals

<i>Option</i>	<i>Private Sector Responsibility</i>	<i>Public Sector Responsibility</i>
Co-location of private wing beside or with in public hospital	Operates private wing for private patients. May provide only accommodation services or clinical services as well	Manages public hospitals for public patients and contracts with private wing for sharing joint costs, staff and equipment
Outsourcing non clinical support services	Provides non-clinical services (Cleaning, catering, laundry, Security ,building maintenance) and employs staff for these services	Provides all clinical services (and staff) and hospital management
Outsourcing clinical support services	Provides clinical support services such as radiology and laboratory services	Manages hospital and provides clinical (and non-clinical) services.
Outsourcing specialized clinical services	Provides specialized clinical services (such as lithotripsy) or routine procedures (cataract removal)	Manages hospital and provides most clinical (and non-clinical) services.
Private Management of public Hospital	Manages public hospital under Contract with government or public insurance fund and provides clinical and non-clinical services. May employ all staff. May also be responsible for new capital investment, depending on terms of contract.	Contracts with private firm for provision of public hospital services, pays private operator for services provided, and monitors and regulates services and contract compliance
Private financing, construction and lease back of new public hospital	Finances, constructs, and owns new public hospital and leases it back to government	Manages hospital and makes phased lease payments to private developer.
Private financing, construction and operation of new public hospital	Finances, constructs, and operates new public hospital and provides non-clinical or clinical services, or both.	Reimburses operator annually for capital costs and recurrent costs for services provided.
Sale of public hospital as going concern	Purchases facility and continues to operate it as a public hospital under contract	Pays operator for clinical services and monitors and regulates services and contract compliance.
Sale of public hospital for alternative use	Purchases facility and converts it for alternative use,	Monitors conversion to ensure adherence to contract

2.8. Rationale for Public Private Partnerships in the Health

Sector

The idea of new public management had an impact on health policy debates in developed as well as in developing countries. For Devlin (2004) the specific term used here is “contracting out” meaning the outsourcing of activities former done by the public sector to the private sector.

Gaffney and Pollock (1997) argue that the private sector is not under the direct control of the government and it can function according to a different set of objectives and norms. Private providers can choose which services to provide, determine their own levels of quality, mix of inputs and costs

WHO (1998) indicates two lines of argumentation why contracting out as one aspect of public private partnership improves health care systems.

— **Economic:** the replacement of direct, hierarchical management structure by contractual relationships between purchasers and providers will increase transparency of prices, quantity and quality as well as competition which will lead to a gain in efficiency.

— **Political:** In the context of welfare systems reform world wide, decentralization of services from the national to the local level is frequently suggested in conjunction with an improved participation of the population in determining and implementing the services.

Beside these attributed benefits to contracting out which are also dimensions of public private partnerships, Humphreys (2003) argues that the cost side should not be overlooked. For Humphreys, contracting out and PPP for health service provision will increase transaction costs, for instance negotiating and monitoring, costs related to the loss of monopsony purchasing power and bring about social costs arising from equity problems.

In addition to these direct costs, the impact on the wider health system should also be taken into account. As Cowper (2003) argues, the introduction of contracts may (a) lead to a fragmentation or lack of co-ordination within the broader public health system, (b) could have an impact on staff resources with a drain of key personal to the for-profit providers and (c) might drive scarce resources into a particular allocation.

Sweeney (1998) has summarized four major concerns on the effects of private health care provision from the perspective of national health policy goals and objectives:

1. Private providers respond to the population's willingness to pay for health care. As a result, they will serve those groups in the population who are most willing to pay, such as affluent urban residents. The result will be increased inequity in access and use of health care.
2. Because of lower willingness to pay, private providers will undersupply socially desirable services, such as immunizations and personal preventive care. This will worsen allocative efficiency in the health sector.
3. Driven by the profit motive, and because they have significant control over demand, private providers will take advantage of patients by supplying more health care than is required. This is inefficient and may result in health-impairing actions.
4. Private providers can also take advantage of patients by providing low-quality health care, which may result in health and welfare losses.

Turning to the role of the public sector, the question why and which role the government should play in health care provision and financing arises. According to Myers (1997) the starting point is that the private sector faces constraints which the public sector can principally overcome. Economic theory suggests that market failure and equity considerations call for public sector intervention. Market failure in the case of the health sector means essentially an under provision of public and merit goods, for example non

patient-related preventive services, disease control and vaccination/immunization programs, the existence of externalities.

Looking at equity, a society might be interested in correcting the final allocation of goods and services as it heavily depends on the initial distribution of ownership. Therefore the state might want to correct for these imbalances by a policy which directly benefits the poorer part of the population, e.g. through exemption from payment for certain services. An often quoted example of market failure, which leads to an unequal coverage of health care services are private run insurance schemes. Due to the problem of adverse selection and moral hazard, private insurers will only include good risks in their schemes. This however, makes risk pooling among a society difficult and leaves the bad risks to the public sector.

Chapter 3

Health Sector Public Private Partnership in Addis Ababa

3.1. Need for Health Sector PPP in Addis Ababa

This chapter assesses the general situation of public private partnership in Addis Ababa. Because of lack of sufficient data related to the status of PPP in the city, the study is largely made based on interviews with different officials and experts working in the public and private sector institutions. Various legal documents, reports, manuals, guidelines and other relevant materials in both public and private institutions are referred. The health sector public private partnership in Addis Ababa is therefore assessed based on qualitative data collected through interviews and few written documents.

For some diseases of high priority, e.g. malaria, tuberculosis and sexually transmitted infections in the many countries like Ethiopia where the public infrastructure is limited, prevention and treatment cannot be substantially scaled up without considering how best to make use of contacts with the private sector.

The Federal Ministry of Health, 2006 report indicates that in Addis Ababa for instance the health sector is dominated by the private sector while the participation of the private sector is largely confined to the curative services that other important health services are left to the Addis Ababa health bureau and the federal government

With relatively meaningful amount of resources handled by the private health service providers however, the regional report of the final evaluation of HSDP, 2005 indicates that there is less participation of the private sector in all areas of health sector ranging from policy to implementation.

An official from Arada Sub City Health Department shares this fact and argues that private health providers concentrate only on direct curative health services while both the national and regional health policies mainly focus on preventive health services. The deputy head of the Addis Ababa health bureau also said:

“Much of the implementation of the health policy is I think left to the government we have a total of more than 400 private health facilities with relatively better developed human resource profile. Almost all the health facilities concentrate on income generating curative services leaving all other basic curative services to the government”

Majority of the health officials during the interview indicated the need to enhance the participation of the private sector so that it can contribute the maximum possible to the national and city government health policies as well as the health sector development program (HSDP). Adopting public private partnership options according to the officials will pave the way for the private sector to involve in more preventive activities and intern help the government to easily implement the health policy and achieve the HSDP.

The above idea was strengthened in an interview conducted with the health service development and expansion department of the Addis Ababa health bureau. He explained:

“Since the government alone can not achieve the goals of the health sector development program, the scope of the private sector intervention needs to be enlarged. This is possible if formalized and well thought partnership can be created between the public and private sector health providers.

The planning and programming expert of the health bureau relates the need to create public private partnerships to the Millennium Development Goal. For him almost all of the health related components of the MDGs cannot be easily achieved without an active participation of the private health sector.

Almost all respondents from the private health service providers also believe that public private partnerships help not only in the realization of the goals of the HSDP but also contribute to the development of the private sector itself. One health service official of Yekatit 12 Hospital indicated that the private sector is always ready to form partnerships and closely work with the government. He says:

“Other countries have gone very long way with public private partnerships. But the government almost always does the foundation work in these countries. We know that there are many unutilized areas in the health sector where the private sector can intervene and do a good job. This can be done if the government creates favorable conditions and makes it ready to work in partnership with the private sector in the areas where the private health providers have not yet participated.”

This view is shared by almost all the officials interviewed

It can be observed from the above opinions that public private partnership in the health sector can help the realization of the achievement of the HSDP and it can also contribute to the development of the private sector health providers. There is a general belief both from the private and public sector actors that public private partnership for the Ethiopian health sector can be justified on many grounds.

In a consultative meeting and training conducted to introduce the concepts of public private partnership in the Ethiopian health sector, the Federal Ministry of Health indicated that reform of the health sector seeks to improve equity, access, efficiency, quality and sustainability of health care. A partnership with the private health sector according to the federal ministry of health accelerates the attainment of these objectives.

