



# **CREATING SYNERGIES**

Catalyzing change



**A Discourse on Public Private Partnership**

---

A Publication of Sindh Education Foundation  
Government of Sindh

The Sindh Education Foundation is a semi-government organization working since 1992 for making quality education accessible to the marginalized communities of Sindh.

---

©2009-10 Sindh Education Foundation, Government of Sindh. All rights reserved.

Plot 9, Block 7, Kehkashan, Clifton, Karachi  
Tel.: (021) 111-424-111 Fax: (021) 99251652  
E-mail: [info@sef.org.pk](mailto:info@sef.org.pk),  
Homepage: <http://www.sef.org.pk>

# A Discourse on Public Private Partnership

# Credits

**Supervision**

Prof. Anita Ghulam Ali (S.I.)

**Concept & Technical Supervision**

Aziz Kabani

**Research & Content**

Afra Khan, Sijal Batool, Omar Majeed

**Consulting Editors**

Ambreena Ahmed, Sadaf Junaid Zuberi

**Design and Layout**

M. Aftab Ali

**Photographs**

©Image Bank-SEF

**Published by**

Sindh Education Foundation

**Year of Publication**

2010

# Preface

SEF has come a long way in terms of growth and implementation of its programs. During the years, SEF has particularly focused on building on its successes, and learning lessons from others in terms of sustainability and the quality of education delivered. SEF programs have endeavored to create an enabling environment for students where their natural potential for growth is encouraged and opportunities are created for children to explore the world around them. At the same time, SEF schools aim to foster a nurturing relationship between the teachers and students based on a morally strong value and belief system.

At SEF, we believe that even with limited resources we can yield meaningful results if sincere effort is invested in the right direction. In order to be on a continuous path towards improvement, we have tried to be self-critical and questioning. There is a constant need to identify new and meaningful ways for engaging the public and the private sectors and identifying the role each should play. **The nature of public private partnership should incorporate an equal partnership from both the private and public sectors, where each party is clear on its roles and responsibilities resulting in a synergy of efforts.** This has not admittedly always been easy, but we strongly believe SEF has been on an upward trajectory towards building more effective and more sustainable relationships between the public and private sectors.



# Acknowledgments

We'd like to extend our sincerest thanks to the following for making this publication possible:

- Dr. Ishrat Hussain, Dean and Director, Institute of Business Administration Karachi
- Mr. Mustafa Kamal, Nazim, City District Government Karachi
- Mr. Shahid Kardar, Ex-Chairman, Punjab Education Foundation
- Mr. Zaffar A. Khan, Pakistan Centre for Philanthropy
- Dr. Muhammad Memon, Aga Khan University - Institute for Educational Development
- Mr. Khalid Rahman, Pakistan Petroleum Limited
- Ms. Najma Sadeque, Shirkat Gah
- Ms. Baela Raza Jamil, Idara-e-Taleem-o-Agahi
- Mr. Hussain Talib, Engro Chemicals
- Mr. Mashhood-ul-Hassan Rizvi, Director, British Council (Sindh & Balochistan), Pakistan
- Ms. Zohra Kabani, Pakistan Petroleum Limited

# List of Acronyms

AKUIED:	Aga Khan University Institute for Educational Development
CDC:	Child Development Centre
CDGK:	City District Government Karachi
CSR:	Corporate Social Responsibility
ECD:	Early Childhood Development
ECE:	Early Childhood Education
EFA:	Education For All
ESR:	Education Sector Reform
FAS:	Foundation Assisted Schools
GDP:	Gross Domestic Product
GoB:	Government of Balochistan
GoP:	Government of Pakistan
HRCP:	Human Rights Commission of Pakistan
IBA:	Institute of Business Administration
ICT:	Information & Communication Technology
IT:	Information Technology
ITA:	Idara-e-Taleem-o-Agahi
MoE:	Ministry of Education
MoU:	Memorandum of Understanding
NCGR:	National Commission for Government Reform
NGO:	Non-Government Organization
PCP:	Pakistan Centre for Philanthropy
PEC:	Parent Education Committee
PEF:	Punjab Education Foundation
PFI:	Private Finance Initiative
PPL:	Pakistan Petroleum Limited
PPP:	Public Private Partnership
PPSP:	Public Private Social Partnership
QAT:	Quality Assurance Test
SEF:	Sindh Education Foundation
SMC:	School Management Committee
SPDC:	Social Policy and Development Centre
TTC:	Technical Training Centre
VEC:	Village Education Committee
VTC:	Vocational Training Centre



# Contents

Introduction to PPP.....	5
Benefits of PPP.....	9
The PPP Debate .....	13
Limitations of the Private Sector.....	14
Limitations of the NGOs.....	15
Limitations of the Public Sector.....	16
Synergy Prospects .....	16
Values, Vested Interests & Collusion .....	18
The Proposition.....	20
Government of Pakistan and PPPs.....	21
Models of PPP Initiatives in Pakistan.....	24
Punjab Education Foundation.....	24
Engro Chemicals.....	25
Pakistan Petroleum Limited.....	26
The Sindh Education Foundation and PPPs .....	28
Challenges, Lessons Learnt and Looking Ahead.....	36
Challenges.....	36
Dilemma of Addressing Challenges.....	41
Broadening Scope of PPP in Education.....	42
Per-child Subsidy Model.....	43



# **Introduction to PPP**





# Introduction to PPP

Public Private Partnerships (PPP) are a process in which there is a pooling of public and private resources, and capitalization of the skills of the respective sectors to improve the delivery of services. PPP is about forming a symbiotic relationship between the two sectors and recognizing that each has its own benefits and shortcomings. Through this partnership both are able to overcome their respective deficiencies and move towards delivering better quality services.

Over the past two decades, political and public service leaderships around the world have increasingly forged innovative PPP arrangements. Across the globe PPPs have been used to pursue a remarkable range of objectives in several sectors, including promoting economic productivity, developing physical infrastructure, improving public and social services, reducing costs, and assisting poor and disadvantaged people.

Although, the provision of education is primarily a state responsibility in Pakistan, education has been delivered through the contributions of public and private sectors as well as Civil Society Based Organizations. Private sector education faces huge disparities between “high end” and “low end” enterprises. While the high end schools tend to have self-regulatory mechanisms for maintaining

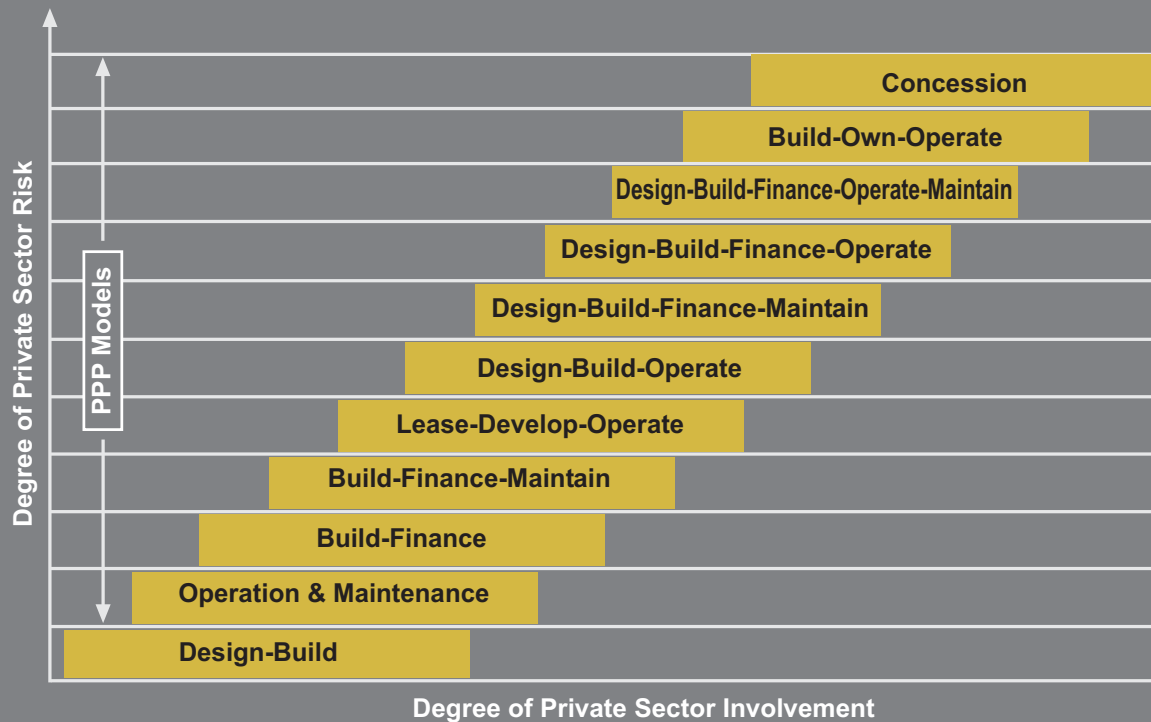
good educational quality, their fees are often beyond the means of the poor. The low cost schools which mainly cater to low income communities, by and large lack the minimum basic infrastructure and quality of educational standards. Public sector schools have wide reach catering to the masses but continue to face problems of accountability, effective monitoring mechanisms, resources and facilities.

## What are Public Private Partnerships (PPPs)?

This booklet aims to **encourage** the much needed debate on public private partnerships for the public interest in Pakistan. It hopes to inform the reader about the concept of Public Private Partnerships and the different models for implementing them, their challenges and the lessons that have been learnt from existing initiatives. It will explore and share experiences of the Sindh Education Foundation in implementing PPPs over the course of 20 years as well as highlight those of other organizations adopting these partnerships.

We hope this booklet will also serve as a useful follow-up to the Symposium on Public Private Partnership “Bridging the Gap: Synergizing Efforts for Social Development” held by SEF in March

## The Scale of Public Private Partnerships: Risk Transfer & Private Sector Involvement



Source: The Canadian Council for Public Private Partnerships

2009. The symposium brought together a diverse group of experts working in the social sectors from the Government, Education Foundations, Private Corporations, Civil Society Organizations as well as concerned teachers, parents and members of the public. We are optimistic that the symposium and this booklet coupled together will **reinforce** an ongoing public debate on PPPs and how we can collectively broaden their scope in the social sector and more specifically to better deliver a decent education to every child in Pakistan.

The concept of Public Private Partnerships is not new, but has recently been brought into the limelight by policy makers at the international, national, and

local levels. The 1990s saw the establishment of PPPs as a standardized tool of public policy but they first emerged in the South Asian subcontinent in 1854 under the Woods Dispatch when the colonial government found it could not afford to provide education on its own and decided to go with a symbiotic relationship between its own machinery and that of private school enterprises. The Grants-in-Aid<sup>1</sup> scheme was hence initiated, whereby fixed subsidies were provided by the government to functioning private schools that already had the appropriate human and technical resources, on condition that the school implement the government curriculum and be open to

<sup>1</sup>International Aid: The flow of Public Resources from Rich to Poor, I.M.D. Little and J. M. Clifford, 2005

government supervision and inspection. This model demonstrated greater efficiencies than if the government was to set up and run public schools for the entire colony itself and continued uninterrupted in Pakistan even after independence up till 1972 when the education system was nationalized.

Another wave of Public Private Partnerships emerged from the west particularly from Britain and Canada, during the 1970s. But this time primarily for infrastructure and in response to what was perceived as an oversized, inefficient and poorly performing public sector and the view that the state had reached its financial limits for the provision of public services and needed to bring in other providers.

