

**Compendium –  
Public Private Partnerships  
in the Drug Control Area**

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# Compendium - Public private partnerships in the drug control area

## 1. Reasons for the development of public-private partnerships

### 1.1. Definition of PPP

A public-private partnership (PPP) is an arrangement between two or more public and private sectors, typically aiming at a long-term cooperation. In other words, it involves local, regional national government(s) or international organisations (formed by national governments) and business(es) that work together to complete a project and/or to provide services to the population. PPPs have been implemented in multiple countries and increasingly also between international organisations and private businesses in a wide range of areas.

PPPs include both formal partnerships with a written agreement/contract in place as well as partnerships with less formal private sector engagement. In order to speak of a public-private partnership, the co-operation has to go beyond a normal business relationship in which the public sector simply purchases - in exchange of money - some goods and services from the private sector.

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#### Box 1: Alternative definitions of PPPs:

##### International Monetary Fund

– An arrangement where the private sector supplies assets and services that traditionally have been provided by the government. In addition to private execution and financing of public investment, PPPs have two other important characteristics: there is an emphasis on service provision, as well as investment, by the private sector; and significant risk is transferred from the government to the private sector.

##### Organization for Economic Co-operation and Development

– An agreement between the government and one or more private partners (which may include operators and financiers) according to which the private partners deliver a service so the service delivery objectives of the government are aligned with the profit objective of the private partners and the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners.

**Canada** – A cooperative venture between the public and private sector, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.

**Australia** – Partnerships between the public sector and the private sector for the purpose of designing, planning, financing, constructing, and/or operating projects that would traditionally be regarded as falling within the remit of the public sector.

**Standard and Poor's** – Any medium- to long-term relationship between the public and private sectors, involving the sharing of risks and rewards of multisector skills, expertise, and finance to deliver desired policy outcomes.

**McKinsey** – Differentiates four archetypes of PPPs that all share a common vision, shared goals, investment from all partners and a formalized structure with shared decision making coordination, funding, product development, and delivery

*Sources: IMF 2004, OECD 2008; McKinsey 2009 quoted in World Bank Group, World Bank Group Support to Public-Private Partnership: Lessons from Experience in client countries, FY02-12.*

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## 1.2 Purpose

The basic idea behind PPPs is to work for a **common good** while ensuring a **maximum level of efficiency**. In short, the aim of PPP is the division of labor, with the private partner taking responsibility for the efficient production (and management) of goods and services, while the public sector ensures that goals oriented towards the common good are observed. This is based on the finding that the public sector is not necessarily known for its overall economic efficiency in providing goods and services while the operations of profit orientated private companies are not necessarily guaranteeing that all the required goods and services are supplied in sufficient quantities and quality levels for those in need. PPPs are to overcome these shortcomings of both the public and the private sector.

While the market is, in general, highly efficient in producing and subsequently supplying a broad range of scarce goods and services to the general public, from basic necessities to luxury items, market failures under special conditions have been, nonetheless, identified, requiring the public sector to intervene. This is the case for a number of **infrastructure activities** but also for a number of **specialised services**, such as **prevention, treatment, rehabilitation and social re-integration services for drug dependent persons** or **alternative development services, efforts to prevent the diversion of chemicals into illicit channels** or **efforts to prevent money laundering activities**.

The private sector – without any public sector guidance – could not solve these challenges in a satisfactory way. The result would be overall higher levels of drugs available, higher levels of drug addiction, more disability adjusted life-years lost and overall more drug related deaths every year. The public sector can address these issues – though possibly only at rather high cost. A close cooperation between the public and the private sector can – in some of these areas at least – help to raise the overall level of efficiency of the services provided and thus keep cost manageable for the tax payer.

## 1.3 Strengths and weaknesses of the private sector and the public sector

A review of the literature shows that the advantages and disadvantages of public and private sector entities producing goods and services have been discussed in detail from a number of perspectives, including from the perspective of

(a) optimally allocating scarce resources (economic “efficiency”; typically used as an argument in favour of private sector enterprises),

(b) from the perspectives linked to structural and regional policies (often used as an argument in favour of public sector enterprises);

(c) from the perspective of a more equal income distribution (often used as an argument in favour of public sector enterprises);

(d) from the perspective of overall economic stability (often used as an argument in favour of public sector enterprises);

(e) from the perspective of social politics and the involvement of the various classes of society in the overall production process of a country (typically used as an argument in favour of public sector enterprises) as well as

(f) from the perspective of the prevention of a possible foreign infiltration into the national economy and thus the risk of countries losing their national sovereignty (frequently used as an argument in favour of national public sector enterprises).<sup>1</sup>

It should be stressed that the use of public sector enterprises for most of the perspectives is only one possible option. There are a number of alternative policy options available as well. In any case, a detailed analysis of all of these perspectives and alternative policy options would go far beyond the

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<sup>1</sup> The following discussion is a summary based on the thesis by Thomas Pietschmann on, “Privatwirtschaft und Gemeinwirtschaft in Österreich – Chancen und Grenzen einer verstärkten Kooperation im industriellen Bereich” (Private and public sector in Austria – chances and limitations for a stronger cooperation in the industrial sector), University of Economics and Business Administration, Vienna 1989.

scope of this compendium and it would not be particularly relevant for discussing cooperation between the public and the private sector in the drug control area. Only the topic of “efficiency” will be further discussed here as this tends to play a key role for the justification of PPPs.

### 1.3.1 Private sector versus public sector efficiency

#### 1.3.1.1 Theoretical considerations

The optimal resource allocation, i.e. the best way towards achieving a maximum efficiency of economic activities, has been for centuries a major topic among economists. A large number of authors dealt with this problem and many schools of thought emerged, offering possible explanations. Considerations of the operations of the market and the ownership structure (private versus public) have been frequently considered in this context.

In the case of functioning markets, the Scottish economist and philosopher, **Adam Smith**, in his *Inquiry into the Nature and Causes of the Wealth of Nations* (1776)<sup>2</sup> argued that there was an “**invisible hand**” in the **market process**, allowing **private sector** actors to **react to price signals** which – in combination with competition among the various actors – would result in an **optimal allocation of resources** and the achievement of the highest common good for all parties involved.<sup>3</sup>

The proponents of the “*property rights theory*” argued two centuries later that an optimal resource allocation can be achieved by allowing privately owned actors (i.e. privately owned companies) to operate within a framework of clearly defined “property rights” and that such results obtained would be better than having to rely on the public sector to produce and distribute goods and services. The main task of the state should be to assure that such “property rights” are clearly established and guaranteed so that the private sector can efficiently operate.<sup>4</sup> Subsequently, a number of authors dealt with public versus private ownership questions from the perspective of the property right theory.<sup>5,6,7,8,9</sup>

A different angle was used by the Austro/American economist, Josef Alois Schumpeter, for whom the main advantage of capitalism was the capacity of private sector *entrepreneurs to innovate*.<sup>10</sup> He argued that economic change revolved around innovation and that innovation-originated market power could provide even better results than the “invisible hand” and price competition. Technological innovation, even when creating temporary monopolies and thus abnormal profits, would be competed away in a market system by rivals and imitators. **Expectations of such temporary monopolies** could be even **necessary to provide the incentive** for firms to develop new processes and new products. At the same time, he warned that with the gradual disappearance of the

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<sup>2</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, London, 9 March 1776.

<sup>3</sup> Thomas Pietschmann on, “Privatwirtschaft und Gemeinwirtschaft in Österreich – Chancen und Grenzen einer verstärkten Kooperation im industriellen Bereich” (Private and public sector in Austria – chances and limitations for a stronger cooperation in the industrial sector), University of Economics and Business Administration, Vienna 1989.

<sup>4</sup> *Ibid.*

<sup>5</sup> A. A. Alchian, “Some economics of property rights”, *Il Politico*, Vol. 30 (1965), pp. 816–82.

<sup>6</sup> D.G. Davies, “Property rights and economic efficiency — the Australian airlines revisited”, *Journal of Law and Economics*” Vol. 20, (1977), pp. 223–226.

<sup>7</sup> D.G. Davies, “Property rights and economic behaviour in private and government enterprises: the case of Australia’s banking system”, *Research in Law and Economics*, Vol. 3, (1981), pp. 111–142.

<sup>8</sup> L. De Alessi, “The economics of property rights: a review of the evidence”, *Research in Law and Economics*, Vol. 2, (1980), pp. 1–47.

<sup>9</sup> T.E. Borchering, “Towards a positive theory of public sector supply arrangements”, in: Prichard, J.R.S. (Ed.), *Crown Corporations in Canada, The Calculus of Instrument Choice*, (1983, Butterworth, Toronto).

<sup>10</sup> Joseph A. Schumpeter, *Capitalism and Democracy in the 21st Century: Proceedings of the International Joseph A. Schumpeter Society Conference, Vienna 1998, "Capitalism and Socialism in the 21st Century"*, (Ed.s) Dennis C. Mueller and Uwe Cantner, Springer, 2000.

traditional private sector *entrepreneurs* and a trend towards large-scale corporatism and thus the emergence of paid managers (who care about this and next year's profits but not necessarily about the long-term survival of the enterprise), one of the main advantages of capitalism could wane.

Further considerations regarding the efficiency of private versus public sector enterprises emerged from the analysis of various fields of research in the “*New Political Economy*”<sup>11,12</sup>, i.e. the economic study of politics<sup>13</sup> which also includes – in line with to the traditional analysis of the behaviour of the “*homo oeconomicus*” in economics, trying to maximise his welfare, including as an entrepreneur his profits - an analysis of the rational choices to be made by the “*homo politicus*”, trying in a democratic system to maximise votes, which has a bearing on how the public sector is run and thus on the economic efficiency of companies in the public sector (see below).

One related area of research has been the “*Agency Theory*”, used to explain and resolve issues in the **relationship between business principals and their agent**, i.e. typically the relationship between the principal, the shareholders and the company executives as agent. The “*Agency Theory*” explanation for a higher efficiency of the private sector is based on the different agency problems and availability of solutions that are associated with the ownership of enterprises. Managers, whether in private or in public sector enterprises, are assumed to seek the maximization of their own utility rather than that of the organization or its owners (the principal). In private firms, however, this divergence is reduced through the existence of: (a) a market for ownership rights which enables the owners to sell if they are not satisfied with the managerial performance; (b) the threat of takeover; (c) the threat of bankruptcy; and (d) a managerial labor market. In the case of state-owned firms, most these mechanisms tend to be absent and the owner-manager relationship is broken down into two other agency relationships: owner (the public)-politician, and politician-manager – and for both the overall efficiency of a company is, in general, not the main goal.<sup>14, 15,16, 17, 18,19</sup>

Another related area of research has been the “*Public Choice*” school which argued **that politicians pursue their own utility** rather than the public interest. Accordingly, they impose on public sector firms goals that can lead them to gain votes even though this may be in conflict with the economic efficiency goals. For the general public, the ultimate owners of the firm, the costs of monitoring this public sector behavior (information gathering, lobbying, etc.) are likely to offset the benefits (more efficient public spending, less taxes, etc.). This is not the case, however, for interest groups such as

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<sup>11</sup> Mancur Olson, “Towards a unified view of economics and the other social sciences. 1990”, in Alt; Shepsle (1990), p. 212-232.

<sup>12</sup> Timothy Besley, *The New Political Economy*, *The Economic Journal*, Vol. 117, (November 2007), pp. F570-F587.

<sup>13</sup> Rafael Galvao de Almeida, “From ‘What is New Political Economy’ to ‘Why is everything New Political Economy?’”, Center for History of Political Economy at Duke University, CHOPE Working Paper No. 2018-16, October 2018.

<sup>14</sup> Bélen Villalonga, “Privatisation and efficiency: Differentiating ownership effects from political, or- ganisational, and dynamic effects”, *Journal of Economic Behaviour and Organisation* 42, (2000), pp. 43-74.

<sup>15</sup> Shapiro, C., Willig, R.D., “Economic rationales for the scope of privatization”, in Suleiman, E.N., Waterbury, J. (Eds.), *The Political Economy of Public Sector Reform and Privatization* (Westview Press, Boulder, CO, 1990), pp. 55–87.

<sup>16</sup> D. Bös and W. Peters, “A principal-agent approach on manager effort and control in privatized and public firms”, in A.F Ott and K. Hartley, K. (Eds.), *Privatization and Economic Efficiency. A Comparative Analysis of Developed and Developing Countries* (Edward Elgar, Aldershot, 1991), pp. 26–52.

<sup>17</sup> D. Bös, *Privatization: A Theoretical Treatment* (Clarendon Press, 1991), Oxford.

<sup>18</sup> J.J Laffont, J.J. and J. Tirole, “Privatization and incentives”, in *A Theory of Incentives in Procurement and Regulation*. (MIT Press, 1993), Cambridge.

<sup>19</sup> K. M. Schmidt, “The costs and benefits of privatization: an incomplete contracts approach”, *Journal of Law, Economics and Organization*, Vol. 12 (1), (1996), pp. 1–24.

trade unions, potentially making public sector enterprises potentially vulnerable for rent-seeking activities.<sup>20,21,22, 23</sup>

The more general argument in favour of a system in which the private sector dominates production and distribution of goods and services is that a system based on private sector players and markets is, in general characterized by an **incentive system** in place which **renumerates entrepreneurs who repeatedly take the right investment decisions**. Private entrepreneurs, in general, have a clear objective: maximising profits (though other considerations may also play a role<sup>24</sup>). They can achieve this by correctly identifying the demand for goods and services, including by means of innovation, thus satisfying the (often changing) needs of the public at large, while minimising the required inputs, leading to an overall efficient resource allocation. Entrepreneurs taking repeatedly wrong decisions will eventually be ousted from the market and such enterprises will disappear, thus opening the space for new market entrants. In short, only the “**fittest enterprises**”, i.e. those making **best use of limited resources** and which **innovate** and are best at **correctly predicting changes in demand**, will survive. This is also in line with Darwin’s Evolution Theory<sup>25</sup> of the species and his idea of the “Survival of the Fittest”, i.e the survival of species with some specific characteristics which help them, better than others, to **adjust to a changing environment** in a general selection process, thereby guaranteeing the continuation of life on earth<sup>26</sup>.

In contrast, **public sector enterprises** are often confronted by **political interference** at all levels, potentially leading to the hiring of managers and staff on the grounds of political affiliations rather than professional considerations, and they often lack clearly defined objectives, thus rendering it difficult for management to make “correct” decisions which can be also ex-post verified. There is a potential danger that, in the end, almost all decisions can be defended on the grounds of some “public good”. Neither innovation nor an efficient allocation of resources thus can be guaranteed and public sector enterprises can become a drain on national government budgets.<sup>27</sup>

If tasks are to be fulfilled by ministries instead of public sector enterprises, overall efficiency can be even worse. This has to do with the extensive bureaucracy and thus often time-consuming bureaucratic procedures in many government offices as well as with different accounting systems in place (single entry accounting based on cash flows in ministries, which are not geared towards providing relevant information for services producing entities, versus financial double entry accounting systems in public and private sector enterprises which help to calculate profits and losses, in addition to detailed cost accounting systems) and the general perception - based on past experiences by decision makers - that budgets that have not been spent within the foreseen period are frequently lost, not only for the current period but also for future periods to come. This often leads to inefficient last-minute purchases of goods and services in order to avoid such potential future budget losses.

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<sup>20</sup> Bélen Villalonga, “Privatisation and efficiency: Differentiating ownership effects from political, or- ganisational, and dynamic effects”, *Journal of Economic Behaviour and Organisation*, Vol. 42, (2000), pp. 43-74.

<sup>21</sup> Zeckhauser, R.J., Horn, M., “The control and performance of state-owned enterprises”, MacAvoy, P.W., et al. (Eds), *Privatization and State-Owned Enterprises*. (Kluwer, 1989), Boston, pp. 7–58.

<sup>22</sup> J. Haskel, S. Szymanski, “A bargaining theory of privatization”, *Annals of Public and Cooperative Economics*, Vol. 63 (2), (1992), pp. 207–227.

<sup>23</sup> A.S. Boycko, R. Vishny, R., “A theory of privatization”, *Economic Journal*, Vol. 106, (1996), pp. 309–319.

<sup>24</sup> Michael A. Murray, “Comparing Public and Private Management: An Exploratory Essay”, *Public Administration Review*, Vol. 35, No. 4 (July-August 1975), pp. 364-371.

<sup>25</sup> Charles Robert Darwin, *On the Origin of Species by Means of Natural Selection or the Preservation of Favoured Races in the Struggle for Life*, London, 24 November 1859.

<sup>26</sup> Lena Ganschow, “Survival of the Fittest, die Hauptthesen der Evolutionstheorie”, *SWR*, 2 June 2020.

<sup>27</sup> Thomas Pietschmann on, “Privatwirtschaft und Gemeinwirtschaft in Österreich – Chancen und Grenzen einer verstärkten Kooperation im industriellen Bereich” (Private and public sector in Austria – chances and limitations for a stronger cooperation in the industrial sector), University of Economics and Business Administration, Vienna 1989.

It goes, of course, without saying that these apocalyptic predictions regarding the potential lack of efficiency in the public sector do not have to materialize and there are a number of good examples showing the opposite as well, including a dedicated workforce and a management that resists all outside pressures, in addition to a market structure which would put smaller private sector enterprises at a disadvantage (see later the discussion under market failures).

### 1.3.1.2 Empirical evidence

There have been a number of empirical studies which looked at the comparative efficiency of enterprises depending on their ownership - often done before and after privatisation. A number of such studies suggested there was evidence that privatisations may lead to overall improved efficiency – though results were still found to be dependent on a number of additional factors, including competition, regulation, financial and legal institutional development and enforcement of property rights.<sup>28</sup>

A Policy Research Working Paper by the World Bank analysed – inter alia – 21 empirical studies of privatisations and found that most firms did better after privatisation and all firms did at least as well as before; none of the studies found that performance would have been better had they not been privatised.<sup>29</sup>

Similarly, a review done by OECD found that despite limited data and methodological difficulties there was “overwhelming support for the notion that privatisation brings about a significant increase in the profitability, real output and efficiency of privatised companies<sup>30</sup>.”

A frequently cited literature review on the privatisation of state-owned enterprises concluded that research supported the proposition that divested (i.e. fully or partially privatised) firms almost always became more efficient.<sup>31</sup>

Another meta-analysis of cross-sectional studies of public versus private ownership across the globe (with studies from North America, Europe and Oceania and, to a lesser extent, from Latin America Asia and Africa) found that 104 studies supported the assumption that private ownership was more efficient than public ownership while only 14 studies found the opposite and 35 studies showed neutral results. In other words, more than two thirds of all studies found higher levels of efficiency of the private sector while less than 10 per cent of the studies found the opposite. The small number of studies showing a public sector superiority in terms of efficiency concerned companies operating in sectors such as electricity, healthcare, refuse collection and water supply - though in all of these sectors there were, nonetheless, still more studies showing a higher efficiency of the private sector. The author stressed, however, that the way “efficiency” was measured differed from study to study, possibly impacting on the overall results.<sup>32</sup> A subsequent more in-depth analysis on the longitudinal effects of privatization, based on a smaller sample of 24 firms privatized in Spain, revealed that – overall - no immediate, statistically significant efficiency gains from privatization could be detected in the initial years after privatization. This changed, however, once the situation 7 to 8 years after privatization was looked at. Results then clearly showed improved efficiency levels, confirming the hypothesis that private sector enterprises tended to be more efficient than state-owned companies though the studies also showed that the observed effects of privatization on efficiency were contingent

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<sup>28</sup> UNDP and Global Centre for Public Service Excellence, *Is the Private Sector More Efficient? A cautionary tale*, (Singapore 2015).

<sup>29</sup> Mary Shirley and Patrick Walsh, “Public versus private ownership: the current state of the debate”, The World Bank (July 2010), based on The World Bank, Development Research Group Regulation and Competition Policy, Policy Research Working Paper 2420, August 2020.

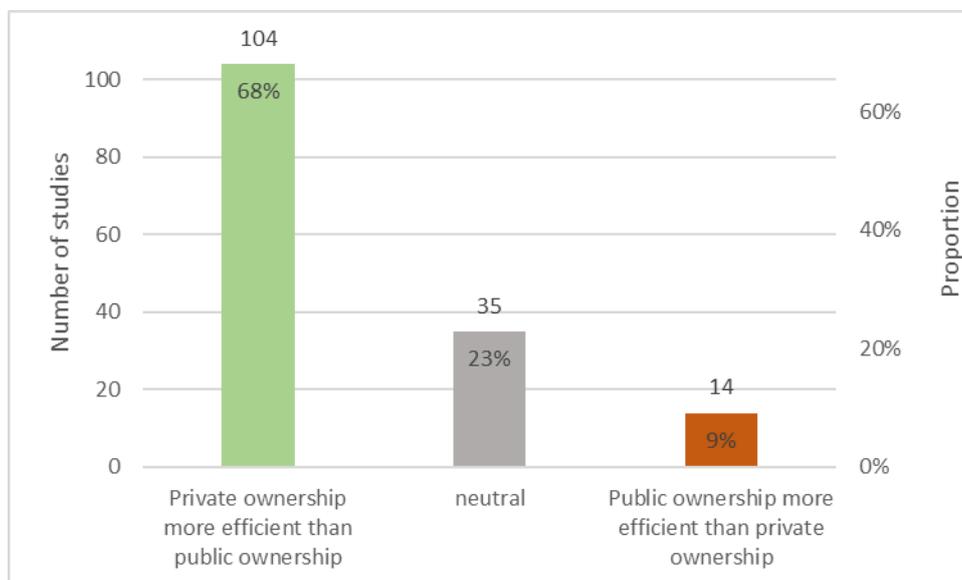
<sup>30</sup> OECD, *Privatising State-Owned Enterprises*. Paris: Organisation for Economic Co-operation and Development (Paris, 2003).

<sup>31</sup>W. L. Megginson and J.M. Netter (2001), “From State to Market: A Survey of Empirical Studies on Privatization”, *Journal of Economic Literature*, 39(2), (2001), pp. 321–389.