- **Equity** - Equity is cross cutting and involves issues of access, quality, and financing especially for the most vulnerable groups of the population. Subsidizing private provision of the Minimum Health Care Package in Ethiopia will increase the proportion of the population that can have access. According to the Ministry

of Health reports, though the proportion of the people who can easily afford the prices of health services is very low, encouraging higher income segments of the population to use unsubsidized private providers can allow for more public funds to be used to provide priority services to those who cannot afford to pay. By using public private partnership options the government can ensure equitable distribution of health services by involving the private sector in health related activities ranging from policy development to service provision.

- **Access** - Private health providers may offer services in areas where there are no existing public health facilities and may be available during more convenient hours. It was indicated here that public private partnership should be followed by strong and clear contractual agreements and legal frame works to ensure this benefit. The tendency of the private sector in Ethiopia to concentrate in urban areas particularly only in central locations of urban settings may be improved by making them extend their facilities and services in rural and peripheral areas through public private partnership agreements.
- **Efficiency** – Federal Ministry of Health’s PPP training document shows that in Ethiopia where there is an acute scarcity of resources, rationalizing health inputs to ensure maximum output can best be achieved by creating systematic partnership between public and private sectors. The private health sector is able to contribute to health inputs and this definitely contributes to the cost minimization to the public sector. It is mentioned that a partnership to improve efficiency considers complementarity and minimizes duplication of services where possible.

This fact is strengthened in an interview conducted with a department head at Addis Ababa Health Bureau. The head explained that in a partnership that is conducted in clinical services areas for instance, since the human resource and other facilities of the private health providers is used to deliver services to the citizens, an opportunity can be created for the government to effectively and efficiently utilize private sector resources in such a way that both parties can benefit at the end of the day.

One health service official in this regard said:

“These days, we observe that private hospitals and clinics in Addis Ababa are more resourceful than most public health facilities we have in the city. There are about six hospitals and about twenty clinics in the private sector that have standards close to the international level. The government by creating an environment for dialogue and cooperation can form partnership with such facilities to yield better results to the citizens and generate good market base for the private health providers.”

Another argument for public private partnership is also attributed to efficient utilization of existing facilities and other resources of the government health institutions. Focal person of PPP in the Federal Ministry of Health argues that the mismanagement and misutilization of human and other scarce resources in the government health facilities can be well handled by introducing private hands in to the public facilities. For him in most of the health facilities of the public sector:

- Buildings are excessively depreciated and have got too old to provide the required services
- Clinical equipments are too outdated that do not at all meet the current requirements of health services.
- Health professionals are highly misutilized and mismanaged leading to the very high turnover and attritions in public hospitals and other health facilities.

The argument here therefore is that using public private partnership in the health sector can help both the public and private health providers by systematically coordinating their resources and efficiently using for maximum output with relatively less wastage of resources.

- **Quality** - By providing the population with a choice of health provider, the providers will strive to offer quality services. An official at Addis Ketema subcity

argues that there are quality problems in the health services of both public and private providers. He continues his argument saying:

“since the public sector health institutions suffer from outdated clinical equipments, inefficient administrative systems and less motivated health professionals and private health institutions suffer from unethical health service provision and unregulated profit motive, it is quite normal to expect below standard health services in both the public and private sectors”

When public private partnership is adopted, minimum standards are agreed through dialogue and legal instruments within the partnership in addition to encouraging self-regulation.

- **Sustainability** - Private providers can contribute to sustainability by creating an open market for health services, not restricted by changes in the government policies and budgetary constraints. The deputy head of Addis Ababa health bureau argues that the mixed system (Public-Private Health system) thus created would be stronger and can compensate for weaknesses in either provider. The private Health Infrastructure represents a national asset that needs to be preserved.

It can therefore be inferred from the above facts and arguments that there are strong rationale and justification for using public private partnership options in Addis Ababa to provide health services to citizens. The national and city administration's health policies can best be implemented with the active participation of the private sector and this is practically possible by forming partnership at various levels. It can also be safely argued that the weakness in service provision in both public and private sectors calls for the public private partnership especially from customer satisfaction point of view.

3.2. Existence of Health Sector Public Private Partnership in Addis Ababa

Existence of public private partnership in a given sector is assessed using certain variables. As can be seen from the discussions to follow, the relationship between the public and private sector actors may range from a simple discussion based relationship to a more advanced service delivery partnership. Assessment of the existence of public private partnership in this section is therefore made by looking into key variables such as existence of dialogue, joint decision and problem solving, cooperation and coordination, ownership, management and financing, and joint service delivery (service partnership).

3.2.1 Dialogue

Public private dialogue is taken as one component of partnership between the two sectors. PPD guideline prepared by Ministry of Trade and industry indicates that the government has a strong need to have sustainable dialogue with the private business community on issues of common concern. The strategic plan of the ministry also indicates that the government will establish public private dialogue forum to assist the business community in general and those engaged in export business in particular. The PPD forum according to the strategic plan of the ministry is used as a beginning effort to enhance the partnership to higher level.

Public Private Dialogue Officer at the Ministry of Trade and Industry indicated that the forum so far concentrates on few business areas where the government involvement is considered to be of high importance. The government through the ministry and the business community through the Ethiopian and Addis Ababa Chamber of Commerce and Sectoral Associations have established public private dialogue forum where the two parties discuss and reach agreement on common areas of activities. The forum established under the Industry Support Service Department of the ministry primarily focuses on foreign trade related businesses such as hides and skins, horticulture industry and few export items. The Public private dialogue at the ministry level according to the PPD officer has so far not involved in service related businesses. Response obtained from

the Addis Ababa Chamber of Commerce and Sectoral Associations indicates that since the application of public private dialogue concept in Ethiopia is an emerging one it is not yet fully replicated to the service business. An officer from the Chamber of Commerce and Sectoral Associations said:

“We have representatives from the health sector business participating in the public private dialogue coordinated by the Ministry of Trade and Industry. Since PPD as a beginning stage is now largely confined to foreign trade private sector actors and government relationships, little or nothing has been so far said regarding the partnership between the private health service sector and government.”

An official from the Federal Ministry of Health however indicated that there are few beginning efforts to start a consultative dialogue between the private health service providers and the government through the Ministry of Health. According to the official, three consultative meetings focusing on health service quality, public private service coordination and supervision have so far been made between the private health sector representatives and the Ministry of Health.

A report from the first consultative meeting between the Ministry and the private health providers conducted in 2006 indicates that there is a need to institutionalize the relationship and dialogue between the government and the health service providers. On this report the need to have a standard and clear agenda presentation mechanism, the need to establish different working groups constituting public private experts to closely work on PPD issues, the need to have a clear PPD guideline was given emphasis. A senior official at the Addis Ababa City Administration Health Bureau indicated that the institutionalization of public private dialogue in the health sector will definitely help to develop the partnership to the higher level such as service partnerships. According to the official, the initial stage of the dialogue should focus on more general and policy issues the put a convenient ground work for more advanced and specific partnership issues.

It can be observed from the above facts that there are few beginning efforts to implement public private dialogue concepts both at macro level (through the Ministry of Trade and Industry and Addis Ababa and Ethiopian Chamber of Commerce and Sectoral Associations) and at micro level (through the Federal Ministry of Health, Addis Ababa City Administration Health Bureau and the Private health service providers). It can however be inferred from the responses of the interviewees that the public private dialogue made so far in the health sector lacks much coordination, institutionalization and clear guidelines. The dialogues made are not based on clearly defined guideline and procedures where Agenda presentation method, the dialogue procedure, consensus building, implementation modality, impact assessment and other important and scientific methods are not used. All the interviewees however agree that the beginning effort to bring the two sectors together and practice discussion and dialogue both at macro and operational issues should be strengthened.

It can also be observed that the dialogue coordinated by the Ministry of Trade and Industry and the beginning efforts at the Federal Ministry of health needs to be harmonized. Since private business sector and government related issues can be generally entertained in the dialogue at the Ministry of Trade and Industry, it can be seen that there is a need to create some sort of link in the dialogues started by the Federal Ministry of Health. In this regard an expert at the Ministry of Trade and Industry said:

There is an understanding in the Ministry that the public private dialogue in this ministry should focus on specific industries and services including education and health. Task forces and PPD forums concentrating on various industries and services need to be established. Above all there should be coordination among different PPDs at operational levels and higher levels.

As can be inferred, the health sector public private dialogue which is at its emerging stage lacks clear guidelines, procedures and implementing mechanisms, it also lacks focus and

clear directions since the agenda for dialogue are not prepared on standard and clear format.

With all the above limitations and gaps it can be argued that there are few beginning efforts of dialogue that can be used as a stepping stone for partnership in the health sector. It is believed that dialogue in general and common issues paves the way for more specific and advanced form of partnership.

