

Public-Private Partnerships: Punjab Devolved Social Services Programme (PDSSP) strategy for initialization of partnerships

Roundtable Report – Outcomes and Documentation
September 2008

I. Introduction

The PDSSP has provided funds to Local Governments in the Punjab to implement reforms for the improvement of social service delivery. The PDSSP works across the four major sectors of social services – health, education, special education and water supply & sanitation. In sum total, the financial arrangements from the PDSSP are divided into three Tranches as follows:

<u>Tranche</u>	<u>ADF</u> (US \$ Million)	<u>OCR + DFID</u> <u>Budgetary Support</u> (US \$ Million)	<u>Total</u> (US \$ Million)
<u>1st</u>	23.895	51.1	75
<u>2nd</u>	25	30	55
<u>3rd</u>	26.1	23.9	50
<u>Total</u>	75	105	180

Each Tranche release is further allocated sectorally:

Health: The PDSSP provides funds to all 35 Districts for Health, summing up to 65% of the total funds.

Education and Special Education: The PDSSP provides funds to 12 Districts for Education, and 8 Districts receive funds for Special Education. The total budget allocation is 17%.

Water Supply and Sanitation: The PDSSP works with 34 TMAs, with an allocation of 18% of the total funds.

Within each sectoral allocation, the PDSSP has maintained a budgetary requirement for utilization of funds for public-private partnerships. These requirements increase incrementally which each Tranche release (10%, 15% and 25%), in an effort to effect change gradually.

On Monday, 22 September 2008, the PDDSP hosted a Roundtable on “PPPs: PDSSP Innovations, Utilization of Funds, Local Challenges and Global Lessons” at the Planning & Development Board, Lahore.

The aim of the Roundtable was to bring together a small group (25-30 people) of key stakeholders in the implementation of PPPs in Punjab. The group represented the donors, the Provincial Government, the Districts and TMAs, and the private parties who are interested in working with the government in areas of social service delivery. The list of attendees is attached to this Report as Annex I – Attendance. The purpose

of the Roundtable was to bring these parties together on a collective platform, and promote the establishment of key partnerships for the utilization of PDSSP funds. It thereby provided a unique opportunity for NGOs to promote their programmes for change, and for the local government officials to understand what is entailed in PPPs. The hope was for the PDSSP to direct change through the medium of information and communication, and allow the DGs and TMAs to take ownership of change.

The objective was to allow key stakeholders to interact with and learn from one another and use this as a platform for knowledge sharing, creating linkages, and further action.

The Roundtable was enriched by participation and presentations from:

- The Punjab Devolved Social Services Programme
- The Idara-e-Taleem-o-Aagahi
- Contech International
- EDO (H) Gujrat
- PMIU

II. Public Private Partnerships (PPPs) – PDSSP’s History with PPPs

The PDSSP has developed a PPP Strategy, developed by a team of international consultants, to provide a theoretical framework for PPPs in the social service delivery sector. The PDSSP has initiated the task of taking this Strategy towards implementation – starting with the development of model PPPs for the four sectors.

The Programme Director and the Policy Analyst from the PDSSP presented 7 model PPPs to the Planning & Development Board for approval. After vetting by the Law Department, the model stood approved. The PDSSP created further impetus for PPPs through attaining the attention of the Chief Minister towards PPPs. On a presentation made to the Chief Minister on 20 August 2008 by the Programme Director, the Chief Minister lauded the efforts of the PDSSP, and encouraged the implementation of PPPs in Punjab.

These approvals and encouragements from various offices of the Provincial Government allowed the PDSSP to increase acceptability of PPPs as an effective social service delivery tool. The challenge lay in convincing local governments that this is a pragmatic, safe, and sustainable method of social service delivery. The challenge also lay in finding NGOs and private parties who would have experience in PPPs, and the willingness to work with the local governments. The PDSSP found various hesitations and mis-trust from both parties. The Roundtable was a platform from which both parties may bridge the information gap.

The PDSSP also found that very few public officials understood PPPs very well, and also had insufficient information about NGOs and private parties conducting social services in Punjab. The PDSSP recognized its role in PPP Implementation would have to entail a sustained effort in information dissemination, and as a body that can bring the public and private parties together.

The Conference therefore built upon the Theoretical Framework on the PDSSP PPP Strategy, and developed a programme whereby NGOs could share their ideas and proposals, and the public officers could have an opportunity to understand PPPs, address their reservations, and design PPPs with the private partners.

