

PUBLIC-PRIVATE PARTNERSHIPS IN RESPONSE TO COVID-19 AS A TOOL OF CRISIS MANAGEMENT

ДЕРЖАВНО-ПРИВАТНІ ПАРТНЕРСТВА З РЕАГУВАННЯ НА КОВІД ЯК ІНСТРУМЕНТ АНТИКРИЗОВОГО МЕНЕДЖМЕНТУ

Panikar G.Y.

PhD (Economics), Associate Professor, Institute of International Relations of Taras Shevchenko National University of Kyiv (Kyiv, Ukraine), e-mail: german.panikar@gmail.com

Панікар Г.Ю.

Кандидат економічних наук, доцент, Інститут міжнародних відносин Київського національного університету імені Тараса Шевченка (Київ, Україна), e-mail: german.panikar@gmail.com

***Abstract.** The article is devoted to the study of the role of public-private partnership in overcoming the crisis caused by COVID-19. Overcoming such crises is not possible only at the expense of the public sector, but requires the consolidation of efforts of various stakeholders, including business, public organizations, private individuals and international organizations.*

The article notes that a significant number of partnerships were created during the pandemic to minimize its consequences, analyzed the characteristics of the main types of partnerships that arose as part of the response to COVID 19. A wide range of public-private partnerships have been formed during the pandemic and played an important role in the crisis response, further recovery, resilience and sustainability.

***Keywords:** Public-private partnership, PPP, crisis management, COVID-19, crisis-response public-private partnership, recovery and resilience partnership, sustainable partnership, public-private collaboration, multi-sector partnership, cross-sector collaboration*

***Анотація.** Стаття присвячена дослідженню ролі публічно-приватного партнерства в подоланні кризи, викликаній COVID-19. Подолання подібних криз не можливо тільки за рахунок публічного сектору, а потребує консолідацію зусиль різних стейкхолдерів, в тому числі бізнесу, громадських організацій, приватних осіб та міжнародних організацій.*

В статті відзначається, що значна кількість партнерств була створена під час пандемії для мінімізації її наслідків, проаналізовані характерні риси основних типів партнерств, що виникли в рамках реагування на COVID 19

***Ключові слова:** державно-приватне партнерство, ДПП, кризисний менеджмент, COVID-19, антикризисне партнерство, партнерство з відновлення та стійкості, партнерство стійкого розвитку, державно-приватне співробітництво, багатосекторне партнерство, міжсекторне співробітництво.*

Introduction. From time to time, the world faces serious challenges (pandemics, wars, negative natural events, etc.), which have a significant impact on many life spheres of society, lead to crises and require the consolidation of the whole society to minimize the consequences of such crises. COVID-19 has posed the most challenging and complex global health crisis in at least 100 years.

The complexity of proper response to COVID-19 has been characterized by uncertain and rapidly changing information; interdependencies between decisions made by many individuals/organizations with different perspectives and their outcomes across organizational and

sector boundaries; and time lags between policy changes and their effects. The proper response to COVID-19 has required the usage of the leading crisis management practice and the consolidation of the whole society and cross-sector collaboration, when governments, international organizations, the private sector, and civil society have to joint their efforts against COVID-19.

The purpose of research is to focus on the role of cross-sector collaboration, in particular public-private partnership to respond COVID-19 and other crises.

Research results.

COVID-19 has had a profound impact on the global economy, with disruptions to supply chains and shrinking demand for products and services. In the context of PPP infrastructure projects, the impact of COVID-19 in a broader context can bring to the following results [Asian Development Bank, 2021]:

- (i) decreasing PPP project value and volume,
- (ii) an increasing PPP project risk allocation and assumptions being taken on the private sector side,
- (iii) a perception on the public sector side that value for money may not currently be realized fully on PPP projects.

It quickly became clear that slowing the pace of COVID-19 and mitigating its impact could not have been the work of governments alone, instead it had required an all-of-society response. The world-wide impacts of COVID-19 have prompted an unprecedented all-sector, rapid response. The COVID-19 pandemic response has demonstrated the interconnectedness of individuals, organizations, and other entities jointly contributing to the production of community health. This response has involved stakeholders from numerous sectors, including governments, international organizations, the private sector, and civil society who have been faced with new decisions, objectives, and constraints. As a result, the international community has mobilized public-private partnerships to accelerate the global response, providing urgent health and socio-economic support, helping communities to live with the pandemic, and working towards post-pandemic recovery.

There can be defined the following key findings about public-private partnerships response to COVID-19.