3.2.2. Joint Decisions and Problem Solving

Public private partnership is not limited to dialogue. A bit advanced public private partnership goes beyond a simple policy dialogue and involves joint decision making and problem solving. The health sector in Addis Ababa in this regard can be seen whether there are practices of joint decision making between the government and the public health sector. The annual health performance report presented by the Federal Ministry of Health at the annual review meeting (ARM) in September 2006 indicates that the lack of close consultation, making joint decisions and solving health service related problems with the private health sector has resulted in lack of understanding between the private health providers and the government health coordinating agencies (Federal and Regional Health Offices.) The report also recommends the need for establishing a task force and a coordinating unit that can closely look into common issues between government health coordinating agencies such as the regional and local health bureaus and the private health service institutions. The report shows that issues such as health service quality and standards, competition in the health service sector, demand and supply issues in health services, product development and expansion and related matters need to be decided through joint activities and discussions.

A senior expert at the Addis Ababa City Administration Health Bureau in this regard added:

“Though there is an understanding that joint problem solving team (task force) is required to closely look in to operational problems and find out joint solution, such team or task force is not so far established at City Administration and hospital level. There is however an idea to form such team by combining representatives from the City Health Bureau and private hospitals and clinics.”

According to the expert such practices of partnership where common issues are jointly decided and problems are solved through coordinated efforts of the two parties will definitely have multidimensional benefits to both the parties. He also adds that the efforts to solve urban sanitation and waste management problems through the joint committee constituted from the sub city health offices, private and public hospitals and the community need to be developed to a higher level. Experiences from such committee can be obtained and used to establish public private joint task force to make decisions and solve common problems in health institutions.

All the experts and officials interviewed from the Federal Ministry of health also share the above view. They agree that fragmented actions and decisions in the private and public health sectors have resulted in misunderstanding and sort conflicts between the two parties. Risks that would have been easily managed by pooling of expertise and experiences are often left unmanaged.

It can be understood from the above facts that there is very little or no joint decision and problem solving experience in the health sector of Addis Ababa. As one indicator of public private partnership in the health sector the practice of bringing common problems to the table and finding out joint solutions is missing.

3.2.3. Cooperation and Coordination

As important components of public private partnership assistance, cooperation and coordination among the health sector agencies and institutions is also an issue for discussion in this paper. The health sector development program (HSDP III) developed

by the Federal Ministry of Health indicates that there should exist cooperation and coordination among the government health agencies and private health service providers to bring a synergetic effect in the health service sector. According to the HSDP III, the services provided in the public and private agencies can be harmonized through coordination of efforts and pooling of resources for the services. This fact is also strengthened in the public private mix guideline prepared by the Federal Ministry of health for the implementation of TB treatment through private sector participation. The PPM guideline shows that coordination of efforts in fighting epidemic diseases helps to pool resources and achieve holistic result. The guideline also adds that the public sector health system alone can not provide effective and quality TB treatment services because the health system is so vast and multiple that requires the coordinated activity of the public and private health institutions. An expert at the Addis Ababa city Administration health bureau explained the importance of coordination in the health sector saying:

“We had a hard time trying to address TB issues through our facilities alone. The coordination and cooperation with the private health service system has now made thing easy in detecting TB cases by using the private health facilities, providing directly observable Therapy (DOT) in coordination with private hospitals and clinics and by providing information, education and Communication services through these systems. Taking lessons from the coordinated activities in TB treatment, we are now planning to expand the partnership to Anti retroviral treatment (ART).”

All the respondents agree that cooperation and coordination between private and public health sectors improve service quality and efficiency to the citizens. It can also be observed from the above facts that service coordination between the private and public sectors is at the beginning stage. While there are some preliminary efforts to provide TB case detection and treatment services in coordination and cooperation, little effort is so far made in other types of health services such as controlling epidemics, prenatal and postnatal treatments, immunization services and so on. Nevertheless, one can not deny

that coordination and cooperation in the public and private health sectors as one indicator of public private partnership exists but at a very beginning stage.

3.2.4. Ownership, Financing and Management

Collaboration in ownership, financing and management of health facilities is one of the key features of public private partnership. To make an easy discussion and analysis of the points, the above three elements can be seen separately as follows.

3.2.4.1 Ownership

According to Harper (2000) this is a public private partnership where the two health sectors own the facility jointly while the operation of the facility can be made by either or both of the parties. When it comes to health facilities and infrastructure in Addis Ababa, ownership is limited to either the non state parties themselves or the government through the health structure of the city administration. According to the second health sector development program (HSDP II) evaluation report 2005, ownership of health facilities and infrastructure (institutions) in the city is classified as follows.

- Health institutions and facilities owned by the federal government
- Health institutions and facilities owned by Addis Ababa City Administration
- Health institutions and facilities owned by private investors
- Health institutions and facilities owned by non governmental organizations including community based organizations, voluntary associations and religious organizations.
- Health institutions and facilities owned by specific private or public sector organizations established to serve their employees.

As can be observed from HSDP II, there is no situation where a given health institution and facility are owned jointly by the public or private parties. Almost all the facilities are exclusively owned by one party. An expert from the Federal Ministry of health in this regard said that the practice of jointly owning a health facility is not so far exercised in the Ethiopian health sector. According to the expert, joint ownership of health facilities is observed in situations where there is partial privatization of the institutions. He adds that

though not that much common, joint building, owning and operating of health facilities is also another option where both mechanisms of joint ownership do not exist on our health system.

Another expert in Addis Ababa City Administration Health Bureau fully agrees with the above idea. For him, joint ownership should not be preferred merely for the sake of ownership. There should be some carefully analyzed value or benefit to both the parties owning the facilities and it should have some relationships to service quality, efficiency of the institutions and opportunity to provide wider options to the customers.

It can be observed from the above data that there is no joint ownership (co-ownership) of health institutions and facilities in the health sector of Addis Ababa as one element of public private partnership in the sector. Though literature indicates that jointly owning a given service organization adds to the level of concern and commitment in effectively running the institution, it is hardly possible to assess the impact of joint ownership on service qualities of health system in Addis Ababa since such practice does not exist.

3.2.4.2 Financing

The type of financing the building and operation or the cost of service provision of health system is another element of public private partnership. According to Bissel and Richard (2001) when the building and running of institutions is made through co-financing of the project, this is taken as one indicator of public private partnership. Co-financing the construction of the facilities also determines the type of ownership of the facilities in that the party that financed the bigger portion of the project often holds the bigger part of ownership. A report from the health service development department of the Addis Ababa City Administration health Bureau indicates that there are situations where the private investors participate in the construction of health facilities and infrastructure such as clinics, health centers and so on. The report also shows that the participation of the private sector in the building of health facilities is limited to simple contracting arrangements where private contractors through their finance initiative, construct health institutions, arrange the facilities and hand over the projects to their public sector clients.

An expert at Addis Ababa city Administration health bureau explains that such contractual relationship is common in almost all sectors it can not be considered as financing partnership since the whole cost of construction is often ultimately covered by the government itself. For him public private partnership in financing is an arrangement where the construction of the health institutions is jointly financed and this relationship extends to joint ownership and joint operation of the projects. He adds that since the primary objective of the private sector in PPP is to ensure return on investment and maximize profit, the reason behind co-financing the construction of the health institutions and facilities should be closely tied to the profit motive of the private sector partner.

All the respondents participated in the interview agree that the relationship between the public and private sectors regarding the financing of health facilities is limited to contractual agreements of constructing and handing over the facilities to the government where the ultimate ownership resides. According to the respondents there is no co-financing of health projects that extends to long term partnership arrangement of ownership and joint service delivery. The simple contractual relationship for construction of health facilities that terminates just after the completion of the construction of the project is not financing partnership.

It can be therefore argued that the health sector in Addis Ababa lacks public private partnership in its financing aspect. The partnership in which the private and public sector entities contribute financial resources in various proportions and finance the construction of the projects, jointly own and operate the health facilities does not exist in the health system of the city.

3.2.4.3. Management

The management of the health services and the operation of the system is another important element of public private partnership in the health sector. Widdus (2001) indicates that the administration of health institutions and their services can be made through partnership arrangement between public and private sector actors. In situations where the health service planning, resource administration and leadership are made

through some sort of contractual relationship between the public and private parties is termed as health management partnership.

The health sector strategic plan prepared by the Federal Ministry of Health indicates that the service planning, resource allocation, management and leadership of the government health system is exclusively made by the government health agencies at various levels. Planning for expansion of health services, decisions on resources, leadership of the health sector personnel, monitoring and evaluation of health services in the public sector and other administrative activities in the government health system as can be seen from the strategic plan of the Ministry are done by the government health service structure itself.

