A Study on the Public-Private Partnership to Global Health Issues in Korea

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Abstract

Objectives: To find the fit that is most apt for the current situation in Korea and to find new ways of identifying potential partners for the purpose of public–private partnership (PPP). The research was conducted using domestic and international literature where the concept and definition of PPP was stated, and cases of PPP reported by the World Health Organization and cases in developed countries were investigated.

Materials and methods: Data were collected from 237 PPP potential partner organization, government agencies, and the government under a special law, local governments, businesses, hospitals, and private organizations through their internet webpage. The Delphi questionnaire was given to relevant institutions and questionnaire was surveyed general hospitals.

Results: Groups that were likely to realize most of the partnership were nonprofit or nongovernmental organizations, the central government, the private sector, public healthcare services, and products.

Conclusion: In order to secure the position of exceptional comparative advantage of international expertise in the field of healthcare, we must implement PPP strategy that is in ordinance of domestic situation.

1. Introduction

In accordance with the change in the worldwide community in an attempt to communally respond to a variety of global issues from society and security to economics and environment to poverty, the cognition and scope that collaboration for international development should no longer be simply in the extent of “aid” but “development” for the advancement of developing countries are expanding. However, as advancement of the economies of developing countries is difficult with only government assistance as “Public Sector” aid, the cognition that collaboration between various institutes and “Private Sector,” or civilian societies, is a necessity is expanding.

Advanced countries and international organizations have continuously conducted the Official Development Assistance (ODA) business of the international health and medicine sector for Third World and developing countries. The business is based on “Shaping the 21st Century,” part of the 21st century development collaboration strategy that was drafted by Organization for Economic Cooperation and Development (OECD)
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Development Assistance Committee (DAC) in 1996. Of the eight Millennium Development Goals drafted with the global purpose to eradicate poverty, the health and medicine sector comprises most of the draft [1].

However, because the primary health and medicine support business of ODA of Korea has been focused on hardware and short-term aid such as construction projects, basic medical services, medical volunteer activities, etc., continuity of the effects of the aid business has reached its limit. Therefore, by focusing on high added-value software projects such as establishment of a master plan, development of human resources capability, and education related to professional human resources, it is necessary to devise a more efficient plan of action. In order to do so, it is necessary to understand the current state of foreign and domestic public—private partnership (PPP) in the health and medicine sector, for example, the current state of business, requirements, and precedence of related institutes, schools, and civilian organizations; develop a database; and analyze the database to devise a policy proposal.

Therefore, by comparing and contrasting the methods international organizations and advanced countries practice in making the best use of the comparative advantages of their health and medicine sectors from development collaboration, the direction and vision for Korea must be established and an efficient plan of action for health and medicine PPP with comparative advantages best for Korea is necessary.

Currently, because the PPP business is collaborated and practiced not only by the government but also by various civilian societies such as nongovernmental organizations (NGOs), nonprofit organizations (NPOs), civil society organizations (CSOs), universities, think tanks, private companies, etc., the extent of the business is being expanded. The civilian capacity is currently not only limited to provision of financial resources but also extends from the management of infrastructure establishments to planning of the development of regional infrastructures. Therefore, the current state of affairs is that private companies are actively and comprehensively participating in an important capacity in promoting economic development such as reinvigorating investment in developing countries, generating local employment, increasing income, developing human resources capacities, etc., that can be sustained continually.

The purpose of the study is to comprehend the status quo and the actual conditions of foreign and domestic PPP in the health and medicine sector with government institutions, government-affiliated special corporations, private companies, medical facilities, and NGOs and NPOs related to the health and medicine sector as the subject matter. The study intends to devise a novel means to develop a sustainable partnership that is appropriate for the current state of affairs of Korea with corroborating data analysis of the forenamed organizations as foundation.