PPPs today are globally perceived to be a feasible and attractive development modality. The advantages of private sector innovation, access to finance, technological knowledge, managerial efficiency and entrepreneurial spirit are combined with the social responsibility, social justice, public accountability, and the grasp on local knowledge of the public sector. The cooperative and symbiotic functioning of the two allows for more efficient solutions for service provision<sup>3</sup>.

PPPs can be conceptualized as a contractual agreement between the:

- *Public Sector* - any tier of government from Federal to District levels as well as special purpose organizations created by government action
- and the *Private Sector* – enterprising individuals, for profit companies or not for profit organizations.

Partnerships can also be developed by a single government partner, or through technical cooperation between two or more countries. Non-governmental organizations are classified as private entities but being non-profit and with mandates that usually serve the public interest;

***Public Private Partnerships can be defined as “A cooperative venture between the public and private sectors, built on the expertise of each partner, which best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.”***

they can play the role of watchdogs and pressure groups bringing elements of accountability to public private partnerships.

Under PPP contracts, there should be clear agreement on shared objectives and the resources and risks/responsibilities of both should be shared to meet a specific public need. PPPs usually deliver services that would have been provided via traditional public sector procurement but aim to:

- Increase the efficiency and accelerate delivery of National Development Plans
- Improve value for money over the lifetime of the project
- Optimize risk allocation to the party best able to manage it
- Draw on the respective skills and expertise of both sectors

The options available for delivery of public services range from direct provision by a ministry or government department to outright privatization, where the government transfers all responsibilities, risks and rewards for service delivery to the private sector. In the middle of this spectrum are Public Private Partnerships which can be categorized based on the extent of engagement of public and private sector expertise, capital and the degree of

<sup>3</sup>Public-Private Partnerships: Theory and Practice, S. Osborne, 2000

### Common Misconceptions about PPP

- ♦ PPPs are same as privatization
- ♦ By entering into a PPP, the government loses control over the provision of services or that quality declines.
- ♦ PPPs apply only to infrastructure projects.
- ♦ The principal reason for government entering into a PPP is to avoid debt.
- ♦ The government wants to wash its hands from the obligation of providing public services.
- ♦ The cost of service will increase to pay for the private partner's profit.
- ♦ Government can finance the cost of services at a lower cost than the private sector.
- ♦ There are only two partners in PPP.

risk allocation. At one end, there is straight contracting out as an alternative to traditionally delivered public services. At the other end, there are arrangements that are publicly administered but within a framework that allows for private finance, design, building, operation and possibly temporary ownership of an asset. A simplified spectrum including the above models for public-private partnerships is shown in the diagram<sup>3</sup>. PPP is *not* privatization. "Privatization" is used in the case of full divestiture or when a specific function is turned over to the private sector and regulatory control remains a public sector responsibility. It is the furthest point on the PPP spectrum, where most or all assets are held by the private sector.

### Benefits of PPP

As mentioned earlier, the Public Private Partnership process focuses on providing opportunity for private sector participation in financing, designing, construction, operation and maintenance of public sector programs and projects. However what benefits do such partnerships accrue over the conventional system of undertaking programs and projects?

The main draw of Public Private Partnership lies in the ability of such enterprises to overcome the limitations

PPP is not *Corporate Social Responsibility*(CSR). CSR is a form of corporate self-regulation integrated into a business model where businesses aim to monitor and ensure their adherence to law, ethical standards, and international norms. They embrace responsibility for the impact of their activities on the environment, consumers, employees, communities and stakeholders. As part of this private corporations have conducted various development projects themselves or through other non-governmental organizations. However, PPP projects can be conducted under the auspices of private CSR when the private corporations partners with government institutions to deliver some public benefit.

that plague the individual sectors. These partnerships combine the strengths of public as well as the private sector so that the respective project can be accomplished in the best way possible.

These partnerships aim to utilize expertise of respective sectors. The sector specific competencies can be utilized with respect to the nature of project and expertise necessary for the task at hand. This leads to synergy effects which lead to development of new and more efficient models of project implementation, better use of new technology and capacity for research

<sup>3</sup>The Canadian Council for Public-Private Partnerships, About PPP: [http://www.pppcouncil.ca/aboutPPP\\_definition.asp#models](http://www.pppcouncil.ca/aboutPPP_definition.asp#models)



into improving the program methodologies.

Not only do specialist competencies beget synergy effects but also add to efficiency in the implementation of the project through goal oriented division of labor with respect to the tasks and the competency of the partner. This leads to risk sharing which relieves the individual participant from bearing all the liability related to the tasks.

Though at the most basic level, PPPs allow for avenues of financing that would not be possible in the case of conventional method of public sector programs.

For private or social economic enterprise organizations, participation in a PPP offers an expansion of their fields of business and the opportunity to become active in already established and newly developed fields as competent partners. Social economic organizations or enterprises gain an opportunity to make necessary longer-term investments which would not be possible in a conventional working relationship with the state.

On the other hand, the state can make use of the

#### PPP vs conventional provision of public services

- In PPPs, the ownership of the project is shared. The heart of a PPP is thus the sharing of risks and profits.
- Compared to providing the service directly, in a PPP the state can concentrate on its core competences. The state does not need to allocate experts of its own for the implementation of the project and is thus less intimately involved.
- Additionally, PPPs exhibit a trend away from conventional, tax-based financing approaches towards financing through contributions of individual users (e.g. tolls for motorways).

specialist expertise of the social economic and private companies. This allows all the participants to concentrate on their core competences. The state can gain an opportunity to do the tasks it is responsible for efficiently, cost-effectively and without delays due to budgetary bottlenecks

Furthermore, with respect to Public Social Private Partnerships, these partnerships can inculcate social responsibility in the often profit focused private sector. This can also greatly increase civil society and community involvement through incentivising goods and services necessary for the society's welfare.

Benefits of PPPs:

- Utilization of synergy effects through mutual sharing of information and capabilities
- Opening up of new ways of financing investments
- Goal-oriented division of tasks and functions results in increased efficiency
- The previous two points, taken together, result in time savings
- Smaller risks for individual participants through sharing of risks
- Social Responsibility

It must be noted that the opportunities offered by PPPs can be utilized to the greatest degree when the participating organizations are able to avail the necessary know-how in the form of accompanying, consulting and support by appropriate professionals.

In view of the aforementioned benefits of the process, the proliferation of Public Private Partnerships is rapidly reconfiguring the international landscape. Partnerships are being forged in every continent and in relation to initiatives ranging from infrastructure & entrepreneurship to health and education. For example, in the health sector, partnership between the public and private

sectors can be particularly valuable as a method of leveraging technical or management expertise (e.g. performance-based monitoring and incentives), and spurring technology transfers, all of which can lead to quality improvements. The Marie Adelaide Centre for Leprosy Control has led Pakistan's success in leprosy control and is becoming an active force in tuberculosis control.

Similarly, PPP in transport leads to a collaboration which enables the identification of critical trade and transport impediments and the definition of alternate ways to achieve similar objectives at lower cost.

In agriculture, through public private partnerships, the public sector agencies are better able to facilitate in a multi-institutional environment and synergize through knowledge sharing, joint learning, scale economies, resource pooling and cost sharing. For example, Pepsi Co. initiated a capacity building program for farmers in Punjab in India.

In many developing countries, PPPs in infrastructure programs provide systemic training and skills enhancement leading to the development of a cadre of capable and knowledgeable public sector professionals adequately equipped to deal with complex public-private partnerships transactions.

Following are the examples of how public private partnerships have been utilized in the past and how they are presently being implemented around the globe.

### Present: Private Finance Initiatives (PFI) in the United Kingdom

The Private Finance Initiatives (PFIs) were a form of Public Private Partnerships initiated by the Conservative government of the United Kingdom in the early 1990s and later adopted by the Labour government in 1997 despite their earlier criticisms<sup>4</sup>.

<sup>4</sup>Harrison, Phill. (2007)

<sup>5</sup>Allen, Grahame. (2003) The Private Finance Initiative (PFI), Research paper03/79, House of Commons Library, United Kingdom.

Under PFIs, private consortiums are established that usually consist of a number of private sector investors, a construction company, service provider and a bank. This consortium provides finance that is used to construct schools, roads and hospitals that are leased back to the government while the consortium is responsible for maintenance over the duration of the contract.

Although PFIs are still at an infancy stage as far as hospitals and schools are concerned, they have gone a long way for the construction and maintenance of roads and prisons. Major roads such as the Thames Crossing and the Birmingham Relief Road are examples of PFI projects<sup>5</sup>.

### Past: The Aichi Agricultural and Forestry High School in Japan

During Japan's Meiji period the government focused on whether or not schools based upon modern educational principles could serve the needs of the nation and school teachers were entrusted with a difficult mission to concurrently improve the core industry of agriculture. A great example of this was the establishment of the Aichi Agricultural and Forestry School.

The proposal to establish this school with the equivalent level of a middle school in Aichi was presented to the Prefectural Assembly in December 1899. A budget proposal for its construction was approved but the entire construction cost could not be covered through government and prefecture funds. The great sum needed to fill up a plot of 8 hectares, to reclaim 30,000 cubic meters, to construct nine new houses for teachers and to construct commuting roads had to be borne by the small local community. The construction was completed with labor provided by two members on average per household, together with assistance given by neighboring towns and villages.

The underlying reasons for the project's success were

that the people of the province had a highly cooperative spirit. Moreover, all the virtues of agrarian villages, such as simplicity, frugality, and diligence, were to be found in addition to a manifestation of the pioneering spirit in the developing village of Anjo. The school has undergone many changes from the time of its founding. It now has a 100 year history as a three-year full-time high school with more than 280 students in one year and an alumni association of 13,000<sup>6</sup>.

### Future: Education Vouchers in India

The major brunt of the Public Private Partnerships in India has been for the development of ICTs, through the eGovernment Project “eSeva”<sup>7</sup>, but recently there has been an increasing focus on improving the education system through PPP models, one of which is the Education Vouchers.

The Education Voucher model has been in debate in the Indian Education Ministry, and the government has made serious efforts towards its implementation. The idea is that the government fund students instead of schools and that the money would follow the student and be paid to whichever school the parents/child chooses to enroll in. In such a situation, even the poorest parents would be able to send their child to a private school if they felt that it was superior to the public school. The claim is not that all private schools are superior to government schools. Rather, the aim is to think about ways of providing the poorest and most disadvantaged sections of society with the same set of choices offered to their better-off counterparts<sup>8</sup>.

<sup>6</sup>Toyoda, Toshio. (1987) Vocational Education in Industrialization of Japan, United Nations University, Tokyo

<sup>7</sup>SPANCO. (2001). eSeva, Government of Andhra Pradesh, India, <http://esevaonline.com/>

<sup>8</sup>Wiedrich, Eva. (2003) Education Vouchers: Is there a model for India? Center for Civil Society



# The PPP Debate





# The PPP Debate

While Public Private Partnerships bring major resources into the international public arena and have the potential to benefit large populations, they also blur the traditional distinctions between the public and private sector's aims and responsibilities. This compels us to deliberate on whether the change in roles is actually preferred to the present status quo? Does the PPP process contain flaws and whether those negatives are worth the positives accrued?