- A wide range of partnerships have been formed during the pandemic [Fu, 2021]. Examples include collaboration at national and international levels.
- Four main initiators of partnerships are: governments, the private sector, civil society, and the United Nations.
- A business that promotes the creation of a partnership is usually well placed to identify practical solutions and other like-minded organizations that want to collaborate.
- “The private sector has contributed to the COVID-19 response through engagement in COVID-19 surveillance and testing, treatment and management of COVID19 cases, risk communication and health promotion, and maintenance of access to other essential services” [United Nations, 2020].
- Among existing partnerships, private sector initiators appear to be dominated by leading multinational companies that have more resources to focus on their impact within society and seek ways to work with potential partners against the pandemic. Their unique expertise, their capacity to innovate and produce new technologies for adaptation, and their financial leverage enable them to play a key role.
- Multi-sector partnerships, which bring together governments, international organizations, scientists, businesses, civil society, and philanthropists, have been an important driving force in the global response to the COVID-19 pandemic. An example is the ACT Accelerator - a global collaboration to accelerate development, production, and equitable access to COVID-19 tests, treatments, and vaccines.
- The scope for these public-private partnerships has ranged broadly. Partnerships have (i) provided financial support and technical assistance; (ii) supported project implementation and delivery; (iii) facilitated research, data collection and analytics; and (iv) coordinated various response actions [Fu, 2021, p.3].

- Crisis Uncertainty: Dealing with uncertainty, unpredictability and unexpected issues was a significant challenge for many PPPs in combatting COVID-19 (e.g., ANTICOV, IICY, IOM partnership on filter hotel for migrants, COVID-19 Women and Children Safe at Hotels in Mexico, UN COVID-19 Response and Recovery Fund).

Crisis management can be divided into the phases of “responding”, “recovering”, “building resilience” and “building sustainability”. Correspondingly, COVID-19 has brought to quick partnership development and the response to the pandemic has created the following types of public-private partnerships [EurekAlert, 2020; Kabwama et al., 2022; Stibbe & Prescott, 2020].

1. Crisis-response partnerships. This type of partnership has new features compared with conventional PPPs. PPPs are typically thought of in terms of large infrastructure projects. They are understood as long-term (i.e. running for several decades) working arrangements based on a complex contractual commitment “between a public sector organisation with any other organisation outside the public sector” [Brinkerhoff & Brinkerhoff, 2011]. Crisis-response partnerships have mostly not followed the typical model of conventional PPPs. Crisis-response PPPs are context-specific and mostly short- and middle-term.

2. Recovery and resilience partnerships. These partnerships are looking beyond the immediate response. In relation to crisis management, building resilience means improving “the capacity to adopt the existing resources and skills to new situations and operating conditions” [Comfort, 1999, p. 21], which often implies capabilities such as reducing the probability of a shock, buffering an emergency when it takes place, and recovering quickly after a crisis [Jung & Song, 2015]. Public-private partnerships have the advantages of building the resilience of a society because a network of organizations will be more likely to successfully manage the consequences of crises and swiftly deliver products and services in a crisis [Stewart et al., 2009]. Building resilience through private-public partnerships is essential for moving through hardships such as COVID-19 and climate change in both domestic and global settings. It helps communities recover from and mitigate the risk of disasters is the resilience of both the local community and the local economy.

3. Sustainable partnerships. These partnerships are “longer-term multilateral arrangements, involving both local and cross-border flows and linkages that utilize resources and competences from partners, for the joint achievement of collective goals” [Fu, 2021, p. 9].

The United Nations Sustainable Development Group has launched a coherent framework for the UN’s urgent socio-economic support to countries and societies in the face of COVID-19, putting into practice the Secretary-General’s report on “Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19”. Moving beyond the initial response phase, the UN Secretary-General underlines the need for the world to “recover better”, and that any recovery strategy should ensure we collectively remain on track towards the longer-term objectives outlined in the 2030 Agenda for Sustainable Development.

According to Xiaolan Fu’s analysis of 36 partnerships [Fu, 2021], most partnerships focus on Type 1 (Crisis-response) Partnership, but around a third focus on Types 2 (Recovery and resilience) and 3 (Sustainable), several of the partnerships address more than one type.

Government roles include leadership, conducting strategic communications, convening expert guidance, relaxing regulations, developing national economic priorities, and providing public health supporting resources. This initiating role of governments is particularly significant in delivering an immediate response to COVID-19. However, during a crisis, public-private partnership led by public actors may be ineffective due to many internal characteristics of the bureaucratic system, such as complex accountability [Ryan & Walsh, 2004] and public interest [Ortiz & Buxbaum, 2008]. Government is usually trapped by institutional rigidity, reflected in a hierarchical command structure and stricter accountability requirements, making public-private partnership less flexible and less autonomous to overcome crises [Comfort, 2007].