1.1. PPP concept

“Public” refers to the communal resources of the central and the regional governments and “private” refers to the resources of the private sector convergent on private companies [2]. According to JICA [3], a PPP refers to “the procurement of public services and all related elements through the establishment and execution of a partnership between the public and private sectors of a country”. According to the World Economic Forum, the partnership refers to “a voluntary and collaborative agreement for cooperation among participants of equal capacities from various fields to accomplish a communal objective or to meet a particular requirement that carries with it a collective risk, liability, measure, and capability” [4].

According to OECD [5], the broad concept of the expanded domain of the private sector refers to “cooperation between two or among multiple institutional and private sector partners to execute a particular developmental assignment”. According to Choi [6], the partnership refers to “forming not only a ‘win-win-win’ relationship among the government, the service provider, and the benefactors, the constituents of the community, by enlisting them as partners but also an alliance between the public and the private sectors across all specialties, including businesses in infrastructure establishments and as public services in general from education to health and medicine to social welfare”.

1.2. PPP business application

For the PPP business, the World Bank will provide consultation for developing countries in securing legislative, organizational, administrative capabilities; techniques for PPP development; and governmental financial aid. During the preparation period of the PPP business, the World Bank can also provide procedural assistance by imposing the participation of PPP and pertinent sector experts, guiding the business to be appropriate for the standards of the World Bank and the private market and to concentrate on a small number of feasible projects through a selective and concentrated process [7]. Asia Development Bank, from the beginning, carries out its business, primarily based on infrastructure establishments, by investing in electric power and water resource projects in the form of “execute on orders” and “Build-Operate-Transfer.” Asia Development Bank emphasizes the strategy of “pro-poor consideration” by minimizing risk and securing the participation of a liaison to prevent any adverse effects to the poor [8].

In 2000, OCED, as an attempt to standardize “Corporate Social Responsibility” in corporations, labor unions, and NGOs, recommended that multinational corporations and domestic and subcontract companies observe the standard through its conferential “Declaration on International Investment and Multinational Corporations.” Moreover, so that the liability of a company is not limited
to the bounds of a social issue, OCED proclaimed the standard as “Corporate Responsibility” and leads the international discussions on resolving the economic, societal, environmental, labor and poverty-related issues confronted by the world [9,10].

1.3. Health and medicine PPP business in Korea

The foreign aid business in the health and medicine sector of Korea can be divided into two sectors: public and private. Depending on the repayment status of the liable country for a government relief fund, public aid can be classified into credit assistance handled by the Ministry of Finance and Economy affiliate the Import—Export Bank of Korea and grant-type aid handled by the Ministry of Foreign Affairs and Trade affiliate the Foundation for International Industrial Cooperation of Korea. The primary business of free aid is categorized into project-based, developmental survey, resource supply, trainee invitation, specialist human resource, and foreign service corps dispatch businesses.

Nongovernmental aid is primarily promoted by civilian organizations registered with Korea International Cooperation Agency, and these organizations are responsible for carrying out various projects in varied fields from dispatch of medical personnel to establishment of infrastructures for health and medicine to improvement of health and medical treatment standards through long-term projects. The more than 40 organizations registered with nongovernmental aid business execution associations through Korea International Cooperation Agency carry out cooperative health and medicine businesses. However, if unofficially registered medical societies in the form of a vestal civilian association are considered, it is noted that the number of the organizations would be more than 40. Moreover, since Korea International Cooperation Agency began its support for civilian organizations, the aid business in the health and medicine sector has been increasing continually and appears to continue to do so thereafter [11].

2. Materials and methods

According to the report on the current state of affairs and business development of health and medicine PPP, in order to analyze the potential organizations for possible partnerships within Korea, government institutions, affiliated special corporations, local autonomous government, corporations, medical facilities, NPOs, NGOs, etc., the characteristics of the 237 related organizations were investigated.

In the first round, the Delphi technique was used with primary organizations in foreign aid and 29 specialists as the panel that were selected through analysis of the current state of affairs of related organizations. In the second round, 26 specialists were seated as the panel. With these panel members, per sector (corporate, governmental, and civilian) core specialist interviews were conducted.