It was this deliberation that inspired Sindh Education Foundation to hold a Symposium on Public-Private Partnership on 28th March 2009. The event aimed to highlight the divide between the needs of Pakistani society and what they receive in the public arena, and whether the development of a strategic private-public partnership among the civil society, private industries and government can effectively address this disconnect. The symposium included panelists which represented a diverse provincial and national audience and included

practitioners, executives, policy makers, researchers, trainers, teachers and advocates. The discussion that ensued brought forth an edifying debate that shed light on various aspects the nature of such partnership as well as its implications.

In the following section, we would like to build upon the points raised in the debate resulting from the forum of the symposium.

Though the role of the state and the private sector in the functioning of societies has been long on going, there have traditionally been two extreme outlooks on the inclusion of private sector in social services. One outlook is very much of the view that social services are a state function and should be provided by the state with little to no interference by the private sector. Another view falls in favor of complete privatization of the social services so that the role of the government remains nothing but control and regulation.



*“I have visited schools from Dera Ismail Khan, all the way to Lasbela, where beautiful buildings are under lock and key, and teachers are running errands of people who had appointed them as teachers, they are not interested in teaching. We have spent millions and billions of dollars on these schools under the Social Action Program which was assisted by the World Bank, and I’m one of the guilty parties who thought that this is the way to provide education in Pakistan and this was a failure. It didn’t do any good for the country, we constructed a lot of inputs, but the educational outcomes did not improve.”*

**Ishrat Hussain-Dean and Director of the Institute of Business Administration (IBA).**

However, it is important to understand that both the state and private sectors have their limitations, and hence deliverables as important as health, education, transport, agriculture, infrastructure, etc. cannot be optimally provided if left at the hands of the two sectors individually. Consequently, PPPs emerge as a middle ground for breeding a symbiotic relationship whereby the efforts of the two sectors can be combined to create a synergy.

Outlined below are the inadequacies of the public and the private sectors individually, with the example of education being used as a case in point. The particular emphasis on education as we explicate PPP in detail has been necessitated by the critical role education plays in one’s individual development and the progress of the nation as a whole. While all social sectors are significant, education is the key which links all social sectors together. As aptly explained by Dr. Ishrat Hussain, Dean and Director of the Institute of Business Administration (IBA),

#### Limitations of the private sector

Universal education cannot just be left to the private sector for a number of reasons. In the free market, the supply and demand mechanism ensures that what is in need, is produced, and that a “fair” price is charged for that good. For example if a good is in high demand and in low supply, the seller is able to charge a higher price for that good. This higher price attracts more sellers to produce that good which, in turn, increases the supply of the good. This consequently lowers the price as the original seller is now not able to charge the formerly higher price.

This mechanism cannot be used to ensure universal education as there is a need but limited demand for schools. Some parents of lower income communities do not always see the economic benefits of sending their children to school. This is further exasperated by the fact that these communities are often very



poor, and even if they wanted to, could not afford to send their children to school no matter how low a fee is charged. With limited incomes, they are faced with decisions of paying school fees, or meeting other basic needs such as those of food and rent. Others even feel that they are the ones paying the opportunity costs of sending their children to even free schools. They would much rather have their children work and earn an immediate income rather than “waste time” in the education system which unfortunately, time and again benefits the child very little. This is more severe in the case of girls who are not ultimately expected to become the bread-winners of the family and are so, excluded from the education system altogether.

Furthermore, competition for schools is also limited and if one school is not performing it is not so easy for parents to send their child to another school. For example, if the school is the only one available within a reasonable distance, the school has a monopoly in that area for its students.

There are also a range of immediate problems on the supply side, especially in the quality of education provided. Even if demand was sufficiently high, there is a lack of adequately qualified teachers and teaching methods to deliver the standard of education acceptable in the short-run. Currently there is no culture of teacher training in low-cost schools although it is prevalent in a few elitist schools. Teachers would need to be trained and gradually through increased consumer demand, improve the level of teaching to meet demand. Furthermore, the provision of education is becoming an increasingly expensive enterprise e.g. there is now a need to provide children with IT skills for which computers etc. need to be purchased. This coupled with the continuously diminishing capacity of parents to afford school fees because of inflation and unemployment puts education increasingly out of the reach of the average family



*“If you look at CSR programs to replace what are fundamentally state obligations, then the criticism is just and you are bound to be disappointed.”*

**Asad Umar- President & C.E.O,  
Engro Chemical Pakistan Ltd.**

The free market mechanism is also problematic in that the best quality education would be allocated to the highest bidder (i.e. the richer one is, the better education one can afford). By the same token, schools would not be setup and run in areas where it would be economically unprofitable to do so i.e. rural areas where populations are sparse and even adequate fees to cover costs cannot be afforded or charged. This raises fundamental questions of equality of access to education. Should each child, regardless of their families' wealth or income, be given the opportunity to develop their full potential as a person and member of society? Or is education a service to be sold to clients, who are considered from a young age targets for marketing? Is a society in which only the rich can afford a decent education a just society?

## Limitations of Non-governmental Organizations

NGO schools were found to be the most effective in a study undertaken by Shahrukh Rafi Khan<sup>9</sup> comparing education in NGO, private and public schools. The most effective of these were also found to be those schools that were run by multiple organizations rather than by a single NGO. The two primary reasons for their success were a committed leadership and good management with the necessary skills. However, it is important to note that not all NGOs are committed, sufficiently skilled and credible. These attributes are uncommon and thus NGOs cannot scale-up even the best experiments to the national level. For example, the largest NGOs in Punjab have student enrolment levels of 80,000 to 100,000 whereas the private sector alone provides education to 8.3 million students.

NGO schools are also restricted in scale as they can only operate as many schools as their financial and human resources allow for. This leads to problems of sustainability as financial resources are dependent on philanthropic contributions which can vary from year to year. Some NGOs are heavily dependent on donor funding which are typically conditional on implementation of donor policies that are not necessarily the most effective. They can also not be held to account for their results as NGOs have no legal obligation to be providers of education although in many NGOs accountability is a variable ensured by financial contributors.

## Limitations of the public sector

Similarly, in the case of Pakistan, there are certain limitations to the public sector. Policy statements and declarations on education reforms have repeatedly been made but left unmatched by levels of commitment and the resources allocated to implement them. Pakistan remains among the 12 countries of the world

that spend less than 2% of GDP on education (HRCP Annual Report, 2005). A dismal figure that does not seem set to change.

Furthermore, even the effectiveness of the public education system, based on this 2% of GDP, can be severely criticized for well known reasons of political interference, appointments of teachers being the privilege of influential people rather than on merit, a lack of autonomy in schools themselves, a bureaucracy which never inspects schools and no accountability for results. Unlike the inefficiency problems of western states, Pakistan today is facing the problem of almost complete state failure in the education system.

## Synergy Prospects

We have seen that NGOs seldom scale up their operations. On the other hand, the private sector is usually governed by the profit motive so by its nature, cannot be utilized to provide education for all, especially the marginalized, rural communities and children. Government schools are failing and are on a downward trend because they are not being, or cannot be, held accountable for providing and managing schools that deliver results.

Today, we need to ask ourselves if this status quo should be allowed to continue, or whether there is some way of mitigating the negative aspects and combining the positive aspects of each party for better delivery of universal education.

The basic proposition is that through a partnership of both the public and private sectors a new arrangement can be attained which overcomes the limitations of each mode of education provision.

The counter argument to this is that the provision of education is the sole responsibility of the state, and the private sector should not intervene in the dissemination of the public good. It can be argued that the act of private sector helping the public sector

<sup>9</sup>Basic Education in Rural Pakistan: A Comparative Institutional Analysis of Government, Private and NGO schools, Shahrukh Rafi Khan, 2006

deliver a public good would be an inefficient use of the country's human capital and resources. If the public sector is continuously "bailed out" of its responsibility then it would become reliant on the private partner and hence would never be able to provide the services

on its own. In this view, a solution to this problem of an inefficient educational sector would be that instead of bailing out the public sector the people should demand better quality of education until it is delivered and the community should create a similitude of a pressure group to induce the government to fulfill its responsibilities.

The education system we have on our hands is in total shambles and we are producing people from these schools with very little skills and absolutely no command over the English language, which today is the language of science, technology, commerce, finance and marketing<sup>10</sup>.

Furthermore, it is debatable that if a population can demand its rights in significant numbers to affect change, if the majority has been left uneducated and unaware of those very rights. So we are presented with a cyclical scenario that we must attempt to break, and then find optimum solutions for service delivery based on quality research and hard evidence rather than ideological beliefs.

It is well accepted that education is the responsibility of the state. But nowhere in the constitution or in the seven national policies on education which have been published by various governments since the Commission Report of 1959 does it state, that the government is solely responsible for its provision<sup>11</sup>. The provision of education can constitutionally, be ensured through multiple channels involving private entities and does not necessarily have to be funded, implemented, managed and administered by the Education Ministry and its civil servants.

## Values, Vested Interests and Collusion

Another point of contention regarding Public Private Partnership process is the gap that emerges between the values of society and that of the public sector's partner organizations.

In the traditional process, where the services linked with social development are provided exclusively by the public sector, society's values are protected through the foundation of the democratic system. Since the community has representation in the local, provincial and federal level public institutions, its values too are strongly represented in every intervention of the public sector.

Since the public sector is institutionally dependent on the community as its principle stakeholder, any deviation from wishes of the community can principally be addressed through remonstrance from the collective voice of the community. The democratic system fundamentally provides such a self-correcting monitoring mechanism, a system of check against exploitation and issue of public sector authority.

However when the private sector becomes an integral factor in the provision of public services, the voice of community essentially loses its importance. Though the community still remains the target stakeholder, their influence is severely diluted when private organizations and foreign donors become part of the policy making and intervention process. This brings forth a concern for disregard of local needs and values in the implementation of development projects.

It can be argued that tools and values are separate, that there is a need to differentiate these two. Whereas values are part of the policy level process and tools are used in the implementation, and since PPP policies are seldom made in isolation from the public sector, the question is not of values but of the tools that are used for the process.

<sup>10</sup>"Pakistan's Existing Education System", Guest Post by Mr. Fida Hussain Sayani, Blog website, Pakistan Tehrik-e-Insaf, <http://www.insaf.pk/Media/InsafBlog/tabid/168/articleType/ArticleView/articleId/1646/Pakistans-Existing-Education-System-Guest-Post-by-Mr-Fida-Hussain-Sayani.aspx>

<sup>11</sup>Dr Ishrat Hussain on SEF's Symposium for Public-Private Partnerships

However sometimes tools and values are inexplicably linked. For example; social values play a great part in implementation of the educational interventions in schools. Not only at the level of curriculum and language but the background of the instructor, the style of sitting arrangement (co-ed schooling) and the location of schools must also conform to the values of the local community. Therefore it is very important to understand that welfare and social values of the community should be taken as basis for any and all social development interventions.

Similarly one could argue that the private sector operates through a profit motive, a partnership with an inefficient public sector would lead to a state of public-private collusion; a partnership that is based on self-interest of implementation partners rather than the interest of the community and public. Under such conditions any and all benefits appropriated through such partnerships would be distributed between the government and capitalist investors.

However, these problems are not due to a critical flaw in the concept of public private partnership, but a limitation of the process that can be controlled and rectified through appropriate corrective measures. In latter sections we will discuss the methods and effects of such corrective measures, however at this stage it must be noted that through application of strong checks and balances such partnerships can be ensured to work in the interest of the public and provide efficient and effective public welfare services.

