The impact of PPPs on gender equality and women’s rights

As public-private partnerships (PPPs) are increasingly promoted, concerns about their impact are rising. This briefing explores the effect of PPPs on gender equality and women’s rights – highlighting concerns over increasing costs to governments alongside threats to the provision of universal, gender-transformative public services. It concludes that the ideologically driven promotion of PPPs should be replaced by a much more nuanced and evidenced approach.

1. Introduction

Public services play a pivotal role in the pursuit of gender equality, and the increasing use of public-private partnerships (PPPs) in their provision has set off alarm bells for many women’s rights advocates. Proponents of PPPs argue they are an efficient way to fund the services and infrastructure that governments could otherwise not afford to provide. But critics raise concerns that PPPs will provide poorer quality services and drain governments of resources, with little evidence of the promised efficiency gains beyond those created by user fees or cuts in labour costs. The promotion of PPPs is instead seen as the latest way in which private corporations are expanding their reach and revenue as part of a broader agenda of the privatisation and deregulation of public services.

This briefing provides a short summary of the rise of PPPs, then looks at three ways in which their use in relation to public services threatens gender equality and women’s rights – through increasing government costs, poorer provision of services, and fewer decent jobs, all of which are exacerbated during times of austerity. It concludes with some recommendations for governments and international institutions, with a more evidence-based approach to costs and benefits to counter the ideologically driven push towards PPPs.1

1 For a more in-depth study see Romero, M-J. with Gideon, J. 2019. ‘Can public-private partnerships deliver gender equality?’, March 2019. Brussels/Nairobi/London: Eurodad/FEMNET/GADN. https://static1.squarespace.com/static/536c4ee8e4b0b60bc6ca7c74/t/5c879cd7ee6eb0145fe7e780/1552391388896/1547040-can-public-private-partnerships-deliver-gender-equality-final+12.3.pdf
2. The rise of public-private partnerships

2.1 What are PPPs?

There is no single definition of a PPP. Technically, the term covers any collaboration between governments and either private companies or non-governmental organisations (NGOs) to implement programmes or projects. However, the forms of PPPs which have given rise to most controversy are those where private sector companies replace the state as the provider of traditional public services or social infrastructure (including health, education and care provision), in financing and running the project.

Under PPPs a private company agrees with the government to provide a particular service for a period of time, often between twenty and thirty years. The company will provide the financing for the project and administer the facility and/or services. In return, they receive funding either by charging ‘user fees’ to members of the public who use the service and/or through regular payments by the government. Importantly, these relatively long-term contracts include provision for governments to cover some - or all - of the risks of the project to the private provider. Commonly, these include loan guarantees, guaranteed minimum payments for services to reduce the risk of a fall in demand, or guarantees around the price a government will purchase an asset when the contract ends. Put bluntly, the private firm takes the profit while the government covers much of the costs.

2.2 Why now?

An agenda driven by international donors

Although PPPs are not new, they are increasingly aggressively promoted by donors and international institutions, like the World Bank, the OECD and the United Nations (UN). Heralded as an important funding mechanism at the UN Third International Conference on Financing for Development in 2015, PPPs are also specifically encouraged under Social Development Goal (SDG) 17, target 17 that calls on governments to: “Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships”.

The International Monetary Fund’s (IMF) country reports reveal that the strengthening of PPPs is currently being discussed in as many as 60 countries. Donors have actively promoted PPPs through the provision of advice and finance for PPP projects, and even promoted changes in national laws. The World Bank’s Maximising Finance for Development (MFD) approach deliberately seeks to promote private over public finance and, in 2017, the Bank specified the adoption of new PPP laws, policies or administrative units as a condition for new loans in six different countries: Tunisia, Afghanistan, Mauritania, Bhutan and Burkina Faso, and Grenada.