In order to establish a suitable direction for aid in the world health sector using PPPs of international health organizations and advanced foreign countries as precedence, the data on per organizational aid areas, priorities, program ranges, priority aid countries, etc., of the 237 related organizations were gathered from their Internet websites from November 1, 2011 to January 1, 2012.

Moreover, the concept, the form of partnership, pending problems, and so on, appropriate for PPP were analyzed twice using the Delphi technique from January 16, 2012 to February 24, 2012 with per organizational specialists as participants. Based on these analyses, interviews for the core group in relation to the values, visions, long-term plans, partnership experiences, pending problems, risk factors, business fields, and regions of the organizations were conducted three times on January 26, 2012, January 31, 2012, and February 17, 2012.

3. Results

3.1. Per organizational status analysis results

3.1.1. Per organizational priority fields

Per organizational aid fields are outlined in Table 1. One hundred and fifty organizations (48%) are aiding developing countries in the health sector, 68 (22%) in foreign disaster relief and emergency aid, 42 [13% in, North Korea, 39 foreign residents (12%) in Korea, and 13 Koreans overseas (5%)]. In the government and affiliated special corporations sector, all 11 government institutions (52%) are aiding developing countries and 24% are assisting with foreign disaster relief and emergency aid. Moreover, the Korea Foundation for International Healthcare and the Korean Red Cross are aiding North Korea.

In assessing the priority aid fields of the 27 domestic companies, aid for developing countries amounts to 36%; for North Korea, 15%; for foreign residents in Korea, 13%; and for foreign disaster relief and emergency aid, 13%. In assessing the priority aid fields of the 20 medical facilities, aid for developing countries amounts to 66%; for foreign residents in Korea, 14%; for foreign disaster relief and emergency aid, 10%; and so on. In assessing the priority aid fields of 170 NPOs and NGOs, aid for developing countries amounts to 44%, and for foreign disaster relief and emergency aid, 23%.

3.1.2. Priority program fields

In analyzing the distribution of per organizational priority fields, medical services amounts, at most, are 30% and the majority of NPO priority fields fall under the unclassified category of “etc.” In addition, 95% of medical facilities, 41% of companies, 26% of NPOs and NGOs, and 19% of government institutions and affiliated special corporations participated in medical services (Table 2).
3.1.3. Priority aid countries

In assessing the distribution of per organizational priority aid countries, all organizations aided Asian countries the most, at 42%, and next were African countries at 17%. The distribution of per organizational priority aid countries also revealed that Asian and African countries were aided the most. Especially in case of medical facilities, the Asian countries were aided the most, at 66%, and next were the former Soviet Union countries, at 21% (Table 3).

3.2. Delphi research results

3.2.1. Common characteristics of research participants

Common characteristics of participants are outlined in Table 4. In the first round, 18 men (62%) and 11 women (38%) participated; in the second group there were 15 men (3 were excluded) and 11 women. In terms of age group, participants in their 40s and 50s comprised the majority at 56%, those in their 20s and 30s were next at 41%, and there was one participant (3%) in the 60s and older age group. Due to the brief history of Korean foreign aid service, most participants had less than 10 years of experience. However, considering the fact that the majority age group was the 40s and 50s, it can be speculated that the participants have more than 10 years of experience if their professional backgrounds are taken into account.

In terms of individuals’ affiliated organizations, their characteristics from both the first and the second round were distributed similarly. In the first round, 10 (34%) from civilian organizations and associations, 9 (31%) from schools and research centers, 5 (18%) from...
government and policy-making groups, 3 (10%) from private companies and foundations, and 2 (7%) from medical facilities. In the second round, due to business trips, etc., one each from civilian organizations and associations, schools and research centers, and medical facilities were excluded.