<sup>32</sup> Bélen Villalonga, “Privatisation and efficiency: Differentiating ownership effects from political, or- ganisational, and dynamic effects”, *Journal of Economic Behaviour and Organisation* 42, (2000), pp. 43-74.

upon the time period considered. It was thus also clear that conclusions about the privatization-efficiency hypothesis drawn from looking at short post-privatization periods could be misleading.<sup>33</sup>

**Fig. 1. “Efficiency” of private ownership versus public ownership found in cross-sectional studies**



Source: Belén Villalonga, “Privatization and efficiency: Differentiating ownership effects from political, organisational, and dynamic effects”, *Journal of Economic Behaviour and Organisation*, Vol. 42, (May 2000), pp. 43-74.

Note: based on studies done worldwide, mostly in North America, Europe and Australia and, to a lesser extent, in Latin America, Africa and Asia between 1965 and 1997.

There are, however, also studies arguing that there was no systematic difference in the efficiency between private and public sector companies<sup>34,35</sup> notably if the delivery of public services by private companies is analysed. In the latter case, cutting of costs by privatised companies was found to have often gone hand in hand with a delivery of lower quality services. At the same time, private companies were found to often have to pay higher interest rates on their debt (due to lower credit ratings) than public sector companies thus offsetting again some of the potential efficiency gains.<sup>36</sup> Such findings were also confirmed in a review by Danish researchers on the effects of outsourcing of various services, including sectors of water, waste management, electricity, public transport, education, healthcare, social care employment, prison and other services. They found that it was not possible to conclude unambiguously that there was any systematic difference in terms of the economic effects of contracting out technical areas and social services. There was no general evidence that private actors delivered the services cheaper or with a higher quality than the public sector.<sup>37</sup>

<sup>33</sup> Ibid.

<sup>34</sup> Steve R. Letz, Clive Smallman and Xiuping Sun, “Reframing privatisation: Deconstructing the meth of efficiency”, *Policy Sciences*, Vol. 37, (2004), pp. 159-183.

<sup>35</sup> David Hall, “Public and Private Sector Efficiency, A Briefing for EPSU by PSIRU” (September 2014).

<sup>36</sup> Public Services Privatisation Research Unit (University of Greenwich), “Public and Private Sector Efficiency”, (September 2019).

<sup>37</sup> Petersen, O., Hjelmar U., Vrangbæk K. and la Cour L. 2011 Effekter ved udlicitering af offentlige opgaver - en forskningsbaseret gennemgang af danske og internationale undersøgelser fra 2000-2011. AKF, Copenhagen Report, September 2011 ISBN/ ISSN electronic version: 978-87-7509-083-9. English version:

In short, though there are a number of theoretical considerations as well as empiric indications of overall higher levels of private sector efficiency, some studies do not support this claim and a few studies point into the opposite direction, notably in the area of public services provided by private companies.

Irrespective of results related to differences in ownership, economic data show that the overall economic performance of countries turned out to be clearly worse if – in addition to differences in the ownership structure - the prices were not any longer the results of market transactions but were set by the authorities instead. Such prices ceased to be an indicator for shortages on the market and failed to play any longer a role as an indicator for investment requirements and needs to expand production in certain areas. Alternative “rationing systems” (such as waiting in lines in front of shops once some goods have become finally available) have been, in general, clearly less efficient and tended to waste human scarce resources (as people often waited in lines instead of working in the enterprises) while the command economies, usually based on the decisions of some central planning boards, often did not meet the expectations. The outcome of the proclaimed five-year plans tended to deviate substantially from the anticipated goals and the targets were often only fulfilled on paper, but not in reality.

In fact, the de-facto collapse of the socialist/communist systems in a number of (mostly European) countries in the late 1980s/early 1990s reflected primarily an overall lack of economic efficiency of a system which relied to a large extent on public sector enterprises and did not have any longer a functioning market price system in place that could be used for a rational allocation of scarce resources.

While one is still dealing here with a number of different countries and a multitude of potential alternative factors which may have contributed to this outcome, it is more striking to analyse the economic performance of (a) socialist/communist states based on a command economy with mostly state-owned enterprises on the one hand, with (b) market economies based primarily on private sector companies on the other hand, both created on the territory of the same country.

This applies in Europe to a comparison of the economic performance of “West Germany” (Federal Republic of Germany) with that of “East Germany” (German Democratic Republic) and in Asia to a comparison of the economic performance of “South Korea” (Republic of Korea) with that of “North Korea” (Democratic People’s Republic of Korea), i.e. a comparison across countries which shared the same language, the same ethnic background, the same culture, the same history, countries that were endowed with similar natural resources and which started from similarly low levels of economic activity after a war in which much of the country was destroyed - with only one major difference: the socio-economic system introduced on these territories after World War II. These countries thus form examples of almost perfect “natural experiments”, an otherwise rare phenomenon in social sciences.

In the case of Germany, the GDP per capita in the provinces which later were to become “East Germany” used to be slightly higher (5 per cent in 1936) than in the provinces which later were to become “West Germany”.<sup>38</sup> By 1990, the year of German re-unification, the per capita GDP in “East Germany”, one of the economically most successful country among the communist/socialist countries of Eastern Europe, was equivalent to – depending on the sources – between 27 per cent<sup>39</sup> and 37 per cent<sup>40</sup> of the per capita GDP of West Germany.<sup>41</sup>

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[www.akf.dk/udgivelser\\_en/2011/5111\\_ohp\\_udliciteringsrapport/](http://www.akf.dk/udgivelser_en/2011/5111_ohp_udliciteringsrapport/), Effects of contracting out public sector tasks: A research-based review of Danish and international studies from 2000-2011.

<sup>38</sup> Angus Maddison, “The World Economy”, Development Centre of the Organization for Economic Co-operation and Development (OECD), (2006, Paris).

<sup>39</sup> Ibid.

<sup>40</sup> Der Beauftragte der Bundesregierung für die neuen Bundesländer, *Jahresbericht der Bundesregierung zum Stand der Deutschen Einheit 2020*, (Berlin 2020).

<sup>41</sup> The re-unification also made it apparent that despite of good education system and a highly qualified workforce in East Germany many of the publicly owned East German flagship enterprises – due to lack of efficiency and thus lack of

The differences seem to be even more pronounced in the two Koreas. Following widespread destructions of the territories of both North and South Korea during the Korean war in the 1950s, North Korea had a GDP per capita that was of a similar magnitude as that of South Korea in the immediate aftermath of the war<sup>42</sup>. This changed substantially over the next few decades with North Korea's per capita GDP amounting to some 5 per cent (or less) of per capita GDP of South Korea in recent years.<sup>43</sup>

At the same time, the apparent problems with an economic system relying almost exclusively on public sector enterprises and prices set by the authorities prompted a number of the remaining "communist states" to gradually shift their economies towards private sector activities and the development of so-called socialist oriented market economies. These policy shifts clearly helped these countries to (re-)gain economic strength.

Thus, the economy of the Socialist Republic of Vietnam, for instance, grew by, on average, 6.7 per cent per year over the period 1990-2020, more than twice the global average (3.1 per cent) while the economy of the People's Republic of China even grew by, on average, 9.3 per cent per year over the last three decades, more than three times the global average and the second highest growth rate worldwide of any country reported by the World Bank.<sup>44</sup> The overall economic performance of the Socialist Republic of Vietnam (with a per capita GDP in current US dollars of some \$2,800 or, in purchasing power parities, of some \$8,200 in 2020) or of the People's Republic of China (with a per capita GDP some \$10,500 or, in purchasing power parities, some \$16,400 in 2020)<sup>45</sup> in these countries – are nowadays substantially higher than available data suggest for the Democratic People's Republic of Korea, a country which largely continued with its original social and economic policies.

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profitability – were not in a position to compete in international markets once they had lost their de-facto monopoly for supplying previously well protected markets in Eastern Europe. A number of these companies had to close their operations. Despite of the re-design of economic policies towards mainly privately owned enterprises and a market economy - supported by significant financial transfers from the (West-) German taxpayer to the new provinces - it took several decades until sustainable new economic activities developed in the new provinces of former East Germany. Economic performance of the new provinces outpaced economic performance of the old provinces and by 2019 the per capita GDP in the provinces of former East Germany reached already 79 per cent of that of the provinces of former West Germany, showing an ongoing narrowing the economic gap with West Germany over the last three decades, and approaching the average found in the European Union. (Der Beauftragte der Bundesregierung für die neuen Bundesländer, *Jahresbericht der Bundesregierung zum Stand der Deutschen Einheit 2020*, (Berlin 2020); John Gramlich, "East Germany has narrowed economic gap with West Germany since fall of communism but still lags", *Pew Research Center* (6 November 2019)).

<sup>42</sup> Angus Maddison, "The World Economy A Millennial Perspective", OECD Development Studies Centre (Paris, 2004).

<sup>43</sup> Though neither the World Bank nor the International Monetary Fund nor UNDP have published any official per capita GDP estimates for North Korea in recent years, estimates provided by the Central Bank of the Republic of Korea suggest that North Korea's GDP fell to \$27.4 billion by 2020<sup>43</sup>, equivalent to some \$1,100 per inhabitant. This compares with a per capita GDP figure of some \$31,500 for South Korea for 2020. (Jeong-Ho Lee, "North Korea's Economy Contracted Most in Two Decades in 2020", Bloomberg, (30 July 2021)). This suggests that North Korea's per capita GDP was equivalent to just 3½ per cent of the per capita GDP of South Korea in 2020. Even if estimates for previous years are used which were not influenced by the COVID-19 pandemic, the proportions of North Korea's per capita GDP (e.g. some \$1,300 for 2016) (Source: Bloomberg, "North Korea's Economy is growing at its fastest pace since 1999", (20 July 2017) did not exceed 5 per cent of South-Korea's per capita GDP. (Source: World Bank, data, GDP per capita (current US\$). This is also true if GDP per capita estimates expressed in purchasing power parities are compared (\$1,700 for North Korea for 2015 versus \$38,800 for South Korea for the same year). (Source: World Bank, GDP per capita, PPP (constant 2017 international \$)).

<sup>44</sup> World Bank, data, GDP, PPP (constant 2017 International \$).

<sup>45</sup> World Bank, data, GDP per capita (current US\$) and GDP per capita, PPP (constant 2017 international \$).

### 1.3.2 Market deficiencies to justify public sector involvement

Well-functioning markets – the preconditions for a possible “private sector superiority” due to higher private sector efficiency rates – are, however, not a given. There are a number of cases in which such market conditions do not exist.

Potential “market failures” or market deficiencies can be used as an argument in favour of public sector entities though in a number of cases one could also find alternative options to remedy such “market failures”.

Potential “market failures”, discussed in the literature<sup>46</sup> can be

a) *supply-driven market deficiencies*, such as

- (i) strongly falling average cost with the expansion of economic activities (strong economies of scale which cannot be achieved or exploited in case of a larger number of market players),
- (ii) marginal cost of close to zero (i.e. cases in which an additional availability of an output would not entail extra-costs such as [within limits] in cases in the use of infrastructure),
- (iii) emergence of market monopolies (i.e. areas in which a *laissez-faire* approach would result in private monopolies which would not allow for any effective market competition)
- (iv) high external cost of production for society at large (strong deviation of enterprise cost and cost for society linked to production of certain goods and services)
- (v) problems regarding collective risk taking for the initial production of goods and services (high risk of initial investment such as at the beginning of space exploration in the 1950s and 1960s, requiring the public sector to start such activities);

b) *demand driven market deficiencies*, such as

- (i) distorted preferences for obtaining some goods and services by the general public (obtaining medical or old-age insurances, possibly requiring paternalist, meritorious interventions by the public sector),
- (ii) emergence of external effects in consuming such goods and services (such as getting vaccinated, possibly requiring again paternalist, meritorious interventions by the public sector),
- (iii) cases of a non-rivalry of consuming goods and services (allowing for the use of infrastructure – without rationing (though still within limits) - by a larger number of people, thus creating overall welfare-benefits);

c) and *deficiencies* related to the *market interaction process*, such as

- (i) lack of an application of the “exclusion principle” (it would be, for instance, difficult - on earth - to exclude some people from breathing fresh air just because they were not willing to pay for this);
- (ii) missing or unstable market equilibria (which could mean that scarce resources are over a prolonged period of time not optimally allocated).

In addition to potential “market failures” linked to the production of classical goods and services, which are used as an argument in favour of the involvement of the public sector, there are also questions regarding the institutions to be selected for regulating various aspects of society.

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<sup>46</sup> Thomas Pietschmann on, “Privatwirtschaft und Gemeinwirtschaft in Österreich – Chancen und Grenzen einer verstärkten Kooperation im industriellen Bereich” (Private and public sector in Austria – chances and limitations for a stronger cooperation in the industrial sector), University of Economics and Business Administration, Vienna 1989.

Even though there are cases in which self-governing bodies of the private sector have taken over such tasks in specific areas, such as the Financial Accounting Standards Board (FASB) in the United States which is in charge of laying down the Generally Accepted Accounting Principles (GAAP), used by most companies listed on United States stock exchanges, or other self-regulatory organizations exercising some degree of regulatory authority over an industry or profession, such as the Securities and Exchange Commission or the American Arbitration Association in the United States or the so-called professional corporations (“berufsständische Körperschaften”) or chambers (“Kammern”) which are widespread in German speaking countries, such as the chamber for lawyers (“Rechtsanwaltskammer”), the chamber for pharmacists (“Apothekammer”), the chamber for medical doctors (“Ärzttekammer”), or the chamber for auditors (“Wirtschaftsprüferkammer”), most regulatory tasks – worldwide - continue being implemented – for good reasons – by governmental institutions.

This also applies to “**drug policy**”. There is no country in the world where “drug policy” would have been completely regulated by the private sector.

Leaving drug policy, for instance, completely in the hands of a country’s private pharmaceutical sector could favour a system in which excess consumption of psychoactive substances would be the rule rather than the exception as there is an inherent economic interest of private pharmaceutical companies to maximise profits and thus, if possible, to sell as many medicaments as possible. Even in cases where the prescription of medicaments, including psychoactive substances, was left entirely to the discretion of medical doctors, some of the doctors started to over-prescribe them in exchange for some generous benefits from the pharmaceutical companies selling these substances, clearly showing again the need for an independent regulatory body, typically a government agency, to provide guidelines and which is also equipped with the power to enforce them.

Similarly, leaving precursor control fully in the hands of the chemical industry could result in overall rather lax regulations as there is an inherent economic interest of chemical companies to sell as much as they can and to see the misuse of such chemicals in drug production as collateral damage.

While private security firms exist in many countries and there have been some experiments with privately run prisons in a few countries, the establishment of a full-scale private police to enforce the drug laws is not known.

Finally, there is also need for “international drug control” in order to avoid economic benefits being made in one country, exporting large quantities of psychoactive substances to another country for non-medical use while the other country would then have to carry the burden of the consequences of drug abuse. The establishment of such an agency to prevent unwanted transnational transaction has not been left to the private sector to be created.

Even if in all of these cases discussed above, a strong argument can be made in favour of public sector entities, there is still the efficiency argument which, in general, calls at least for the participation – in some sub-sectors – of the private sector. One way out of this dilemma can be the establishment of **public-private partnerships**.

#### 1.4 History of PPPs

Though the term “public-private partnership” (PPP) is relatively new and only began to be used extensively in the late 1990s and early 2000s,<sup>47</sup> the history of public private partnerships goes back several centuries when “concessions” were granted to private companies for the development and subsequent operations of various infrastructure projects, including the construction and maintenance of bridges, of dams, of railroads or of the electric grid in countries in Africa (including Egypt), in the Americas (including the United States), in Asia, in Europe and Oceania.

A new impetus for PPPs emerged in the last few decades of the 20<sup>th</sup> century when an apparent need to invest further into the infrastructure of countries, such as into the construction and maintenance of

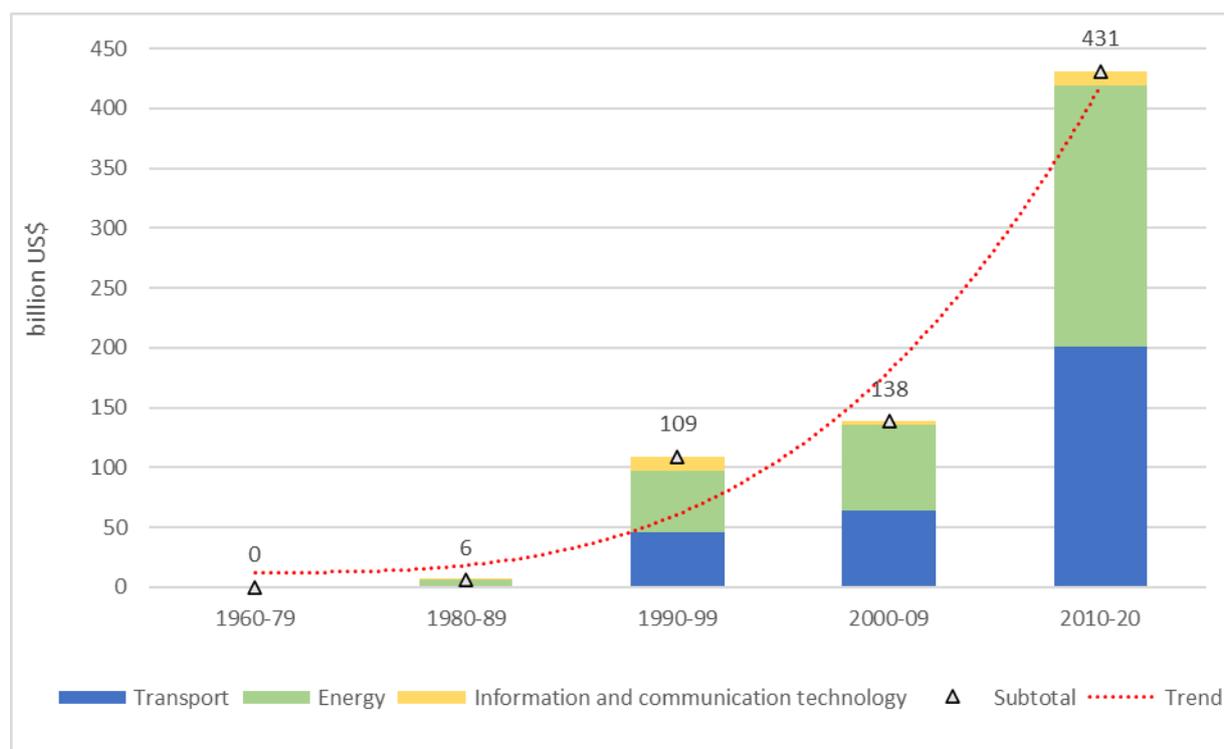
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<sup>47</sup> Dominique Dustos and John Reitz, “Public-Private Partnerships”, *The American Journal of Comparative Law*, Vol 58, (2010).

motorways, and more recently the setting up of the infrastructure for mobile telephones. Public investment in these sectors raised concerns regarding high levels of public debts, so that PPPs turned out to be an effective solution to combine the need to modernize the infrastructure of countries and thus facilitate overall economic growth without – at the same time - endangering the financial situation of countries vis a vis their creditors and risking high interest rates on the national debt.<sup>48</sup>

The rapidly growing interest in public private partnerships is also reflected in data published by the World Bank, showing that investment into such public-private partnerships increased strongly over the last four decades. Investment into such public private partnerships in three key economic sectors where they are common – **transport, energy** as well as **information and communication technologies** – more than tripled at the global level over the period 2010-2020 as compared to the period 2000-2009 and **rose more than 70-fold** over the **period 2010-2020** as compared to the **period 1980-89**.

**Fig. 2. Investments into public private partnerships in key economic sectors, 1960-2020**



Sources: World Bank, Public private partnerships investment in energy, World Bank, Public private partnerships investment in transport, World Bank, Public private partnerships in ICT.

Such data collected by the World Bank suggest at least 60 countries reported **public private partnership** investments into **information and communication technology projects** over the period 1960-2020, including 34 countries over the period 1980-1999 and 37 countries over the period 2000-2019; the total investment increased from close to zero over the period 1960-1979 to \$11.8 billion over the period 1980-1999 and 14.1 billion over the period 2000-2019<sup>49</sup>.

The number of **public private partnership investment** into the **transport sector** was reported to the World Bank by 86 countries over the period 1960-1979, including 48 countries over the period 1980-99 and 91 countries over the period 2000-2020; the total investment into such PPPs rose from close to

<sup>48</sup> World Bank, *Public-Private Partnership Units*, (Washington, October 2007).

<sup>49</sup> World Bank, Public private partnership investments in ICT (current US\$).

zero over the period 1960-1979 to \$46.5 billion over the period 1980-1999 and to 264.2 billion over the period 2000-2020.<sup>50</sup>

For **public private partnership** investments into **energy projects** World Bank data show that at least 103 countries entered into such cooperation arrangements over the period 1960-1979, including 56 countries over the period 1980-1999 and 101 over the period 2000-2020. The total investment increased from close to zero over the period 1960-1979 to \$56.5 billion over the period 1980-1999 and to \$290.6 billion over the period 2000-2020<sup>51</sup>.