In the context of the pandemic, civil society driven partnerships provide a safe place where relationships between partners can develop very quickly. Early participation also means that donors can contribute to a proposal’s design to fit with other development interventions, and balance power

relationships among partners. Partnerships led by civil society may include new and existing partners from industry, government, the UN, academia, and other NGOs.

A business that promotes the creation of a partnership is usually well placed to identify practical solutions and other like-minded organizations that want to collaborate. Unlike public-private partnership under normal conditions, cooperation during a crisis should have a more specific and consistent goal: to cope with the crisis. Wallace [Wallace et al., 2022] suggests a number of motivating factors behind COVID-19 and other crises for the private business. Some of the contributions, such as the cash and in-kind donations by private companies, might be classified as part of corporate social responsibility toward the pandemic. A second factor motivating the private sector appears to be business survival and revenue protection. Use of hotels to provide quarantine space in Nepal, for example, provided much needed support to the tourism sector [Dhaka Tribune, 2021]. As evidenced by S.Qiu [Qiu et al., 2021] for the hospitality sector, corporate social responsibility during the pandemic may boost firm value with a positive impact on business survival. In other cases, the financial benefits of private sector responses have been a little more speculative although potentially more profitable. COVID-19 has created a high-risk environment, where the private sector has borne entrepreneurial risk in search for returns from public contracts. Supplementing Government of Bangladesh pre-funding to the Serum Institute for the development of vaccines gave the company exclusive rights to distribute a resulting vaccine in the country part of which will be sold to private paying customers [Wallace et al., 2022].

The effectiveness of PPPs in response to COVID-19 still needs to be evaluated. The lack of public information in many countries about the exact characteristics of these PPPs makes it difficult to assess how well they work, how fair the processes were that put them in place, and the value they represent [Kettunen, 2020]. Although evidence of their effectiveness is not yet sufficiently available, many have demonstrated the potential of result-oriented, creative ways of mobilizing skills, funds, and capacities to achieve public health goals. The experience of successful partnerships has enhanced the understanding of the value of sharing knowledge, data, technology and resources. In addition to assessing their immediate effects, follow-up should also assess their long-term sustainability, impact on public sector capacity, and their influence on health inequities and social justice.

In general, the success of the partnerships created to tackle the pandemic can be explained by six factors [Fu, 2021, p.11]:

- i. forward planning around the needs, potential partners, and the steps to put the partnership into action;
- ii. trust among partners which usually is associated with previous collaboration;
- iii. alignment of interests and a shared vision of the needs they will solve, their roles and the creation of value;
- iv. flexibility from partners to be responsive to changes in the environment and the needs of the partnership;
- v. a high level of commitment to collaborate and pursue the collective goals agreed for the partnership; and
- vi. the governance structure and leadership of the partnership to coordinate the relations and activities between partners through time.

Enabling conditions for the emergence and success of crisis-response partnerships include [Tille et al., 2021, p.11]:

1. The emergency conditions created by the pandemic pushed all types of institutions to be flexible, to commit their resources and experience, and to solve problems promptly.
2. The partnership model is an important factor for success, since it is appropriate to combine multiple resources and to use the partners' social capital not only to design a partnership model quickly, but also to make it viable in practice.
3. Technologies, and in particular digital technologies, were a crucial enabler of the partnerships during the pandemic. Given the restrictions imposed to reduce the spread of the pandemic, the communications between partners were mainly digital.

Conclusions. The private sector has been a key player in the COVID-19 response, not only within the health sector but also across multiple sectors impacting on health, prevention and probability. Governments have followed a variety of strategies, including partnerships, to attempt to manage the private sector response. Public–private partnerships have shown their potential to effectively respond to extreme events, like COVID-19. It should be noted that COVID-19 has led to the further development of public-private partnerships and the emergence of new types of PPPs as conventional public–private partnerships led by governmental actors have often encountered significant difficulties in the crisis. The urgency of the pandemic, the fact that it directly affects many people’s lives and the rapid and global spread are unique factors that enable quick action. Overcoming crises requires very effective response measures in a very short period of time, which makes standard strategies for forming and managing conventional public-private partnership inadequate and impractical. Rapid partnership development has enabled positive actions concerning this, as well other pressing global challenges. Despite the above mentioned, the effectiveness of PPPs to respond to COVID-19 still need to be evaluated, many PPPs have demonstrated their potential to respond efficiently to COVID-19 and other challenges.

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