In terms of aid fields, all positive responses to every field in which the participants’ affiliated organizations and associations were participating in were tallied. In the first round, 24 of 29 organizations were participating in foreign aid business as their regular activity, 12 in emergency relief, 7 in foreign service group dispatch, 6 in North Korean aid, and 2 in aid for Koreans overseas. In the first round, those with less than 10 years of experience in their respective fields amounted to 76% and 80% in the first and second rounds, respectively, followed by approximately 11–20 years of experience and then 20 years or more, showing that the majority of

| Table 3. Per organizational priority aid countries distribution | Unit: N (%) |
|---------------------------------------------------------------|------------|
| Organizational categories                                   | Priority countries (multiple selections) | Per country total |
| Government institutions, affiliated special corporations     | Asia  | Africa | Pacific Coast | Latin America | Arabia | Former Soviet Union | Domestic | Disaster countries | North Korea |  |
| (N₁ = 11)                                                   | 10 (40) | 4 (16) | 1 (4) | 3 (12) | 3 (12) | — | — | 1 (4) | 25 (100) |
| Companies (N₂ = 27)                                         | 15 (33) | 11 (24) | 1 (2) | 3 (7) | 2 (4) | 2 (4) | 4 (9) | 2 (4) | 6 (13) | 46 (100) |
| Medical facilities (N₃ = 20)                                 | 19 (66) | — | 1 (3) | 6 (21) | 2 (7) | — | 1 (3) | 29 (100) |
| NPOs, NGOs (N₄ = 170)                                       | 108 (42) | 47 (18) | 3 (1) | 9 (4) | 18 (7) | 23 (9) | 18 (7) | 3 (1) | 28 (11) | 257 (100) |
| Total                                                        | 152 (42) | 62 (17) | 5 (1) | 15 (4) | 24 (7) | 34 (10) | 24 (7) | 5 (1) | 36 (11) | 357 (100) |

| Table 4. Common characteristics of Delphi participants | Unit: N (%) |
|--------------------------------------------------------|------------|
| Sex                                                    | Male | Female | 18 (62.0) | 15 (58.0) |
|                                                       | Female | 11 (38.0) | 11 (42.0) |
| Age                                                    | 20s/30’s | 12 (41.0) | 12 (46.0) |
|                                                       | 40s/50’s | 16 (56.0) | 13 (50.0) |
|                                                       | ≥60s | 1 (3.0) | 1 (4.0) |
| Form of affiliated organizations                       | Schools / research centers | 9 (31.0) | 8 (30.0) |
|                                                       | Medical facilities | 2 (7.0) | 1 (4.0) |
|                                                       | Private organizations / associations | 10 (34.0) | 9 (35.0) |
|                                                       | Private companies / foundations | 3 (10.0) | 3 (12.0) |
|                                                       | Government / Policy Decision Makers | 5 (18.0) | 5 (20.0) |
| Years of experience in pertinent field                 | <10 | 22 (76.0) | 21 (80.0) |
|                                                       | 11–20 | 4 (14.0) | 2 (8.0) |
|                                                       | >20 | 3 (10.0) | 3 (12.0) |
| Volunteer field (multiple selections)                  | Foreign aid | 24 (47.0) | 21 (46.0) |
|                                                       | North Korea | 6 (12.0) | 6 (13.0) |
|                                                       | Emergency aid | 12 (24.0) | 11 (24.0) |
|                                                       | Foreign service groups | 7 (14.0) | 6 (13.0) |
|                                                       | Koreans overseas | 2 (4.0) | 2 (4.0) |
| Total                                                  | 29 (100.0) | 26 (100.0) |
the participants had less than 10 years of experience due to the brief history of Korean foreign aid service.