### The Proposition

In conclusion we must look at the deficiencies of the individual sectors, deficiencies that remain although we have infrastructure and finances. In order to alleviate the condition there has to be overlapping of responsibilities. There has to be commitment in terms of monitoring and evaluation. Not just in terms of financial support but in terms of proper sector wise involvement.

Therefore Public Private Partnerships can be used for improving the condition of the education sector and act as an efficient source for the provision of quality social development interventions as long as the programs go through proper monitoring, through evaluation, assessment, making sure that good audit practices are put into place.

Latter sections of this booklet go on to explore and review several models for such Public Private Partnerships. Here, we outline a recommendation proposed by the National Commission for Government Reform (NCGR)<sup>12</sup>.

#### Proposal by the National Commission for Government Reform

The NCGR has made several recommendations including the proposal to establish District School Boards headed by an eminent person revered in the community e.g. officials retired from government service, the medical or education professions, or the military. The board should consist of people from the government, the private sector, and NGOs and the District Education Officer should be the Secretary to the Board. All decisions about quality access, supervision, inspection and implementation of the curriculum, should be decentralized to these boards. The boards are envisioned to send inspection teams to the schools holding the teachers accountable and constitute school management committees, which will have the powers and the authority to take action against the teachers if they are not coming in. This mechanism brings education under local control, mitigating the evils whilst integrating the positive aspects of all parties<sup>13</sup>.

<sup>12</sup> Government of Pakistan – National Commission for Government Reforms, <http://www.ncgr.gov.pk>



*“The responsibility of the state is to ensure children get free education. That doesn’t mean the state should be in the position of delivering that service. We have demonstrated that at half of what it costs the government, we can provide better education.”*

(Shahid Kardar-Former Finance Minister, Govt. of Punjab)

*“There can be a tripartite arrangement, whereby the public, private and the civil society groups get together and they are able to make a program, whereby the civil society and government are able to ensure that the outreach is adequate and that the quality is there.”*

(Khalid Rehman- Managing Director and C.E.O, Pakistan Petroleum Ltd.)



*“PPP is a good thing. Life is all about sharing. But what is happening is that this PPP is more like a public private collusion which is a different thing. Vested interests created assets that controlled the economy of the country. It does not give any say to anybody else.”*

(Najma Sadeque- Director Green Economics Initiative, Shirkat Gah)





# Government of Pakistan and PPPs







# Government of Pakistan and PPPs

The Government of Pakistan is constitutionally bound to the provision of education as stated in Article 37 “Promotion of social justice and eradication of social evils”. The State shall:

- (a) promote, with special care, the educational and economic interests of backward classes or areas
- (b) remove illiteracy and provide free and compulsory secondary education within minimum possible period
- (c) make technical and professional education generally available and higher education equally accessible to all on the basis of merit<sup>14</sup>.

It has also signed up to various international agreements including the Education for All (EFA) targets following the Jomtien World Conference in 1990, the Dakar Conference<sup>15</sup> and the Millennium Development Goals in 2000 on free and universal primary education for all.

As discussed previously, South Asian governments

have traditionally sought partnerships with the private sector for education. Since 1854 this was regularized through the Grants-in-Aid approach of the colonial government providing financial assistance to private schools on conditions that they are subject to government conditions, monitoring and inspection. Although this was initially resisted by private schools, it was actively taken up following a call from Sir Syed Ahmed Khan in 1885 for education institutions to “modernize” and embrace the British program of study which he believed to be superior.

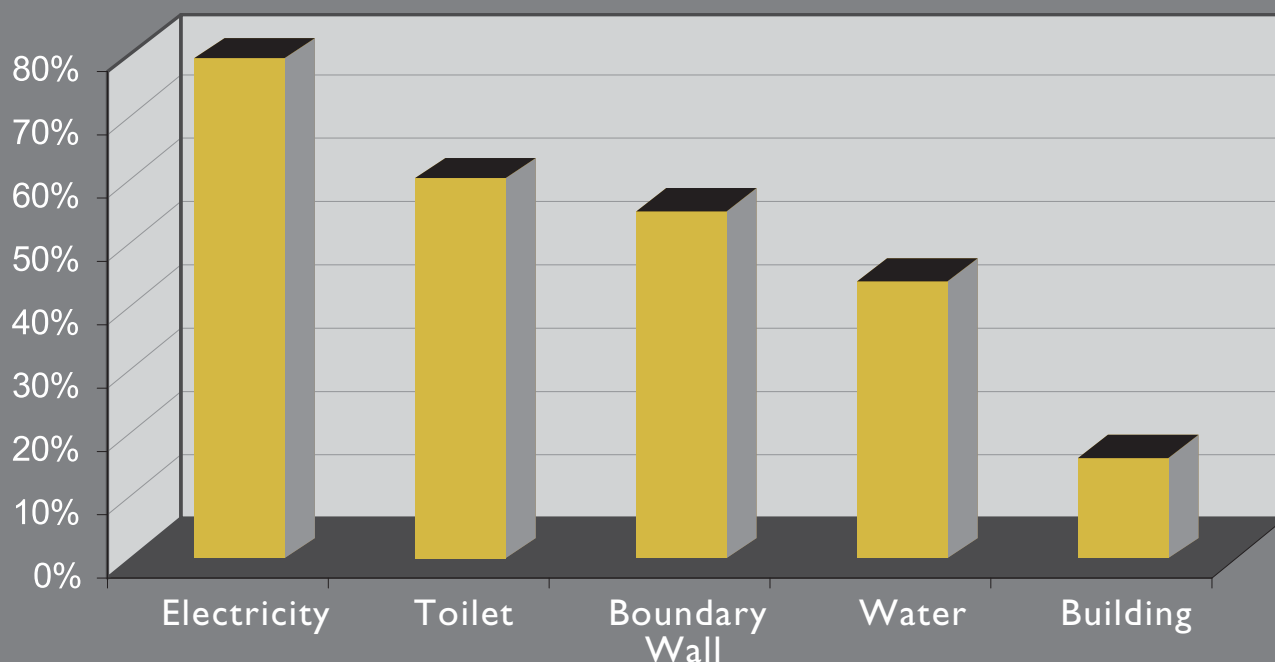
## The Situation of Public and Private Education in Pakistan

Several studies revealed that students of public schools performed abysmally when learning outcomes in literacy and numeracy skills were measured even in state conducted examinations. Judging by standard test performance even non-elite private school students

<sup>14</sup>The Constitution of Pakistan, 1973 – Article 37, Promotion of social justice and eradication of social evils

<sup>15</sup>Education for All: World Education Forum, Dakar, Senegal April 2000

## Percentage of Schools without Basic Facilities<sup>16</sup>



tend to perform better than the public sector students. The dropout rate was estimated at a high 45% at the primary level and attributed to the inaccessibility of schools and poor infrastructure of the government school (Ministry of Education, 2006). A study by Social Policy and Development Centre states that “a review of the physical conditions of public schools shows that 16% of them are without a building, 55% without a boundary wall, 79% without electricity, 44% without water and 60% without a latrine”.

In 1947 it became the state’s business to provide primary education following the ascendancy of the welfare state but little changed and the Grants-In-Aid program continued uninterrupted until 1971 when the leftist government of Zulfikar Ali Bhutto nationalized the education system.

In 1979 the state again opened up the education system to non-state actors but it wasn’t until the 1990s

that the Government’s approach to the national education system experienced a significant change. It formally acknowledged that the public sector faced bottlenecks in service delivery and management and lacked the requisite resources to bring about a transformation in the country’s dismal education indicators.

Concerted effort was subsequently put into encouraging the participation of the private sector with the establishment of five Education Foundations – one for each province and a fifth at the national level. All foundations shared a similar objective – to finance, support and promote the establishment of non profit, private sector educational institutions in deprived and underserved areas. The mandates of all foundations also categorically stated female education as a priority in response to the World Conference on Education for All<sup>17</sup>.

<sup>16</sup>Education Sector of Pakistan and Case-Studies on Direct Budget Support (DBS), [http://un.org.pk/unesco/dbs/data/booklets/02\\_Pakistan\\_Case-Studies.pdf](http://un.org.pk/unesco/dbs/data/booklets/02_Pakistan_Case-Studies.pdf)

<sup>17</sup>Courtesy Baela Raza Jamil, Idara-e-Taleem-o-Agahi in an exclusive interview conducted by the SEF

As the Foundations began to test various methods of fostering private finance and participation in public initiated projects, models began to emerge and the Foundations started to serve as formalized institutional platforms for Public Private Partnerships albeit, even if they were not initially branded as such.

In April 2001, the Ministry of Education launched the Education Sector Reforms (ESR) Action Plan 2001-05 which detailed the objectives of the Government of Pakistan's education policy in general and with respect to PPPs laid out strategies to engage the private sector for improving access and quality of education, enhancing managerial performance, and creating entrepreneurial spirit through capacity building. It states that:

Accordingly, the Government tried to create an enabling environment for growth of PPP enterprises by providing incentives and deregulating the sector. Examples of such actions include the restructuring of the education foundations as autonomous bodies, development of

multiple textbooks and accreditation of private examination boards. The collaboration of public and private sectors aimed to support education in Government owned institutions, community schools as well as low income private sector schools.

In 2006, the Pakistan Centre for Philanthropy further setup guidelines approved by the government for PPPs in education and by this time PPPs were embedded in policies, institutional setups and the procedures more refined and formalized.

**“The private sector and civil society organizations are not only encouraged to mobilize financial resources but to also join in designing, executing and monitoring education activities”.**<sup>18</sup>

---

<sup>18</sup>Education Sector Reforms: Action Plan (2001-2005) Ministry of Education, Government of Pakistan



# **Models of PPP Initiatives in Pakistan**





## Models of PPP Initiatives in Pakistan

The Foundation Assisted Schools (FAS) Program is the flagship program of the Punjab Education Foundation to encourage and promote access to, and improve the quality of education. PEF has demonstrated that through Public Private Partnership, better quality education can be provided at far less cost, as compared to the Government of Punjab to educate a child at the primary level in the public schooling system. The financial assistance on per child enrollment basis is driven by considerations of equity and access to all. FAS is oriented towards private schools currently operating in Punjab that charge up to a maximum of Rs. 300 per month as tuition fees and related charges from the students. FAS provides financial assistance to existing private schools on the basis of each child enrolled.

For the purpose of achieving the maximum value-addition in education PEF does not allow its financial assistance to be spent on infrastructure, constructional

development or anything unrelated to the direct promotion of education i.e. salaries of teachers, development of teaching material, library, classrooms, furniture, laboratory, purchase of science equipment etc. It has also placed ceilings on management costs as a proportion of total expenditure on the running of the school which means schools must keep these costs under control and most of the assistance goes directly to the child's education.

Delivery of quality education is the most significant factor for continued financial assistance by PEF and this is tested by Quality Assurance Tests (QATs) which are conducted biannually. The QAT is a comprehensive test developed by the Punjab Education Foundation, administered by intermediate boards, and marked by teams under the supervision of professors of Government College and Punjab University. The involvement of a multitude of teams from different institutions ensures a fair assessment of students. The

Foundation additionally carries out sample checks and surprise visits to ensure transparency, fairness and adherence to procedures. The financial assistance for the subsequent year is conditional upon the school meeting minimum quality standards.