A team leader from the Federal Ministry of Health participated in the interview said:

The government health services so far are managed by the government institutions alone. We have no practice of partnership in managing health institutions and services. The same is true for private health institutions and I have no experience where a given private health institution is managed in partnership with public sector actors. I have heard the concept of outsourcing of the management wing of a given institution to outside partners but this is really an emerging idea in our country in general and in the health system in particular.

Almost similar response is obtained from a senior expert in the Ministry. For him management through joint actions or through outsourcing of the administrative wing of the health system is believed to add value to the efficiency and effectiveness of management of the services. He adds that since the service industry in general and the health service in particular is not at an advanced stage in Ethiopia, management of institutions through public private partnership is found at a simple idea stage.

All of the interviewees from the Addis Ababa City Administration Health Bureau share the above view. They all highlight that all the government health institutions in the city are administered exclusively by the public sector personnel.

It can be inferred from the above responses that there is no practice of outsourcing the management wing of health service institutions to outside parties. All the managerial activities from planning to evaluation are made by the institutions themselves both in public and private health sectors. Whether administering the health system through public private partnership contributes to the efficiency and effectiveness of the institutions is not yet studied.

3.2.5. Joint Service Delivery

Public private partnership involves the delivery of services through joint arrangement or by outsourcing the whole or part of the services to the private sector partners. The health sector in Addis Ababa in this regard has some beginning activities that pave the way for PPP in service delivery.

The health policies and strategies of both the federal and city government provide a small room for formal public private partnerships in service delivery. The health sector developments programs (HSDP I and II) of the Federal Ministry of Health and the Addis Ababa City Government Health Bureau do not in black and white show public Private partnerships as a strategy to provide health services the citizens.

Though both the policies and programs say very little about PPPs in health, Addis Ababa City Government has started to implement Public private partnership in service delivery. Some are highlighted below.

3.2.5.1. Attempts to Apply Public Private Partnerships in the Provision of Non Clinical Services in Government Health Institutions

As service delivery partnership, Addis Ababa City Government Health Bureau has started working on public private partnerships by issuing regulation number 34/2005 that would be used as a bench mark to provide non clinical services of government health facilities, through private sector participation. According to this regulation non clinical services of government health facilities in Addis Ababa include the following.

- Janitorial services
- Laundry services
- Catering services
- Fixed asset maintenance services
- Printing press and duplication services
- Security services and
- Transportation services.

Health officials and experts contacted during the study explained that the city government health bureau is currently planning to use public private partnership options to provide the above services. Regulation number 34/2005 and all the interviewees indicate that joint service delivery through partnership is justified on the following grounds.

- The need to reduce administrative costs of handling these services which would be efficiently handled by the private sector service providers at a relatively reasonable cost.
- The need to provide quality services by introducing private sector services delivery and management concept in government health facilities.
- The need to relieve government health facilities from routine administrative tasks and help them concentrate their efforts and resources on the development and provision of clinical services.
- The need to pave the way for further partnerships and gain lessons on how to get in to partnership for the provision of clinical services.

The above rationale for public private partnership indicates the belief of the City Administration Health Bureau that outsourcing none clinical services to the private sector service providers (service partnership) will assist the realization of the health sector development goal. As can be observed from the above arguments, service partnership in the health sector contributes to efficiency and quality of service provision. The health service development and expansion department head said:

“Since the main objective and mission of the city government health bureau are provision of preventive and curative health services the routine administrative tasks should better be handled by the private sector partners qualified in the area”.

For him such contractual agreement (service partnership) makes one form of public private partnership since it is in one way or another assisting the health service delivery.

Though the preliminary efforts of involving the private sector in the provision of the above non clinical services indicates the emergence of public private partnership in the health sector of the City Administration, it is not that easy to conclude that using public private partnership options such as outsourcing practically helps in achieving the above objectives. Benefit of outsourcing non clinical services to government health facilities can be realized if case based assessment is made and the option is supported by rigorous cost benefit analysis and feasibility studies. Service delivery partnership unless it ensures benefits to both the public and private sectors partners may not help to build a sustainable and genuine partnership. In this regard regulation No. 34/2005 of the city government which is on the process of implementation indicates the following to be given emphasis before embarking to PPP options and outsourcing the non clinical services.

- It has to be proved through study that a better result can be achieved by outsourcing than providing the services by the government itself. The regulation in this regard puts the importance of cost benefit analysis to ensure financial and non financial benefits to government health facilities.
- The public private partnership agreement should be made based on well thought, fair and reasonable contract document and contract management. The health bureau provides that there should be strict follow up and control during the contract period.

One of the challenges of outsourcing non clinical services to the private services providers is that it leads to the retrenchment and layoff of the existing employees who were working on the jobs to be outsourced. A Department Head at Addis Ababa City

Administration Health Bureau suggests three possible alternatives which are also provided in the regulation to deal with the problem. The head believes that the possibility of retrenchment of the existing employees in the process of transferring those services to the private sector can be managed. For him the problem can be minimized by:

- Making an agreement with the private sector partners and incorporating provisions that can allow the retrenched employees to get employed by the private partners.
- Facilitating conditions that will allow them to organize themselves in micro and small scale enterprises and participate in the jobs to be outsourced.
- Putting all necessary efforts to deploy them to available vacant positions based on their experience and abilities.

For individuals interviewed during the study, this however by itself seems challenging when it comes to practical reality. The private sector partners may not agree to incorporate the retrenched employees unless they prove doing so will benefit them.

It can however be argued that with all the detail technical modalities of implementation of the service partnership in the non clinical services to be carefully worked out, there are beginning efforts to introduce the concept of outsourcing as a component of public private partnership in government health institutions.

3.2.5.2 An Attempt to Apply PPP in Tuberculosis Treatment

The second health sector development plan report points out that preliminary attempt is being made to detect and treat TB cases through Public private partnerships. The fact that the private sector contains a large pool of staff that can play an important role in detecting TB and other public health problems has impressed the government to seek the participation of the sector. Public private partnership focal person at the Ministry of Health interviewed during the study indicated that the private sector on average employees 55% of the general practitioners, 65% of specialists and 79% of laboratory technicians available in the country.

The Public Private Mix guideline for TB case prepared by the Federal Ministry of Health indicates that the involvement of the private sector in the delivery of TB care is one of the key concepts brought to picture by the world health organization. Working in partnership with the private sector is in general believed to help to maximize TB control coverage and efficient use of existing resources. HIV and TB prevention and control expert at Addis Ababa Health Bureau indicated that the current role of the private practitioners is limited to the diagnosis of TB and referring them to public health facilities for treatment.

She says:

“The private health care delivery system is increasingly becoming dependable partner in the provision of health services and therefore it is not wise to limit its contribution to only refer TB cases to public health facilities which are too overburdened by the treatment of other communicable diseases.”

The expert argues that the private sector can effectively provide the treatment and curative services if formal and well thought partnership is designed. For her, the private sector in the Ethiopian health system can be utilized to enhance the public health coverage of the government in addition to the ordinary diagnosis and clinical services it is currently providing.

An opinion from one of the interviewees indicated that there is clearly observable need to shift the role of the state even in the health sector. The plan to apply public private mix in the provision of TB control and treatment is one of such needs.

The guideline prepared by the Federal Ministry of Health for the implementation of PPM in TB control and treatment indicates that formal partnership between the private and public health sectors is justified on the following grounds:

- Private health sector in Ethiopia in general and in Addis Ababa is rapidly expanding
- Private health providers offer services to significant number of TB suspects which means they have already started the treatment services on individual basis.
- The private sector employs a significant proportion of health care providers
- Some of the TB management practices of private health providers deviate from the national guideline and hence there is a need to correct this deviation through partnerships.
- The private health sector has untapped potential to improve coverage and subsequently add to the quality of prevention and control services.
- Formal partnership with the private health sector would minimize TB case management errors and thereby reduce the risk.
- The collaboration between the two sectors will increase the human resource base of the control program.
- An effective partnership would result in the further decentralized TB services, transparency, mutual respect between public and private health sectors and inclusion of the private health sector even in policy making.

The above justifications for interring in to PPP in the provision of TB control and treatment services at least in principle are compatible with the theoretical justifications of PPP in general. Issues such as Pooling of resources, joint management of service delivery risks, decentralized system of public service delivery, securing long-term business opportunities and other important issues are included in the guideline.

Though the PPP focal person at the Federal Ministry of Health agrees that there are strong challenges to starting such partnership in the health sector, for him entering into PPP for TB control and treatment is a right decision. All the interviewees in general agree that the managerial, technical, and professional capacities of the private health providers should be improved since high level and diversity of expertise is required in both the TB case management and handling of the public private partnership itself.