3.2.2. Evaluation of PPP concepts and principles

In analyzing the evaluation results Table 5 of the appropriateness for PPP concepts, the consensus was that the most appropriate form of public and private partnership is “to acknowledge the public and the private sectors as equal entities and to utilize each sector’s advantages.” That is, the partnership must be based on a mutual agreement between the public and the private sectors, be in a form that the service provision purpose of the public sector and the profit goals of the private sector can agree, and be mutually liable

| Evaluation | PPP items (according to priority) | Result 1 | Result 2 |
|------------|-----------------------------------|----------|----------|
| Appropriateness of PPP concepts | To acknowledge the public and the private sectors as equal entities and to utilize each sector’s advantages | 4.0 | 4.5 |
| | A mutual investment by the public and private sectors in which clearly defined demands of both the public and the private sectors can be met through appropriate distributions of remunerations, resources, and risks by utilizing each partner’s expertise as base | 3.9 | 3.9 |
| | To combine the expertise and technologies of the private sector with the knowledge and legitimacy of the public sector for mutual profits | 3.8 | 3.8 |
| Appropriateness of PPP principles | Transparency | 4.6 | 4.6 |
| | Trust | 4.4 | 4.5 |
| | Competencies | 4.4 | 4.5 |
| Possible partnership groups | (NGO) NPO/NGO | 4.2 | 4.4 |
| | (Government) Central government | 4.0 | 4.3 |
| | (Company) Public company | 3.9 | 4.1 |
| Form of partnership in the private sector | (Commodity) Human resources | 4.2 | 4.3 |
| | (Knowledge) R&D | 4.0 | 4.2 |
| | (Commodity) technology | 4.0 | 4.1 |
| Possible benchmarking PPP | Partnership for Maternal, Newborn and Child Health | 3.9 | 3.9 |
| | Stop TB (Tuberculosis) Partnership | 3.8 | 3.7 |
| | GAVI (Global Alliance for Vaccines and Immunization) | 3.7 | 3.7 |
| Form of public–private partnerships | (NGO:CSO) NGOs with expertise, joint purpose, and precedence in cooperating with ODA as participants; provision of funds for 3–5 years; stated agreement for strategic alliance and common purpose, monitoring and evaluation (i.e., to provide the most effective means of programs with the objective of achieving MDGs) | 4.4 | 4.6 |
| | (Academic circles / Educational facilities) Promotion of collaboration in technology and knowledge between universities, research centers, medical facilities of Korea and universities of developing countries; provision of assistance so that universities of developing countries may become practical operators of poverty extirpation programs and achieve MDGs | 4.1 | 4.2 |
| | (Specialized partnership) Program for improving the standards of health through cooperation in capabilities development, technology transmission, and assistance in development of health and medical services for developing countries by coupling the experts of Korea with those of poverty-stricken countries; aid funds dependent on the number of participating countries and the size of the program | 4.2 | 4.0 |
| Partnership risk factors | Lack of profits | 3.1 | 3.3 |
| | Dissent from development purposes | 3.4 | 3.1 |
| | Lack of legal support | 3.1 | 3.0 |

CSO = Civil society organization; MDG = Millennium Development Goals; NGO = nongovernmental organization; NPO = nonprofit organization; ODA = Official Development Assistance; PPP = public–private partnership; R&D = research and development.
for risks. The second consensus was that the partnership must be in a form “of a mutual investment by the public and private sectors in which clearly defined demands of both the public and the private sectors can be met through appropriate distributions of remunerations, resources, and risks by utilizing each partner’s expertise as base.” The third consensus was “to combine the expertise and technologies of the private sector with the knowledge and legitimacy of the public sector for mutual profits.”

In assessing the evaluation results of the appropriateness for PPP principles, consensus showed that the three most appropriate forms of public and private partnership were transparency, trust, and competencies. That is, in order for the partnership to operate successfully, it was emphasized that joint access of transparent information must be agreed on as a prerequisite, risk and liability must be mutually managed based on trust, and a partnership principle that can maximize the capabilities of each sector must be established.