Furthermore, Rs 50,000 is awarded to the best performing school in the district, based on a weighted average of students and scores attained and Rs 10,000 is awarded each, to the best 5 teachers in schools in which 90% of students scored more than 40%. So the performance of both the entrepreneur as well as the teacher is intensified.

The FAS scheme has resulted in a 47% overall increase in enrolment in schools with entrepreneurs making heavy investments in infrastructure to accommodate increased enrolment. The results of QATs conducted during the period showed a steady improvement in the learning outcomes of children. Mean test scores rose from 63% to more than 80% during five QAT sittings. The QATs are held every six months and the threshold is being continuously raised. By October 2008, 1,417 educational institutions (with nearly 500,000 students) were being supported by PEF<sup>19</sup>.

## Case Study 2: Engro Chemicals

Engro spends about 1% of profit before tax every year on social development projects, mostly serving the needs of communities adjacent to its plant in Dharaki, District Ghotki. Several projects – school adoption, for example – are executed in partnership with the Government of Pakistan. In several cases, funds have been provided to construct a facility, e.g. the mother and child health care centre in Daharki, which is then run by the government. In other cases, such as Project Hope (Telemedicine), funds and expertise are provided to a government project that uses government tertiary and secondary health care facilities.

Most recently, a new model has been put to work. The Government is providing a proportion of the funding for a development project run by the private

sector. In 2007, Engro partnered with the Ministry of Industries, to establish a Technical Training Centre (TTC) in Daharki. This was to develop skilled manpower from among the local population for the cluster of energy and chemicals industries located in Upper Sindh. Engro has committed to contributing nearly Rs 208 million or 25% of the total estimated capital cost of the TTC. The remaining funding comes from allocations of Rs 100 million by Pakistan Industrial Development Corporation, an arm of Ministry of Industries.

Other local companies have also committed funds, including Rs 5 million from Descon, Rs 30 million from Mari Gas, and Rs 27 million of workshop equipment and technical assistance committed by Saipem. Talks are also being held with Sindh Technical Vocational and Education Authority for funding. Running costs are to be covered by grants from local and international donors, the government, and revenues from a short-term course Engro will run. Loans and fee concessions shall be offered to deserving students.

The curriculum will be adopted from the Sindh Board of Technical Education to facilitate general employability of graduates. The TTC will further supplement the curriculum through the quality of instruction and facilities, with special focus on remedial courses in Science and English for first year students. Focusing on mechanical and chemical technologies, the Centre will take Matric Science students and 100 graduate students in three year diploma courses, with short vocational courses also offered to the local industry.

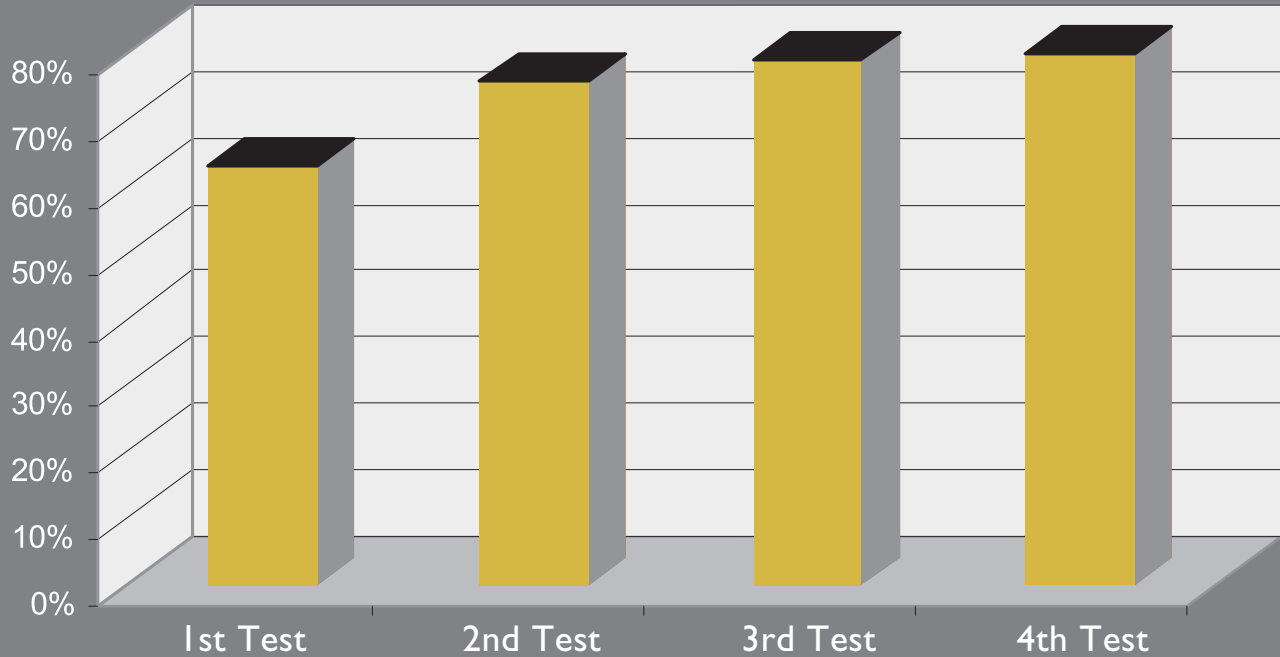
Teachers will be provided training to improve teaching skills. Although students will not be guaranteed employment in any of the sponsoring industries, the Centre will try to match graduates with industries through guidance, counseling and other linkages.

The TTC came about because of the location of ten major chemical and energy sector industries in the region, including Engro. All of them need skilled manpower that was in short supply. Locals needed jobs but did not have the correct skills. TTC aims to

<sup>19</sup>Official Website of the Punjab Education Foundation – Foundation Assisted Schools (1991-2009), Courtesy of Mr. Shahid Kardar, Ex Chairman PEF.



## Improvement in QAT scores of FAS<sup>20</sup>



bridge this gap. It also hopes to reduce social friction and improve community relations by increasing local employment, and expediting economic development.

Engro has further established a Vocational Training Centre (VTC) using existing plant site facilities. The VTC was launched with a first intake of 30 Ghotki domicile youth, who were trained in metal craft over a period of three months. The first batch passed in May 2009, with another batch of 30 to be inducted. Authentication for the degree is provided by the DESCON Training Institute of Lahore. The Technical Training Centre mentioned above shall take over running of this centre in the future<sup>21</sup>.

### Case Study 3: Pakistan Petroleum Limited (PPL)

PPL realizes that changing the fate of marginalized

communities could be better addressed through opening up livelihood options on a sustainable basis and meeting the basic needs of communities. In order to increase the outreach and benefit of its development program, PPL has supported various projects in partnership with key public and civil society institutions.

Working along the lines of expanding livelihood opportunities for local communities, PPL is working in partnership with the Government of Punjab on a Technical Training Centre (TTC) in Daultala. This centre was developed by the Government to enable young men, especially those who were not able to complete their formal education, to enhance their skills for better livelihood prospects. The courses offered at the centre include wood work and carving, welding, tailoring, car painting and plumbing. In 1992, PPL provided an electrical workshop and relevant equipment to the TTC. In 1993, PPL rendered an

<sup>20</sup>Shahid Kardar, Former Chairman, Punjab Education Foundation

<sup>21</sup>Courtesy of Hussain Talib, Engro Chemicals



invaluable contribution by providing guidance and technical know-how for the construction of an auto-trade workshop and also provided the necessary equipment. Later, the company went on to build a carpenter trade workshop, a computer training lab, and a lavatory block for the centre. The workshops built by PPL have a capacity to accommodate around 20 students while the ones already present at TTC can only lodge 8-9 students per class. As a result, the courses in demand, such as carpentry, were offered to more students while maintaining reasonable class strength.

However, PPL's endeavours for PPP are not restricted to TTC. PPL has also entered into partnerships with various public sector educational and health institutions

to not only finance their initiatives but also improve the quality of their outputs/ operations. PPL's partnership with the Health Department of the Government of Balochistan (GoB) to restore the government's Rural Health Center (RHC) in Sui, which was non functional until PPL signed a memorandum of understanding in 2001, is a case in point. In light of the agreement, GoB provides infra structure facilities and staff while PPL shares the in-kind operational costs. Since the last 7 years RHC has been performing well which is evident from the daily treatment records of patients monitored by PPL<sup>22</sup>.

---

<sup>22</sup>Courtesy of Zohra Aziz Kabani, Pakistan Petroleum Limited





# **The Sindh Education Foundation and PPPs**





## The Sindh Education Foundation and PPPs

The Sindh Education Foundation (SEF) has been working since 1992 to empower disadvantaged communities of Sindh towards social change by creating and facilitating new approaches to learning and education delivery.

In 1990, Professor Anita Ghulam Ali (Managing Director, SEF) undertook a Situation Analysis of the state of basic education in Sindh. This report exposed the quality of education and its institutions and found that officially 2,965 schools lie closed in both urban and rural Sindh with the majority in the rural areas. The male participation rate in government schools stood at 33% while it was only 20% for females. The report further explored ways to develop and enhance the prevalent system of education. One of the recommendations made was to improve public sector schooling, based on solitary activity of a group of private individuals to revitalize state run schools. From

this recommendation, arose the concept of formalizing the alliance into a Public Private Partnership project entitled "Adopt-A-School".

Since then SEF has expanded and promoted the concept of PPPs and diversified its portfolio of programs in three areas, which are detailed in the following section:

- PPP for Government School Reform
- PPP for Promotion of Private Schools
- PPP for Educational Innovations

### PPP for Government School Reform

Under this model the private sector which includes individuals, communities, corporations and NGOs extend their time, management expertise and technical skills to government schools. The public sector which principally includes the Department of Education (DoE)

provides basic funding and school premises while SEF extends technical support to private stakeholders in facilitating and nurturing the partnership for improving educational outcomes for children.

### Adopt-A-School Program (AASP)

The AASP was launched by the SEF to enhance the quality of education in public schools in the province of Sindh. The program involves private sector individuals, international/local corporations or NGOs "adopting" existing public schools that have either become defunct or have declining educational provisions, in order to improve their management, physical condition and the overall standard of education.

The adopter (private sector) provides their time, management skills, expertise and willingness to affect positive change. The Department of Education (Government) allows quality enrichment interventions in government owned school premises and also variably some basic funding. The SEF (public sector organization) acts as a manager and facilitator for ensuring a smooth and efficient partnership. More specifically SEF's role involves acquiring various permissions from works department, etc., creating linkages between departments and organizations, guidance in academic interventions, effective engagement of parents and communities and capacity building of adopters, teachers and school staff. Oversight and accountability in these schools is upheld via the inclusion of School Management Committees (SMCs) which consist of the Adopter, Parents and Teachers.

Starting out in 1998, the program is now running successfully with over 300 adopters. AASP has also been recognized at the national level and replicated across other provinces of the country.

### Early Learning Program (ELP)

ELP currently promotes Early Childhood Education amongst 150 government schools in 5 rural districts

of Sindh. Academic interventions, teacher development, and the provision of physical facilities are provided by SEF. The program has been designed in response to a growing need in government schools of Sindh for improving the quality of education for children in early years. This Program will span over a period of 4 years from 2007-08 to 2010-11 and its main focus is on improving the physical and learning environment of 150 government schools with special focus on pre-primary and grades one and two.