Three hospitals and eight private clinics have currently started TB diagnosis and treatment services in partnership with the government. HIV and TB prevention and control expert at Addis Ababa Health Bureau explained that PPP in the TB program began with situation assessment of private health facilities and piloting of service provision in selected health facilities which will be evaluated to identify the effectiveness of the PPP. Then the program is scaled up phase by phase in accordance with the local situation. Supportive supervision is given as essential component of the implementation and regular supervision of the program is made on quarterly basis as the national control program recommends.

It can therefore be argued that TB control and prevention can be taken as one example of PPP option of service delivery in the health sector. From the beginning efforts of this service partnership, one can argue that health sector partnership in service delivery significantly contributes to efficient and effective utilization of human and other resources, better risk management mechanisms, improved health service coverage and more decentralized service delivery to citizens. It can also be observed that there are some beginning activities in the health sector of Addis Ababa to introduce the PPP concept in the provision of clinical services. The public private mix guideline designed to facilitate the implementation of the partnership indicates the very few attempts being made to make the implementation of the service partnership in an orderly and structured manner.

3.2.5.3.Plans for Co-location of Private Wing with in Public Hospitals

One of the attempts to use PPP in the health sector is the plan to establish private health service units with in public hospitals. Addis Ababa city government has issued regulation number 64/2005 for the establishment of private health service units with in public hospitals. A department head at the Addis Ababa City Administration Health Bureau indicated that the regulation is not yet implemented and the bureau is currently formulating detailed implementation manuals to at least start the plan in few hospitals. The head explains that the term private wing refers to a health service unit located in government hospitals with slightly different quality of services, service charge and time

of services. Regulation no 64/2005 explained above also indicates that private wing is a unit that is administered by the public hospital where the health service is also provided by health professionals already working with in the public hospital. Most of the interviewees in this regard agreed with the idea that collocation of private unit is one example of service delivery partnership. According to the respondents, establishing private health service units with in public hospitals as a partnership where:

- The private wing can be established by those health professionals who organize themselves to generate revenue that can support the professionals and the public hospital itself.
- Most of the non clinical services are outsourced to private service providers.

The regulation which is not yet implemented has put some justifications for the co-location of private wing with in government hospital. The rationale to co-locate private health service unit are:

- the need to reduce the turnover of health professionals by helping them generate additional income
- the plan to provide alternative health services for the citizens
- the idea to introduce the concepts and philosophy of private service delivery system in public hospitals
- the plan to expand the partnership with the private sector in other areas as well.

All the interviewees from the Addis Ababa health bureau however argue that the plan to establish private health service units can be successful if some important conditions are fulfilled. They indicated that:

- The establishment of the service unit needs to be demand oriented which takes into account the potential needs of clients to get the service outside normal working hours.
- It has to thoroughly consider the mechanisms of setting service charges and sharing the revenue among the public and private partners.

- It should give due emphasis and clearly indicate the duties and responsibilities of both public and private partners.
- It has to clearly provide for organizational structures and administrative systems that such service units should have.

PPP focal person at the Federal Ministry of Health explains that the actual implementation of the private wing needs further work particularly in the areas of familiarizing the concept to the service providers and service users. For him the following are areas that need to be worked out.

- Mechanisms of raising capital for the unit to be established.
- Methods of pooling resources particularly from the public and private sector partners and using it for the development of the PPP health service unit.
- Ways of increasing managerial, technical and financial capacities of the partnership in general and individual partners in particular
- Procedures of procurement and other business related activities that such partnership service units should follow.
- Institutional, financial, and economic appraisal of such projects and their applicability to our practical situations.
- A strong and rigorous public private dialogue to convince all the relevant stakeholders that such partnership practically benefits the partners.
- Establishing cross sectoral linkages with all governmental and non governmental institutions to facilitate the implementation of this concept.
- Training of health professionals on the concepts of private wing with in public hospitals and jointly doing service business with private partners.
- Incorporating PPP private wing experiences of other countries and how the concept really works.

It is therefore found out that though there is a plan to establish private wing with in public health institutions, the practical implementation needs scientific and systematic approach than simply embarking to the implementation. Since the theoretical concepts of PPP argue for the existence of strong contract management capacity, transparency and mutual

understanding in joint service provision, standard evaluation of results and professional training on how to apply PPP and jointly provide services should be carefully worked out

3.2.5.4. Ideas to Outsource Some Clinical Services

Health service officials interviewed during the study indicated that the city government health bureau has an idea to extend the PPP options to the outsourcing of clinical services that are traditionally provided by public health institutions. The PPP focal person at the Federal Ministry of Health explained that some preliminary works are being done to outsource clinical services such as laboratory services and radiology services to private health service providers.

In this regard the health service development and expansion department head at the Addis Ababa Health Bureau says:

“There is a plan to outsource all support services. Since clinical services like laboratory and radiology are technically support services that facilitate the main health service, involving the private sector partners is believed to add to the efficiency of the service.”

Though there is a simple idea of directly applying the PPP concept in both the clinical and non clinical services of government health institutions, the application of the concept in clinical services according to the respondents needs careful analysis in the areas of professional and technical capacity of the partners, financial and non financial analysis of costs and benefits.

Beyond preliminary studies since no regulation and directives are still issued regarding the rationale, technical guidelines and other requirements, it is too early to see how the outsourcing of clinical services applies.

The facts presented above generally indicate that there are few practical efforts being made in the health sector of Addis Ababa to apply service delivery partnership. The outsourcing of non clinical support services as a service partnership for instance may add

value to the efficiency and effectiveness of the government health institutions by making them concentrate on the main tasks and responsibility areas if carefully applied and managed. Service partnership in TB treatment which is started in few private health institutions if carefully handled can contribute to the efficient utilization of available scarce resources including human, material and health facilities. Therefore, though at the stage yet to develop more, one can safely argue that there are good beginning activities of service delivery partnership in the health sector of Addis Ababa.

3.3. Opportunities in the Health Sector Public Private Partnerships in Addis Ababa

The application of Public private partnership in its systematic form requires conducive environment in all aspects. According to Fiszbein (2000) the existing political, legal and institutional situation should provide room for the application of PPP options in public service delivery. In this regard the following are found to be important factors that determine the implementation of public private partnership options in the health service delivery of Ethiopia.

3.3.1. Environment for Dialogue

Fiszbein (2000) argues that an environment supported by the practice of dialogue is an important precondition for PPP that makes it easy. The public private dialogue report of 2006 at the Ministry of Trade and Industry shows that the beginning efforts of the government to have dialogue forum with the private business sector will gradually create a favorable environment for the public private partnership. For almost all of the interviewees, public private dialogue is an element of PPP since it paves the way for further partnerships.

An official from the Federal Ministry of Health in this regard indicated that the relationship between the government and the private sector is now getting strengthened through formal and informal dialogues conducted in different sectors. The Federal Ministry of Health is in the process of establishing the public private dialogue forum

where the two sectors come together and discuss on common agenda such as policy issues, service delivery, tax and tax related problems and mechanisms of advancing the degree of partnership.

A team leader at the Federal Ministry of Health during the interview said:

“So far there are various opportunities created to bring the public and private health sector actors together and discuss on common issues of concern. The consultative discussions conducted in the last two years involved not only the private for profit sector but also the different professional associations from the health sector. For me the dialogues will definitely help to create common understanding and readiness for close collaboration in the sectors. Taking the dialogues and common forums in to account there is a favorable condition and good opportunity to further the health sector public private partnership to a more advanced level”.

PPD forum coordinator at the ministry of Trade and Industry also fully shares the above view. For him the opportunities for dialogues and joint discussions of the public and private sector actors will provide another opportunity for combining efforts and resources and deliver public services together.

All the interviewees agree that in a dialogue environment issues of diverse view points are presented for discussion from both the public and private actors, long discussions are made and common agreement is reached where both the sectors become ready to implement the agreement. In the health sector, though it is in a less systematic and structured manner, such practice has been used particularly since the last two years and all the respondents from the MOH and Addis Ababa City Administration Health bureau share the fact that in all the formal discussions conducted so far, some positive understanding and readiness for partnership has been developed.

It can therefore be observed that the beginning efforts of public private dialogue in the health sector can be taken as a good opportunity for both the government and profit

making businesses to engage in health service delivery, planning, financing and management partnerships.