In assessing the evaluation results of the partnership possible participant groups for PPP, NPOs, and NGOs came first; next, the central government; and then; public companies in terms of corporations. In the case of the private sector participates in the cooperative PPP for the health field, human resources in the commodity category came first, then research and development (R&D) in the knowledge category, and then technology in the commodity category as resources with the most utility. Moreover, “Partnership for Maternal, Newborn and Child Health” came first, then “Stop TB Partnership,” and then “Global Alliance for Vaccines and Immunization (GAVI)” as the most feasible international health PPP precedence for benchmarking in Korea.

Opinions on specific forms of possible PPPs were gathered by categorizing the forms into partnerships with NPOs (including NGOs and CSOs), private companies, schools and educational institutions, and specialized health and medical fields. For possible forms of health and medical PPP, it was tallied that partnership with specialized health and medical fields came first; next, schools and educational institution; then, NGOs and CSOs; and last, private companies.

In assessing the evaluation results of the risk factors of PPPs, the biggest risk factor was “deficiency of profits;” next, “disagreement with the purpose of development;” and then, “inadequacy of legal support.”

4. Discussion and Conclusion

In deriving the definition for PPP through this study, PPP refers to “a system of collaboration between the public and the private sectors for development aid in developing countries” in the form of the public sector supporting the private sector, so that the private sector may advance into the aid business for developing countries in fields such as capital, technology, expertise, and so on, of the private sector, fields that can be used for advancing into the aid business for developing countries in the form of joint venture, capital, etc. Looking at the current state of affairs of domestic PPP, the aid business of the public and the private sectors for developing countries, such as North Korea, foreign disaster areas is focused on humanitarian purposes and the business of medical facilities, on medical services, disaster relief, emergency aid, health, and education. With such status quo as a basis, assessing the evaluation results of the Delphi technique for an appropriate PPP for the actual circumstances of Korea, the consensus was “to recognize the public and the private sectors as equal partners and to utilize the advantages of each other.” Even in the interviews of persons concerned with companies, NGOs, and the government, the concept of “equal partners” was commonly emphasized and the establishment of PPP procedures, process, monitoring, and evaluation plan that can realize the concept are a necessity.

Moreover, the consensus was that the most appropriate principle for PPP was first, “transparency”, second, “trust”, and third, “competencies”. The groups most feasible for the partnership were NPOs and NGOs first, and the central government and public corporations second.

The most desirable form of PPP for the long term was for the partnering organizations to maintain equal relationships and viewpoints with a common goal in planning, executing, managing, and supervising the objectives of each organization along with equal partnership in all formalities and procedures must be guaranteed. Moreover, in terms of responsibility, equal communal liabilities must be incurred; in terms of qualitatively and quantitatively objective evaluation, the partnership must be systemized and standardized. However, risk factors are still existent here and there, and because of lack of capability and preparation on both parts of the public and private sectors, in comparison with the qualitative and quantitative growth of the private sector, the public sector still remains in the basic stage in terms of the fundamental understanding of the partnership for foreign development aid. Therefore, exchange and communication with the private sector is urgently needed. Through programs for developing the capabilities of those operating in the private sector especially, the public sector must assist the core and essential development of the private sector and focus on opening the channel of exchange with the private sector.

In the end, particular businesses of developing countries and seriousness of health issues for particular communities must be comprehended and priorities and strategies for that country must be understood in establishing the strategies for PPP. First, in order to smoothly execute the health sector PPP for Korea, development principles centered on the recipient country must be shared commonly between partners as a core rule. Next,
in order to promote a collaborative viewpoint among comprehensively various fields, strategies that can reinforce the capabilities of NGOs are required. Furthermore, in order to expand the role of the public sector, diplomatic support, compromise, and conciliation of opinions among departments are required. Therefore, for Korea, PPP in the form of NGO support is recommended foremost, and for the academic circles of Korea and developing countries to improve the poverty and health standards of the recipient country, a specialized partnership according to detailed objectives, health and medical services, and so on, must be established and operated cooperatively.

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