A previous study by the Independent Evaluation Group of the World Bank group showed that over the period of the financial years 2002-2012 **public-private partnerships** were used in **more than 134 developing countries**, contributing there with \$79 billion annually to about **15-20 per cent of total infrastructure investment**, i.e. such investments with the help of PPPs were far from negligible. The study also found that the **ratings of project evaluations of PPPs** turned out to have been largely successful. **More than two thirds were rated satisfactory or better**. At the same time, however, the study criticized that PPPs would also need to be measured in a more multifaceted manner to shed more light on important aspects of public service delivery, including, access, pro-poor aspects and quality of service delivery. However, such data were rare. The existing monitoring and evaluation systems primarily built on PPPs business performance. The main leading factors of failure were overly complex project design and an unrealistic timeframe to start with.<sup>52</sup>

The cooperation between the public and the private sector may take many forms. Notably in the infrastructure area a number of special forms have developed over the years, such as<sup>53</sup>

- the “Operator model“ which usually provides that the private entrepreneur plans, builds, finances and operates an infrastructure project at his own risk though he provides then the services in the name and/or for the account of a municipality; the basis is a concession contract in which the municipality secures control and access rights; the operating costs and the debt service are raised through fees that users have to pay for using the facility;
- the “Build, Operate, Transfer (BOT) model” which provides for the turnkey construction of plants including the financing of the start-up costs and comprehensive project management as well as the takeover of operations for the start-up phase while at the end of the project period the project is transferred to the public end user (common in cases such as power plants or airports);
- the “Acquirer model” in which the private contractor takes on the planning, construction, financing and operation of a property owned by him; at the end of the contract, ownership of the property and building is transferred to the contracting public authority. The remuneration consists of a regular payment to the contractor;
- the “Owner model” in which the private contractor takes over the planning, construction, financing and operation of a property that is used and owned by the public sector. The remuneration consists of a regular payment to the contractor;
- the “Leasing model” in which the private contractor takes over the planning, construction, financing, operation and optionally the exploitation of a property. There is no obligation to

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<sup>50</sup> World Bank, Public private partnership investments in transport (current US\$).

<sup>51</sup> World Bank, Public private partnership investments in energy (current US\$).

<sup>52</sup>Independent Evaluation Group of World Bank, IFC and MIGA, “World Bank Group Support to Public-Private Partnerships: Lessons from experience in client countries, FY02-12”, Washington 2014.

<sup>53</sup> PPP Task Force im Bundesministerium für Verkehr, Bau und Stadtentwicklung (BMVBS), “Übersicht PPP – Vertragsmodelle” (Berlin, 11 July 2012).

transfer ownership of the building at the end of the contract period to the public authorities. Rather, the contractor has an option to either return the property or to take it over at a previously agreed residual value. The client pays leasing installments as a usage fee;

- the “Rental model” which largely corresponds to the leasing model, though without an ex-ante laid down purchase option. The building can be acquired by the public authorities at the market value to be determined at the time the contract expires. The client pays regular installments to the contractor in a fixed amount;
- the “Concession model” in which the private contractor undertakes to plan, build and operate facilities for the public sector (building license) and to provide certain services to users (service license). The private partner finances itself directly from the users via entrance fees, tolls and parking fees, etc. Concession models are often found in transport infrastructure projects;
- the “Cooperation model”, in which the public sector and private partners establish and operate an institution through a joint company with the role of the private partner going beyond the mere financing of such a company;
- the “Operational management model” in which the public sector remains the owner of the facility while the private partner operates the facility (including operational maintenance, repairs as well as technical and commercial administration) in the name of the public authority for a fee.

The creation of PPPs, as mentioned earlier, is not limited to infrastructure projects. They are nowadays found in a multitude of sectors, including in the health sector and various areas of drug control.

The current compendium will provide an overview of the existing mandates for such a PPP and then try to identify such PPPs, wherever existing, in various areas of **drug control**, such as in **alternative development, law enforcement efforts to fight drug trafficking**, cooperation with the private sector to prevent the **diversion of precursor chemicals**, in **prevention, treatment, rehabilitation and social re-integration** of drug dependent persons, in the prevention of **drug-related money laundering**, drug related **corruption** and in drug related **research**. Moreover, it is intended to discuss their merits and potential challenges.

## 2 Mandates for public-private partnerships in the area of drug control at the global level

The call for a close cooperation between the public and the private sectors in the area of drug control is not new and have been regularly made over the last three decades. A review of the mandates for close public-private co-operation at the international level shows that such mandates are already found in the drug convention of 1988, in the 1998 and 2009 Political Declarations and their associated Action Plans, in the Outcome Document of the 2016 United Nations General Assembly, in the 2019 Ministerial Declaration as well as in Resolution 19/1, adopted by the *Commission on Crime Prevention and Criminal Justice* in 2012, and – most extensively – in *Resolution 63/1*, adopted by the *Commission on Narcotic Drugs* at its sixty-third session, held in Vienna in March 2020.

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### Box 2: Overview of mandates for public-private partnerships in the area of drug control at the global level

A review of the mandates for close public-private co-operation at the international level shows that such mandates are found in

- the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic

Substances, 1988;

- the 1998 and 2009 Political Declarations and their associated Action Plans;
  - the Outcome Document of the 2016 United Nations General Assembly;
  - the 2019 Ministerial Declaration;
  - Resolution 19/1, on “Strengthening public-private partnerships to counter crime in all its forms and manifestations” adopted by the *Commission on Crime Prevention and Criminal Justice* in 2012; and in
  - *Resolution 63/1*, on “Promoting efforts by Member States to address and counter the world drug problem, in particular supply reduction-related measures, through effective partnerships with private sector entities”, adopted by the *Commission on Narcotic Drugs* at its sixty-third session, held in Vienna in March 2020.
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Such mandates encompass cooperation between the public and the private sector in multiple areas on the demand side, including prevention, treatment, rehabilitation and social re-integration, in the area of improving access to medication containing controlled substances, as well as on the supply side of drug control cooperation, including in areas such as alternative development (e.g. via improved market access for such products), fighting drug trafficking (including trafficking via various internet platforms), precursor control (notably via improved cooperation with the chemical industry) and money laundering, i.e. identifying suspicious transactions (including via the use of crypto-currencies), often via improved information exchange and various training activities. Several mandates shown below foresee a close long-term partnership between the public and the private sector:

### **2.1. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988**

An explicit reference to cooperation with the private sector can be already found in the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, where it is stated in Article 14 para 4 that “*The Parties shall adopt appropriate measures aimed at eliminating or reducing illicit demand for narcotic drugs and psychotropic ... These measures may be based, inter alia, on the recommendations of the United Nations, specialized agencies of the United Nations ... and on the Comprehensive Multidisciplinary Outline adopted by the International Conference on Drug Abuse and Illicit Trafficking, held in 1987, as it pertains to governmental and non-governmental agencies and private efforts in the fields of prevention, treatment and rehabilitation...*”

### **2.2 Political Declaration and Action Plans, 1998**

The **Declaration on the Guiding Principles of Drug Demand Reduction**, adopted by the General Assembly a decade later in 1998, dedicated a whole subchapter on the need for “*Forging Partnerships*”. In para 11, it states: “*A community-wide participatory and partnership approach is crucial to the accurate assessment of the problem, the identification of viable solutions and the formulation and implementation of appropriate policies and programmes. Collaboration among Governments, non-governmental organizations, parents, teachers, health professionals, youth and community organizations, employers’ and workers’ organizations and the private sector is therefore essential. Such collaboration improves public awareness and enhances the capacity of communities to deal with the negative consequences of drug abuse. Public responsibility and awareness and community mobilization are of paramount importance to ensuring the sustainability...*”

In the **Action Plan against illicit manufacture, trafficking and abuse of amphetamine-type stimulants** adopted by the General Assembly in 1998 (A/RES/S-20/4), several references have been made to the private sector, including (para 6) the need for a “*...mobilization of the private sector and*

non-governmental organizations.. in achieving awareness of the problem of amphetamine-type stimulants”, and that (para 7) “States, in cooperation with ... the private sector” should “improve their mechanisms and procedures of monitoring trade in precursors”...and that they should (para 12) “institutionalize uniform procedures to facilitate .. exchange of information on suspicious transactions ...”, (para 14) “cooperate with the International Narcotics Control Board in the preparation of a limited international special surveillance list of ... non-scheduled substances that have been diverted from licit channels to illicit traffic...” and “apply monitoring measures, whether voluntary, administrative or legislative, in cooperation with the chemical industry, so as to prevent the diversion .. of substances included on the special surveillance list...”.

Moreover, the **Action Plan on International Cooperation on the Eradication of Illicit Drug Crops and on Alternative Development**, adopted by the General Assembly in 1998 (A/RES/S-20/4) laid out (para 13) that “The United Nations International Drug Control Programme should continue its catalytic role in regard to international financial institutions, non-governmental organizations, relevant United Nations organizations and the private sector, and assist interested Governments in approaching such institutions for the purpose of financing and supporting their alternative development programmes and projects.”

### 2.3 Political Declaration and Plan of Actions, 2009

Similarly, the **Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug problem**, passed by the high-level segment of the Commission on Narcotic Drugs, 11-12 March 2009, contains a number of statements aiming at fostering cooperation with the private sector.

In para 39 of the **2009 Political Declaration States** Members committed themselves “to implementing effectively the present Political Declaration and its Plan of Action through resolute international cooperation, in collaboration with relevant regional and international organizations, with the full assistance of the international financial institutions and other relevant agencies and in cooperation with civil society, including non-governmental organizations, as well as the private and public sectors...”

In the attached **Plan of Action on (Part I) Demand reduction and related measures** it is made clear that (para 12) that Member States ensure ... that “measures are mainstreamed in the provision of public and private health, education and social services ..” (para 18) that training on health care standards is provided to “planners and practitioners of governmental agencies, non-governmental organization, the private sector and others in the community, ... on all aspects of demand reduction activities...”

In the **Plan of Action on (Part II) Supply reduction and related measures**, Member States – inter alia - committed themselves to

- (para 22) “Ensure that further encouragement and assistance are provided for the sharing of information ... collaboration between the private and public sectors and the development of practical new methods for effectively monitoring drug trafficking activities”,
- (para 28) “Address the need for a comprehensive, multisectoral and balanced approach involving demand reduction and supply reduction..., while stressing the need for services responsible for prevention, including law enforcement agencies, and ensuring that those measures are mainstreamed in publicly and privately provided health, education, rural development, agriculture and social services”
- (para 45, e) “Support the United Nations Office on Drugs and Crime so that it can continue to exercise its catalytic role with a view to mobilizing technical, financial and political support from international financial institutions, non-governmental organizations, relevant United Nations organizations, the private sector and civil society and so that it can also continue its work in supporting States in the design, implementation, monitoring and evaluation of alternative development programmes”;

- (para 45, k) “Reach out to States not affected by illicit drug crop cultivation and to the private sector with a view to providing greater access to markets for alternative development products...”
- (para 45 (o) “Encourage relevant international financial institutions, United Nations organizations, non-governmental organizations and the private sector to increase their rural development support for regions and populations affected by illicit drug crop cultivation through long-term and flexible funding...”

## 2.4 CCPCJ resolution 19/1, 2012

A special resolution has been drafted and approved by the **Commission on Crime Prevention and Criminal Justice**, on “**Strengthening public-private partnerships to counter crime in all its forms and manifestations**” (CCPCJ resolution 19/1) in 2012. Though this resolution is primarily addressing public private partnerships within the crime areas, it explicitly also targets drug trafficking and is thus also relevant here.

It is, inter alia, based on the “**Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem**”<sup>54</sup> and “*the Salvador Declaration on Comprehensive Strategies for Global Challenges: Crime Prevention and Criminal Justice Systems and Their Development in a Changing World.*”<sup>55</sup>

It expresses the view that “*through the mutual and effective sharing of information, knowledge and experience and through joint and coordinated actions, Governments and businesses can develop, improve and implement measures to prevent, prosecute and punish crime, including emerging and changing challenges*”.

It also stresses the “*important contributions of the private sector in **enhancing the effectiveness of the relevant international legal instruments dealing with drugs, crime and terrorism,***” and takes note of the “*United Nations Global Compact and the Guidelines on Cooperation between the United Nations and the Business Sector, which set up frameworks for innovative and practical collaboration with the business sector,*”

In particular, the resolution

1. “Encourages Member States to cooperate with the private sector, in accordance with national priorities and legislation, on a voluntary basis and within their respective areas of competence, in the spirit of partnership and mutual trust, **to counter all forms of crime, including drug trafficking and terrorism;**
2. Invites Member States, in close cooperation with the United Nations Office on Drugs and Crime and, where appropriate, **the International Narcotics Control Board** and other relevant intergovernmental organizations, to further raise awareness, identify priority areas for partnerships, disseminate good practices and support networking;
3. Requests the United Nations Office on Drugs and Crime, in cooperation with Member States, to collect, analyse and disseminate information from Member States on their efforts to promote public-private partnerships to counter crime in all its forms and manifestations, as well as to include such information in the Office’s data-collection activities;
4. Invites Member States and, where appropriate, **the United Nations Office on Drugs and Crime, the International Narcotics Control Board** and other relevant intergovernmental organizations and the **private sector** to engage in dialogue with a view to **identifying priority areas for public-private partnerships;**

<sup>54</sup> A/64/92-E/2009/98, sect. II.A.

<sup>55</sup> A/CONF.213/18, chap. I, resolution 1.

5. *Requests the United Nations Office on Drugs and Crime to identify, under the guidance of Member States, priority areas for such partnerships to be strengthened within the Office;*
6. *Also requests the United Nations Office on Drugs and Crime, within its mandate, to strive to involve the private sector, as appropriate, in its activities to counter crime in all its forms and manifestations;*
7. *Encourages Member States and the United Nations Office on Drugs and Crime to take steps to raise the awareness of interested private sector entities about available United Nations sources of information with a view to strengthening public-private partnerships to counter crime in all its forms and manifestations;*
8. *Invites Member States and other donors to provide extrabudgetary resources, where necessary and in accordance with the rules and procedures of the United Nations, for the implementation of the relevant paragraphs of the present resolution;*
9. *Requests the **United Nations Office on Drugs and Crime** to **inform Member States regularly about its engagement with the private sector** and about related processes and results.”*

## 2.5 UNGASS Outcome Document, 2016

References to the need for close cooperation between the public and the private sector are also found in the **Outcome Document of the 2016 United Nations General Assembly Special Session on the World Drug Problem** (Our Joint Commitment To Effectively Addressing And Countering The World Drug Problem)

In this document the Heads of State and Government, ministers and representatives of Member States, assembled at United Nations Headquarters from 19 to 21 April 2016 for the thirtieth special session of the General Assembly, recognized “*that civil society, as well as the scientific community and academia*”, played an important role “*in addressing and countering the world drug problem*”, and noted “*that affected populations and representatives of civil society entities, where appropriate, should be enabled to play a participatory role in the formulation, implementation, and the providing of relevant scientific evidence in support of, as appropriate, the evaluation of drug control policies and programmes*”, and recognized “*the importance of cooperation with the private sector in this regard.*”

The outcome document also called to “*Involve, as appropriate, policymakers, parliamentarians, educators, civil society, the scientific community, academia, target populations, individuals in recovery from substance use disorders and their peer groups, families and other codependent people, as well as the private sector, in the development of prevention programmes aimed at raising public awareness of the dangers and risks associated with drug abuse, and involve, inter alia, parents, care services providers, teachers, peer groups, health professionals, religious communities, community leaders, social workers, sports associations, media professionals and entertainment industries, as appropriate, in their implementation*”;

Moreover, it made a call to “*Intensify, as appropriate, the meaningful participation of and support and training for civil society organizations and entities involved in drug-related health and social treatment services, in accordance with national legislation and in the framework of integrated and coordinated national drug policies, and encourage efforts by civil society and the private sector to develop support networks for prevention and treatment, care, recovery, rehabilitation and social reintegration in a balanced and inclusive manner.*”

It also encouraged all parties to “*Address, at the national and international levels, issues related to the affordability of controlled substances for medical and scientific purposes, while ensuring their quality, safety and efficacy, including limited financial resources and problems in sourcing with regard to these substances, including in cooperation, as appropriate, with the private sector through, inter alia and where needed, expanding the national coverage of distribution networks to rural areas, addressing the link with government regulations, licences and taxation and allowing appropriately trained and qualified professionals to prescribe, dispense and administer controlled medicines ....*”.

On the supply side, it called all parties to “*Develop and strengthen, as appropriate, mechanisms of domestic coordination and timely and efficient information-sharing between authorities involved in identifying and countering drug trafficking, diversion of precursors and related money laundering,*

*integrate financial investigations more thoroughly into interdiction operations to identify individuals and companies involved in such activities, and encourage, in accordance with national legislation, cooperation with the private sector, including financial institutions, designated non-financial businesses and professions, as well as providers of money or value transfer services, to identify suspicious transactions, with a view to further investigating and disrupting the drug trafficking business model”;*

In addition, it called for enhancing “*the knowledge of policymakers and the capacity, as appropriate, of relevant national authorities on various aspects of the world drug problem in order to ensure that national drug policies, as part of a comprehensive, integrated and balanced approach, fully respect all human rights and fundamental freedoms and protect the health, safety and well-being of individuals, families, vulnerable members of society, communities and society as a whole, and to that end encourage cooperation with and among the United Nations Office on Drugs and Crime, the International Narcotics Control Board, the World Health Organization and other relevant United Nations entities, within their respective mandates, including those relevant to the above-mentioned issues, and relevant regional and international organizations, as well as with civil society and the private sector, as appropriate”;*

It also demanded to “*Establish and strengthen partnerships and information exchange with industries, in particular with chemical and pharmaceutical industries and other relevant private sector entities, and encourage the use of the Guidelines for a Voluntary Code of Practice for the Chemical Industry, issued by the International Narcotics Control Board, and the Board’s model memorandum of understanding between Governments and private sector partners...”;*

and asked for more support for alternative development, urging “*relevant international financial institutions, United Nations entities, non-governmental organizations and the private sector, as appropriate, to consider increasing their support, including through long-term and flexible funding, for the implementation of comprehensive and balanced development-oriented drug control programmes and viable economic alternatives, in particular alternative development, including, as appropriate, preventive alternative development programmes...*”;

as well as to “*Promote partnerships and innovative cooperation initiatives with the private sector, civil society and international financial institutions to create conditions more conducive to productive investments targeted at job creation in areas and among communities affected by or at risk of illicit drug cultivation, production, manufacturing, trafficking and other illicit drug-related activities in order to prevent, reduce or eliminate them, and share best practices, lessons learned, expertise and skills in this regard”.*

## **2.6. Ministerial Declaration 2019**

Further references to the needs for close partnerships with the private sector are also found in the 2019 **Ministerial declaration on strengthening our actions at the national, regional and international levels to accelerate the implementation of our joint commitments to address and counter the world drug problem**

In this declaration the ministers and government representatives participating in the ministerial segment of the sixty-second session of the Commission on Narcotic Drugs,

- underscored “*the important role played by all relevant stakeholders, including law enforcement, judicial and health-care personnel, civil society, the scientific community and academia, as well as the private sector, supporting our efforts to implement our joint commitments at all levels, and underscore the importance of promoting relevant partnerships...*” and
- committed themselves to “*further strengthening cooperation and coordination among national authorities, particularly in the health, education, social, justice and law enforcement sectors, and between governmental agencies and other relevant stakeholders, including the private sector, at all levels, including through technical assistance”.*

## 2.7. Commission on Narcotic Drugs Resolution 63/1, 2020

Even more comprehensive mandates at the international level to promote public-private partnerships in the drug control area are found in *Resolution 63/1*, adopted by the *Commission on Narcotic Drugs* at its sixty-third session, held 2–6 March 2020 in Vienna. Resolution 63/1 focusses on “Promoting efforts by Member States to address and counter the world drug problem, in particular supply reduction-related measures, through effective partnerships with private sector entities” while stressing the need to *avoid the conflict of interest between supervising regulatory compliance and promoting voluntary cooperation*.

