


# Chapter 12


## Public–Private Partnerships in Higher Education for Setting the Right Path of Growth and Development

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### **ABSTRACT**

*The term public private partnership (PPP) entails diverse range of meanings, mechanisms and policy tools. Defining a particular form of PPP will require specifying the meaning, role, responsibility, and incentives of the public and the private partner. Whatever form a PPP may take, conceptually as well as practically, it emphasizes the growing importance of the private sector in funding and provisioning of various goods and services. The rise of the term PPP can be traced to the 1980s, when in western economies, the private sector was becoming important in areas that were predominantly funded and managed by the public sector. Education sector is one such area. While PPP in school education is a well explored policy area, PPP in higher education has received little attention in academic literature as well as in policymaking.*

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## INTRODUCTION

The term public private partnership (PPP) entails diverse range of meanings, mechanisms and policy tools. Defining a particular form of PPP will require specifying the meaning, role, responsibility, and incentives of the public and the private partner. Whatever form a PPP may take, conceptually as well as practically, it emphasizes the growing importance of the private sector in funding and provisioning of various goods and services. The rise of the term PPP can be traced to the 1980s, when in western economies, the private sector was becoming important in areas that were predominantly funded and managed by the public sector. Education sector is one such area. While PPP in school education is a well explored policy area, PPP in higher education has received little attention in academic literature as well as in policymaking.

Given the growing importance of the private sector, instead of going for privatization, governments may like to resort to the middle path of adopting a PPP. This essentially means contracting with the private sector provision either of services to consumers, or of important inputs to the production of these services. In this context, two terminologies become important – one, private finance initiative (PFI), which is a long-term contract, that normally refers to cases where there is significant asset ownership by the private sector. The second, contracting out or franchising, means a few specific asset investments by the private sector.

PPP is a symbiotic relationship between the public and private sectors where both parties come together to optimally utilize each other's knowledge, resources, skills and expertise in providing solutions to the issues of lack on investment, usually in social overheads and commercial infrastructure projects. There is, however, no single accepted international definition of what a PPP is (PPIAF, World Bank Institute 2012). Various successful models of PPP can be viewed across countries where each model synergizes public and private roles and capacities differently. If, on the one hand, the PPP model of Ireland proposes a coalition where 'public sector specifies the service outputs required and the private sector proposes the best means to achieve them' 4 with substantial emphasis on risk sharing, the PFI model of United Kingdom, on the other, utilizes private finance to develop public services.

At the conceptual level, PPP participation in higher education would require the existence of a private players in the sector. At the policy level, this would require conducive regulatory environment that would encourage the existence and participation of the private sector in higher education. Here, private sector means not only for-profit business enterprises but also non-profit organizations, private universities, community, national and international donor agencies, etc. Private sector participation in higher education is a not a new phenomenon. Historically, private institutions have existed in society. In the last quarter of the 15th century, the Europeans had

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