3.3.2. Policy and Strategy

3.3.2.1. The Health Policies

The Government of Ethiopia formulated the National Health Policy in 1993. The policy emanated from commitment to democracy and gives strong emphasis to the fulfillment of the needs of the less privileged rural population that constitutes about 85% of the total population in Ethiopia. The Health Policy mainly focuses on:

- Democratization and decentralization of the health system;
- Development of the preventive and promotive components of the health service;
- Ensuring accessibility of health care to all population.
- Promoting inter-sectoral collaboration, involvement of the NGOs and the private sector.
- Promoting and enhancing national self- reliance in health development by mobilizing and efficiently utilizing internal and external resources.
- Development of an equitable and acceptable standard of health service system that will reach all segments of the population.
- Development of appropriate capacity building based on assessed needs.
- Promotion of the participation of the private sector and non governmental organizations in health care.

As indicated in the national health policy the main focus areas of the policy require some kind of partnership with the non state actors.

Decentralization of the health service for instance calls for the participation of the private for profit and private not for profit sectors. It can be argued that health services that are provided at local levels need collaborative actions of all actors. The national health policy in this regard gives room for public private partnerships. As indicated above the inter-

sectoral collaboration, involvement of non governmental organizations and the participation of the private sector are identified as policy focus.

In an interview conducted with officials and some professionals at Federal Ministry of Health, a senior expert in the department of health services indicated that the national health policy of Ethiopia allows the partnership between the state and private actors in various areas of collaboration. According to the official the national health policy does not clearly indicate the details of partnership and the specific areas of collaboration with the private sector. However since policies simply put the general framework where the specific guidelines are to be designed in the process of implementation, the general sentences indicated on the health policy document can give as sufficient room to design and implement various types of public private partnerships in the health sector.

The policies for instance have one very general statement that seems to give room for using public private partnership options in the Ethiopian health sector. The sentence says *“promotion of the participation of the private sector and non governmental organizations will be taken in to account.”* As can be seen, the general frameworks provided on the health policy present good opportunity for partnership in the health sector.

The Addis Ababa City Government Health Service Delivery and Administration Proclamation No. 10/2003 on its article 8 provide a bit reasonable room for public private partnership. The proclamation on this article recognizes the importance of partnership in health service delivery. It provides that the government will encourage the participation of the private health sector and facilitate conditions of partnership in the areas of information sharing, disease prevention and control and future health service developments.

It can be inferred from the provisions of the proclamation that opportunity for PPP in the health sector is provided through the health policies of the Federal and City Administration and the health service proclamation. It is however true that detailed

directives and regulations are required to make use of the PPP opportunity provided by the proclamation.

3.3.2.2. The Health Sector Development Strategies

Both the Federal and the city government have their own health sector development plans (Strategies). The contents and compositions of both the programs are almost the same. HSDP is meant to serve as a comprehensive national plan and as a guiding framework for further Regional and Woreda detailed planning and implementation of the Health Sector development activities for the coming five years. The major goals of HSDP are improving maternal health, reducing child mortality and combating HIV/AIDS, malaria, TB and other diseases with the ultimate aim of improving the health status of the Ethiopian peoples and achieving the Millennium Development Goals (MDGs).

HSDP has been divided into seven components in order to facilitate the planning and budgeting process. The health sector development program document indicates the following components.

Health Service Delivery and Quality of Care: - This subcomponent focuses on strengthening the preventive, curative and promotive aspects of health care mainly through the implementation of HSEP. Maternal and child health services, HIV/AIDS, Malaria, Tuberculosis and personal and environmental hygiene will also be given due attention.

Health Facility Construction, Expansion, Equipping and Access: The component aims at increasing access and improving the quality of health services through the rehabilitation of existing health facilities and construction of new ones and provision of the necessary inputs such as medical equipment and furniture.

Human Resource Development: - The HRD component aims at training and deploying of relevant and qualified health workers of different categories for the whole sector and improving the management of human resource within the public sector in order to

enhance the efficiency of the health workers, retaining them with in the sector and maintain a high level of professional ethics.

Pharmaceutical Service: A well functioning pharmaceutical service is the corner stone for any worthwhile health service. Thus, this intervention aims at ensuring regular and adequate supply of effective, safe and affordable essential drugs, medical supplies and equipment in the public and the private sector and ensuring their rational use.

Information, Education and Communication:- This component aims at improving the Knowledge, Attitude and Practice (KAP) on personal and environmental hygiene and common illnesses and their causes; and promotion of political and community support for preventive and promotive health services through educating and influencing planners, policy makers, managers, women groups and potential end users .

Health Management Information System and Monitoring and Evaluation: - The HMIS and M&E component aims at informed policy formulation, planning, program implementation, monitoring and evaluation and at improving the knowledge and skills of health managers in these areas. It also aims at enhancing community involvement in the management of health facilities and public health interventions. This component thus aims to implement the Civil Service Reform Program in the health sector to ensure efficient, effective, transparent, accountable and ethical service delivery at all levels of the health system; to develop and implement a comprehensive and standardized national HMIS and M& E System so as to ensure evidence based planning and management of health services; and to harmonize the donor-government efforts in planning, reporting, monitoring and evaluation.

Health Care Financing: - The health care financing component aims at mobilizing increased resources to the health sector; promoting the efficient allocation of resources and developing a sustainable health care financing system. The targets set under this component are increasing overall health expenditure per capita from 5.6 USD to 9.6 USD; doubling the share of health as a proportion of total Government budget; and

expanding the Hospital based Special Pharmacies from 82% to 100% and that of Health Centers from 58% to 100%.

One can clearly observe from the above HSDP components that it will not be as such easy for the government alone to implement and realize all components of the strategy with out establishing a strong partnership with the private sector. Since the above components are highly interrelated and complicated there is a need to call for other non state actors in general and the private for profit sector in general.

The third health sector development program though does not clearly indicate the detailed provisions for the application of public private partnerships as a strategy to realize the objectives of the program provides a wide opportunity and areas of partnership in the delivery of health related services. One can not deny that while public private partnership options are meant for strengthening the implementation of programs and policies in public service delivery, very little is said in the strategy document about PPPs as a means of achieving the health sector development goal. Almost all of the officials contacted during the interview indicated that though the strategy document is very much general in indicating the need for and areas of partnership, it is realized that such vast and complicated health development program cannot be implemented.

One key official from Federal Ministry of Health Said:

“Since it is practically difficult to satisfy the health service needs of the citizens through the government efforts alone, we have found essential to closely work with the private health service provides and we are now designing the relevant roadmap to strengthen the public private partnerships in various areas”.

The health sector development program strategic plan under its health care financing strategy puts public private partnership options. Under this strategy which gives an opportunity for PPP, the need for encouraging the participation of private organizations is stressed. Developing alternative organizational forms to increase the role of the private sector is indicated as one alternative for generating additional and new sources of

revenue. To help the government achieve public health goals, there is a need to encourage the private sector to invest in the health sector and make curative health services available to those who can afford. This by itself makes one aspect of public private partnerships mainly because it will have a significant contribution in freeing up government funds for preventive and curative services to those who can not afford to pay. Moreover expansion of private sectors' participation in health service provision definitely augments the government's efforts since the private sector health service providers can also involve in preventive and promotive services which is the main priority area of the national health policy.

As indicated above the health care financing strategy of both the federal and city government give green light for public private partnership in the health sector. The healthcare financing strategy however does not clearly indicate the types and areas of partnership with the private sector. In all the remaining seven components of the program there are several ways of forming partnership since the effective implementation of the components is hardly possible through the government efforts alone.

It can be argued that the contribution of the private sector in health delivery has been increasing since the change in legislation allowing private practice in the country. In this case the contribution of the private sector is expected to grow faster as soon as the outsourcing of health services in the hospitals goes operational.

It is therefore safe to argue from the above facts that, health related policies and strategies such as the 1993 national health policy, the 1995 health sector strategy, the 1998 health care financing strategy and the health sector development program, give room for the use of public private partnerships in the health sector and these environments can be taken as good opportunities for both the public and private sector actors.

3.3.3. Government and Support

Following the privatization and structural adjustment program of the country, the private sector development program indicates that the government is ready to take all the necessary measures to enhance the participation of the private sector in both the manufacturing and service industries.

An expert interviewed at the Ministry of Trade and Industry argues that from the government side, there is a need to define clear options and undertake necessary reforms vis-à-vis private sector participation for the provision of basic public services. For him political commitment and long-term engagement from government, supported by an appropriate legal framework, are what the government is currently ready for. He said:

The Private Sector Development Program of the Federal government which is currently under implementation at least to some extent shows the governments readiness to enhance the contribution of the private sector in the socio economic development of the nation. The two chamber of Commences and Sectoral Associations, the Ministry of Trade and industry, Ministry of Capacity Building and other relevant stake holders are working together to implement the PSDP.

A report on the performance and progress of the private sector development program prepared by the Ministry of Trade and Industry in 2006 indicates the government's focus and support in the following areas.

