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Campaign to Block Promotion of PPPs Launched.

Public-private partnerships are too expensive, high risk and “encourage corruption and bad decision-making”, civil society organisations said as they launched a campaign to stop their promotion.

These partnerships are a threat to public finances because they are more costly in the long run than conventional public funding, according to a cross-NGO campaign launched at the World Bank-IMF annual meeting in Washington DC today.

The campaign aims to reverse the promotion of public-private partnerships (PPPs) and is calling on western governments, the World Bank and development banks to stop pushing them over traditional public borrowing to finance infrastructure and services.

Promotion of PPPs is increasing and being “pushed onto countries in the global south as the answer to development finance shortfalls”, said Maria Jose Romero, policy and advocacy manager at the European Network on Debt and Development (Eurodad), a member of the campaign.

She said: “This dangerous trend means the very countries which are already most vulnerable to debt and most in need of development aid are saddled with expensive, high risk, undemocratic and unaccountable projects.

“PPPs also encourage corruption and bad decision-making because contracts are often negotiated in secret and covered by commercial confidentiality.”

The 146 organisations from 45 countries behind the campaign manifesto said the experience of PPPs “has been overwhelmingly negative” and did not deliver enough results in the public interest.

A statement from Eurodad added that PPPs expose governments to financial risk because of the cost and “can have disproportionally negative impact on women and children” as well as undermining democracy and human and environmental rights.

The campaign highlighted examples of failed PPPs including a hospital in Lesotho, which cost three times more than the one it replaced and took up a quarter of the country’s health budget. It also flagged up a PPP road linking Brazil and Peru, the cost of which rose from $800m to $2.3bn because of a corruptly secured renegotiation processes.

Last year, the World Bank also highlighted PPP problems. Its report found that most countries are not up to standard in at least one of the analysed areas – preparation, procurement, unsolicited proposals and contract management.

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