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**Box 2: Potential areas of cooperation between the public and the private sector highlighted in Resolution 63/1 on “Promoting efforts by Member States to address and counter the world drug problem, in particular supply reduction-related measures, through effective partnerships with private sector entities”**

The resolution focuses on cooperation and partnership with the private sector, in particular in areas of

- **precursor and pre-precursor control** (incl. voluntary cooperation),
- **new psychoactive substances and non-medical synthetic opioids**,
- the fight against **money laundering** and identification of **suspicious transactions**,
- the misuse of **modern communication technologies**, including the misuse of **cryptocurrencies** for payments in illicit transactions (and providing assurances and legal protection for the private sector when taking action to safeguard their platforms);
- **demand reduction** while guaranteeing availability and **access to controlled substances for medical and scientific purposes**;
- International exchange of **best practices on PPP mechanisms**

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This resolution, inter alia,

- underscored “*the important role played by relevant stakeholders, including private sector entities, in contributing to the efforts of Member States to address and counter the world drug problem*”,
- recognized “*that the scope and definition of private sector entities differs by country and that private sector entities may be involved in manufacturing, transportation, communications, commerce and other sectors*”,
- welcomed “*the contributions by private sector entities to support Member States, in accordance with relevant and applicable laws and regulations, in their efforts to counter the world drug problem by fostering innovative approaches, exchanging information and safeguarding supply chains, products and platforms from criminal exploitation*”,
- noted with concern “*that drug traffickers continue to exploit tools of modern commerce, including financial transfer services and platforms, to traffic in precursors, pre-precursor chemicals and synthetic drugs*” while “*welcoming efforts by the private sector to safeguard their supply chains, products and platforms from such exploitation*”,
- recognized “*the important role of cooperation between Governments and information and communications technology companies to prevent, interdict and reduce online illicit drug trafficking and prevent the diversion of precursors, including by advancing partnerships with those companies, such as business-to-business service providers, and by preventing the use of cryptocurrencies in those illicit transactions*”,
- welcomed “*the level of interaction already achieved between Member States and the private financial sector with regard to identifying trends and exchanging relevant information related*”

to illicit financial flows linked to drug trafficking, and encouraging Member States, in accordance with their national legislation and, where necessary, with the support of the United Nations Office on Drugs and Crime and other relevant regional and international organizations, to enhance that interaction, including in financial centres and vulnerable commercial sectors”,

- reiterated “the importance of approaches to countering illicit drug and precursor trafficking that involve the cooperation and coordination among competent authorities, as well as industry and the private sector”,
- welcomed “the United Nations Toolkit on Synthetic Drugs and the United Nations Office on Drugs and Crime opioid strategy, which provide Member States with resources to address challenges posed by synthetic drugs, including by fostering cooperation with private sector entities and enhancing collaboration with relevant international organizations, including the World Health Organization, the International Narcotics Control Board, the World Customs Organization and the Universal Postal Union”,
- welcomed “initiatives by the International Narcotics Control Board, in partnership with Member States, of convening expert working group meetings comprised of relevant public and private sector entities to explore and implement practical cooperative approaches to counter illicit trafficking in new psychoactive substances, non-medical synthetic opioids and related precursors...”
- recognized “the legitimate need, in particular of the industry and trade sectors, to have access to precursor chemicals frequently used in the illicit manufacture of narcotic drugs and psychotropic substances and the important role of the private sector in preventing diversion from the licit manufacture of and trade in such substances”,
- recalled “the lists of substances and precursors with no currently known legitimate medical or industrial uses, beyond limited research and analytical purposes, such as the limited international special surveillance list, which includes and highlights drug precursors with no known legitimate uses, developed by the International Narcotics Control Board, which are valuable tools used by relevant national authorities and other stakeholders, including the private sector, to help States and the private sector take appropriate measures to prevent the illicit manufacture of and trafficking in those substances and precursors”,
- recognized that, “where appropriate and in accordance with their domestic law, partnerships or cooperation between government and private sector entities may also be relevant and fruitful for addressing and countering other aspects of the world drug problem, such as demand reduction and related measures as well as the availability of and access to controlled substances exclusively for medical and scientific purposes,”
- and in the operative paragraphs of the resolution

1. Encourages “Member States to establish and strengthen partnerships or cooperation with private sector entities to contribute to the efforts of Member States to address and counter the world drug problem, and reaffirms that such engagements must be in accordance with applicable domestic and international law, including the protection of personal or proprietary data, and respect human rights and fundamental freedoms, including rights concerning respect for privacy, bearing in mind also the principle of common and shared responsibility and the need to avoid the conflict of interest between supervising regulatory compliance and promoting voluntary cooperation”;

2. Encourages “partnering activities between countries with established voluntary public-private cooperation mechanisms and countries wishing to develop similar mechanisms, with a view to, inter alia, exchanging best practices and information in accordance with national legislation;

3. Also encourages, “*in accordance with national legislation, cooperation between authorities involved in identifying and countering drug trafficking, the diversion of precursors and the trafficking of scheduled and non-scheduled precursors used in the illicit manufacture of drugs and related money-laundering, and encourages private sector entities, including financial institutions, designated non-financial businesses and professions, and providers of money or value transfer services, to identify suspicious transactions”*;
4. Invites “*Member States and private sector entities to consider approaches and partnerships which afford a commensurate level of assurances and legal protections for the private sector when taking action to safeguard its platforms, services and supply chains and enhance the identification and disruption of illicit drug trafficking, the diversion and illicit trafficking of precursors and related money-laundering, such as through the ability of private sectors to close or deny services to drug traffickers”*;
5. Urges “*Member States to take further steps to prevent the diversion of drugs, including synthetic drugs, including through measures and initiatives addressing the training of relevant professionals and, where appropriate, education and raising public awareness and engaging with private sector entities;*”
6. Encourages “*Member States to make use of the Guidelines for a Voluntary Code of Practice for the Chemical Industry, issued by the International Narcotics Control Board, and the Board’s model memorandum of understanding between Governments and private sector partners”*;
7. Recognizes “*the important contribution of the United Nations Office on Drugs and Crime early warning advisory on new psychoactive substances in identifying new dangerous substances appearing on illicit markets, and encourages Member States to contribute to and benefit from the advisories emanating from that early warning system”*;
8. Encourages “*Member States to make use of lists of substances and precursors with no currently known legitimate medical or industrial uses, beyond limited research and analytical purposes, such as the limited international special surveillance list, which includes and highlights drug precursors with no known legitimate uses, developed by the International Narcotics Control Board”*;
9. Also encourages “*Member States to consider applying the guidelines to prevent and investigate the diversion of materials and equipment essential for illicit drug manufacture in the context of article 13 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988,4 developed by the International Narcotics Control Board”*;
10. Requests the United Nations Office on Drugs and Crime, and invites the International Narcotics Control Board, within its treaty-based mandate, “*to assist Member States in their efforts to achieve the aims of the drug control conventions, as well as other regional and international organizations and other relevant stakeholders, as appropriate, in cooperation with Member States, to further develop practical tools and innovative methods of cooperation between Governments and relevant private sector entities, with the aim of preventing the exploitation of legitimate industries for purposes of the illicit manufacture of and trafficking in drugs, including synthetic drugs, and precursors”*;
11. Invites Member States “*to make use of the United Nations Toolkit on Synthetic Drugs to inform and implement national strategic interventions to address and counter the world drug problem, in particular supply reduction-related measures, through effective partnerships with private sector entities”*;
12. Invites the United Nations Office on Drugs and Crime, the International Narcotics Control Board and the World Health Organization, within their existing mandates and upon request, “*to provide technical assistance to Member States to support their efforts to address and counter the world drug problem, in particular supply reduction-related measures, through effective partnerships with private sector entities”*;

13. Invites Member States and other donors “to *provide extrabudgetary resources for the purposes described above, in accordance with the rules and procedures of the United Nations*”

### 3. Public-private partnership projects in UNODC

#### 3.1 Overview

A first overview of the likely importance of the cooperation between public and the private sector can be gained from an analysis of UNODC projects. Depending on the keywords used, available data can help to gain a basic understanding of the likely importance of public-private partnership projects.

It has to be noted though that UNODC’s projects have not been drafted in a way that can be easily used to identify whether a project is indeed a public-private partnership. This would need to be established on a case-by-case basis. This is not an easy task, given the fact that UNODC has had – so far - a total of 1,747 projects on record and not all project activities are in detail described in the respective project documents. This would always leave some room for interpretation.<sup>56</sup>

Nonetheless, keywords used in project documents can be used as proxies for the likely existence of public private partnership projects. Looking only at “active projects”, UNODC’s PROFI-Project Portfolio shows a total of 353 such projects as of 13 September 2021 (including 212 “ongoing” projects, 10 projects “in hard pipeline” as well as 131 “operationally completed” projects which are, however, still considered to be “active”).<sup>57</sup> Out of these projects

- 117 projects speak of a “partnership” (33 per cent of all active projects), including
- 39 projects speaking of a “public partnership” (11 per cent),
- 38 projects (11 per cent) making specific references to the “private” sector with
- 23 projects speaking explicitly of a “private partnership” (7 per cent) and
- 19 projects explicitly speaking of a “public private partnership” (5 per cent)<sup>58</sup>

These data include projects in the “crime” as well as in the “drug” sector.

If only projects are considered which are primarily directed towards the drug sector (filtered by “issues addressed” = “drugs”), the total number in UNODC’s PROFI-Project Portfolio amounted to 213 “active” projects as of 13 September 2021<sup>59</sup> of which

- 82 projects speak of a “partnership” (38 per cent), including
- 25 projects speaking of a “public partnership” (12 per cent),
- 17 projects (8 per cent) making specific references to the “private” sector with
- 13 projects speaking explicitly of a “private partnership” (6 per cent) and
- 10 projects speaking explicitly of a “public private partnership” (5 per cent).<sup>60</sup>

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<sup>56</sup> UNODC, PROFI-Project Portfolio, 13 September 2021.

<sup>57</sup> *Ibid.*

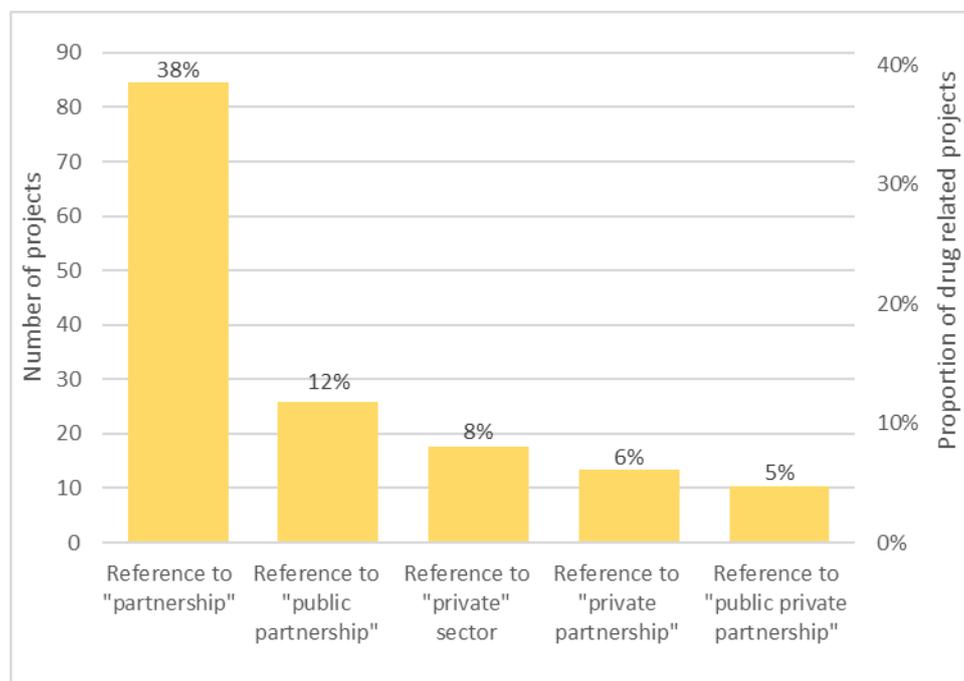
<sup>58</sup> *Ibid.*

<sup>59</sup> *Ibid.*

<sup>60</sup> *Ibid.*

The latter category is a narrow interpretation of a public private partnership. In fact, a number of de-facto public private partnerships are also found among projects speaking of a “private partnership” and projects speaking of a “public partnership”. This suggests that probably between 5 and 12 per cent of all UNODC projects may be considered to form a kind of public private partnership, though theoretically the upper limit could even go up to 38 per cent (all projects with a reference to a “partnership”).

**Fig. 3. Importance of public-private partnerships in UNODC’s active drug related projects, in terms of number of projects, September 2021**



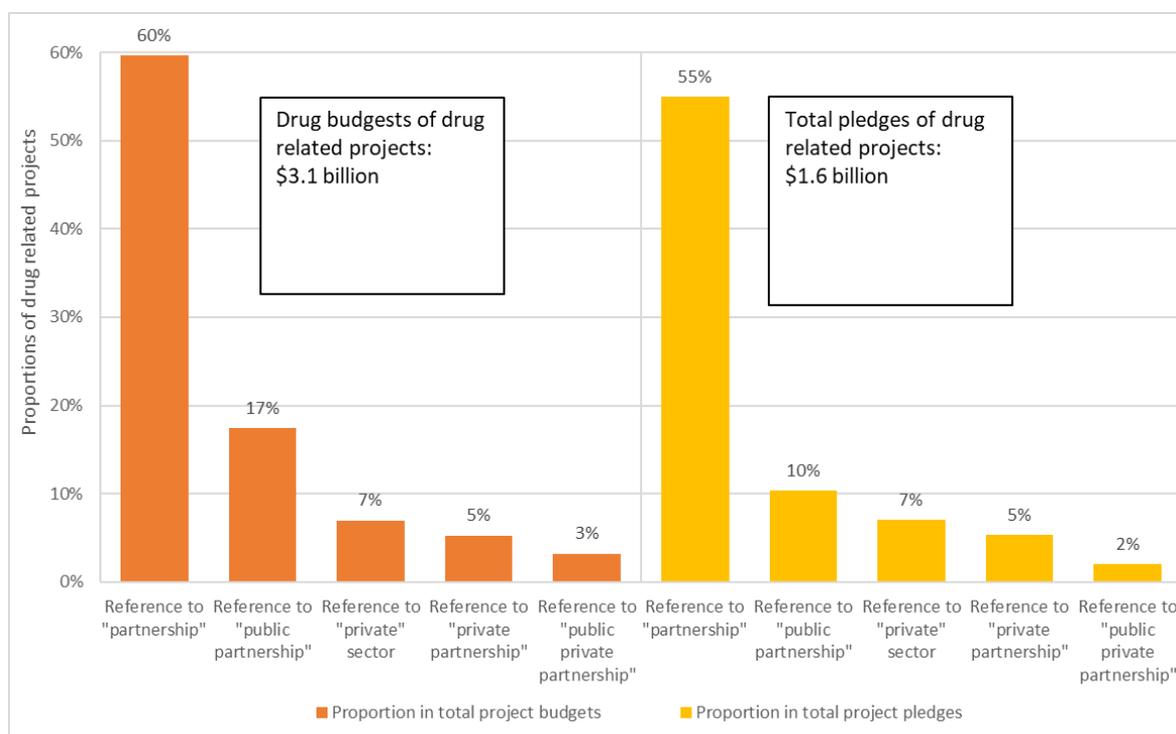
Source: UNODC, PROFI-Project Portfolio, 13 September 2021.

If such “drug” projects are analyzed in terms of overall budgets and pledges by obtained from donors, data show that

- the “active” projects speaking of a “partnership” have aggregate pledges of US\$ 0.9 billion or 55 per cent of all pledges for “drug projects” and an aggregate (proposed) budget of US\$1.8billion or 60 per cent of all “drug projects”;
- the “active drug projects” speaking of a “public partnership” have aggregate pledges of US\$ 169 million or 10 per cent of all pledges for “drug projects” and an aggregate (proposed) budget of US\$ 0.5 billion or 17 per cent of all “drug projects”;
- the “active drug projects” making specific references to the “private” sector show total pledges of US\$ 116 million or US\$ 215 million of aggregate (proposed) budgets, in both cases 7 per cent of the respective totals; and
- the “active drug projects” speaking explicitly of a “private partnership” show total pledges of US\$ 88 million (i.e. 5 per cent of total pledges for drug related projects) and an aggregate budget of US\$ 162 million (or 5 per cent of aggregate (proposed) budgets) PPPs.

- the “active drug projects” speaking explicitly of a “public private partnership” show total pledges of US\$ 33 million (i.e. 2 per cent of total pledges for drug related projects) and an aggregate budget of US\$ 99 million (or 2 per cent of aggregate (proposed) budgets) PPPs.

**Fig. 4. Importance of public-private partnerships in UNODC’s active drug related projects, in terms of budgets and pledges, September 2021**



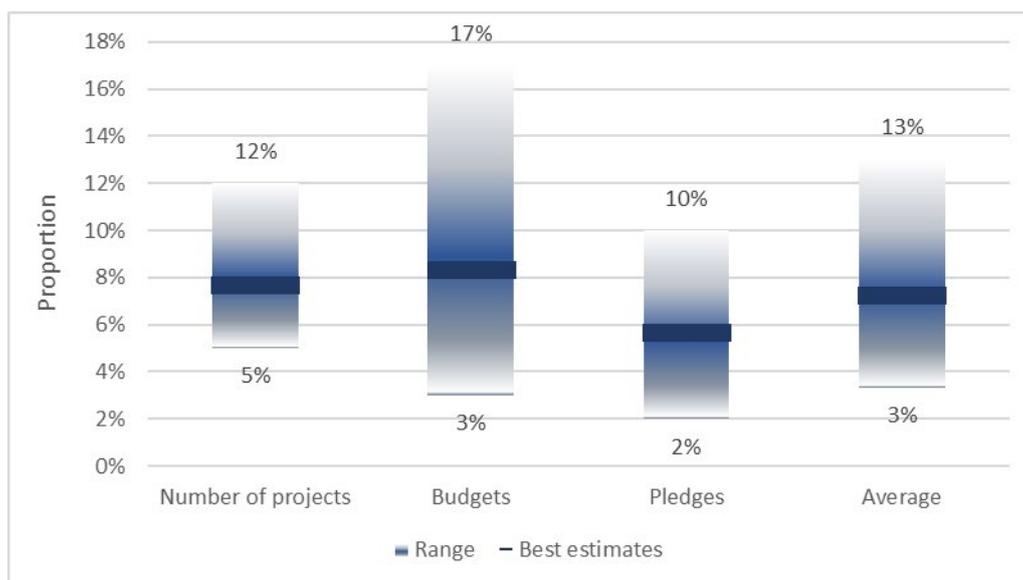
Source: UNODC, PROFI-Project Portfolio, 13 September 2020.

In short, depending on the specific indicator (number of projects, overall budget, pledges) used, 2 to 3 per cent of UNODC’s active projects explicitly speak of a “public private partnership” while 5 per cent speak of a “private partnership”, 10 to 17 per cent speak of a “public partnership” and 38 to 60 per cent of all active UNODC projects speak – in more general terms – of any kind of a “partnership”.

While there are indications that the most narrow definition of a PPP (i.e. projects containing such terms explicitly in the respective project documents) does not cover all PPPs, the proportion of all kinds of “partnerships” would probably result in a significant over-estimate of the importance of public private partnerships.

The overall range shown above is from 2 to 60 per cent. This is certainly correct insofar as the actual percentage is very likely to fall within that broad range; at the same time, it may be too large to be particularly useful. One possibility to obtain a better idea of the likely overall importance of PPPs among UNODC’s project is to calculate an average of all the proportions linked to the number of projects, the budgets and the pledges linked to “public private partnerships”, “private partnerships” and “public partnerships.” This would result in a likely range between 3 and 13 percent and a “best estimate” of around 7 per cent.

**Fig. 5. Estimates of overall importance of public private partnerships in UNODC’s active drug-related projects as of September 2021**



Source: UNODC, PROFI-Project Portfolio, 13 September 2020.

PPPs can take on many forms from contractual arrangements to administer public works, to gain access to capital and to deliver projects that contribute to the provision of public goods and services. PPPs strive to capitalize on the relative strengths of the public and private sectors to address problems that neither could tackle adequately on its own. UNODC has been actively promoting PPPs in various of its mandate areas, including the area of drug control. Examples include:

- Encouraging the private sector to play a role in investing in **alternative development** and opening up **new market opportunities** for producers of alternative development products.
- **Container control** through the outreach and cooperation involving the national law enforcement / judicial/port authorities and shipping companies;
- Promoting more effective adherence to **money laundering prevention** modalities by training compliance officers from the banking sectors;
- Implementing **law enforcement technical assistance** initiatives especially in the **chemical precursor** area that focus on the link between commerce and its potential exposure to criminal activities, transparency, **linkages to e-commerce** and ultimately efficiency in public sector processes with inputs from the private sector;
- Teaming up with private sector operators to detect and prevent the use of **the internet and dark web** for drug trafficking purposes;
- Promoting the use by **private broadcasters and media** of tools and public service announcements to combat the scourge of substance abuse;
- Engaging the private sector in **promoting community service**, labour skills and **educational opportunities** for persons **serving prison terms**;
- Improving **legislations and regulatory frameworks** for enabling private-public partnerships; one interesting example in this context of UNODC attempting to lay down the very foundations for promoting public-private partnerships is project AUTAC9 on “**Strengthening UNODC’s Capacity to Promote Sustainable Drug Control Public Private Partnerships**” which explicitly focusses on the necessity to implement appropriate legislation and regulatory frameworks in order to enable public-private partnerships in UNODC’s Member States.

In order to get a better understanding of the content of the projects mentioned above, they will be presented in more detail in the paragraphs below, depending on the specific sector they are targeting.

### **3.2. Cooperation and close partnerships with the private sector in the area of alternative development**

Though there has not been any explicit “public-private partnership” project in the area of alternative development, the area of alternative development, where farmers are to be offered legal alternative sources of income to the illegal production of crops such as opium poppy, coca leaf or cannabis, is still one of the most obvious area of cooperation between drug control and the private sector. A few examples, discussed below, are used to demonstrate how this cooperation works in practice.

One such projects with links to the private sector has been project PER251, “*Strengthening the productive and organizational capacity of farmer-owned cooperatives in the Huallaga - Huanuco, San Martin and Ucayali*” in Peru. It started in 2015 and was – in fact – a follow-up of previous projects (such as project PER/U87) which focused on setting up and assisting farmers’ cooperatives which processed and marketed legal agricultural products produced by farmers in this geographical area.<sup>61</sup> This project, sought to improve the sustainability of farmer-owned cooperatives located in the Huallaga river valley, which in the 1970s, 1980s and early 1990s used to be the main centre of coca leaf production in Peru. <sup>62</sup>The aim of the project was contribute to the strengthening and expansion of the social base of such cooperatives, increasing their geographic coverage and the number of members that participate in management as well as to achieving greater efficiency in the social and commercial management of such cooperatives through the help of experienced professionals in these fields in order to achieve a stronger representation of such cooperatives in national and international markets, greater sales volumes, higher incomes, as well as improvements and increases in the services that the cooperatives provide to its members. From the beginning, the project foresaw improvements in the quality of the output of the cooperatives and a close cooperation with the private sector, notably with private sector companies involved in the commercialization of the (often) organic products of these cooperatives.<sup>63</sup> While it may be still too early to properly evaluate the long-term success of this specific project in terms of the overall drug control objectives, there can be hardly any doubt that the alternative development efforts in the Huallaga river valley (in combination with other drug control policies) over the last three decades have helped to reduce coca leaf production in Peru. The overall area under coca bush cultivation declined in Peru from some 120,000 ha in 1990<sup>64</sup> to less than 49,900 in 2017<sup>65</sup>, notably in the Huallaga river valley where the area under coca cultivation fell from some 90,000 ha in 1990 (or 75 per cent of Peru’s total)<sup>66</sup> to around 1,600 ha (4 per cent of the total) in 2017 (latest year available).<sup>67</sup>

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<sup>61</sup> UNODC, *World Drug Report 2015* (Chapter 2 on Alternative Development), New York 2015; see also *Lessons for Future Programming: USAID/Peru’s Alternative Development Program* (June 2010), submitted by Weidemann Associates, Inc., to USAID/Peru, sect. I.3.

<sup>62</sup> UNODC, *World Drug Report 2017, Booklet 5*, New York 2017.

<sup>63</sup> UNODC, Project Document: *Fortalecimiento de la Asociatividad Empresarial de las Cooperativas Agrarias en el Huallaga - Hunaco, San Martin y Ucayali*, 2015.