Donors are increasingly promoting PPPs both as a solution to the ‘financing gap’ and as a response to cuts in services and infrastructure under austerity. In so doing, they are failing to acknowledge that these problems are a direct result of the macroeconomic policies they themselves have imposed on other governments as part of conditionality packages (see section 4).
The growing impact on public services and social infrastructure
While, historically, PPPs have been used as a way to finance and run physical infrastructure projects such as energy and transport, they are increasingly promoted for social infrastructure and public services including health, education and care provision, bringing new problems particularly in relation to social goals like gender equality and women’s rights.\(^8\)

This trend has led to increasing resistance such as the demonstrations in El Salvador on May Day in 2012 where trades unions came together with feminist and other civil society organisations to protest against the increasing use of PPPs.\(^9\)

Although this briefing focuses on public services, physical infrastructure also has significant potential to contribute to gender equality, but only if it is well designed and implemented. For example, transport can open up new opportunities for economic activities and collective action by women, but only if it is safe and affordable.\(^\) Many of the limitations of PPPs in supporting transformative social services also apply to their funding of physical infrastructure initiatives.

2.3 What’s the problem?
The promotion of PPPs is seen by critics as a part of a broader agenda for the advancement of corporate interests, with governments persuaded to enter into deals with private sector investors which guarantee corporate profit. However, it is governments – and ultimately citizens and communities – that pay the costs. In search of foreign investment – heralded as a panacea for the so called ‘financing gap’ – governments have been persuaded to provide costly and unnecessary incentives to corporations that then fail to deliver tangible benefits.

Corporations profit while governments and their communities pay the costs
By design, private sector providers have to gain revenue in order to create profit for their shareholders – it’s their job – and investors expect a higher return for investments in developing countries as they consider the risks to be higher.\(^1\) To raise this revenue they can either charge user fees – with all the problems these bring (see section 3.2) or require the government to pay a pre-agreed charge – funded by taxpayers.\(^2\) They may also increase their profits by reducing labour costs through flexibilisation (see section 3.3). Whichever method they use, the public ends up paying. Normally, corporations would expect to face some risks with any investment, which is part of the justification for the profits they later receive. Instead, under PPPs, public money is used to guarantee private companies a stream of income, sometimes for decades, while covering the risks. As an influential UN report suggests, under PPPs profits are privatised, while costs and loses are borne by the society.\(^3\)

Negotiations are not transparent or accountable
Highly complex, and often secretive, contracts are negotiated which largely protect the interests of the private provider and make accountability difficult. For example, the true cost of a PPP hospital project in Lesotho did not come to light until a change in government meant that details of the negotiations were made public.\(^4\) Civil society in Uganda is currently finding it difficult to find information on a proposed PPP hospital in their country. Adding to the lack of transparency, PPPs are reported in national accounts in a way that obscures the
full long-term costs and makes meaningful scrutiny of the relative cost-effectiveness extremely difficult (see section 3.3).\textsuperscript{15}

3. Why is this a particular issue for gender equality and women’s rights?

The role of PPPs in the provision of public services has come under criticism from a variety of social justice perspectives, not least for the impact on gender equality and women’s rights. The negative impact of PPP provision on public services occurs in at least three ways, expanded upon in the sections below.

- The high costs of PPPs drain governments’ resources leading to cuts in public spending. This tends to have a greater effect on women, particularly those facing intersecting discriminations.

- PPPs are less likely to provide equal access to quality services, focusing on more profitable services and the easiest-to-serve communities. This can skew policy decisions to meet social goals which are aimed at delivering for marginalised groups, among whom women are disproportionately represented.

- Public services frequently provide one of the few sources of decent work for women, while cost cutting measures under PPPs reduce the number of quality jobs available.

The issues outlined in section 3.1 are specific to PPPs, while problems described in sections 3.2 and 3.3 are also found, more generally, under privatisation.

3.1 PPPs can have high costs that cause public spending cuts

Where PPPs increase government costs, the bill must ultimately be paid by taxpayers and communities - through increased taxation, cuts in public services, or cuts in other public spending which promote gender equality measures – all of which disproportionally affect marginalised women.

