

Public-Private Partnerships Are Increasingly Important to Serve as a Public Good and Accelerate the Deployment of Future-Looking Projects

During a lively conversation, speakers from across the globe discussed key aspects to consider in public-private partnerships to advance projects that act as a public good for all

Public-private partnerships (PPPs) are essential for the advancement of economies and societies. PPPs are crucial for the development of infrastructure and new technologies across the globe. They can be expected to gain further importance in the coming years as emerging nations sophisticate their models for collaboration between the public and private sectors, and as all countries and regions strive to build and accelerate future industries.

During the Frame the Future of Public-Private Partnerships session on August 25, global leaders from academia, policy, and business discussed how to accelerate and advance PPPs to meet today's most pressing global challenges. Panelists discussed the purpose of PPPs, their key features and enabling conditions, what they bring to the table, and critical areas where they can be applied to enhance people's lives.

The session gathered insights from Mr. Anuar Buranbayev, Managing Partner at Center for Research and Consulting, from Kazakhstan; Dr. Tapiwa Chiwewe, Senior Research Manager & Program Director at IBM Research, based out of Johannesburg, South Africa; Dr. Eduardo Jorge Oliveira, Head of the Center for Strategic Technologies in Health at Paraíba State University, in Brazil; and Ms. Lori

Schmidt, President at Loral Management Group, from Canada. Dr. Roberto Alvarez and the Hon. Deborah Wince-Smith moderated the discussions.

What Are PPPs About?

Public-private partnerships involve the collaboration between government agencies and private sector entities. They can be used to develop and deploy new technologies, as well as to finance, build, and operate projects like public transportation, schools, hospitals, parks, major public facilities, and more. Ms. Schmidt describes the purpose of PPPs as "to encourage the innovation, collaboration, and appropriate risk-sharing with the private sector while drawing on the varied expertise and strengths from both the public and private sector."

PPPs should deliver a public good by focusing on what public purpose the projects will be serving. Partnerships for a public purpose is a new mindset needed to guide PPPs, as the parties involved develop a project, define roles, figure out deliverables, and proceed in engaging any community. Ms. Schmidt emphasized the importance of thinking beyond just the financial and risk-sharing benefits, expanding some of the deciding factors to include sustainability and social

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Ms. Lori Schmidt
President
Loral Management Group
Canada

impact. The traditional projects and roles that PPPs typically fill, like transportation and facility projects, can be expanded to address societal problems including technology, climate, food, sustainability, and education.

Participants

Mr. Anuar Buranbayev

Managing Partner, Center for Research and Consulting
Kazakhstan

Dr. Tapiwa Chiwewe

Senior Research Manager & Program Director, IBM Research
South Africa

Dr. Eduardo Jorge Oliveira

Head of the Center for Strategic Technologies in Health, Paraiba State University
Brazil

Ms. Lori Schmidt

President, Loral Management Group
Canada.

Hosts

The Hon. Deborah L. Wince-Smith

President, Global Federation of Competitiveness Councils (GFCC)

President & CEO, Council on Competitiveness

Dr. Roberto Alvarez

Executive Director, Global Federation of Competitiveness Councils (GFCC)



WATCH THE CONVERSATION

"The value of such a model – the partnership between the government, academia, and industry – is shown in the form of technology creation and new product development."

Dr. Tapiwa Chiwewe

Senior Research Manager & Program Director,
IBM Research
South Africa

Complex issues that cannot be solved by one sector alone can be solved by using PPPs. PPPs can be used to promote innovation capacities in areas like developing new forms of energy, solving global water shortages, creating solutions for increased global poverty, modernizing urbanization, developing and deploying health technologies, and addressing social mobility. Solving any of these complex issues will require large amounts of collaboration across the various public sector and private entities.

Collaboration between companies and public sectors is crucial, but so is developing deep personal connections. Ms. Schmidt emphasized that PPPs need to focus "as much on, or more on, the relational components of the model as it does the transactional and contractual pieces of the project." Building trust and openness is the key to developing more efficient and impactful PPPs.

PPPs are Fundamental to Create Future Value

PPPs are placed to generate value by merging public and private entities to create something one by themselves could not do. The COVID-19 pandemic presented an opportunity for PPPs

"You need to clearly map the different pools of expertise that are needed to successfully develop a PPP to increase the likeliness of productive collaboration."

Dr. Roberto Alvarez

Executive Director, Global Federation of Competitiveness Councils (GFCC)

to step back into the spotlight and demonstrate what can be accomplished through collaboration. The creation and distribution of COVID-19 vaccines relied heavily on the collaboration between biopharmaceutical companies and public health organizations. This multi-stakeholder process advanced the production and distribution of the vaccine at a rate that had never been done previously. Ms. Wince-Smith pointed out that "the public-private partnerships that developed the COVID-19 pandemic should act as a model for the future, because it was successful in assuming risks and shortening the traditionally linear process for drug design and approval."

Public-private partnerships between higher education institutions and private companies are incredibly valuable to establish long-term market impact and the creation of long-standing talent pools. Drawing from his experience at IBM Research, Dr. Chiwewe emphasized the importance that having a research center near a university has on innovation. In Nairobi, Kenya, and Johannesburg, South Africa, IBM Research is located near universities, which gives them access to the talent pipeline. This relationship is mutually beneficial due to IBM helping to attract students to the surrounding universities, and the universities providing access to students as potential job recruits.