<sup>64</sup> UNODC, *World Drug Report 2017, Booklet 5*, New York 2017.

<sup>65</sup> UNODC and Comisión Nacional para el Desarrollo y Vida sin Drogas (DEVIDA), *Perú Monitoreo de Cultivos de Coca 2017*, December 2018.

<sup>66</sup> UNODC, *World Drug Report 2017, Booklet 5*, New York 2017 based on Policía Nacional del Perú, Anuario Estadístico 2015 (2015 and previous years); Policía Nacional del Perú, Dirección Contra el Terrorismo, Anuario Estadístico 2009; Hernán Manrique López, “Las bases históricas del milagro de San Martin: control territorial y

A further example of a project that aimed at improving the overall ability to foster a cooperation between farmers' associations and the private sector in Colombia was COLY12 (“*Improving competitiveness of Alternative Development producers' associations*”). This project aimed at strengthening the capacities of the Colombian government to promote regional integration and thus contribute to peace and reconciliation among Colombians by promoting and improving competitiveness, good management, and sustainability of Alternative Development organizations, thus creating the conditions for prosperity in vulnerable communities and fostering the social inclusion of productive units.

Another interesting example of a program in this context has been the *Huapanh Alternative Development programme* which over the past five years introduced coffee as an income alternative in opium growing areas in the North-East of the Lao PDR, close to the border with Viet Nam.<sup>68</sup>

### Map 1. Location of Huapanh Province in the Lao PDR



Coffee plantations were established in Huapanh province, assisted by UNODC and the Lao Commission for Drug Control and Supervision starting in 2016. The coffee is produced, processed and commercialized through a farmer-owned cooperative, Vanmai. With the help of UNODC, an agreement was brokered and concluded between the farmers from the Vanmai Coffee Cooperative and Malongo, a French roaster, in April 2021 which will secure a ready market for the cooperative's crop over the next five years in financially lucrative outlets in overseas markets. The farmers, in return, will gradually shift their production towards organic coffee which can fetch even higher prices in Europe.<sup>69</sup> Due to this public-private partnership, exports are expected to rise from some 20 tons of coffee beans in July 2021 to some 200 tons in 2025.<sup>70</sup> Vanmai coffee was already selected and sold as “coffee of the month” in Malongo coffee shops worldwide in November 2021<sup>71</sup>.

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estrategias estatales contra el narcotráfico y subversión (1980-1995)”, *Politai: Revista de Ciencia Política*, vol. 6, No. 11 (2015), pp. 33-51; Juan Briceño and Javier Martínez, “El ciclo operativo del tráfico ilícito de la coca y sus derivados: implicancias en la liquidez del sistema financiero”, F. León, y R. Castro de Mata, eds., *Pasta básica de cocaína* (Lima, 1989), pp. 263-264; Ibán De Rementería, “Evolution of coca leaf production in Peru and its macroeconomic role between 1978 y 1990”, *Peru Report*, April 1991.

<sup>67</sup> UNODC and Comisión Nacional para el Desarrollo y Vida sin Drogas (DEVIDA), *Perú Monitoreo de Cultivos de Coca 2017*, December 2018.

<sup>68</sup> UNODC, Concept note for the Huapanh Alternative Development project 2022-2025.

<sup>69</sup> UNODC, UNODC empower coffee growing communities in Lao PDR, 7 April 2021.

<sup>70</sup> UNODC, Concept note for the Huapanh Alternative Development project 2022-2025.

<sup>71</sup> «Café due Moi – Vanmai Laos», November 2021.

### 3.3. Cooperation and close partnerships with the private sector in fighting drug trafficking

A good example of a close cooperation with the private sector is the *UNODC/WCO Container Control Project (GLOG80)* which started its operations in 2004 and is still ongoing. The UNODC-WCO Container Control Programme (CCP), starting in Ecuador and Senegal and two years later also in Ghana and Pakistan, operates now in 59 countries<sup>72</sup> and has established so-far 119 Port Control Units (PCU) worldwide.<sup>73</sup>

While increased participation in the growing international trade forms an essential part of sustainable development and close to 90 per cent of the world's cargo is nowadays containerized with more than 750 million container movements in 2017 (up from 470 million in 2009)<sup>74</sup>, many countries were found not to have the capacity to establish effective trade security standards at their container ports. Containers can transport drugs, counterfeit medicaments, precursor chemicals used in the manufacture of drugs as well as arms, nuclear and biological material etc., thus – if remaining unchecked - creating potentially serious threats to mankind.

The focus of the CCP has been – from the outset - to assist national law enforcement agencies in developing their capacity to identify and inspect high-risk containers. This is of importance as, in general, no more than 2 per cent of the containers can be physically checked after arrival at a destination to verify its contents. At the same time, government authorities, including customs and other control agencies, are mindful of potential economic losses that might result from unnecessary delay and/or damage to cargo as a result of inspections which would negatively affect the economy as a whole, notably the private sector, and which thus calls for a targeted approach by the authorities, based on close local, regional and international cooperation, including the sharing of relevant intelligence information.

The “ports” (i.e. maritime ports as well as dry ports, airports, land border crossing and rail terminals) participating in the programme undergo detailed technical assessments to identify the training needs and the requirements for technical equipment. Following this, selected customs and other law enforcement officers undergo a tailored training programme and Port Control Units (PCU) are established, comprising customs and enforcement officers of the various agencies operating at the respective ports. Trainers from advanced customs administrations, including trainers from the private sector with specialized knowledge in specific areas, train the law enforcement officials of the PCUs. The customs union administrations from advanced partner countries also act as long-term mentors while monitoring the progress of the Units. The law enforcement officials trained in the framework of CCP are also encouraged to establish close cooperation with the trade and business community operating in the port and, additionally, to develop cooperation and information exchange mechanisms with foreign law enforcement officials. Cooperation with the private sector is primarily (i) in various training activities with private companies offering specialized skills, (ii) with the container shipping lines and in the case of containers shipped by air with the respective airlines to exchange – in time –

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<sup>72</sup> Countries participating in this project include countries in Latin America and the Caribbean (Argentina, Brazil, Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Panama, Paraguay, Peru, Suriname), countries in West Africa (Benin, Ghana, Senegal, Togo), North Africa (Morocco and Tunisia), and in East and Southern Africa (Kenya, Madagascar, Mozambique, Namibia, Uganda, United Republic of Tanzania), countries in Asia, including countries in Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan), in the Middle East and Western Asia (Afghanistan, Iraq, Jordan, Lebanon, Pakistan, Oman, Yemen), South Asia (Bangladesh, Maldives, Nepal, Sri Lanka) and Southeast Asia (Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand, Vietnam), in Oceania (Fiji and Papua New Guinea) as well as in the Black Sea and Caucasus region (Armenia, Azerbaijan, Georgia, Moldova, Ukraine) and in South-East Europe (Albania, Bosnia and Herzegovina, Kosovo (in the context of UN Security Council resolution 1244 (1999) and Montenegro). (UNODC/World Customs Organization, “Container Control Programme – Annual Report 2019”).

<sup>73</sup> UNODC/World Customs Organization, “Container Control Programme – Annual Report 2019”.

<sup>74</sup> UNODC/World Customs Organization, “Container Control Programme – Annual Report 2019”.

information to improve the identification of potentially suspicious shipments, and (iii) with private companies interested in curbing trade in counterfeit goods as well as (iv) with the medical sector and the pharmaceutical industry trying to prevent illegal trafficking in counterfeit medicines. As part of this cooperation, regular meetings are held with representatives of the private sector, including private shipping companies, private port authorities and private logistics companies.<sup>75</sup>

In short, some of the key objectives of the project are to introduce risk-based profiling of containers, improved information exchange at the national, regional and international levels on container crime, facilitation of cooperation with relevant international agencies involved in regulating and monitoring world-wide container traffic and the promotion of increased cooperation between the law enforcement agencies and the private sector, notably the business and trade community.

Since its initiation in 2004, the CCP helped – inter alia – to seize 7 tons of heroin, 72 tons of cannabis and more than 300 tons of cocaine, i.e. more than 20 tons of cocaine per year, including 38 tons of cocaine in 2016, 48 tons in 2017, 52 tons in 2018 and 77 tons in 2019, thus showing a clear upward trend.<sup>76</sup> Aggregate cocaine seizures linked to this program were equivalent to 4 per cent of global quantities of cocaine seized in 2018 and had a similar magnitude as aggregate cocaine seizures reported by Belgium or Spain in 2018, the two main entry points of cocaine into Europe.<sup>77</sup> In addition, CCP assisted in seizures in 2019 of 37 tons of precursor chemicals, 1.5 tons of heroin, 850 kg, 120 kg of psychotropic substances as well as seizures of 705 million packs of cigarettes, 104 containers containing counterfeit goods, 3 tons ammonium nitrate, 100 kg of explosives, more than 100 pistols, guns, rocket launchers, AK-47, 3,000 pieces of ammunition and 95 containers of plastic and e-waste, 21 tons of pangolin scales and 16 tons of ivory tusk.<sup>78</sup>

There has been also cooperation with the private sector in dealing with various other trafficking issues, reflected – inter alia – in UNODC’s “*Global Programme for Strengthening the Capacities of Member States to Prevent and Combat Organized and Serious Crimes (GLOT32)*” which addresses a broad range of crime issues, including trafficking in falsified medicines, trafficking in wildlife, fishery and trafficking in natural resources. This programme, whose mandate is directly linked to the Convention on Organized Crime, “*serves as an umbrella programme to develop and pilot test new initiatives, providing advice and expertise on issues related to organized and serious crime to UNODC, regional and international organization, civil society and to the private sector*”.

For instance, linked to this programme and in response to Commission on Crime Prevention and Criminal Justice resolution 20/6 “*Countering fraudulent medicines, in particular their trafficking*”, UNODC, in close cooperation with a large number of experts in this field (including from the Council of Europe, the Economic Community of West African States, the European Union, the International Council of Nurses, the International Criminal Police Organization (INTERPOL), the New Partnership for Africa’s Development, the World Customs Organization, the World Health Organization as well as experts from the private sector) developed a guide to combat crime related to falsified medicinal products<sup>79</sup> which was published in 2019. This guide basically foresees the criminalization of domestic and cross-border trafficking of falsified medical products but also makes it clear that “*in order to prevent and effectively combat crimes involving the falsification of medical products, States should take the necessary legislative and other measures to ensure ... (a) Cooperation and the exchange of information among the competent health, customs, police and other authorities (as well as, where appropriate, industry groups and private-sector organizations); (b) That mechanisms for receiving*

<sup>75</sup> UNODC/World Customs Organization, “Container Control Programme – Annual Report 2019”.

<sup>76</sup> UNODC/World Customs Organization, “Container Control Programme – Annual Report 2019”.

<sup>77</sup> UNODC, responses to the annual report questionnaire.

<sup>78</sup> UNODC/World Customs Organization, “Container Control Programme – Annual Report 2019”.

<sup>79</sup> UNODC, *Falsified Medical Product-related Crime – A Guide to Good Legislative Practices*, May 2019.

*and collecting information and data, at both the national and local levels and in collaboration with the private sector and civil society, are established or strengthened, in accordance with data-protection requirements...”.<sup>80</sup>*

Such strengthened cooperation with the private sector has not been a co-incidence. From the outset (2008), this programme (GLOT32) had as one of its envisaged results, support and increased collaboration with civil society and the private sector in crime prevention programmes. In a latter project revision (2011) it is stated that the “project is addressing also how civil society, the media and the private sector can better develop effective and *sustainable programs and partnerships to address organised crime and impunity*”. Similarly, a subsequent project revision (2013) explains that the overall objectives are to be carried out – inter alia – through raising “*awareness of the negative impact of organized crime*” while promoting “*partnerships with civil society, the media and the private sector*”. In a further project revision (2017) it was made clear that in order to fulfil output 1.2 “*Advice, analysis, and support is provided to ... civil society and the private sector to promote the integration and application of the Convention as part of broader efforts to combat transnational organized crime*” a number of activities were to take place including participations in “*meetings with ...civil society and the private sector entities to exchange information*”... including “*the links between TOC, drug trafficking and terrorism*”. Apart from UNODC Member States, the International Institute of Research on Counterfeit Medicines, a non-profit organization, also shows up as one of the donors for this programme.

There has been also an extensive engagement by UNODC with a number of **specialist darknet research companies** (who do not wish to be named) in recent years. Their work, and presence on darknet drugs fora, gives UNODC and- more generally – the enforcement community access to areas which would otherwise be difficult to penetrate. More widely, UNODC has a close relationship with a number of **private internet companies**, including companies such as Microsoft, Chainalysis, CipherTrace and Kaspersky in developing policy to counter all aspects of cyber-dependent and cyber-enabled crime, including drug trafficking via the internet.<sup>81</sup> Moreover, UNODC started to closely cooperate with Hikari labs, a spin-off from Carnegie Mellon University in the United States. This company specialized in the collection on data from darknet markets, based on the use of web-crawlers which help to systematically investigate activities on darknet markets. Results from such an analysis have been used – inter alia – by UNODC for its analysis of patterns and trends in drug related darknet activities for its 2021 World Drug Report.<sup>82</sup>

### **3.4 Cooperation and close partnerships with the private sector in preventing or reducing the flow of non-scheduled substances and the diversion of precursor chemicals into illicit channels**

Cooperation with the private sector appears to have been very pronounced in the area of precursor control, and more recently in related efforts to control the flow of non-scheduled substances that have psychoactive properties and are potentially dangerous.

A recent example in this regard - starting in 2019 - has been the Global Rapid Interdiction of Dangerous Substances (GRIDS) Programme which aims at reducing trafficking in dangerous non-medical synthetic opioids and other new psychoactive substances (NPS) of concern, including their relevant precursors and equipment.

GRIDS consolidates and further develops INCB’s global activities implemented under Project ION (initiated in 2013), its OPIOIDS Project (initiated in 2017) and its on-going private-public partnership

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<sup>80</sup> UNODC, *Falsified Medical Product-related Crime – A Guide to Good Legislative Practices*, May 2019.

<sup>81</sup> Personal communication with Neil Walsh, Chief, Cybercrime and Anti-Money Laundering Section, UNODC, 0 September 2021.

<sup>82</sup> UNODC, *World Drug Report 2021*, Booklet 2, June 2021.

work with relevant industry—currently under GLO565 (precursors). GRIDS is dedicated to dangerous substances not yet under international control, such as non-medical synthetic opioids (particularly fentanyl analogues) new psychoactive substances (NPS) of concern and relevant precursors and pre-precursors.

Programme activities focus on:

- *Intelligence-gathering and exchange*: expanding and supporting existing users of the Board's proprietary secure global communication platforms for the rapid voluntary exchange of information and intelligence on suspicious shipments, interdictions or manufacture of non-scheduled dangerous substances, such as NPS of concern, non-medical synthetic opioids and related dangerous substance, particularly fentanyl analogues;
- *Special operations*: increasing situational awareness and operational intelligence shared before, during and after the Board's regularly scheduled global intelligence gathering and interdiction operations involving non-controlled new psychoactive substances, non-medical synthetic opioids and related dangerous substances;
- *Rapid training and tools*: improving both the quality and quantity of intelligence communicated in real-time by national multi-agency focal points through existing mechanisms by supporting regulatory, postal and enforcement officers' abilities to better identify and communicate interdiction incidents (e.g. via IONICS, i.e. Project ION Incident Communication System involving dangerous substances not under international control or via the PICS, the Precursors Incident Communication System);

The project aims at equipping all who have a practical role to play in interdiction efforts with the necessary knowledge, frameworks for cooperation and secure channels of global communication to succeed in reducing trafficking in dangerous substances, mainly through expanding INCB's private-public and international partnerships using its

- voluntary industry cooperation tools and
- twinning model with relevant industries (e.g., e-commerce).

The project also tries to ensure the long-term sustainability of information and intelligence exchange between the INCB and government agencies, international partners and relevant private sector partners through the *use of liaison officers* in order to *foster public and private cooperation*.

A core component of the GRIDS Programme is INCB's interaction and cooperation with relevant industry through public-private partnerships, in which INCB facilitates partnerships between Member State Governments and relevant industries.

Voluntary cooperation mechanisms involving

- *internet providers,*
- *e-commerce companies,*
- *the chemical and pharmaceutical industries,*
- *mailing/courier service providers,*
- *providers of financial services, as well as*
- *social media platforms*

are fully incorporated across the programme activities.

The programme thus aims at bridging the gap between public and private sector approaches through an enhanced focus on *voluntary cooperation* through *strong public-private partnerships*.

### **3.5. Cooperation and close partnerships with the private sector in preventing or reducing money laundering**

Ever since the adoption of the 1988 Convention against illicit traffic in narcotic drugs and psychotropic substances and the adoption of the United Nations Convention against Transnational Organized Crime preventing money laundering to fight drugs and organized crime emerged as a key aim of UNODC's activities. From the very beginning it became also obvious that such efforts could only be successful once the cooperation with private financial institutions could be also guaranteed. UNODC's PROFI-Project Portfolio shows a total of 27 "active projects" dealing with various aspects of preventing money laundering of which 19 were drug related as of 25 August 2021.

One such project on "Combating Money Laundering through prevention and awareness raising", implemented in Mexico which started in 2018, had the purpose of raising awareness about the negative impact of money laundering, specifically the consequences on society and how it enables the operations of organized crime. In this way, the project developed a campaign to prevent such activities. Through a participatory and inclusive methodology that involved a large number of counterparts, a communication campaign (accompanied by a dissemination strategy and impact measurement) was produced, using various multimedia tools. For this purpose, a number of roundtables were held to design a national campaign involving a broad range of relevant stakeholders, including representatives of the public sector (including from the Bank of Mexico, Office of the Attorney General of the Republic, the Transparency and Anti-Corruption Commission of the Chamber of Representatives, the Financial Intelligence Unit and the National Institute of Criminal Sciences), of the private sector (including the National Bar Association, the National Association of Mexican Notaries, the Mexican Institute of Public Accountants, the National Association of Exchange Centers and Money Transmitters, the Mexican Institute for Competitiveness) as well as representatives of the academic sector (including the Anahuac University, the Pan American University, the National Autonomous University of Mexico, the Metropolitan Autonomous University and the Blockchain Academy Mexico).

Other projects with a module on preventing money laundering also build on a close cooperation with the private sector. Such anti-money laundering modules usually form part of some broader programs to fight transnational organized crime and drug trafficking, include programs to improve border management, assistance given to some national integrated programmes to fight drug trafficking, programs aiming at capacity building to respond to the threats posed by illicit drugs and programs trying to strengthen the criminal justice response or programs which form part of the public security policies of individual countries.

### **3.6. Cooperation and close partnerships with the private sector in preventing (drug related) corruption**

UNODC efforts are also geared towards programs trying to reduce or prevent corruption. A total of 85 projects dealt with the fight against corruption as of 25 August 2021, including 50 drug related projects. Most of these projects are country-specific.

There have been, however, also a few global projects. For instance, UNODC engaged in project GLOX30 on "The 6Ps – Public Private Partnership for Probity in Public Procurement" The overall objective of this project was to promote States' implementation of Article 9 of the United Nations Convention against Corruption while supporting private actors' efforts to comply with the 10th Principle of the United Nations Global Compact which states that "Business should work against corruption in any form, including bribery and extortion". The main project aim was to reduce vulnerabilities to corruption in public procurement systems by reviewing and, where necessary, amending laws and procedures while bridging knowledge and communication gaps between public procurement administrations and the private sector.

Another project concerned the "Implementation of the Doha Declaration: towards the promotion of a culture of lawfulness" (GLOZ82)– a project which is still ongoing and which started in 2016, following the Doha Declaration, adopted at the Thirteenth United Nations Congress on Crime

Prevention and Criminal Justice, held in Doha, Qatar, in April 2015. This global programme was to provide sustained support and delivery of technical assistance to Member States, upon their request, in specific areas covered by the Doha Declaration including: a) strengthening judicial integrity and the prevention of corruption; b) "a second chance in life: fostering the rehabilitation and social integration of prisoners"; c) preventing youth crime through sports as well as d) "Education for Justice" and was intended to enable the achievement of the 2030 Sustainable Development Goals, particularly for the promotion of peaceful and sustainable societies. As part of this project, UNODC was to extend its support to institutional reform efforts, the formulation of strategies and the provision of advice on policy implementation and, at an operational level, strengthening efforts for preventing crime and reforming institutional frameworks as well as reaching the population at large which required a concerted effort amongst a broad spectrum of actors within the United Nations system, together with civil society, academia and the private sector. These partnerships were intended to extend the programme's reach and impact and contribute to the implementation of a transformative agenda that was both universal and adaptable to the conditions of each country, galvanising efforts towards the rule of law, civic space and more effective governance and capable institutions for new and innovative partnerships, including with responsible business and effective local authorities.

### **3.7. Cooperation and close partnerships with the private sector in drug prevention and treatment**

There are also a number of UNODC projects in the area of drug prevention and drug treatment building on a close cooperation with the private sector. Among the drugs related project of UNODC (N=213 as of 25 August) a total of 47 projects deal with drug use prevention and treatment, mostly done at the national and/or the regional level. Though a partnership with the private sector is not explicitly mentioned in the respective project documents, a number of treatment facilities are actually privately owned and such projects are thus – de-facto – resulting in a public-private partnership. Similarly, some of the projects target drug using prisoners and such prisons, in some countries, are managed by the private sector, thus resulting again in a form of public-private partnership.

## **4. The role played by Public-Private Partnerships reported by UNODC Member States**

Public-private partnerships in the drug control area have not only been reported by UNODC but also by UNODC's member states. The findings of this survey, which took place in two waves in January and February 2021 are presented in the following chapter.

### **4.1. Process for obtaining information**

In parallel to a review of PPPs in UNODC projects in the drug control area, UNODC developed an online questionnaire (October/November 2020), following several rounds of in-house discussions.