### Improving Quality of Education Program (IQEP)

IQEP aims to enhance the standard of education as being taught in existing schools. This is achieved by applying educational interventions in 10 government, 10 community run, and 10 low-fee charging private schools of Hyderabad. The interventions reach out to approximately 6,000 children, 250 teachers as well as school heads and members of school management bodies. IQEP is funded by Foundation for Open Society Institute, a UK based NGO in collaboration with Pakistan Center for Philanthropy (PCP), Islamabad.

### Releasing Confidence & Creativity (RCC): An Early Childhood Development Program

The RCC is aimed at providing children with the essentials that form a critical element of early childhood development - affection and appreciation, opportunities to communicate, play and learn and good nutrition and healthcare. The RCC Programme is supported and sponsored by the Embassy of the Kingdom of Netherlands and Aga Khan Foundation (Pakistan) and is implemented in around 300 government / NGO run schools across Pakistan.

As a technical partner, SEF provides assistance in the areas of advocacy and publications vis-à-vis Early



Childhood Development. The interventions aim at creating greater commitment and involvement at both policy and grassroots levels for early childhood, children and learning; and better cooperation between partners through information sharing, forums, networking and linkages. Also with the objective of improving the information base and influencing the ECD policy at the national level, SEF undertakes research on critical issues relating to ECD theory and practices.

### **PPP for Promotion of Private Schools**

The SEF carries experience and expertise in implementing a huge Public Private Partnership portfolio which has not only included support to government run schools but also interventions for low fee charging private schools in the province. SPEIP, Support to Private Education Institutions Program, was implemented during 2002-03 and again during 2007-08 which mainly focused on supporting private schools for improving the quality of education. *Promoting Private Schooling in Rural Sindh Project* and *Integrated Education Learning Program* are the Foundation's most recent initiatives which will together extend support to around 2,500 new and existing low fee charging private schools in Sindh.

### **Supporting Private Education Institutions Program (SPEIP)**

In 2003, SEF initiated the Support to Private Education Institutions Program (SPEIP) whereby public sector extended support to low-fee charging private schools. SPEIP aimed to improve educational practices and strengthen institutional and managerial capacities at all levels of the private schools through sustained investment in financial, human and technical resources.

SEF supported systematic staff development programs through professional development opportunities; ensuring that necessary incentives are in place for staff

to deliver quality education; training of School Management Bodies to effectively evaluate and plan development of schools; training of teachers to implement child centered pedagogy and development of the academic and administrative aspects,

The first phase of SPEIP supported the institutional development and quality advancement of 300 partner schools. The second phase of the program (2007-08) built upon the successes of the first phase for furthering the process of institutional strengthening and quality advancement of partner schools in the districts of Karachi, Hyderabad, Khairpur, Dadu, Badin, and Thatta.

### **Promoting Private Schooling in Rural Sindh (PPRS) Project**

SEF has recently launched a new initiative under the Public Private Partnership Component of the Sindh Education Reform Program 2008-2009. The project has been designed in collaboration with the World Bank and aims to establish 1,000 new private schools in rural Sindh with a long-term and equal partnership vision between the public and private sectors. The program is targeted at 10 districts of Sindh that rank poorly along three key indicators out of school:

- The number of children (6-10 years)
- Distance to the nearest primary school
- Gender disparity in school participation

The selected districts are: Larkana, Kambar Shahdadkot, Dadu, Sanghar, Mithi, Khairpur, Nawabshah, Badin, Thatta and Umerkot.

The project will encourage local entrepreneurship and provide per child subsidy per month per child enrolled in the schools. To encourage enrolment and retention of girls, additional subsidy will be provided for girl child in selected schools.

Private entrepreneurs will be in charge of setting up and managing new schools in rural areas where there

## PPP for Government School Reform

### Public Sector Provides:

- School Premises
- Basic Funding
- Teacher Training
- Capacity Building
- Monitoring and Research



### Private Sector Provides:

- Oversight
- Time
- Extra Funding
- Expertise

Quality Education  
in Government  
Schools

are no educational facilities within a 1.5 km radius. They will be responsible for the day to day management of the school. They will however not be allowed to charge the children any fee.

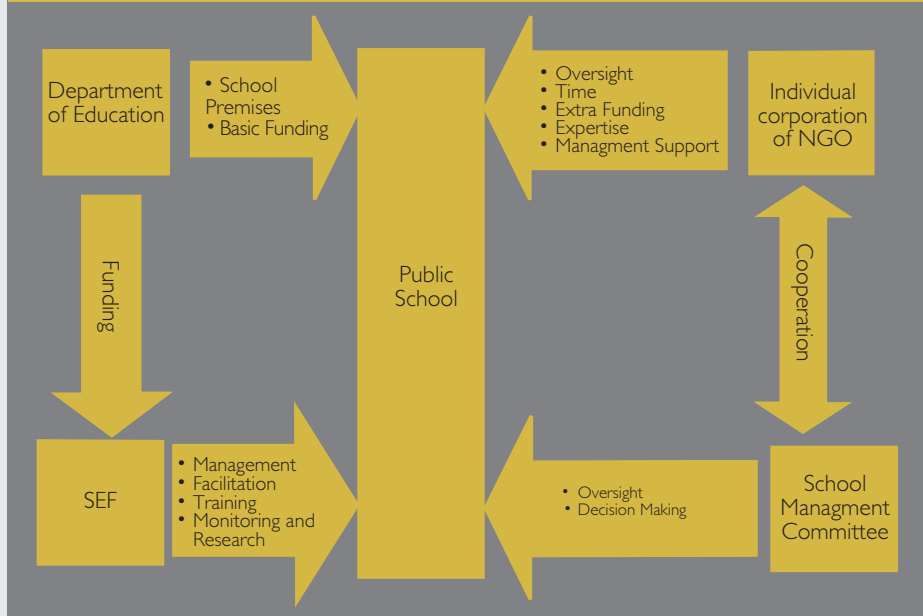
To ensure the schools are delivering quality education, SEF will conduct regular student assessments and monitoring which will determine continued financial support. Underperformance may result in a withdrawal of support. SEF will also provide free textbooks for children, learning materials, capacity building and professional development opportunities for teachers, school heads and entrepreneurs to build a nurturing learning environment. Around 300,000 children and 4,000 teachers across 1000 schools are expected to directly benefit from program interventions.

### Integrated Education Learning Program (IELP)

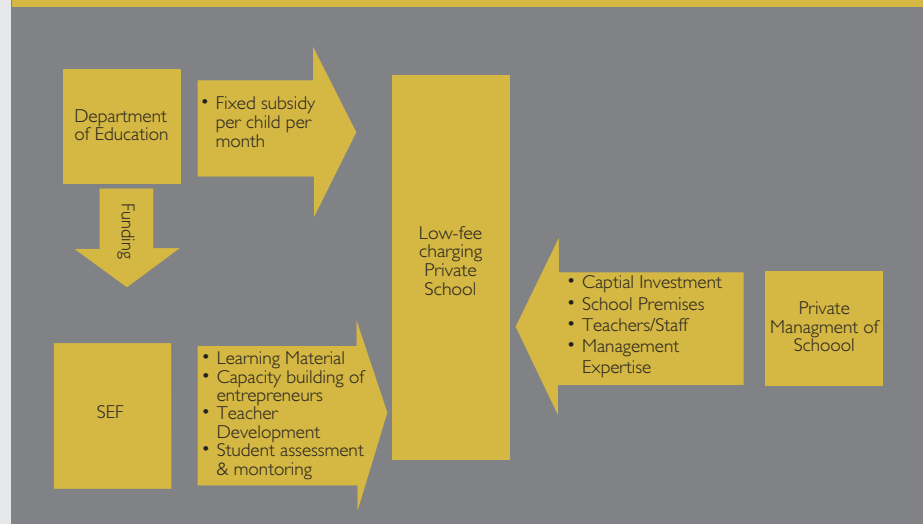
IELP is the latest addition to the Foundation's schemes which aims to establish greater public private partnerships for increasing participation and outcomes across primary, elementary and secondary education levels in Sindh. During the first phase of implementation from 2009-11, SEF will extend financial as well as technical support to 1500 new and existing low-fee charging private schools (owned by individuals / trusts or NGOs, etc.) across all districts of Sindh.

IELP support will be directly extended to SEF's 300 community schools as well. These schools had been operating earlier in various districts as part of the

## Adopt A School Program Model



## Promoting Low-cost Private Schooling in Rural Sindh Model



## PPP for Cost-effective Private Schools

### Public Sector Provides:

- Funding
- Learning Material
- Teacher Training
- Capacity Building
- Monitoring and Research



### Private Sector Provides:

- Capital
- School Premises
- Teachers/Staff
- Management Expertise

Quality Education in  
Low-fee charging  
Private Schools

## Rural Based Community Schools Program Model

Department  
of Education

Funding

SEF

- Teachers' Salaries
- Learning Materials
- Technical Assistance
- Training, Equipment and Staff cost to the NGO

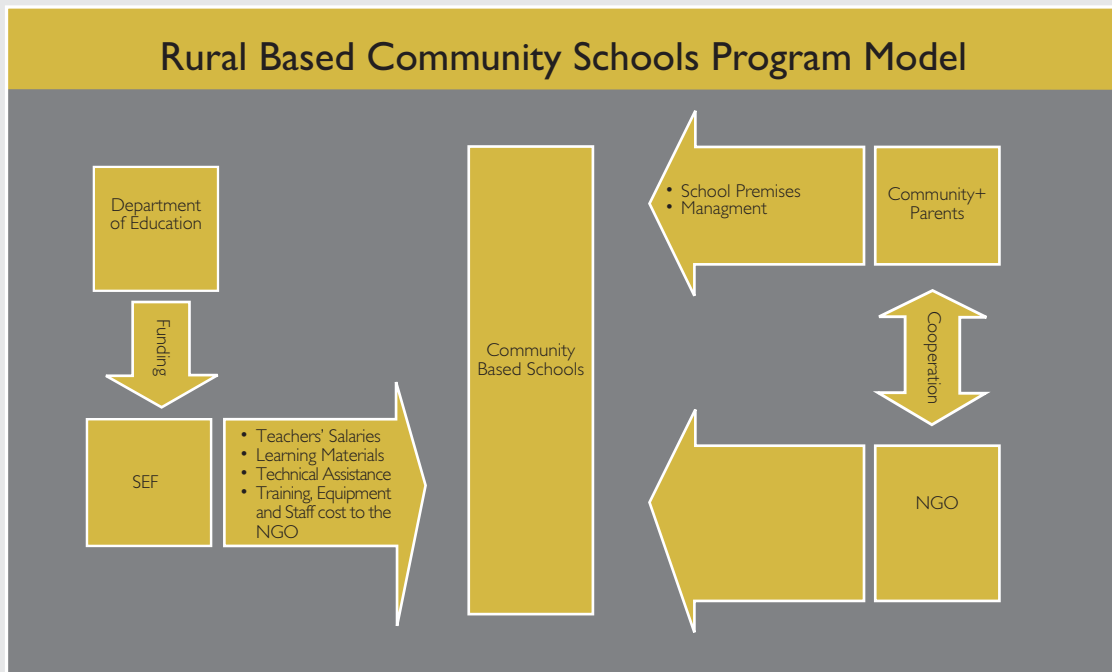
Community  
Based Schools

- School Premises
- Managment

Community+  
Parents

Cooperation

NGO



Community Supported Schools Program, Fellowship Schools Program and Home Schools Program. Sustainability being a prime concern for schools, community involvement has remained critical in ensuring long-lasting impact of these educational initiative. Direct participation of the community in provision of physical space for school set-up, establishment and management has ensured greater ownership at grassroots. Bringing these initiatives under the umbrella of IELP will ensure sustained technical, financial and institutional support to these schools.