Higher costs rather than increased efficiency

Proponents of PPPs argue that these partnerships between governments and corporations bring additional resources and are more efficient. However, evidence to support this claim is rare. On the contrary, research suggests that PPPs come at a high cost. The IMF’s own highly influential Fiscal Affairs Department (FAD) warned of the hidden costs of PPPs saying: “while in the short term, PPPs may appear cheaper than traditional public investment, over time they can turn out to be more expensive and undermine fiscal sustainability, particularly when governments ignore or are unaware of their deferred costs and associated fiscal risks”.\textsuperscript{16} The IMF FAD goes on to say that this is particularly true where governance institutions are weak.\textsuperscript{17} Nor, according to research both by IMF FAD and the Dutch development agency, is there evidence that these costs are off-set by increased efficiency.\textsuperscript{18} In fact, the World Bank Independent Evaluation Group, in two different reports, concludes there is insufficient evidence to make a conclusive judgement in support of either the affordability or efficiency of PPP funded projects.\textsuperscript{19}
Moreover, there are a number of specific cases where the costs are clearly higher. In one example, the high costs of PPP financing for the Queen Mamohato hospital in Lesotho has been heavily criticised, with scarce funds diverted from other health funding nationally. The UK’s National Audit Office found that schools using this method of financing (known in the UK as the private finance initiative or PFI) were 40 per cent more expensive, and hospitals bills were 60 per cent higher. The Ghanaian Water Company (GWC) entered into a PPP with Spanish and Japanese companies to provide a desalination plant which has proved very costly to the Ghanaian government. The GWC now makes a loss of US$1.11 for each cubic metre of water produced as a result of the subsidies it has to provide the private firms. Health care provision in Uganda provides another example. The construction of a new specialist hospital under a PPP was criticised for its exorbitant costs when upgrading an existing public hospital would have made more sense. Under the PPP contract, the government has to provide land for free and agree to subsidise costs for the next eight years, while underwriting the risks of the investment.

**Why costs are higher**

There are a number of reasons why the costs of the PPP projects are higher than they would be for a project funded exclusively by the government. First, and most important, is that under PPP contracts governments underwrite any risks to the corporation and ensure that it makes a profit. These risks could be relatively minor like changes in currency rates. But they could also be significant – where governments have to pick up the pieces if the project goes wrong or costs escalate, not least because they will be under considerable political pressure to continue the provision of essential services even if the company has run up bad debts. For example, the Swedish government had to foot the bill when the costs of constructing a PPP hospital almost doubled – from a projected Kr 14.5 billion (US$ 1.5 billion) to a final cost of over Kr 25 billion (US$ 2.6 billion). While in Portugal, the government added to its already high levels of debt after stepping in when PPP contracts failed. In addition, under PPP contracts, governments frequently make an annual payment to the corporation based on the number of users, volume of services or otherwise pay a flat rate. Further costs to the government will occur as a result of the resources needed for complex negotiations around PPP contracts. Meanwhile, revenue is also decreased as donor money has been diverted away from other projects into schemes to attract and negotiate PPPs. To further add to the problem, the cost of financing is greater under PPPs as interest rates tend to be higher for private firms than if the government borrowed the funds directly.

**3.2 PPPs can undermine equal access to quality services and skew policy decisions to pursue social goals**

To achieve the SDGs, and other social goals, governments must ensure public services and social infrastructure meet the needs of all users including those that are hardest to reach. These are political decisions governments will need to make. Realistically, the provision of universal, gender-transformative services (see box 1) is likely to cost more to the provider – whether this is the cost of adequate childcare provision, better sanitation in schools, safe carriages on trains, or roads to remote areas. However, unlike governments, private sector
providers are ultimately accountable to their shareholders – not citizens or communities. They have to put profit first, with limited incentive to meet social goals.

There is mounting evidence that PPPs reduce the expansion of coverage (quantity) and on the affordability, accessibility and appropriateness (quality) of public services and social infrastructure projects. Where this is the case, the negative impact on women – particularly those facing intersecting discriminations – will be heaviest. This is partly as a result of socially defined discriminatory roles; women have a disproportionate responsibility for care work and where services are inadequate, it is women’s unpaid labour that will have to fill the gaps. It is also because gendered discrimination has created income inequalities meaning that women face more barriers in accessing services and are less able to pay user fees for private alternatives.