By the end of **December 2020** a note verbale with links to the UNODC online survey on Public Private Partnership was sent to **all Permanent Missions** to the United Nations in Vienna. Member States were given the possibility to choose from questionnaires prepared in three official UN languages (English, French and Spanish) to reply to the questionnaire. The missions were invited to forward the link to public and private sector institutions or companies in their respective countries, as identified by the national authorities. A one-month period was given to fill in the questionnaire.

In a second wave, **UNODC field offices in February 2021** were asked to forward the link to their respective national counterparts which were then asked to identify potential public and private sector institutions or companies to which the link could be forwarded. They were again given a period of one month to fill in the questionnaire.

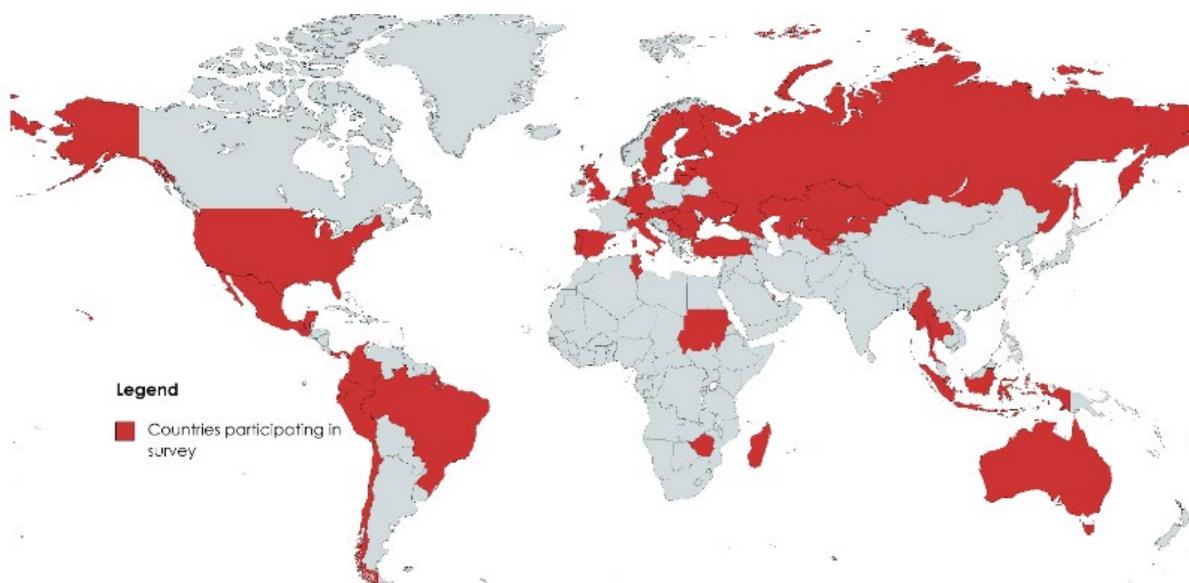
From the beginning it was made clear, that there could more than one respondent per country as no single person could be expected to have a comprehensive overview on public-private partnerships in a country.

#### 4.2. Respondents

A total of 74 respondents from 47 countries replied to this online questionnaire on public-private partnerships. Most participants filled in the questionnaire in English (56 respondents); this compares with 12 respondents filling in the questionnaire in Spanish and 6 in French.

The distribution of the participants showed that respondents from all regions were represented. Nonetheless, there has been a bias in favor of participants from European countries (53 per cent), notably participants from countries in Western and Central Europe (accounting for 37 per cent of the total). Participants from the Americas accounted for 20 per cent, from Asia for 10 per cent and from Africa for 9 per cent of the total. A similar distribution is found if one looks at the “countries participating in this survey”.

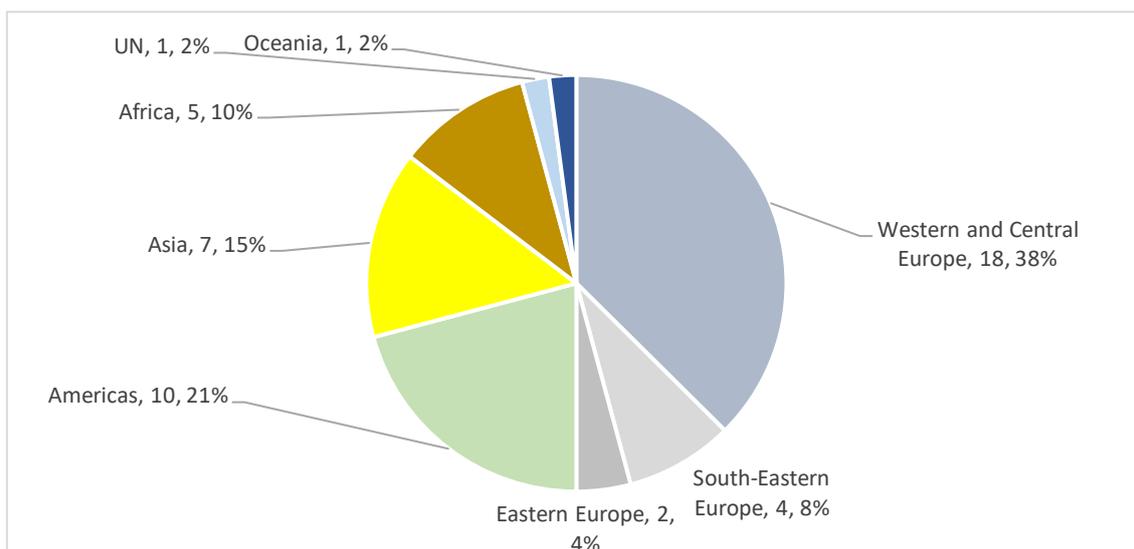
**Map 2: Location of respondents participating in the survey on PPPs, 2021 (N=47 countries)**



Source: UNODC Survey on PPPs among Member States, 2021.

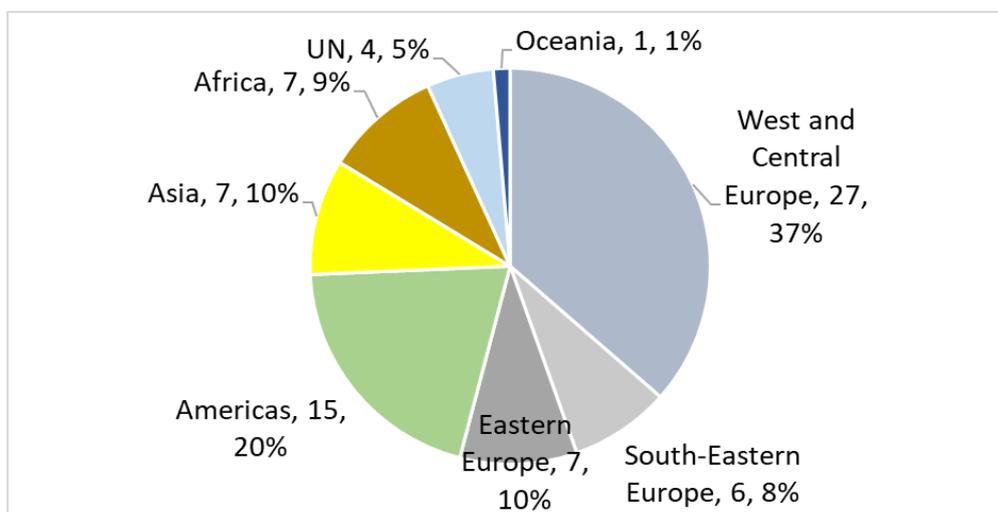
It cannot be excluded that this distribution in favor of respondents from Europe (53 per cent of all respondents versus 10 per cent of the global population living in Europe in 2020) and the Americas (20 per cent of respondents versus 13 per cent of the global population living there in 2020) may have had some influence on the overall outcome of the survey. For comparison, the number of respondents from Asia (10 per cent versus a proportion of Asia in the global population of 60 per cent) and from Africa (9 per cent versus a proportion of Africa in the global population of 17 per cent) have been under-represented in this sample.

**Fig. 6. Geographical distribution of countries participating in survey on PPPs, 2021 (N = 47)**



Source: UNODC Survey on PPPs among Member States, 2021.

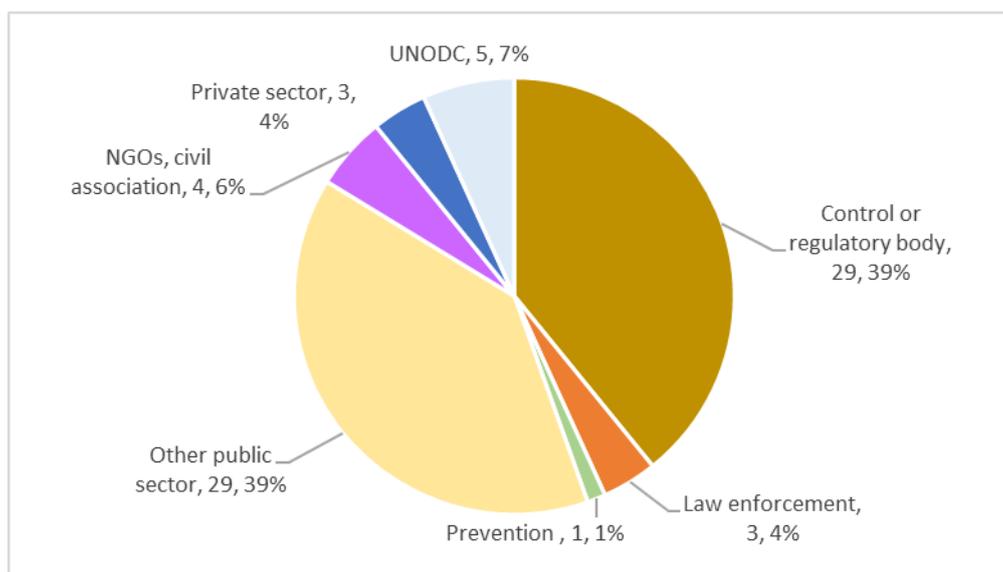
**Fig. 7. Geographical distribution of respondents (N=74)**



Source: UNODC Survey on PPPs among Member States, 2021.

There has been also a bias of participants from the (national) public sector, accounting for 83 per cent of all respondents, including 29 per cent of the total participating from the national drug control or regulatory bodies (29 per cent). NGOs and civil society association accounted for 6 per cent while the private sector only accounted for 4 per cent of all respondents. Thus, the replies to the questionnaire, in general, reflect more the views from a public sector perspective. It may be interesting to note, that despite this obvious bias, the overall rating of such PPPs has been rather positive (as will be shown later).

**Fig. 8. Participants in survey on PPPs by type of organisation: number of respondents (N=74) and proportions**



Source: UNODC Survey on PPPs among Member States, 2021.

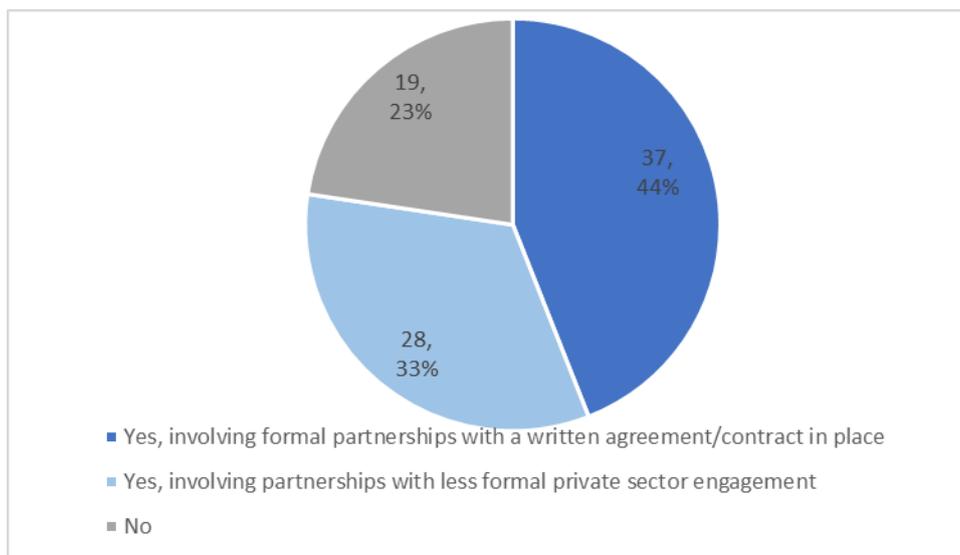
### 4.3. Results

#### 4.3.1 Knowledge of PPPs in the drug control area

Out of all respondents (N= 74) to the questionnaires in the three languages (English, French and Spanish) more than three quarters (77 per cent) claimed that they were aware of a public-private sector cooperation in the drug control area (including alternative development, fighting drug trafficking, precursor control, prevention and treatment, fighting money laundering) in their respective country. Overall, 44 per cent reported to know of some formal agreements involving a partnership between the public and the private sector and a further 33 per cent were aware of less formal public-private sector cooperations in the drug control area. Less than quarter of the respondents were not aware of any PPP in the drug control area in their respective country.

**Fig. 9. Knowledge of PPPs in drug control area (N= 74; multiple responses possible)**

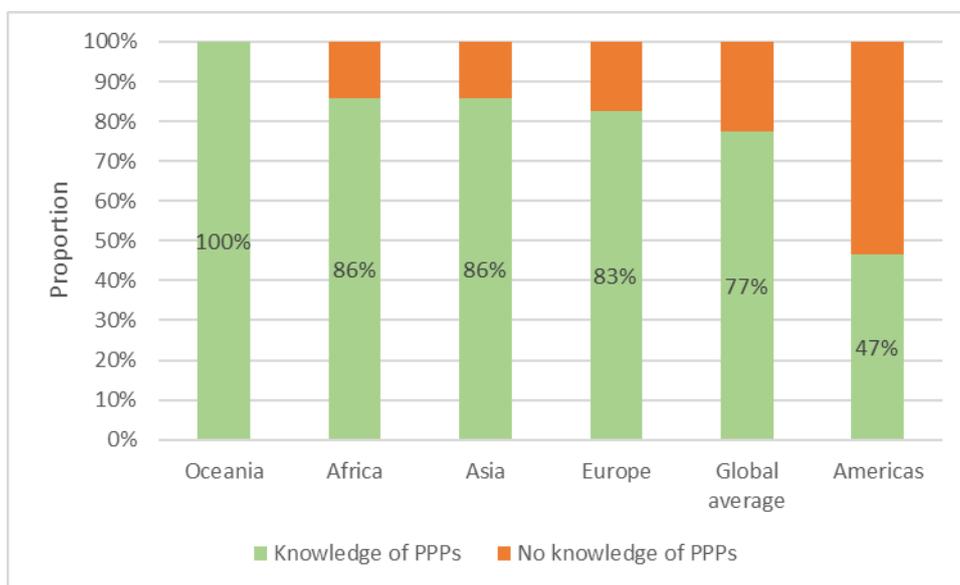
*Question: “Are you aware of any cooperation or partnerships between the public sector and the private sector in the drug control area (including alternative development, fighting drug trafficking, precursor control, prevention and treatment, fighting money laundering) in your country?”*



Source: UNODC Survey on PPPs among Member States, 2021.

Knowledge of PPPs in the drug control area has been widespread across regions, ranging from 47 per cent of all respondents in the Americas to 100 per cent of respondents in Oceania and a global (unweighted) average of 77 per cent, with above average proportions reported from Oceania, Africa, Asia and Europe.

**Fig. 10. Knowledge of PPPs in drug control area by region (N= 74)**



Source: UNODC Survey on PPPs among Member States, 2021.

### 4.3.2 Perceived changes in PPPs in drug control over the last decade

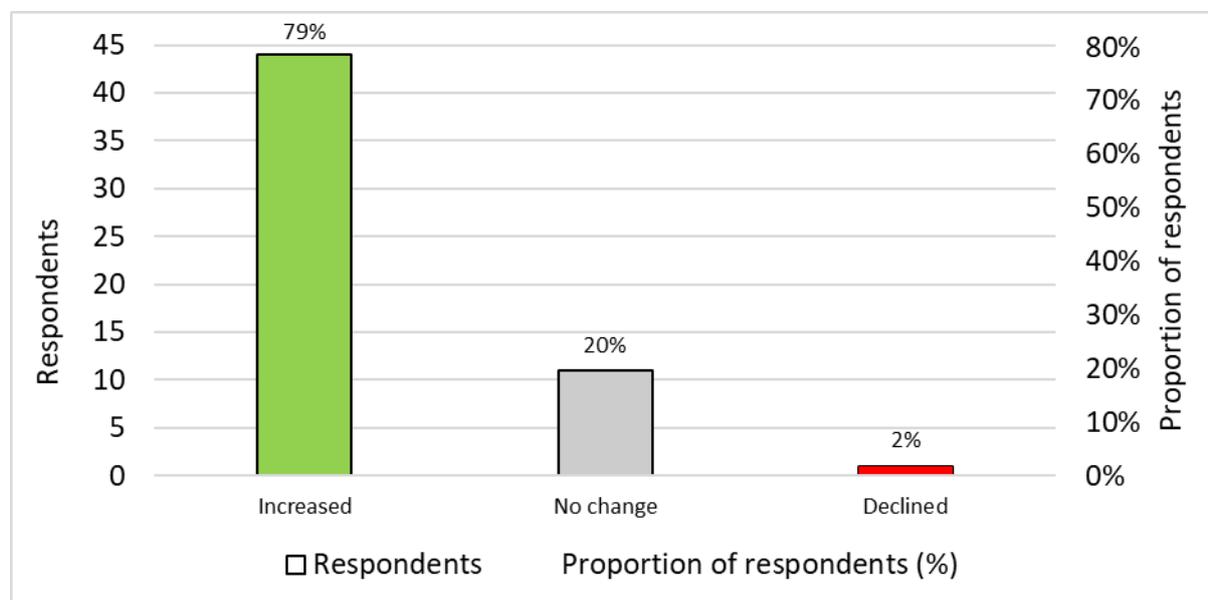
One interesting question was whether a close cooperation between the public and the private sector in the drug control area, as developed over the last five years, was more or less common than a decade earlier.

Here a clear majority (79 per cent) of the respondents were of the opinion that such a close cooperation between the public and the private sector in the drug control area increased over the last decade. Only 2 per cent noted a decline of such a cooperation.

A clear majority of respondents in all regions saw a growing importance of such public-private partnerships. Thus, the general trends towards increasing public-private partnerships found in other sectors of the economy seem to be also present in the drug control area.

**Fig. 11. PPPs more common in drug area?**

*Question: “In your view, how has the cooperation between the public and the private sector in the drug area in your country developed over the last five years as compared to the situation 10 years ago?”*



Source: UNODC Survey on PPPs among Member States, 2021.

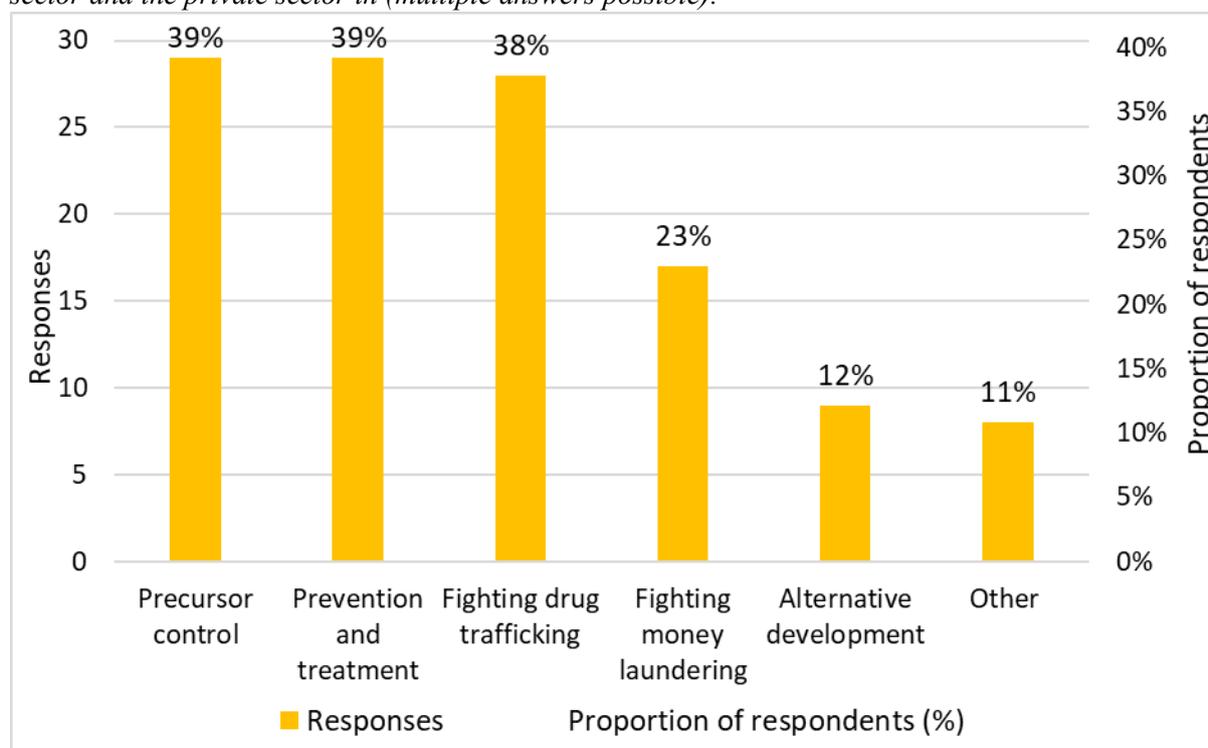
Note: based on information from 56 respondents.

### 4.3.3 Main areas of cooperation between the public and the private sector in drug control

The next question referred to the main areas of close cooperation. The responses by the participants suggest that main areas of cooperation are in “**precursor control**”, “**prevention and treatment**” and “**fighting drug trafficking**”, followed by “**fighting money laundering**” and “**alternative development**”. Other areas explicitly mentioned included **research** and partnerships with private forensic **laboratories** used for the identification of new drugs.