### Rural Based Community Schools (RBCS) Project

The RBCS is a new scheme of the SEF involving partnership with communities and grass root level NGOs across 10 districts of Sindh for establishing 250 schools. RBCS brings together resources and development efforts of the public, community and private sectors providing a hope to children who would otherwise never have had the choice to acquire education.

### PPP for Educational Innovations

Besides suffering from the seemingly insurmountable challenges of access, enrollment, retention and quality, the mainstream schooling is particularly struggling to create conditions to increase access for social and economically marginalized groups. Hence various groups including adolescent girls, adult women and working children are often excluded from the educational process. The SEF had pioneered several innovative models namely the Child Labor Education Program (CLEP) and the Women's Literacy and Empowerment Program (WLEP). While CLEP aims to provide enhanced learning and development opportunities for working children, WLEP aims at empowerment of marginalized women through educational and self-development interventions.


SEF extends educational as well as facilitates the program through teacher development and other academic and extracurricular activities which also involve the parents and employers of the children concerned. The private sector provides technical assistance in education and vocational training etc.



**Challenges, Lessons Learnt  
& Looking Ahead**







## Challenges, Lessons Learnt and Looking Ahead

As can be seen from the aforementioned examples, PPPs can take numerous forms to address several diverse issues. However, like any and every activity, Public Private Partnerships face challenges that limit the scope and effectiveness of the initiatives and outcomes associated with it.

In this section, we identify some of these challenges, looking at their causes, effects and remedies.

### Challenges to PPP:

- Sustainability
- Trust Deficit
- Governance Issues
- Lack of Transparency
- Profiteering
- Rigidity & Red tape

### Sustainability

Continuity is the most challenging part of PPPs because of the utmost need to retain institutional memory about what was agreed along with the skills needed to deliver the agreed objectives. Frequently, personnel are transferred and replaced in both the government and private sectors. Usually there is no culture of conducting proper handovers, writing notes or even handing over the agreed MoU. This leaves the project with new partners, who did not originally buy into the agreed principles, objectives or implementation of the project, and may interpret the project (and documentation, if there is any) in completely different manner. Furthermore, if there is a change of government or a withdrawal of the private sector, entire projects may be discarded.

The problem of sustainability can somewhat be mitigated through establishment of projects that run for at least 5 years with clear MoUs that incorporate detailed elements of the project. The project is also more likely to continue if the project risks and responsibilities are carefully thought through and shared equally between all partners. For example, in Adopt-a-School Program there is very little obligation or “risk” on part of the Adopter. There is no mechanism to hold the adopter accountable to fulfill their agreements. If it cannot continue to provide support tomorrow for whatever reason, the project will simply be abandoned. However, sustainability can best be ensured through community participation in the projects. If the community has invested time and money on the establishment of a school it is far more likely to be an active stakeholder in ensuring that the school continues to provide quality education. Furthermore, as community members reside in the vicinity of the school they are likely to be much longer term stakeholders, who are able to retain institutional memory.

### Trust Deficit

Due to inconsistent policies and growing irregularities in the government institutions, private parties have lost faith in the public sector. Despite sincere efforts from the latter, there is a constant challenge to bridge the trust deficit and win back the confidence of private parties. The private sector is wary of the deficiencies that exist in the public sector and unwilling to invest their time, funds and skills out of fear of the resources being misused by some public officials. Simultaneously, there is a lack of trust on part of the public sector regarding the private sector. The government remains hesitant in entering into management partnerships with the private sector for fear of a loss of power and control over traditionally held functions and assets of the public sector. It is also in certain respects, suspicious of the profit making incentive of the private sector and resists its involvement because of the perceived

threat of competition or increased accountability. Furthermore, the public itself can be resistant to the involvement of private parties in public services as the general perception is one of privatization and that a fee will be charged for what were previously free public goods. In some instances there is such strong opposition from communities to bringing in private parties to aid defunct or poorly functioning public schools that projects fail even before their implementation.

All PPP initiatives need to establish the motives of the different partners and define clear roles and responsibilities for each. There needs to be clear discussion and communication of what each party will bring to the project and how the partners can synergize to yield optimal results. Additionally, specific performance indicators and monitoring mechanisms help reinforce trust between parties as their efforts are clearly visible and being accounted for. The communities need to have this information and the concept of PPPs carefully explained to them. Evidence from other successful partnerships already being implemented can help demonstrate that the project is not one of privatization but rather capitalizes on the positive aspects of private parties for the benefit of the community.

### Rigidity of the Public Sector

The partnership between the public and the private has in cases been unequal with a tendency of the private sector (with often limited intentions of carrying out CSR projects) to bail out the public sector and its failings to deliver services (due to a lack of resources, competence etc.). In some cases not only has the partnership been unequal but public agencies have hindered projects due to their bureaucracy and sometimes incompetence.

Public officers are not given the space for innovation and are often found apprehensive and resilient to



*“We don’t see the quality, neither the quality output nor sustainability in the projects.”*

Khalid Rehman-Managing Director and C.E.O,  
Pakistan Petroleum Ltd.

*“Unless there is community involvement, there is never any assurance that the plan can go ahead. If the community feels the need for a plan they will own it, then there is no question of sustainability at all.”*

Professor Anita Ghulam Ali (S.I.)-Managing Director  
Sindh Education Foundation



*“Trust and ownership are the two main problems faced by the people.”*

Shams Kassim Lakha- Chairman Board of Directors,  
Pakistan Center for Philanthropy (PCP)

*“In Government there is no mission, no passion, and no sense of urgency. That and the fact that it is riddled with poor government structures and merit is almost non-existent. I have met many people in government who are respectable, but the overall environment is lax.”*

Zafar Ali Khan- Member Board of Directors, Pakistan  
Center for Philanthropy (PCP)



change. There is a rigidity of rules in the public sector and a bureaucracy that means even minor decisions or policy changes are reverted to lengthy decision making processes. Progress on the government side is consistently slow. For example, it is often a laborious process to get the government and its agencies to provide water, and electricity at domestic rather than commercial rates for schools under PPP initiatives.

The government needs to enter into an equal partnership with the private sector and harness its profit making incentive for the well being of the public rather than approach PPPs from the angle of transferring its responsibilities to private enterprises. We also need to better train government officials in the concept and language of PPPs and build their skills specifically for public private partnership management.

It has been repeatedly found in PPP projects that the vision, backing and leadership of key figures in government has gone a long way to meet PPP project objectives. If political backing is absent it becomes increasingly difficult for the project managers to implement even basic tasks necessary to deliver successful outcomes.

### Motives of the Private Sector

Harnessing the profit making motives of the private sector has in some cases been a challenge especially where the activity of the individual (entrepreneur) or corporation is not philanthropic. Left uncontrolled the private sector has a tendency to skim off a greater percentage of profits rather than reinvest them back into programs e.g. constructing new classrooms. It also has a tendency to minimize costs e.g. not hire additional teachers as class size grows, which could be detrimental to the quality of education provided to children. These tendencies require rules and regulations to be set and strictly monitored and enforced by the public sector. Each point needs to be addressed individually by setting out the conditions in the partnership agreement e.g.

maximum classroom size, maximum teacher to child ratio, a testing mechanism whereby children are independently examined to ensure the quality of their learning.

There is also a propensity in the private sector to look at short-term benefits rather than take ownership of projects and build longer term partnerships. This can again be addressed by ensuring MoUs are long enough to gauge project outcomes and shifting the modality of partnerships more towards such agreements which de-incentivize withdrawal of a private party and ensures that the incentives for the private sector are substantial and enduring.

Furthermore, a shortcoming of the private sector (and in some respects the public sector) is its focus on inputs and outputs rather than the outcomes achieved or the actual effect the project has on the intended beneficiaries. This needs a shift in the performance indicators agreed by the partners i.e. instead of measuring the financial resources contributed or the number of schools constructed, attention should be paid to the increase in the number of children being taught, the learning outcomes of children and how this has positively affected their lives.

### Proper Governance, Indicators and Monitoring Mechanisms

The absence of proper governance, indicators of success and monitoring mechanisms has led many PPP programs to be ineffective in delivering their objectives and measuring their successes. The incorporation of quality indicators, methods to ensure due diligence and checks on all the stakeholders have proven to be a challenge for PPPs.

Financial resources in this respect have not been the key variable. It has been the management and the governance structure of the parties involved as well as their commitment which helped establish effective management systems. Good indicators of success need

to be identified prior to project implementation, both in terms of project deliverables but also in terms of how successful the partnership has been and how it can be improved. There needs to be a constant monitoring mechanism in place to ensure that the initiative is self-rectifying and improvements are enforced as short-comings are identified for continual improvement.

### Ensuring Merit and Transparency

Selecting dedicated and sincere staff and partner agencies, transparently and on merit without political interference, use of contacts and nepotism, has been a further challenge for agencies who serve to facilitate PPPs. It has also been difficult to attract young talented personnel for public sector agencies that did not previously have a good reputation.

This task can be made easier by the credibility and integrity of those in charge e.g. having well known and reputed board members, and permeating this credibility throughout the organization e.g. by accounting for how allotted funds are being put to good use and having a zero tolerance policy towards corruption. This can be done through building in mechanisms of transparency and accountability to PPP programs e.g. by bringing in a third party to oversee.

Attaining complete financial and administrative autonomy from the political and bureaucratic leadership has been important in cases where it is unsupportive, but more crucial is the active political backing, the vision and protection (from attacks and blackmailing) of key figures in government and the bureaucratic leadership, if it can be attained.

### Dilemma of Addressing the Challenges

Each and every method of addressing PPP related challenges has its own strengths and weaknesses. Whether one is tackling the issue of transparency, sustainability, governance, public / private sector

shortcomings or absence of trust, there is no single solution that holistically deals with all the challenges.

Ensuring transparent and merit based interventions requires addition of an unbiased third party organization as a partner to either monitor or assess deliverables of the partnership. However addition in the number of stakeholders leads to dependency over further partners and decreases the sustainability of the project at hand.

One method of overcoming administrative and trust issues is for a technical partner to partake in micro-management to address any administrative issues. However this act leads to use of time and resources that could have been used on the technical capacity building, leading to a diminished focus on the qualitative aspects of the program interventions.

A manner of ensuring sustainability of a project is through subsidization. A monetary subsidy can lead to follow-ups and monitoring of the interventions thereby addressing the governance issues as well. However historical examples have revealed that the recipients of subsidies have often grown to rely on the subsidy and hence become inefficient in resource allocation process. Additionally, reliance on subsidy can also aggravate the sustainability problem as the interventions often fail to continue after the subsidy term has passed.

A much used method of improving project sustainability is through ensuring that the duration of the partnership is large enough to ensure that the results of key interventions bear fruit and that there is time enough to assess and solve all problems that arise in partnerships' pilot phase. However, getting into such a binding long-term agreement with an incompetent or inefficient partner can lead to increase in governance issues and may even accentuate the sector specific shortcomings of the partner.

As can be seen from the above examples, none of

the actions act as an all-round answer to the issues plaguing the process of public private partnerships. Where a methodology addresses one limitation, it can simultaneously aggravate some other constraint. This creates an inverse relationship between cure for one issue and cause of another.