Partnerships involving universities and businesses create value in society through more effective innovation projects and the creation of new markets. "As a result of the sort of activities that we do, we create new markets, and you need to have skills that can support those markets." IBM Research has created a dynamic that has generated a new job market, attracting students and potential employees to the region, while also producing research and innovations that attract more investors and customers to the area.

In the United States, National Laboratories and initiatives to develop critical technologies provide successful examples of PPPs. Ms. Wince-Smith recalls the success of the semiconductor industry in the United States was due to early recognition of the need to research and produce semiconductors and solve this problem through PPPs. The success was made possible by the ability to cost-share and bring together resources, organizational support, and the talent pool. In other words, the creation of the semi-conductor market added value and innovation to the U.S. economy.

Clear Rules, Pricing Risk, and Accounting for Development Costs

For PPPs to create value and serve as a public good, there needs to be an understanding of what it will take for the project to be successful, the rules that must be followed, and the cost.

Mr. Buranbayev spoke about how the quick development and deployment of certain PPP projects in Kazakhstan fell short in delivering the true value that the tool can create. To address gaps in transportation infrastructure, digital infrastructure, and social facilities, PPPs were used in Kazakhstan to speed up the development process. Kazakhstan has relied on PPPs to deploy advancements quickly across the nation, but by doing so in a way that bypassed traditional government procurement processes.

"The government needs to start thinking outside the box. Instead of only making PPPs for traditional infrastructure, like roads, rail, roads, airports, and ports, the government can set up a project and a strategic plan for things like medicines, publicly producers for vaccines, and fire crews."

Dr. Eduardo Jorge Oliveira

Head of the Center for Strategic Technologies in Health, Paraíba State University
Brazil

Mr. Buranbayev felt that PPPs can be incredibly useful for fast development and large-scale projects, but should not be used to cut corners. One idea from Mr. Buranbayev is that "PPP policies should be designed to transform reality and create new policies. PPPs can also have a real impact as an investment instrument." This would set up future PPPs to act as an investment tool for public and private entities to establish projects across the country.

Having a clear understanding of the goals, risks, and development costs before embarking on a PPP will save time and money for all parties involved. Understanding and accounting for all the costs involved in any project allow more companies to partner with government agencies, because both partners have

"The whole regulatory environment can either act as an incentive or a set of tangled barriers to both the development and deployment of PPPs across many purposes and sectors."

The Hon. Deborah L. Wince-Smith

President, Global Federation of Competitiveness Councils (GFCC)

President & CEO, Council on Competitiveness

transparency of what is needed and can work together to avoid pitfalls. Mr. Buranbayev sees that governments receive most of the risk in PPPs and public works, and understands that more transparency would allow private sector companies to take on a more equitable share of the risk.

Legal Frameworks and Leadership

Legal frameworks that support PPPs need to be flexible and quickly adapt as technology and advancements in business models and consumer preferences lead to fast changes.

The health system in Brazil relies on PPPs to deliver care to Brazilian citizens, and also to develop and deploy new technologies. In technology development partnerships, the industry relies on the public funds provided by government entities. Dr. Oliveira shared that a critical thing needed to make such types of PPPs work is the ability to quickly allocate government money to industry and research partners. "When research institutions and companies have to follow complex bureaucratic procedures to use public

money to develop or build something new, there will be a mismatch. This happens because the time of such old-fashioned procedures does not match with the pace needed for technology development and transfer projects." There is a need to update the legal frameworks surrounding the use of public funding in the type of project commented on by Dr. Oliveira.

When updating PPP regulations, it is important to clarify how do they serve public needs. Similar to Mr. Buranbayev's thoughts on making sure the goals of PPPs are well understood before the creation of any partnerships, Mr. Oliveira believes that legal frameworks "must be clarified, but the clarification needs to be discussed in a public deed or in the contracts. It must be very clear. What is the basis of the PPP? What are the deliverables? What is the allocation of risks between public and private entities?" Answering these questions will help PPPs to become more frequently used and effective in research and development and tech-transfer projects. In addition to that, it is of utmost importance to work with auditing and government oversight bodies to normalize the interpretation of PPPs in projects that involve research and development.

Moving Forward

Looking into the future, relying on PPPs will continue to be crucial and their roles can be expected to be expanded to solve problems that one entity cannot do by itself. We will see a more diverse and sophisticated set of PPPs as economies mature. At the heart of PPPs are collaboration, relationships, risk and cost-sharing, and service to the public. Dr. Alvarez summed up the session by reiterating that "PPP's can drive innovation and should be focused on the future, including technology advancements. At the same time, we need to reflect about how the changes in technology and the opportunities it opens can help us to better design and implement public-private partnerships."

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 "PPP's should transform to be more socially orientated and be expanded to become a public good. PPP's are a powerful instrument, but we need to use them carefully in order to avoid some mistakes that can harm the public good."

Mr. Anuar Buranbayev

Managing Partner, Center for Research and Consulting
 Kazakhstan