**Fig. 12. Areas of close cooperation between the public and the private sector in drug control**

*Questions: In which areas in your country are you aware of any close cooperation between the public sector and the private sector in (multiple answers possible):*



Source: UNODC Survey on PPPs among Member States, 2021.

Note: Based on information from 74 respondents; “Other” includes research and partnerships with private laboratories to identify new drugs

Results differed, however, by country. Cooperation between the public and the private sector in **precursor control** seems to have been of particular importance for respondents from countries in Europe (Austria, Bulgaria, Estonia, Finland, Denmark, Germany, Italy, Lithuania, Hungary, Ukraine), the Americas (United States) and Asia (Indonesia, State of Qatar, Singapore).

Public private partnerships in the area of **prevention and treatment** has been of particular importance for respondents in Australia, the Americas (Brazil and United States) as well as for respondents in Africa (Mauritius, Zimbabwe), Asia (Indonesia, Kazakhstan, Qatar and Singapore) and Europe (Bulgaria, Finland, Latvia, Lithuania, Serbia and Portugal).

Public private partnerships in the area of **fighting drug trafficking** has been of significant importance in Australia, the United States, a number of countries in Europe (including Austria, Bulgaria, Denmark, Estonia, Latvia, Finland and Ukraine), Asia (Indonesia, Kazakhstan, Myanmar) and Africa (Sudan).

Public private partnerships in the area of **money laundering** has been reported from respondents in the Americas (United States), Europe (Luxembourg, the Russian Federation, Sweden, Ukraine), Oceania (Australia) and Asia (Indonesia).

Public private partnerships in the area of **alternative development** appear to have been of particular importance for countries in South-East Asia (Myanmar, Thailand and Indonesia) and a few (donor) countries (notably Germany, Finland as well as Portugal).

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### BOX 3: Concrete examples of PPPs in the drug control area reported by Member States:

#### Alternative Development, e.g

- Roi Jai Rak Development Project, Chiang Mai Province, **Thailand**
- AD projects funded by **German** Ministry for Economic Cooperation and Development (BMZ) in **Colombia, Peru and Myanmar**.

#### Fighting drugs, precursor control and money laundering, e.g.

- **Germany**: voluntary cooperation with the **lab equipment industry** (tableting machines, stamps, heating mantels, glassware); voluntary cooperation with the **chemical industry**, including notifications regarding suspicious orders of listed and non-listed chemicals.
- **Thailand**: national intelligence services of the police has several formal and non-formal ad-hoc agreements with **transport companies**;
- **Singapore**: Central Narcotics Bureau works closely with Singapore **Post** and various **major courier companies** (such as UPS or Amarex) sharing info on drugs detected in postal parcels and freight companies;
- The **Australian** Federal Police has established ongoing relationships under **MoU's** with freight companies, airlines, and financial institutions providing for the exchange of information and intelligence concerning drugs entering Australia and associated money laundering activities.
- **Belgium**: cooperation with **private labs** to identify new psychoactive substances.

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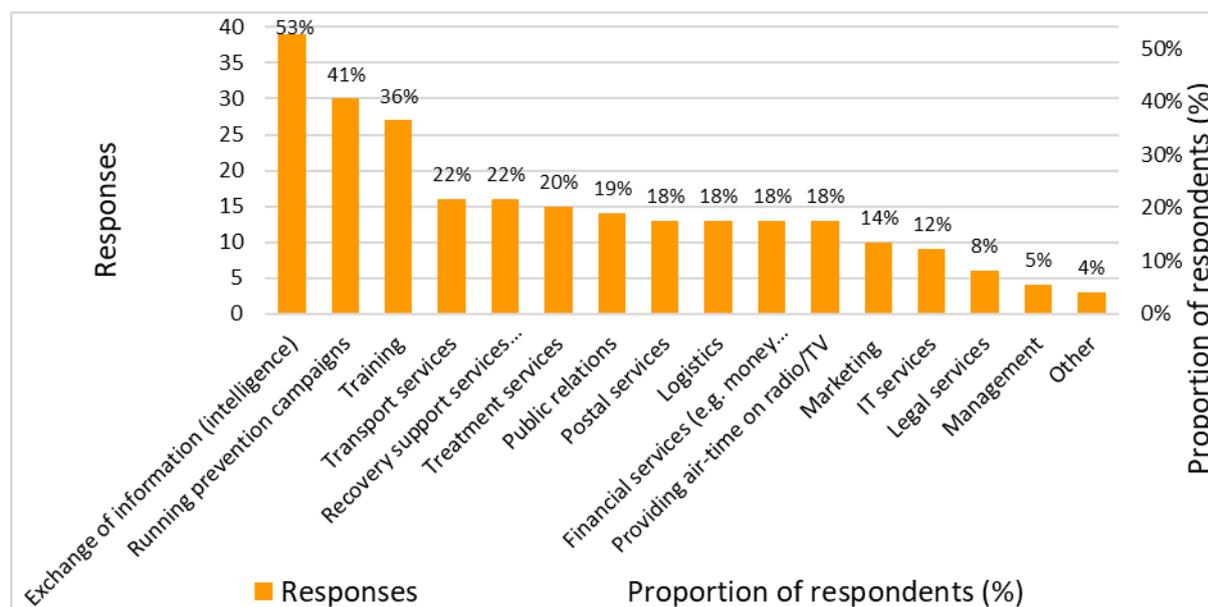
#### 4.3.4 Main services provided as part of public-private sector cooperation in the drug control area

The single most importance activity of cooperation between the public and the private sector in drug control has been apparently in the area of “**exchange of information**” reported by more than half of all respondents. This was followed by involvements in running “**prevention campaigns**” and various “**trainings**.” The next most significant areas of cooperation were in “**transport services**”, “**recovery support services**”, and “**treatment services**”.

Overall, more than 15 different areas of cooperation were identified which also included drug-control related co-operations in **postal services, financial services, marketing** (notably for alternative development related products) and **IT services**.

**Fig. 13. Main services provided in PPPs**

*Question: What are the main “services” provided by the private sector in such cooperation that you are aware of? (multiple answers possible)*



Source: UNODC Survey on PPPs among Member States, 2021.

- Note:**
- Providing air-time on radio/TV for prevention campaigns
  - Marketing (e.g. for alternative development products, social media marketing, e-commerce marketing)

#### 4.3.5 Perceived outcome of public-private sector cooperation

One of the key questions referred to the outcome of the involvement of the private sector in such public-private partnerships.

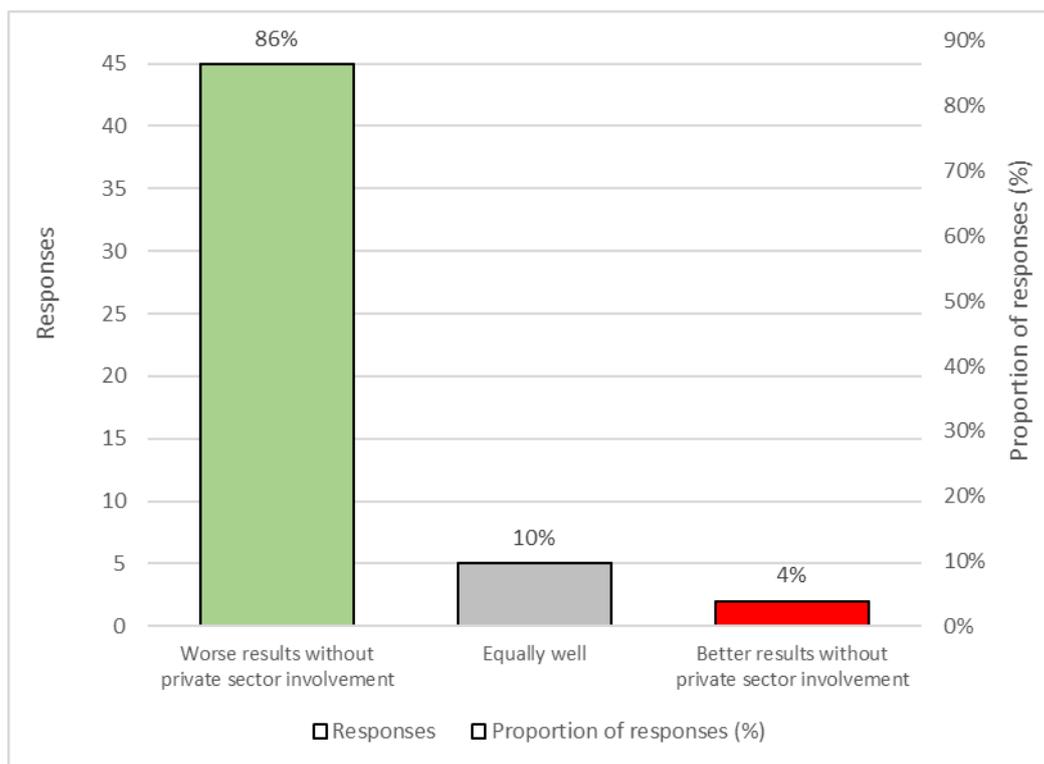
Here the results were clear: 86 per cent of the respondents were of the opinion that the results with the private sector involvement were better than without such an involvement while only 4 per cent of the respondents perceived the results in their country to have been worse. A clear majority reporting better results due to a private sector involvement have been found across all region.

At the same time, it must be noted that only 52 out of overall 74 respondents replied to this question, i.e. around 70 per cent of all respondents. While some of the non-respondents may not have had an opinion, others may have had some second thoughts and thus preferred not to express any opinion. The “non-respondents” to this question were mainly found in Europe, followed by the Americas and Africa.

Nonetheless, expressed as a proportion of all participants in this survey, a clear majority of almost 61 per cent still reported better results due to a private sector involvement, 30 per cent did not answer this question, close to 7 per cent saw the results “equally well” and close to 3 per cent thought that better results would have been possible without any private sector involvement. The latter reflected the views expressed by one respondent from one NGO in Central Europe and one respondent of a National Police Board in Northern Europe though in terms of “fighting drug trafficking” and “fighting drug related money laundering” the latter respondent qualified such cooperation still as “rather successful” and cooperation in “drug prevention and treatment” as neutral.

**Fig. 14. Impact of private sector involvement**

*Question: In your view, how would the results have differed without any private sector involvement?*



Source: UNODC Survey on PPPs among Member States, 2021.

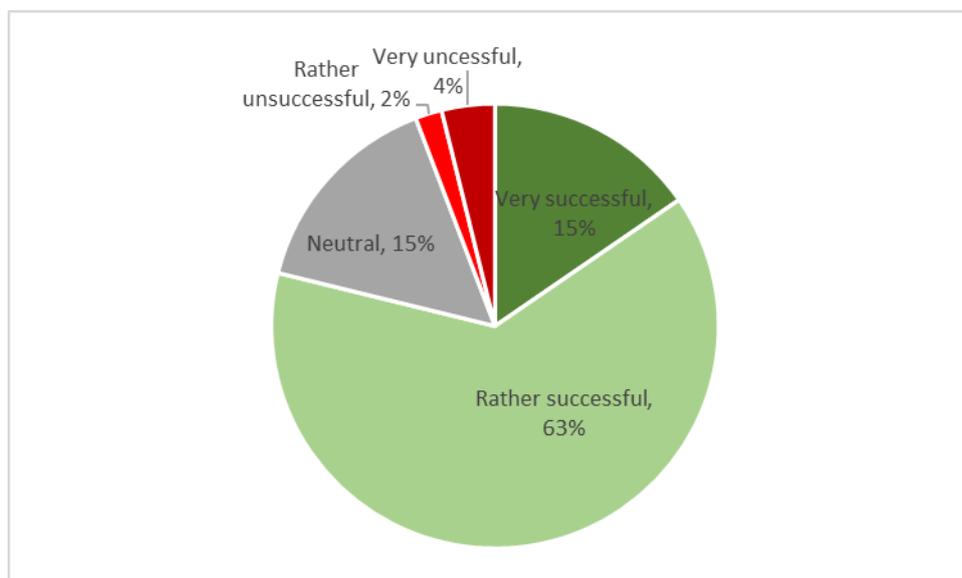
Note: Based on information from 52 respondents.

A similar question referred to the perceived **successes or failures** of such PPPs in the drug control area over the last few years.

Out of 52 respondents to this question 15 per cent reported such cooperation to have been “very successful” while almost two thirds (63 per cent) rated such cooperation as “rather successful”. A clear majority of respondents across all regions reported such cooperation to have been successful. Only 6 per cent of all respondents to this question were rather skeptical and saw such cooperation to have been “very unsuccessful” or “rather unsuccessful”. Such an exceptional view was expressed by one NGO in Central Europe, one respondent of a public sector entity in Eastern Europe and one respondent of a drug enforcement agency in Asia.

**Fig. 15. Perceived successes/failures of PPPs in drug control**

*Question: To what extent would you consider such public-private cooperation in the area of drug control over the last few years to have been successful?*



Source: UNODC Survey on PPPs among Member States, 2021.

Note: Based on information from 52 respondents.

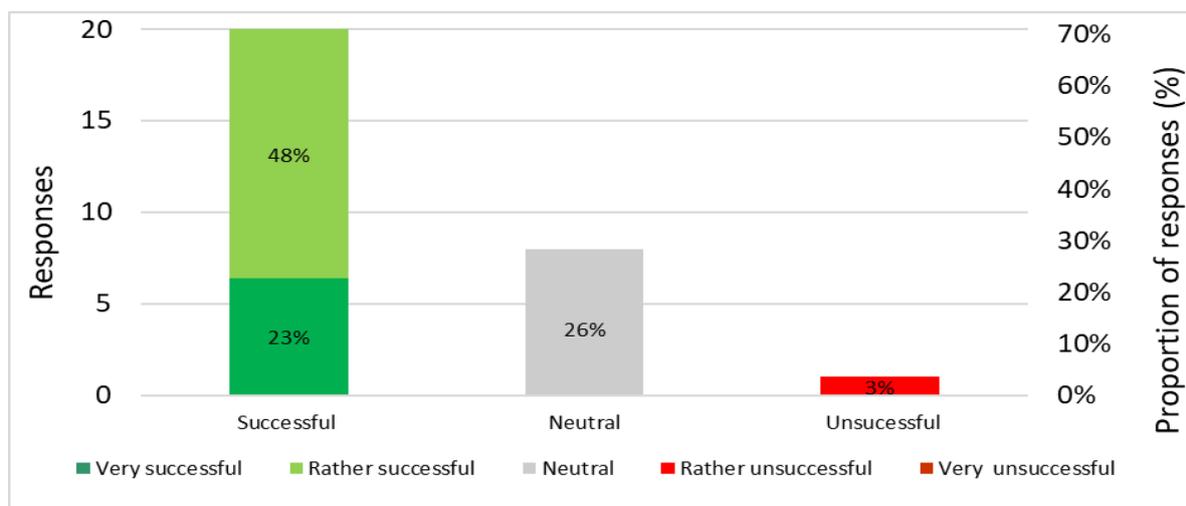
#### **4.3.6 Perceived successes and failures of PPPs in specific areas of drug control**

Following their overall perceptions, respondents were also asked to provide more distinct information of the perceived successes and failures of PPPs in the various areas of drug control, i.e. “alternative development”, “fighting drug trafficking”, “precursor control”, “prevention and treatment” and “money laundering”. While there have been some variations in the responses, the overall patterns did not change much. Most respondents stressed that such cooperation between the public and the private sector was successful and only a small minority saw such cooperation as unsuccessful.

The largest successes in public-private partnerships were reported in the areas of “prevention and treatment”, “fighting drug trafficking” and “precursor control”. In the cases of “money laundering” and “alternative development”, close to half of all respondents reported a “neutral” outcome; at the same time, still more respondents saw a successful outcome than a negative outcome from such cooperation with between the public and the private sector.

**Fig. 16. Perceived successes/failures of PPPs in the area of PREVENTION AND TREATMENT**

*Question: In terms of output achieved, how successful has cooperation been, so-far in the area of PREVENTION AND TREATMENT?*

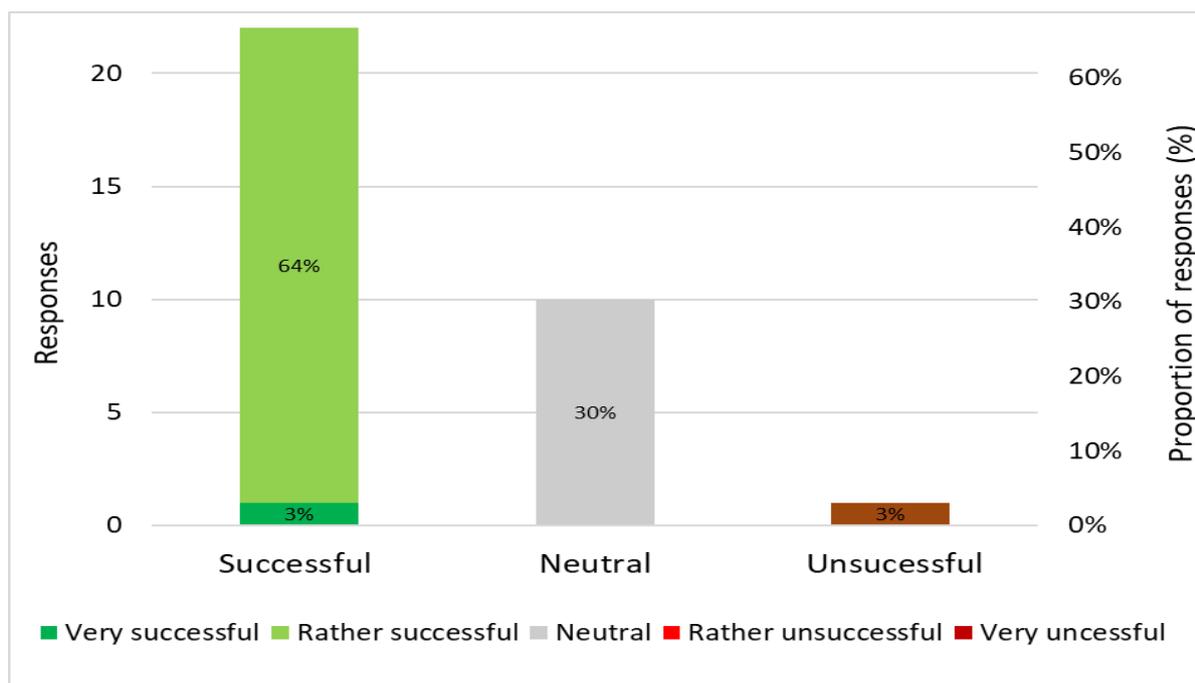


Source: UNODC survey on PPPs among Member States, 2021.

Note: based on replies by 31 respondents.

**Fig. 17. Perceived successes/failures of PPPs in the area of FIGHTING DRUG TRAFFICKING**

*Question: In terms of output achieved, how successful has cooperation been, so-far in the area of FIGHTING DRUG TRAFFICKING?*

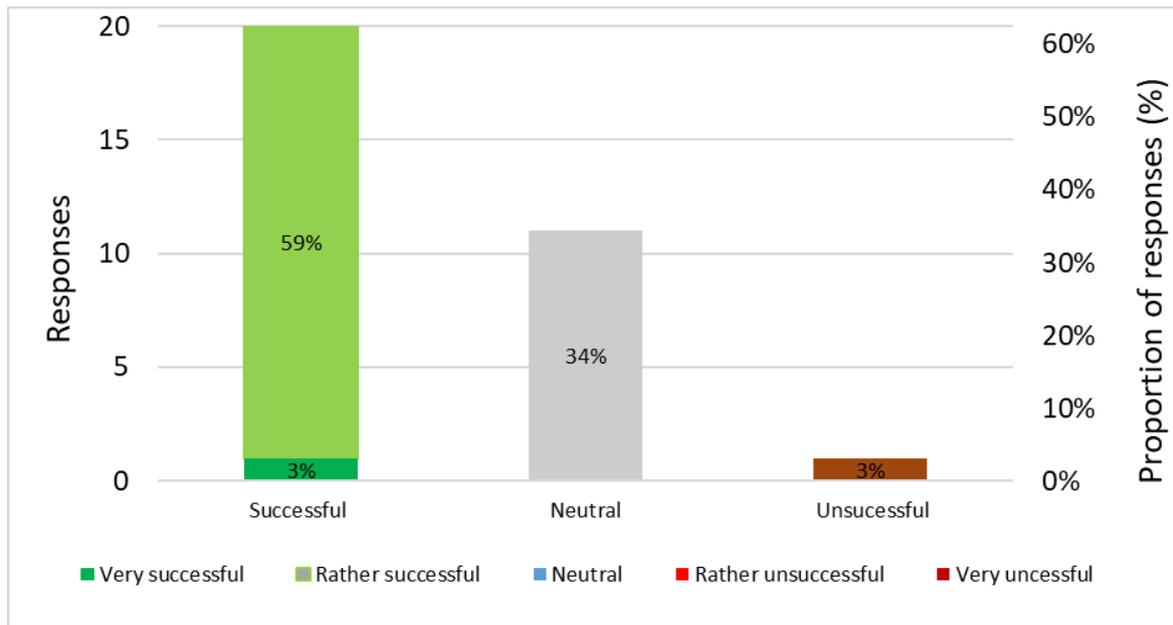


Source: UNODC survey on PPPs among Member States,

Note: based on replies by 33 respondents

**Fig. 18. Perceived successes/failures of PPPs in the area of PRECURSOR CONTROL**

*Question: In terms of output achieved, how successful has cooperation been, so-far in the area of PRECURSOR CONTROL?*

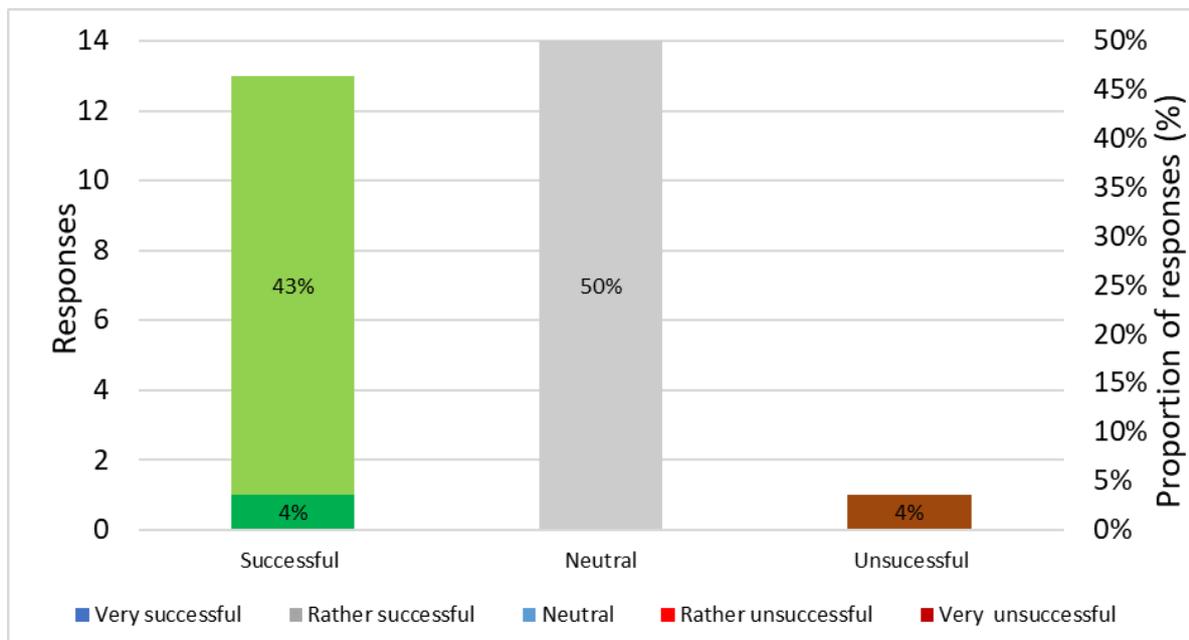


Source: UNODC survey on PPPs among Member States, 2021.