In practice, this disproportionate impact on women occurs in a number of ways. First, private sector providers may charge user fees to re-coup their costs. There has been a wealth of research (not just in relation to PPPs) that shows how such fees reduce access for the poorest, and that women’s lower incomes mean they are less able to afford such fees. One study showed the adverse impact of user fees on access to health care in Mali for marginalised women, another found a similarly adverse impact in India and Nigeria.

The pursuit of profit also results in services which fail to meet the needs of those who are more expensive to reach, such as people with disabilities or marginalised indigenous communities, and moves investment away from less profitable services – regardless of their importance to users. For example, in Uganda, PPPs used for schools reduced access for marginalised children.

In addition, other evidence has pointed to the way in which PPPs have resulted in a reduction of geographical coverage of services including water, education and health provision. For example, the Ghanaian water PPP described in section 3.1 was based in the capital, Accra, and appears to have adversely affected water supplies in rural areas. In Uganda, PPP service providers steer clear of rural areas where people are poorer and where they see a low return on investment. The only incentive to operate in these areas is when their services are being further subsidised by the government, for example through voucher schemes. This means that the vast majority of Ugandans who live in rural areas do not have access to quality and affordable health care. Women, who are overrepresented amongst the poor and who are in most need of health care services, both as care givers and because of the risks attached to childbearing, then bear the brunt of the lack of equal access.
Box 1: Universal, gender-responsive and gender-transformative public services

Gender-responsive public services describes provision that responds to the different needs and priorities of women and people with different gender identities and sexual orientation, recognising intersecting discrimination.39

Gender-transformative public services describes service provision that changes underlying discriminatory gender relations. For example, by shifting the responsibility for care from individual women to the state. 40

Universal public service provision that is truly available to everyone will be: affordable for all, including the most marginalised; accessible, both physically and socially without stigma for all users; appropriate for the needs and priorities of the communities, recognising the intersecting discriminations women and men face; and safe for all to use, free of the fear of violence. 41

3.3 PPPs are less likely to provide decent work

It is widely recognised that women’s access to quality employment is an important component of gender equality.42 Such ‘decent work’ will include fair wages, safe working conditions, opportunities for training and advancement, and the right to organise and collective bargaining.43 The public sector is traditionally one of the main sources of relatively decent work for women, particularly in health and care provision.44

In contrast, when private firms take over the provision of public services, it can come with the risk of reducing labour costs as part of an effort to increase profits. This can involve de-unionisation, redundancies, pay cuts and increasingly insecure contracts – all reducing the supply of decent work for women. Research on the impact of PPPs on decent work is scarce and more is needed. Several studies on the education sector have found that teachers in PPP schools, who are predominantly women, face low wages combined with poor conditions and restrictions on unionisation.45 In Nigeria, teachers were less likely to be in unions and were paid less in PPP funded schools compared to state-funded schools.46 Another study in Pakistan had similar findings.47

4. The triple dangers of PPPs in times of austerity

Austerity measures, including cuts in public spending, are now a common response when government spending exceeds revenue. The role of international financial institutions (IFIs) in creating these adverse economic conditions in the first place, and then arguing that austerity is the only response, has been well documented.48 So too has the damaging impact of these cuts on women, especially women living in poverty.49 Less well researched though are the ways in which PPPs exacerbate the problem.
Protection from government cuts is often part of the incentive package provided in PPP contracts to attract foreign investors.\(^5\) Therefore, in times of austerity, governments have to cut publicly funded services instead – even though they provide better provision for marginalised women. At the same time, the high costs of PPPs (outlined in section 3.1) will have further increased the government’s deficit thereby adding more pressure for further cuts in spending. The irony is that national accounting rules then provide a perverse incentive for governments to use PPPs.