Decentralizing responsibility for service provision to local governments and community based entities. According to the report, the government is committed to strongly work towards promoting cross-sectoral linkages, such as the manufacturing industries, education, health and sanitation, and other services.

The government through the Ministry of Trade and Industry, Ministry of Capacity Building and the Chamber of Commerce and Sectoral Associations is working on how to improve communication, transparency and advocacy channels based on a demand-

responsive approach that allows stakeholders to make informed choices about their participation, service standards and levels, and service delivery mechanisms. Reports at the Ministry of Trade and Industry show that the government is going long way in providing opportunities for local stakeholders particularly the private sector to participate in workshops, conferences, and forums to assist in building their own capacities.

An interviewee from the Addis Ababa Chamber of Commerce and Sectoral Associations argues that with some loopholes that need more attention, the government is doing few things to promote private sector participation as a means for increasing investment in service provision and infrastructure as well as for enhancing the efficiency and performance of service delivery. Another interviewee from the same institution however has few reservations on the above view. For him, the government has not yet put reasonable effort to enhance the participation of the private sector and build their capacities.

Almost all the interviewees indicated that there is an almost favorable condition from the government side to start public private partnership in public service delivery. As one part of service delivery too, respondents from the Federal Ministry of Health and Addis Ababa City Administration Health Bureau strongly argue that the governments support and commitment in enhancing PPP to effectively implement the HSDP should be clearly worked out.

It can be generally argued that the government actions and efforts are not against the development of public private partnership. It's beginning activities to enhance the participation and contribution of the private sector through its Private Sector Development program and other activities at institutional levels can be taken as one step towards strengthening public private partnership. In the health sector of the city administration will in one way or another benefit from the private sector development program of the government.

3.4. Challenges of Public Private Partnership in the Health Sector in

Addis Ababa

Literature indicates that public private partnership in service delivery has attained an advanced stage in developed nations. In the health sector too, the relationship between the public and private sector actors is so close where a given hospital can be owned jointly by a private investor and the government, private health service unit may be collocated with in government health institution, a given public health institution may be jointly managed by the public and private sector actors, some clinical and non clinical health services of government health institutions may be outsourced to private partners.

The health sector public private partnership in Addis Ababa on the other hand along with the opportunities has also several challenges. Some of the common challenges that impede the implementation of the PPP option in the health sector of the city are discussed below.

3.4.1. Clarity in Public Private Partnership Concept

It was found out that the implementation of the public private partnership primarily requires the clarity and understanding of the concept. A senior health official at the Addis Ababa Health Bureau in this regard pointed out that the concept of PPP as an emerging issue is not clearly understood by others including the experts themselves. According to the official, when the concept comes to the service delivery area such as the health sector, it even becomes more confusing.

A department head at the Ministry of Capacity building also shares the above view. For him even experts and specialists in the area have their own version of defining and understanding Public private partnership. When it comes to its application the various brand of the same concepts may confuse the institutions and make its application more challenging.

For some respondents the public private partnership may include all kinds of relationships between the government and all other non state actors. PPP focal person at

the Federal Ministry of Health indicated that they had a hard time in clarifying and understanding the concepts of public private partnership.

In this regard he says:

Public private partnership at the Federal Ministry of Health is understood as any form of partnership between the Ministry of Health and its subsidiaries and other actors for the purpose of better serving the citizens. Separating only the private business sector and forming partnership is a new and yet unclear.

Almost all the respondents participated in the interview pointed out the fact that the PPP as a whole is a new concept has made it confusing to those who want to implement it.

It can be therefore argued that public private partnership has not yet attained clarity of understanding in the service sector of Ethiopia. In the health sector of the city, since the experts and the actors are not very much clear about what PPP is, its types, application modalities, its contexts and the like, it will be a challenging exercise to realize the application of the option in the health service delivery. Continuous training, education and internalization of the PPP options are an area to be yet worked on.

3.4.2. Institutionalization of PPP

✓ Public private partnership as one of service delivery options requires structured and formal approach. In the health sector of Addis Ababa it is found out that the efforts in introducing the concepts of PPP in the service delivery can best be achieved through institutionalized activities. The deputy bureau head at the Addis Ababa City Administration Health Bureau indicated that the attempts to involve the private sector participation in the health service delivery of the city is so far made in a fragmented and unstructured manner. He highlighted:

“If you for instance take the public private partnership in TB treatment and management, it is coordinated by the HIV and TB prevention and Control team of the bureau. When you see the outsourcing of non clinical services, the case is handled by planning and programming department. In all these

activities of the bureau however, there is no unit that takes over the coordination of the partnership activities”.

✓ All the interviewees pointed out that the lack of formal unit that takes care of the PPP activities has retarded the implementation of the option in the service delivery. The Federal Ministry of Health has assigned one expert as a focal person to coordinate the introduction of public private partnership in the health sector. The focal person who also participated in the interview indicated that since the concept is very much new to our system, the ministry is currently trying to establish a public private partnership team under the health service department.

It can be argued that there is no formally established unit in the health system of Addis Ababa that takes the responsibility of coordinating the application of public private partnership in the health service. The dialogues, the few beginning efforts in service partnerships so far made are on very much unstructured and fragmented manner. One is also safe to argue that lack of formal unit to coordinate PPP activities can seriously challenge the effective introduction of the concept in the health sector of the city.

3.4.3. Technical capacity

Public private partnership as a new concept requires expertise and technical capacity of those who are involved in the issue both from the public and private sector. A team leader at Addis Ababa Health Bureau in this regard strongly argues that the current technical capacity of manpower poses a serious challenge to the application of the PPP in the health service delivery. PPP focal person at the Federal Ministry of health also shares the above view. For him since no one is so far trained in public private partnership area, the health sector agencies including the MOH itself are being challenged with lack of expertise. The TB and HIV prevention and control team leader and health service development department head who participated in the interview both strongly agree that the current level of expertise does not provide a favorable condition to effectively apply PPP in the health sector of the city. Responses from the interview in general pointed out that the existing work force in the health system suffers from:

- Lack of strong contract development, administration and control capacity to effectively benefit from the partnership in service delivery.
- Lack of expertise in various PPP models and approaches and their application in different areas of the health system.
- Lack of expertise in the financial management aspect of the PPP in both revenue and expenditure management and distribution of funds and its control in such arrangements.

The above facts in general indicate that applying PPP in service delivery in general and health services in particular requires technical capacity and this is missing in the health system of Addis Ababa. It can however be argued that though there are challenges to rapidly go in to the full application of PPP, the existing capacity of the work force can be developed effectively used to start PPP in the health sector of the city. Providing technical training in the administration of PPP contracts, financial issues and monitoring and evaluation of PPP agreements is believed to add value to the existing capacity of the work force.

Chapter 4

Conclusion and Recommendations

4.1. Conclusion

There are strong rationale and justification for using public private partnership options in Addis Ababa to provide health services to citizens. The weakness in service provision in both public and private sectors calls for the public private partnership especially from customer satisfaction point of view.

There are few beginning efforts to implement public private dialogue concepts both at macro level (through the Ministry of Trade and Industry and Addis Ababa and Ethiopian Chamber of Commerce and Sectoral Associations) and at micro level (through the Federal Ministry of Health, Addis Ababa City Administration Health Bureau and the Private health service providers).

The health sector public private dialogue which is at its emerging stage lacks clear guidelines, procedures and implementing mechanisms. With all its limitations, there are few beginning efforts of dialogue that can be used as a stepping stone for partnership in the health sector.

While there are some preliminary efforts to provide TB case detection and treatment services in coordination and cooperation, little effort is so far made in other types of health services such as controlling epidemics, prenatal and postnatal treatments, immunization services and so on. It can however be concluded that coordination and cooperation in the public and private health sectors as one indicator of public private partnership exists but at a very beginning stage.

 There is no joint ownership (co-ownership) of health institutions and facilities in the health sector of Addis Ababa as one element of public private partnership in the sector. It

is also hardly possible to assess the impact of joint ownership on service qualities of health system in Addis Ababa since such practice does not exist.

The health sector in Addis Ababa lacks public private partnership in its financing aspect. The partnership in which the private and public sector entities contribute financial resources in various proportions and finance the construction of the projects, jointly own and operate the health facilities does not exist in the health system of the city.

There is no practice of outsourcing the management wing of health service institutions to outside parties. All the managerial activities from planning to evaluation are made by the institutions themselves both in public and private health sectors. Whether administering the health system through public private partnership contributes to the efficiency and effectiveness of the institutions is not yet studied.

Benefit of outsourcing non clinical services to government health facilities can be realized if case based assessment is made and the option is supported by rigorous cost benefit analysis and feasibility studies. There are beginning efforts to introduce the concept of outsourcing as a component of public private partnership in government health institutions.