Note: based on replies by 32 respondents

**Fig. 19. Perceived successes/failures of PPPs in the area of MONEY LAUNDERING**

*Question: In terms of output achieved, how successful has cooperation been, so-far in the area of MONEY LAUNDERING?*

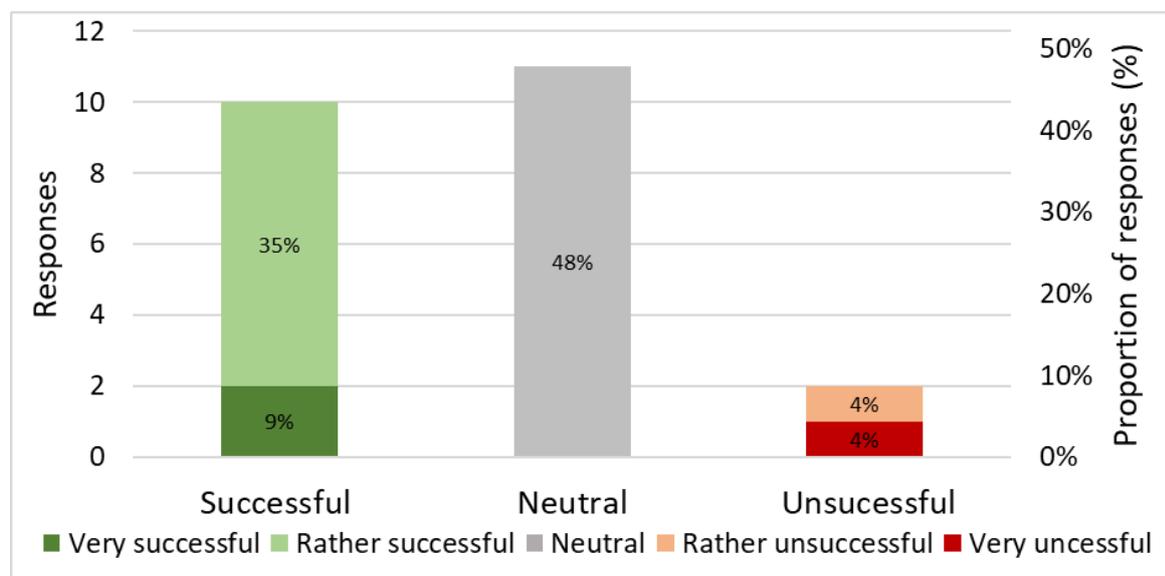


Source: UNODC survey on PPPs among Member States, 2021.

Note: based on replies by 28 respondents.

**Fig. 20. Perceived successes/failures of PPPs in the area of ALTERNATIVE DEVELOPMENT**

*Question: In terms of output achieved, how successful has cooperation been, so-far in the area of ALTERNATIVE DEVELOPMENT?*



Source: UNODC Survey on PPPs among Member States, 2021.

Note: based on replies by 24 respondents

#### 4.3.7 Main hurdles

The questionnaire also asked respondents to describe the main difficulties and hurdles they faced in a public private partnership. The main points emerging from the answer provided are summarized below:

**Question: In your view, what are the MAIN HURDLES to overcome in order to strengthen cooperation between the public sector and the private sector in the future?**

Respondents frequently reported a “**lack of mutual trust**” and “**lack of confidence in the reliability of partner(s)**” and the lack of **perceiving the others as “equal partners”**.

In addition, the “**sharing of data**” was often seen as problematic (“**data confidentiality**”). This issue became even more problematic in connection with the frequent “**rotation of staff**” among private sector cooperation partners. Data is often qualified to be sensitive, partly requiring a security clearance, notably if shared with third parties, and this became an issue once the counterparts were frequently changing. The problems were still **aggravated** in case of an involvement of **foreign owned companies** which was sometimes seen as putting **national security** at risk. In addition, “**ethical concerns**”, regarding the extent of cooperation and sharing of information played a role and hindered a more extensive cooperation.

Moreover, navigating between the differences of “**regulatory responsibilities**” and “**voluntary cooperation**” remained a difficult endeavor, often creating a significant hurdle for more extensive cooperation.

**Bureaucracy**, notably in the public sector, was seen by private companies as a significant obstacle to improved cooperation between the public and the private sectors. Such bureaucracy was often seen as a major obstacle, notably due to its impact on slowing down the actual work to be done and creating unnecessary inefficiencies in the process.

Moreover, there were often legal restrictions in place on the side of the public sector which could only be solved after some formal “protocols for cooperation” were concluded. In more general terms, respondents pointed out the “different administrative rules” between the private and the public sector and the “different timeframes” rendering cooperation difficult.

In addition, there was frequently a problem with “different cultures” in the private sector as compared to the public sector, an vice versa, creating problems for a smooth cooperation. It was also pointed out that, in general, there was a **lack of “staff rotation” between the private and the public sector** – resulting in lack a mutual understandings of these differences in the cultures.

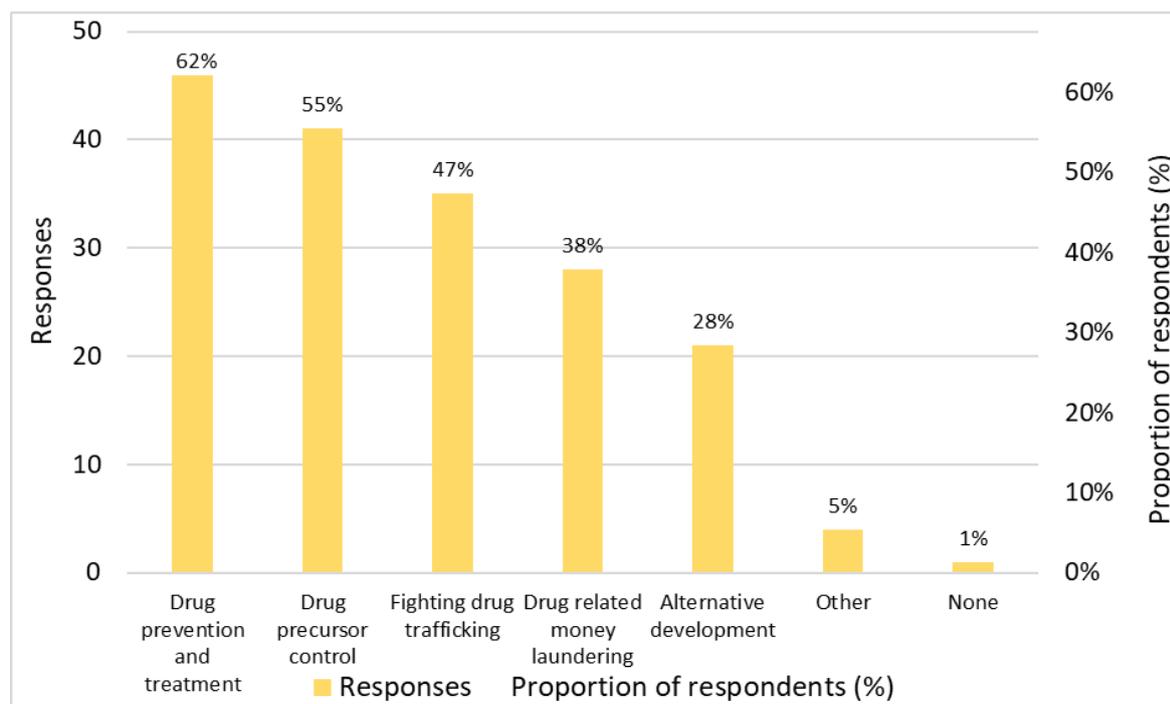
Private sector respondents also highlighted the often missing “long-term commitments” and “long-term funding” from the public side which rendered a long-term cooperation often difficult. At the same time, public sector respondents criticized the lack of clear rules for accepting funds from the private sector and the existence of clear guidelines for selecting partners for cooperation. Such a lack of guidelines sometimes prompts the public sector – as a precautionary measure – not to enter into any close cooperation with the private sector.

#### 4.3.8. Potential for future development of PPPs

Respondents were also asked in which areas they perceived to be the best chances for the establishments for PPPs in the drug control area in the future. This list was headed by the area of “drug prevention and treatment”, followed by “drug precursor control” and “fighting drug trafficking”.

**Fig. 21. Greatest potential for FUTURE DEVELOPMENT of PPPs**

*Question: In which drug control areas would you see the greatest potential for future development of close(r) cooperation between the public sector and the private sector?*



Source: UNODC survey on PPPs among Member States, 2021.

Note: based on replies by 74 respondents.

## 5. Summary and conclusions

A public–private partnership (PPP) is an arrangement between two or more public and private sectors, typically aiming at a long-term cooperation. In order speak of a public-private partnership, the co-operation has to go beyond a normal business relationship in which the public sector simply purchases - in exchange of money - some goods and services from the private sector.

The basic idea behind PPPs is to work for a **common good** while ensuring a **maximum level of efficiency**. In short, the aim of PPP is the division of labor, with the private partner taking responsibility for the efficient production of goods and services, while the public sector ensures that goals oriented towards the common good are observed.

Though PPPs existed in various forms for centuries, they regained global interest over the first two decades of the 21<sup>st</sup> century. According to World Bank Data, investment into public private partnerships in three key economic sectors where they are particularly common – transport, energy as well as information and communication technologies – more than tripled at the global level over the period 2010-2020 as compared to the period 2000-2009 and **rose more than 70-fold** over the **period 2010-2020** as compared to the **period 1980-89**. A previous study by the Independent Evaluation Group of the World Bank group showed that over the period of the financial years 2002-2012 **public-private partnerships** were used in **more than 134 developing countries**, contributing there with \$79 billion annually to about **15-20 per cent of total infrastructure investment**. This study found that the ratings of project evaluations of PPPs turned out to have been largely successful: more than two thirds were rated “satisfactory” or better.

While the private sector operating on markets tends to be, in general, highly efficient in producing a broad range of goods and services for the general public, market failures under special conditions have been, nonetheless, identified. They require, in general, the public sector to intervene. This is the case for a number of infrastructure activities but also for a number of **specialised services, including services linked to drug policy** such as **prevention, treatment, rehabilitation and social re-integration services for drug dependent persons, alternative development services, efforts to prevent the diversion of chemicals into illicit channels or efforts to prevent money laundering activities**.

Leaving **drug policy**, for instance, completely in the hands of a country’s private pharmaceutical sector could favour a system in which excess consumption of psychoactive substances would be the rule rather than the exception as there is an inherent economic interest of private pharmaceutical companies to maximise profits and thus, if possible, to sell as many medicaments as possible. Even in cases where the prescription of medicaments, including psychoactive substances, was left entirely to the discretion of medical doctors, some of the doctors started to over-prescribe them in exchange for some generous benefits from the pharmaceutical companies selling these substances, clearly showing again the need for an independent regulatory body, typically a government agency, to provide guidelines and which is also equipped with the power to enforce them.

Similarly, leaving **precursor control** fully in the hands of the chemical industry could result in overall rather lax regulations as there is an inherent economic interest of chemical companies to sell as much as they can and to see the misuse of such chemicals in drug production as collateral damage.

Finally, there is also need for “**international drug control**” in order to avoid economic benefits being made in one country, exporting large quantities of psychoactive substances to another country for non-medical use while the other country would then have to carry the burden of the consequences of drug abuse. The establishment of such an agency to prevent unwanted transnational transaction has not been left to the private sector to be created.

Even if in all of these cases a strong argument can be made in favour of public sector entities, there is still the efficiency argument which, in general, calls for the participation of the private sector. One way out of this dilemma can be the establishment of **public-private partnerships**.

There are already a number of **mandates** at the international level, explicitly **calling for public-private partnership** in the area of **drug control** at the global level, including in

- the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988;
- the 1998 and 2009 Political Declarations and their associated Action Plans;
- the Outcome Document of the 2016 United Nations General Assembly;
- the 2019 Ministerial Declaration;
- Resolution 19/1, on “Strengthening public-private partnerships to counter crime in all its forms and manifestations” adopted by the *Commission on Crime Prevention and Criminal Justice* in 2012; and in
- *Resolution 63/1, on “Promoting efforts by Member States to address and counter the world drug problem, in particular supply reduction-related measures, through effective partnerships with private sector entities”*, adopted by the *Commission on Narcotic Drugs* at its sixty-third session, held in Vienna in March 2020. ”

A review of ongoing UNODC projects suggests that – based on the number of projects, the proposed budgets and the received pledges - around 7 per cent (range: 3 to 13 per cent) may be linked to some kinds of public private partnerships. Areas of UNODC linked to public private partnerships include, inter alia, activities aiming at:

- Encouraging the private sector to play a role in investing in **alternative development** and opening up **new market opportunities** for producers of alternative development products.
- **Container control** through the outreach and cooperation involving the national law enforcement / judicial/port authorities and (mostly private) shipping companies;
- Promoting more effective adherence to **money laundering prevention** modalities by training compliance officers from the (mostly private) banking sector;
- Implementing **law enforcement technical assistance** initiatives especially in the **chemical precursor** area that focus on the link between commerce and its potential exposure to criminal activities, transparency, **linkages to e-commerce** and ultimately efficiency in public sector processes with inputs from the private sector;
- Teaming up with private sector operators to detect and prevent the use of **the internet and dark web** for drug trafficking purposes.

In addition, this compendium investigated the role played by public-private partnerships among UNODC member states. For this purpose, an online questionnaire was sent out to all Permanent Missions in Vienna in December 2020 and in a second wave to UNODC field offices in February 2021. Member States were invited to forward the link to public and private sector institutions or companies in their respective countries, as identified by the national authorities. A total of 74 respondents from 47 countries replied to this online questionnaire on public-private partnerships.

This approach enabled UNODC to obtain replies from countries across all regions; nonetheless, there has been a bias towards European countries and a clear bias of respondents from the (national) public sector (83 per cent of all respondents).

The subsequent results of the survey revealed that **77 per cent of all respondents were aware of public private partnerships in the drug control area** and clear majority of those providing answers (79 per cent of respondents) were of the opinion that PPPs in the drug control area in their respective country had become **more common** over the last five years as compared to a decade earlier.

The main areas of close cooperation were in **“precursor control”**, **“prevention and treatment”** and **“fighting drug trafficking”**, followed by **“fighting money laundering”** and **“alternative development”**. Other areas explicitly mentioned included **research** and partnerships with **private laboratories** in the identification of new drugs.

The single most importance activity of cooperation between the public and the private sector in drug control has been in the area of **“exchange of information”** reported by more than half of all respondents. This was followed by involvements in running **“prevention campaigns”** and various **“trainings.”** The next most significant areas of cooperation were in **“transport services”**, **“recovery support services”**, and **“treatment services”**. Overall, more than 15 different areas could be identified where cooperation between the public and the private sector took place in drug-control areas, including cooperations with the private sector in **postal services, financial services, marketing** (notably for alternative development related products) and **IT services**.

One of the key questions referred to the **perceived outcome of the involvement of the private sector** in such public-private partnerships. Here the results were very clear: **86 per cent** of the respondents were of the opinion that the **results with the private sector involvement were better** than without such an involvement. A clear majority reporting better results due to a private sector involvement were found across all regions. Only 4 per cent of the respondents perceived the results in their country to have been worse.

A basically similar question referred to the **perceived successes or failures of such PPPs** in the drug control area over the last few years. Again, a clear majority (**78 per cent** of respondents to this question) reported such cooperation to have been **“very successful”** or **“rather successful”** and only a small minority (6 per cent of all respondents to this question) were skeptical and saw such cooperations to have been **“very unsuccessful”** or **“rather unsuccessful”**.

Respondents were also asked to provide more details on PPPs in the various areas of drug control. While there have been some variations in the responses, the overall patterns did not change much. Most respondents stressed that such cooperation between the public and the private sector was successful and only a small minority saw such cooperation as unsuccessful. The largest **successes** in public-private partnerships were reported in the areas of **“prevention and treatment”**, **“fighting drug trafficking”** and **“precursor control”**. In the cases of **“money laundering”** and **“alternative development”**, close to half of all respondents reported a **“neutral”** outcome; at the same time, still more respondents saw a successful outcome than a negative outcome from such cooperation with between the public and the private sector.

Another question referred to the **main hurdles** for PPPs in the drug control area.

Respondents frequently reported a **“lack of mutual trust”** and **“lack of confidence in the reliability of partner(s)”** and the lack of **perceiving the others as “equal partners”**.

In addition, the **“sharing of data”** was often seen as problematic (**“data confidentiality”**). This issue became even more problematic in connection with the frequent **“rotation of staff”** among private sector cooperation partners. Data were often qualified to be sensitive, partly requiring a security clearance, notably if shared with third parties, and this became an issue once the counterparts were frequently changing. The problems were still **aggravated** in case of an involvement of **foreign owned companies** which was sometimes seen as putting **national security** at risk. In addition, **“ethical concerns”**, regarding the extent of cooperation and sharing of information played a role and hindered a more extensive cooperation.

Moreover, navigating between the differences of **“regulatory responsibilities”** and **“voluntary cooperation”** remained a difficult endeavor, often creating a significant hurdle for more extensive cooperation.

**Bureaucracy**, notably in the public sector, was seen by private companies as a significant obstacle to improved cooperation between the public and the private sectors. Such bureaucracy was often seen as a major obstacle, notably due to its impact on slowing down the actual work to be done and creating unnecessary inefficiencies in the process.

Moreover, there were often legal restrictions in place on the side of the public sector which could only be solved after some formal “**protocols for cooperation**” were concluded. In more general terms, respondents pointed out the “**different administrative rules**” between the private and the public sector and the “**different timeframes**” rendering cooperation difficult.

In addition, there was frequently a problem with “**different cultures**” in the private sector as compared to the public sector, and vice versa, creating problems for a smooth cooperation. It was also pointed out that, in general, there was a **lack of “staff rotation” between the private and the public sector** – resulting in lack a mutual understandings of these differences in the “cultures”.

Private sector respondents also highlighted the often **missing “long-term commitments” and “long-term funding”** from the public side which rendered a long-term cooperation often difficult. At the same time, public sector respondents criticized **the lack of clear rules for accepting funds from the private sector** and the **lacking guidelines for selecting partners for cooperation**. Such a lack of guidelines sometimes prompts the public sector – as a precautionary measure – not to enter into any close cooperation with the private sector.

Finally, the last question concerned the **chances in the future for the establishment for PPPs in the drug control area**. This list was headed by cooperation in “**drug prevention and treatment**”, followed by “**drug precursor control**” and “**fighting drug trafficking**”. Other areas of importance included the area of “**drug related money laundering**” and “**alternative development**”.

In short, this compendium revealed that

- There are both **theoretical and empirical reasons** in favour of a close cooperation between the public and the private sector in the form of public-private partnerships where the basic idea is to work for a “common good” (i.e. success in “drug control”) while ensuring a maximum level of overall efficiency.
- There are clear **mandates** for UNODC and member states to promote public-private partnerships in the area of drug control.
- Public-private partnerships did not only grow in infrastructure but also in **the drug control area** over the last decade; a clear majority (79 per cent) saw PPPs in drug control **more common** over the last five years as compared to the situation a decade earlier.
- Even though there are still important **hurdles** preventing a closer cooperation between the public and the private sector, the overall evaluation of the **outcome of such PPPs** over the last decade has been very positive – across all regions with – depending on how the question was formulated – **between 78 per cent and 86 per cent of all respondents** expressing the view that **such a cooperation was positive** and that the results would have been worse without any private sector involvement. In contrast, only a small minority – depending on how the question was formulated – of 4 to 6 per cent saw such a cooperation as basically negative.
- The best chances for the establishment of further PPPs in the drug control area in the future were mainly seen in the area of “**drug prevention and treatment**”, followed by “**drug precursor control**” and “**fighting drug trafficking**”.
- At the same, the analysis, however, also identified a number of **existing data gaps** and thus a **need for more in-depth research** in this area.