In view of the above dilemma, it seems that the key to overcoming challenges related to public private partnership programs is through selection of methodologies and identifying the key limitation, keeping in mind the contexts of the partnership including the betterment of program specific interventions, nature of the stakeholders and the required deliverables.

### How can we Broaden the Scope of PPPs in Education in Pakistan?

Pakistan is plagued with a prevailing low literacy rate and glaring inequality in the standard of education available to the masses. The country's education sector suffers from this disparity, as the high-end private institutions provide quality education to the elite, while the public and the low-cost private schools are unable to provide even a basic level of education to children. Under such circumstances, we have seen that the sector could significantly benefit from public private partnerships that can overcome limitations of both sectors, to deliver quality education.

SEF has learnt that the question of sustainability is of utmost importance in all PPP ventures and careful attention must be paid to how it can be designed into models so that programs continue even if some players have been replaced. Questions for consideration during the design phase are: How long can/will the partnership continue? What will happen after the completion of the project or withdrawal of a project partner? Is there an exit strategy? How can documentation be successfully handed over and are there provisions for proper integration of new parties into existing PPPs?

Because of a large number of players involved in PPPs,

often the efforts take place in isolated nooks with the endeavors more often than not in disarray. The initiatives of the government, companies and corporations are in pockets and each one invests resources individually that are usually tailored to a particular context. Consequently, an overall model that can be scaled up to the national level and a large-scale plan for the benefit of the masses does not materialize.

There needs to be serious thought paid to Public Private Partnerships at the national level with careful identification of the comparative advantages of the public and private sectors and the respective roles they can play to better meet the educational needs of the public. This provision of education further needs to be at all levels, from pre-primary to college level and not just merely target literacy rates. Effective PPP models need to be devised and implemented for all tiers of education. This is because parents do not see the economic benefits of sending their child only to primary schools if they are then unable to go on to secondary school and attain a higher paying job.

### A proposal: The Per-Child Subsidy Model

SEF believes that the Per-Child Subsidy model is an example of such a solution, which serves to overcome the challenges presented in other PPPs in education and aims to strike a balance between the increasing literacy rate and raising the standard of education available. Punjab Education Foundation's 'Foundation Assisted Schools' (FAS) and Sindh Education Foundation's 'Promoting Low-Cost Private Schools in Rural Sindh' (PPRS) as outlined in this booklet, are examples of the programs that fit this model.

The Per-child Subsidy is a model in which the public sector provides a specified subsidy amount to a private entrepreneur for running a low-cost private school. Education is provided free of cost to the end user. The total amount of subsidy depends on the number of children attending the school, whereby an increase



*“The government’s job is as a catalyst to assist the private sector through public private partnership.”*

Syed Mustafa Kamal-City Nazim, City District Government Karachi (CDGK).

*“We need ideological clarity. What is the purpose of PPP? What are the roles of the two parties? Until we do not know this, how can we measure the effectiveness of those roles? How will we reach a conclusion in the end? The state should go back to seeing if it’s meeting its real obligations.”*

Asad Umar-President and C.E.O Engro Chemical Paksitan Ltd.



*“The real challenge is in introducing governance in these schools. Even today we have governance issues.”*

Ahson Rabbani-Vice President The Citizens Foundation (TCF)

*“The vision of the political and bureaucratic leadership is critical to the success of any attempt at PPP. Without a change of mindsets at this level outsiders have little chance of getting very far in achieving the goals and objectives associated with PPP.”*

Shahid Kardar, Former Chairperson, Punjab Education Foundation



in the student body leads to a larger total subsidy amount received by the school. Therefore the model not only encourages private entrepreneurs to enter the education sector but also encourages them to provide education to as many children as possible.

In order to keep the process transparent, the private entrepreneurs must be selected via fixed criteria authorized by a selection committee and the private bodies be chosen on merit through a baseline survey of their particulars. To increase the literacy rate and the expansion of enrollment to schools in general, the selection criteria can incorporate a clause to specify a distance of the applicant school from any existing public or low-cost private schools. This acts as a deterrent to cannibalization of a neighboring school population from a new PPP school and encourages a greater number of children to be enrolled.

Furthermore, once the selection of private entrepreneur is over, a partnership must be established with an organization (or group of organizations) that provide technical capacity building of the entrepreneur and the teachers employed in the program specific schools. This technical facilitation includes orientation of the private partner on the basics of school management, training of the teachers, curriculum enhancement, and provision of learning material. The school must also be monitored on its performance, to determine the actual impact of the subsidy and capacity building initiatives, on the quality of education being provided.

The model also requires a minimum term for the program so that an assessment system can be implemented, by which the students' progress can be assessed. Fixed minimum grade criteria must be established and enforced; if a specified percentage of the school's student body fails to adhere to the minimum standard then the school must be excluded from the program model. This is crucial for the quality aspect of the program, since it acts as a check and balance mechanism through which the performance of the private school can be evaluated. Since the school

provides free education based on the subsidy, it would be extremely difficult for the entrepreneur to charge fees for the facilities that were previously free of charge. This keeps a check on the profit motive of the entrepreneur and compels the private partner to reinvest part of the profit to guarantee that the quality education provided is enough to sustain the school in the program model.

The above mentioned system also encourages greater focus on technical capacity building as it relieves the donor and the technical partners from the burden of micromanagement of administrative issues. However, to ensure further sustainability and efficiency of school management, the model can incorporate parent and community participation in the School Management Bodies established as per the Private Schools Ordinance Act. This community and parent body participation encourages ownership of the school at the local level and hence guarantees quick resolution of any context specific problems that may arise.

A strong community partnership can also work towards dispelling the trust issues that are associated with such partnerships. Moreover, since the model tries to take into account interests of all stakeholders (private, public and community), it adds to the sustainability of the program and allows the program to move around the shortcomings of the public and private sector. Transparency of programmatic activity is maintained by incorporating an unbiased intermediary organization, between the donor and the recipients, for the integration of the assessment system which would act as a criterion for the subsidy distribution.

SEF believes Pakistan's education system needs to develop and implement approaches like the Per-Child Subsidy model; partnerships that aim to create an efficient system, that can be scaled up to the national level, which have integrated checks and balances and models which seek to address the challenges associated with public private partnerships rather than be defeated by them.





*“We are not talking about inefficiencies, we are talking about failures.”*

Baela Raza Jamil- Chairperson, Idaara-e-Taleem-o-Agahi (ITA)

*“We believe that. public private partnerships can happen at a level. It’s not just operational levels or day-to-day affairs of the government sector. We are most interested in the public sector’s policies as well as practices so that we can start helping them so that their policies can become more informed and they can bring about tangible results and those results can contribute sustainability”*

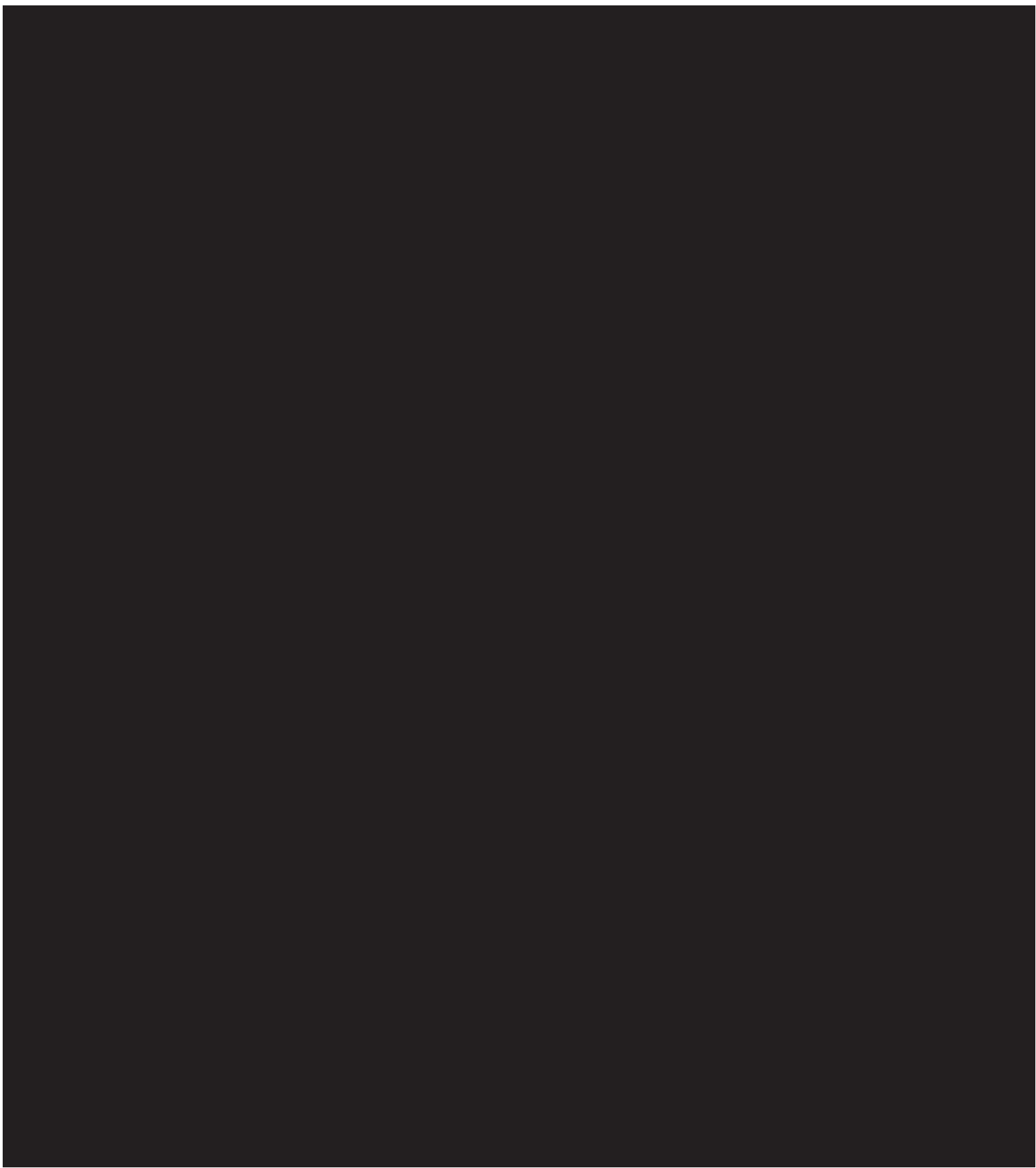
Dr. Muhammad Memon-Professor and Director, Aga Khan University Institute for Educational Development (AKU-IED)



*“All projects, programs and science, if they are in the best interest of a large number of people, if people see their benefit, if they work towards improving it. If it’s not in the long run interest of the people, that system will not be beneficial in the long run.”*

Mashhood-ul-Hassan Rizvi-Director Sindh and Balochistan, British Council.







مستندہ ایجوکیشن فاؤنڈیشن  
سندھ ایجوکیشنل فاؤنڈیشن

**Sindh Education Foundation**  
Government of Sindh

Plot 9, Block 7, Kehkashan, Clifton 5, Karachi-75600, Pakistan.

UAN: (92-21) 111 424 111, Fax: (92-21) 99251652,

E-mail: [info@sef.org.pk](mailto:info@sef.org.pk), Website: [www.sef.org.pk](http://www.sef.org.pk)