III. PPPs Roundtable Session

The Roundtable was Chaired by Mr. Hamid Yaqub Shiekh, Additional Secretary Health, Punjab. The Chairperson and members of the Roundtable were presented a brief presentation of PDSSP PPP Strategy, and introduced to the basic concepts of a social sector PPP.

The group was unanimous in acknowledging that the introduction of private sector skills into the public sector would be an effective tool for bringing in change in management, innovations in strategy, and possibly a reduction in costs, and an expansion of social service delivery. Hence the value addition from PPPs was clearly established at the outset of the Session.



A. Developing the Context for PPPs in Punjab

Ms. Baela Jamil, Chairperson of ITA, addressed the Session on the key challenges for PPPs in the Punjab. The ITA is an NGO working on provision of education to children from lower income households in the Punjab. The ITA does not work in isolation from the government, rather working very closely with District Governments and EDOs (Edu) in every District. This close working relation allows the ITA to possess a unique knowledge of challenges of PPPs in Punjab, in understanding the public sector mind-set when working with private organizations, and in providing an analysis of the needs on the ground.

ITA highlighted the multiplicity of actors that have significant roles to play in the successful implementation of PPPs. It involves the government, philanthropists (international and domestic), private and corporate sector, NGOs, and donors (bilateral, multi-lateral, and IGNOs).

The presentation highlighted key policy shifts since 2001 that have paved the way for PPPs to have a greater role in social service delivery. In education, we can refer to the introduction of Education Sector Reforms Action Plan (2001-2005) which endorsed Public Private Partnerships as an effective strategy to meet its targets of EFA and MDGs. 2001 also saw a consequent Cabinet decision on creating incentives for the private sector to share the public sector burden.

The role of the private sector in traditionally public sector areas was entrenched through the 2002 Securities and Exchange Commission of Pakistan (SECP) Code of Corporate Governance. The 'Code' introduced the concept of Corporate Social

Responsibility (CSR) in Pakistan, paving the way for large corporations to invest in the social fabric of the country.

CSR may be defined as:

- *CSR means addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders” Stephen Timms (MP UK Minister CSR)*

Socially responsible companies consider the community impact of all aspects of their operations, proactively. They shifted from one-time philanthropic donations into a focused program of community partnering to develop a comprehensive approach to social responsibility. In such CSR models corporations and communities build a mutually beneficial relationship over time – the corporation recognizes that the development of the community allows it to use the resources (human and material) from the community, and the community benefits from the influx of funds into social services and welfare programmes.



The institutionalization of CSR requires a strong role of the government to encourage CSR and build long-term relationships with the corporate entities. It also requires the incorporation of NGOs, who can work in a tri-partite arrangement to effectively administer the corporate and public funds for the benefit of the community at large. Such arrangements challenge the traditional role of the state as provider of social services to one of overseer/manager of the development of social service programmes (whether public or private). These are deep institutional reforms, challenging the way people typically perceive development and social service delivery, and it will take time for them to take root.

However, the collection of private partners and public partners had encouraging experiences to share at the Roundtable. The ITA had a primary example of working with the District Government Sheikhupura on capacity development of the education department, challenging to the public sector funds provided by Unilever Ltd. The ITA has been collaborating formally through MOUs with the government in service delivery, capacity building, and policy making – ensuring that the partnerships are more grant-based and less revenue based – creating a value addition in net terms. The grants come from philanthropists, donor agencies, and MNCs/

Evidence of the growth of acceptability of CSR among international corporations can be established from the shared agendas they have:

- ***CSR not a matter of charity but of investment, because ... continued success depends on, among other things, the progress of the communities in which we work. (Enron, WorldCom, Parmalat, Shell and Nike).***

The Roundtable was introduced to the major innovations, strategies, and works of some of the private practitioners that were invited to the Roundtable. Key presentations were made by:

Dr. Asad Aslam, College of Ophthalmology and Allied Vision Sciences (COAVS)

Dr. Naeemuddin Mian, Contech International

Mr. Rashid, Muawin

Dr. Rashid Ahmed, Shalamar Hospital

The presentations represented the three major sectors of social services – health, education, and sanitation. All parties had substantial experience in their areas, and had specific experience of PPPs. The parties showed not only the evidence of successful PPPs, but also highlighted the variances within the private sector – Shalamar Hospital is established as a Businessman Trust, the ITA and Muawin are registered as non-profit organizations, COAVS is a public institute that started through a government endowment and has worked with several international NGOs, and Contech International which is a Health Consultancy firm which can offer its services in programmes for social service delivery as well. The variety of partners negates the universal perspective with which the private sector is perceived, dismissing notions of mistrust.