During times of austerity, governments have to abide by rules imposed by donors and creditors, including those that prohibit them from borrowing, to cover their deficit – known as ‘deficit finance’.\(^5\) PPPs are reported in national accounts in a way that hides the fact that governments are borrowing to finance them; while traditional public investment will increase a government deficit, PPP investment will not. As the IMF FAD note warns “if investment in a PPP does not increase the government’s deficit and debt during the period of a project’s construction, but traditional public investment does, the government may be inclined to use a PPP irrespective of its efficiency and irrespective of whether the associated costs and risks must be disclosed”.\(^5\)

Essentially, the rules of austerity promote PPPs, while at the same time their higher costs lead to the need for more cutbacks. Furthermore, the contractual arrangements mean it is publicly funded services, rather than PPPs, that get cut.\(^5\)

### 5. Conclusion and recommendations

Ultimately, it is governments, in consultation with the public they serve, who are responsible for delivering gender equality, women’s rights and meeting international and regional obligations.\(^5\) This is not a responsibility they can, or should, farm-out to private corporations through privatisation generally, or PPPs specifically. Meeting these social goals requires the provision of public services – publicly funded, publicly managed and publicly accountable. Private sector companies must maximise their profits to survive, and this is fundamentally incompatible with providing universal access to high-quality, gender-transformative services and social infrastructure.

Where governments have limited resources to fund much-needed gender-transformative public services and social infrastructure, PPPs are often falsely presented as a quick fix solution. Instead, the answer to the ‘financing gap’ is to ensure governments have a genuine choice in finding the best financing mechanism to fund essential spending and are not pushed into making unwise concessions to private investors. To facilitate this, donors should support the prioritisation of progressive taxation – nationally and internationally, curbing illicit financial flows, and providing long-term concessional finance though soft loans. This would then allow governments more choice in how they finance public services and infrastructure, with a more evidence-based approach. More fundamentally, IFIs must also consider their

\(^{5}\) Such as those under Agenda 2030, The African Union Agenda 2063, the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and the Maputo Protocol
own responsibility in promoting an economic model that perpetuates inequality in the
distribution of global resources.iii

At the same time, IFIs and governments should build a much stronger evidence base on the
real costs of PPPs – including the cost to governments – the impact on the quantity and
quality of services, and on the provision of decent work. If, based on the evidence,
governments choose to work with private sector partners they should be supported by IFIs in
ensuring transparency and accountability for all PPP funded projects and be required to
conduct informed consultation with civil society, including women’s rights organisations,
before and during project implementation. IFIs should also support governments in enforcing
strong regulatory frameworks that ensure PPPs meet environmental, social, human rights
and gender equality standards, with international human rights law and International Labour
Organization (ILO) standards built into all contracts. 54

It is time for IFIs and donor governments to stop the ideologically driven promotion of PPPs
and instead ensure that public services are financed and run in ways that contribute to,
rather than undermine, gender equality, women’s rights and other social goals as defined
nationally, regionally and within CEDAW, Agenda 2030 as well as the Beijing Declaration
and Platform for Action.

Further reading:

Workshop on Corporate Accountability, Public Private Partnerships and Women’s

Privatized profits, socialised losses: European reports call World Bank’s PPP push
into question, by Bretton Woods Project, 2018.
https://www.brettonwoodsproject.org/2018/07/privatised-profits-socialised-losses-fighting-
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Public-Private Partnerships: Global Campaign Manifesto, by Eurodad, (undated)
https://eurodad.org/files/pdf/1546821-world-bank-must-stop-promoting-dangerous-public-
private-partnerships-1510908938.pdf

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While not the subject of this briefing, GADN and BWP have written elsewhere on the need for reform to
macroeconomic policies: https://gadnetwork.org/gender-equality-and-macroeconomics-project and
https://www.brettonwoodsproject.org/gender-equality-macroeconomics/

PPPs and the SDGs: Don’t believe the hype, by Jeff Powell, 2016.
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03-taking-action-en.pdf?la=en&vs=5226


csi.org/IMG/pdf/care_economy_2_en_web.pdf


study-of-public-and-low-cost-private-schools-in-lagos


54 These recommendations are based on those in Romero, M-J. with Gideon, J. 2019. ‘Can public-private partnerships deliver gender equality?’, Brussels/Nairobi/London: Eurodad/FEMNET/GADN. https://static1.squarespace.com/static/536c4ee8e8b0b60bc6ca7c74/t/5c879cd7ee6eb0145fe7e780/155239138896/1547040-can-public-private-partnerships-deliver-gender-equality-final+12.3.pdf

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