Health sector partnership in service delivery significantly contributes to efficient and effective utilization of human and other resources, better risk management mechanisms, improved health service coverage and more decentralized service delivery to citizens. There are some beginning activities in the health sector of Addis Ababa to introduce the PPP concept in the provision of clinical services. The public private mix started in few hospitals and clinics indicates the very few attempts being made to make the implementation of the service partnership in an orderly and structured manner.

There is a plan to establish private wing with in public health institutions, but the practical implementation needs scientific and systematic approach than simply embarking to the implementation. While strong contract management capacity, transparency and mutual understanding are highly required in joint service provision, standard evaluation

of results and professional training on how to apply PPP and jointly provide services is not yet carefully worked out.

No regulation and directives are still issued regarding the rationale, technical guidelines and other requirements to get into public private partnership. It is therefore too early to see how the outsourcing of clinical services applies.

It is safe to conclude that the beginning efforts of public private dialogue in the health sector can be taken as a good opportunity for both the government and profit making businesses to engage in health service delivery, planning, financing and management partnerships. The dialogue environment so far created can be used as a good stepping stone to transform in to more advanced and service based partnership.

It can be inferred from the provisions of the proclamation that opportunity for PPP in the health sector is provided through the health policies of the Federal and City Administration and the health service proclamation. It is however true that detailed directives and regulations are required to make use of the PPP opportunity provided by the proclamation.

It can also be concluded that the health related policies and strategies such as the 1993 national health policy, the 1995 health sector strategy, the 1998 health care financing strategy and the health sector development program, give room for the use of public private partnerships in the health sector and these environments can be taken as good opportunities for both the public and private sector actors.

It is found out that the government actions and efforts are not against the development of public private partnership. What the government is doing to enhance the participation and contribution of the private sector through its Private Sector Development program and other activities at institutional levels can be taken as one step towards strengthening public private partnership. The government's efforts to enhance the private sector participation can also help the proliferation of public private partnership options in the health sector of the city.

Public private partnership has not yet attained clarity of understanding in the service sector of Ethiopia. In the health sector of the city, since the experts and the actors are not very much clear about what PPP is, its types, application modalities, its contexts and the like, it will be a challenging exercise to realize the application of the option in the health service delivery. It is also found out that continuous training, education and internalization of the PPP options are not yet worked on.

There is no formally established unit in the health system of Addis Ababa that takes the responsibility of coordinating the application of public private partnership in the health service. One can conclude that the dialogues, the few beginning efforts in service partnerships so far made are very much unstructured and fragmented. Lack of formal unit to coordinate PPP activities has seriously challenged the effective introduction of the concept in the health sector of the city.

Applying PPP in service delivery in general and health services in particular requires technical capacity and this is missing in the health system of Addis Ababa. It can however be concluded that with all the challenges to rapidly go in to the full application of PPP, the existing capacity of the work force can be developed and effectively used to start PPP in the health sector of the city. Providing technical training in the administration of PPP contracts, financial issues and monitoring and evaluation of PPP agreements are almost non existent.

4.2. Recommendations

It is found out that the practice of public private partnership in the health sector of Addis Ababa is found at a very infant stage but with a very strong need for partnership from both the private and public sector actors. The following recommendations and options are therefore provided by the researcher after looking in to the findings of the study.

1. The need for the application of public private partnership in the health sector of the city should be carefully addressed. The Federal Ministry of Health, the Addis Ababa City Administration Health Bureau and other relevant health sector actors should recognize the existence of the need for PPP and find ways of involving the participation of the private health sector in the service delivery.
2. The public private dialogue so far started by the Ministry of Trade and Industry should also be systematically replicated to the health sector. In this regard the City Administration Health Bureau and the Federal Ministry of health should play the leading role in taking lessons from the activities and achievements of the Ministry of Trade and Industry. The few efforts started by the Federal Ministry of Health and City Administration Health Bureau to involve the private health sector participation should be harmonized with the PPD forum at the Ministry of Trade and Industry.
3. There should be formalized and structured approaches to get in to the activities of joint discussions and problem solving, cooperation and coordination. The relationship between the public and private health sector actors of the city should be made based on clear guidelines, partnership manuals and legally recognized systems. The currently existing fragmented and less formal relationship between the two sectors should be replaced by more institutionalized and structure based partnership.
4. The issues of joint ownership, financing and management should be carefully studied before embarking in to and implementing the options. Case and context based assessment regarding the economic, social and political feasibility of such options should be thoroughly studied before getting in to such partnerships in the health sector of the city.

5. The few beginning activities on Public private partnership in health service delivery need to be strengthened. It should not however be taken for granted that joint service delivery is always the best option. Careful cost benefit analysis and feasibility study should be conducted before making decisions on the service delivery through PPP. Strict follow up, monitoring and evaluation of the joint service delivery processes and results should be made for those few categories of services considered for public private partnership. Efforts should be made to make employees capable of managing PPP service delivery contracts and immediately solve problems before they damage the future relationship between the public and private partners.
6. Public private partnership should be considered as among the alternatives in both short and long term plans of the health sector both at city administration and federal levels. In this regard the strategic plans and action plans of the public and private health sector actors should give sufficient room for PPP as one mechanism of satisfying citizens' health service needs and developing the private sector.
7. The government should go more than half way in enhancing PPP and the private sector involvement and participation in the health sector of the city. The government starting from the legal and policy environment should create favorable conditions for partnership in the health sector of the city. The need to have separate public private partnership policy in general and clear regulations and directives for specific PPP projects in the health sector in particular should be carefully considered.
8. Public private partnership as a new concept in the health sector of the city should be continuously familiarized to all relevant stakeholders in general and to the health sector employees in particular. The application, various contexts and modalities of PPP should be clear to the implementers in both government and private settings.
9. Public private partnership should be institutionalized at various levels of the government. Since it is very vast and complicated concept, separate PPP unit should be organized in such a way that it can specialize in various aspects and applications of public private partnership in the health sector. A team, task force

or sections need to be established with in the government and private institutions to take the responsibility of coordinating the health sector public private partnership.

10. The technical capacity of employees should be enhanced. Since PPPs require a bit different contract management system, financial administration and performance management, both the private and public sector health organizations need to ensure that the workers are capable of handling PPP arrangements in the health service delivery. Health service organizations should put unreserved effort to provide rigorous training and education to the employees on various PPP matters.

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ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF PUBLIC ADMINISTRATION

Check list (interview guide) for Data Collection on Public Private Partnership in the Health Sector of Addis Ababa

This check list is prepared to collect views and opinions of officials and experts in the public and private sector organization on public private partnership and its application in the health sector of Ababa.

1. Organization_____
2. Year of Service in this organization_____
3. Position in the organization_____
4. What do you understand by Public private Partnership?_____
- _____
- _____
- _____
- _____
5. Do you think that it applies to the developing countries like ours?_____
- _____
- _____
- _____
6. What benefits do you think Public private partnership provides to the government in the service delivery?_____
- _____
- _____
- _____
- _____
7. Do you think that Public private Partnership benefit the health sector of Ethiopia?_____
8. What benefits do you think can PPP provide to the:
 - A. Government in General -
 - _____
 - _____
 - _____
 - _____
 - _____

B. To the private sector in
General _____

C. To the
Citizens _____

9. Is there any dialogue that is conducted between the public and private sector actors in various areas of Common activities? _____

10. What are the Common Issues that are raised as public private dialogue for common deliberation and agreement? _____

11. What problems do you observe in the public private dialogue practices _____

12. How do you think the problems (if any) in the Public private dialogue can be minimized? _____

13. What do you think can be done to enhance the current public oprivate dialogue to a higher and advanced level? _____

14. Is there any experience of joint discussion and problem solving on common issues in your organization?_____.

15. Mention some issues that are decided through joint discussion with the public/private sector representatives_____

_____.

16. What are the Most common problems that negatively affect the joint discussion and problem solving efforts?_____

_____.

17. What can the public and private sector actor of the health sector do to get the best out of the joint discussion and problem solving practices?_____

_____.

18. The following are some indicators of Public private partnership in a given industry. Provide your openions with respect to their existence in the health sector of Addis Ababa.

A. Joint ownership of health facilities_____

_____.

B. Joint Financing of the construction of health Facilities_____

_____.

C. Joint financing of the operation of the facilities and services_____

_____.

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- This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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DECLARATION BY THE CANDIDATE

The thesis on 'Public Private Partnership in the Health Sector of Addis Ababa' is my original work. It has not been presented for a degree in any University and that all sources of material used for the thesis have been duly acknowledged

Addis Ababa
November 12, 2007

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