The advantage of the PPP approach was summed up by Ms. Jamil as: the PPPs allow for the private sectors skills to be matched with the public sector scale. No other arrangement can provide this combination of scale and skills, and hence PPPs can enter a key niche for social service delivery in Pakistan

B. Challenges

However, a major conclusion from the presentations made by the private organizations was that the Government is still short on trust. Despite the evidence from on-ground partnerships, from the good work done by institutions like Edhi Foundation, Fatima Memorial Hospital, Orangi Pilot Project etc., the government remains hesitant in entering into management partnerships with the private sector. An exception was provided through a presentation by the Mr. Syed Mumtaz Hussain Shah EDO (Edu) Multan, who had formerly worked in Faisalabad. Faisalabad has the unique capacity to administer social service deliveries due to the existence of a Special Programme Unit (SPU) in Faisalabad – the SPU has increased the capacity of the District, and assisted in policy design and financial planning. Faisalabad could therefore provide rich evidence for success in social service delivery through working with NGOs like ITA.

It was therefore concluded that the best way to introduce greater trust is through the provision of evidence from a few successful PPPs in Punjab. The PDSSP was happy to use its funds for the implementation of pre-designed PPPs to establish a strong case for the reliability, effectiveness and sustainability of PPPs in the Punjab. The PDSSP hopes to have collected substantial evidence by the end of the Programme towards making a case for PPPs.

Representatives from Contech International proposed an interesting example for the Government, whereby it could undertake PPPs to implement health programmes that are otherwise difficult given social inhibitions in Pakistan, and the political response of a Government to difficult issues such as abortions, HIV/AIDs, and health programmes for female sex workers.

IV. Conclusion

The Roundtable was extremely successful in achieving its objectives of reducing misperceptions among the public and private sector. The Session ended on a positive note for change, and reviewed in detail the approved MOUs presented by the PDSSP. Partners were able to sit together after the Session and discuss various modalities for the partnerships and understand the legal and financial obligations therein.

The Session concluded with a definitive agenda – all EDOs, DCOs, and TMOs were presented a copy of the 7 approved model PPPs, and were requested to consider the partnerships. They were encouraged by the PDSSP to responsibly utilize the funds made available under the Programme for PPPs. As a consequence of this effort, the PDSSP is pleased that by 15 October 2008, the following MOUs have been signed and are underway:

- 2 Health MOUS from Rawalpindi signed with Contech
- 2 Health MOUs from Kasur signed with Contech
- 1 Health MOU from Kasur signed with Synergy
- 1 WSS MOU from Vehari signed with *Muawin*
- 1 Health MOU from D.G.Khan signed with Fred Hollows Foundation, Australia
- 1 Health MOU from Narowal signed with Sight Savers International, UK
- 1 Health MOU from Narowal signed with Synergy

All these MOUs are based on the technical and financial proposals developed by the PDSSP and the private partners, and have been presented in the form of draft MOUs to the DGs and TMAs. By 15 November 2008, the PDSSP further expects DGs and TMAs to counter-sign the following MOUs:

- 1 Education MOU from Multan with ITA
- 1 Education MOU from Sheikhpura with ITA
- 1 Education MOU from Jhang with ITA
- 1 Health MOU from Sheikhpura with SSI
- 1 Health MOU from Jhang with FHF
- 1 WSS MOU from Hasan Abdal signed with *Muawin*
- 1 Health MOU from Gujranwala with Synergy

The signing of the MOUs indicates the resounding success of the Roundtable. The PDSSP acknowledges and thanks the work of all Departments and NGOs that assisted the drafting and preparation of the model PPPs.

It is further understood that with the signing of a significant number of MOUs, the Third Tranche Action (related to the implementation of the PPP policy) for the PDSSP, has been fully complied with. Introducing a paradigm shift, a serious level of change management, and accomplishing this level of progress in implementation has been considered more than adequate by the senior Government officials in the Punjab.