Public Private Partnership (PPP) for Social Development:
A South Asian Perspective

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**Abstract**

There is a growing evidence to believe that governments and NGOs have accepted reasons for 'working together as partners' and complement each other's efforts. During the last few years, South Asian states have undertaken some collaborative development interventions with a focus on health, education and income generation. As a result a number of projects with government, non-government and business organizations are functioning, but relationship among the three sectors yet to grow mature, smooth and trouble-free.

Ideally, social development is a prime duty of state. However in developing countries, the importance of business and NGO sectors, and limitations of state in realizing the social ideals cannot be ignored. Each sector has immense potentialities in their respective field, such as: state can provide enabling environment and space for the other two sectors; business can solve the financial problems for the government's agenda of development; and NGOs can implement the development agenda of government more economically, efficiently and effectively at the grass root level. The partnership for social development can be built on both - the strength and weakness of the three sectors of society. For this purpose, there is a need to understand the nature, character, strengths and weaknesses of the three sectors.

Relations between governments, business organizations and NGOs are complex and vary considerably from country to country. In many cases, the other two sectors have had considerable impacts on governments, either by offering models for government programmes, proposing reforms of existing policies, or criticizing proposed government policies, even to the point of organizing demonstrations or using more confrontational tactics.

This paper focuses on Government-NGO-business organizations partnership, explaining the PPP practices in Pakistan and a road map in South Asian context for the three sectors to become partners for social development. An operational model has been developed to visualize the road map of PPP in South Asian context. This paper has been written with an aim to provide an insight of PPP’s theories and practices to public and private planner, researcher, NGO practitioners, local and international donors, social entrepreneurs, and social marketers.

**Research Methodology**

This theoretical research paper is an outcome of extensive search of development literature with reference to public and private organizations by exploring a number of PPP projects working in South Asia.

**Key Words:** Public Private Partnership, Social Development, Government, Business, and NGOs, Government-Business-NGO Partnership

**Introduction**

Public Private Partnership (PPP) is gaining popularity in the development sector throughout the world, especially, in the developing countries and the partnership is
being seen as the ultimate solution of development problems, such as: Health, Education, and Employment.

There is a growing evidence to believe that Government, Business and NGOs have accepted reasons of ‘working together as partners’ and complement each other’s efforts. During the past few years, South Asian countries have invested a number of collaborative development interventions. As a result, the macro projects like Grameen Bank in Bangladesh and Khushali Bank in Pakistan have been established. The advent of the new governance structure in Pakistan, envisaged in the devolution plan having provision of setting up Citizen Community Boards (CCBs), are promising indicators in this direction. Besides, a number of small PPP projects, on health and education throughout South Asia are functioning, but the relationship between the public and private organizations has yet to grow mature, smooth and trouble-free.

**Definition of Public-Private Partnership**

What is public private partnership? The Canadian Council for Public-Private Partnerships has adopted the following definition to help clarify what is meant by public-private partnership – "A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards".¹

Glen Paoletto of Global Environment Strategies, Japan, has defined PPP as:

“Collaborative activities among interested groups, based on a mutual recognition of respective strengths and weaknesses, working towards common agreed objectives developed through effective and timely communication”²

The public and private sectors, in the definition adopted by Canadian Council, refers to the two broad sectors; public and private which in NGO literature have been explained as: Public is government and private is further classified as for-profit and not-for-profit.³ While Paoletto has used the word ‘interested groups’- the groups happen to be formal and non formal. However, here the word ‘group’ is being used in public and private context, hence by character, it also refers to government bodies and non-government bodies which are corporate and NGO sectors. The other components mentioned in both the definitions seem common, such as: cooperative ventures/collaborative activities; clearly defined public needs/common agreed objectives; and built on the expertise of each partner/ mutual recognition of respective strengths and weaknesses. Since, the private sectors are under-developed and government resources dwindling, considering the three sectors collaborative efforts as prerequisites, new ideas and strategies such as partnerships between government, profit and non-profit sectors are urgently needed. The public sector in developing economies may work better by forming partnerships with profit and non-profit organizations. At different stages of economic development, various needs and demands are made on the public sector. However, the answers are not simply the introduction across the board of privatization or market mechanisms to the provision of social services. Instead, the three sectors; public, profit and the non-profit with a common target of prosperous society and partnerships can take advantage of the separate strengths of each to achieve those set social objectives.⁴

**Rationale of Public Private Partnership**
The three sectors have complementary strengths, which by combining can broaden the financial base for social services. In theory, the non-profit sector exists with a vision of social development through people’s initiatives, while profit sector exists to make profit and therefore it applies market-based solutions to problems. The public sector, by contrast, attempts to ensure equity and access for citizens and redresses problems of market’s limitations. Given the differences in characters and natures of the public and private sectors, forming partnerships means the sharing of benefits as well as responsibilities in joint efforts to solve social development problems. In the event of partnerships between the sectors, balance can be created between people’s participation, social goals with a profit motive, as well as how to support innovation whilst still maintaining standards. More focus needs to be placed on the potential for partnerships as a new tool for development. Partnerships need common objectives to function well, and this implies a vital role for joint leadership. In many countries, private provision of services is essential because the government is simply incapable of meeting existing demand. Sharing responsibilities of public sector by the private sector would also free up some public resources to target the truly needy such as the poorest groups and rural inhabitants. There is also a largely untapped capacity in South Asia to encourage the private sector to engage in ‘good corporate citizenship' and enhance the performance of the public sector’s limited resources as they have strained relationship in most of the regional countries.

A key question that arises with the expansion and increasing influences of the private sector is how to control quality, particularly in health and education. Much of the expansion has come at the low end and often involves institutions of questionable quality. The major issues here include ensuring efficiency, preventing inequality in care, keeping costs down, and ensuring quality and managing the competition for resources, both economic and human, between the public and private sectors.

It may sometimes be in the public sector's interest for the other two sectors activity to happen create a space and opportunity for partnership. In fact, an effective partnership between the three sectors might develop provided the maximum economic and political space is granted by the state to NGOs and business. Three set of areas are being suggested as frameworks of PPP and explained as follows:

a) Framework of Government-Business Partnership
b) Framework of Government-NGO Partnership
c) Framework of Government-Business-NGOs Partnership

a) Framework of Government-Business Partnership

Ideally, social development is a prime duty of state. However, in developing countries, the importance of business sectors, and limitations of state in realizing the social ideals cannot be ignored. The social sector would have not been developed if the government were not involved in providing social services in the market economy. Given the basic nature of no pricing mechanism in the social sector, social services are not provided with optimal efficiency and effectiveness and tend to be over-consumed. Thus they pose a serious problem by expanding the social sector with the misuse of resources, thus increasing the government's financial burden. One possible strategy to deal with such a problem is private sector involvement in social activities. Private sector involvement implies the mitigation of government role in the expanded provision of social services replaced by private sector services. The aim of mitigating the level of government involvement is two fold: one is to restrict the inefficient use of resources; and the other to reduce the government’s financial burden. The framework of government involvement with business sector for social development is of four forms, depending upon the government's degree of involvement as follows:
1. Matching ratio of subsidy for health and education institutions operating jointly by Private and public sectors

2. Debt guarantee to lending institution by the government for small and medium level of Entrepreneurship development

3. Basic industries development by government and handing over to private sector

4. Indirect instrument of subsidies and taxation for agriculture

Evidently, the decreased role of government must increase financial burden of private sector in forms of co-payment or necessary repayment of government loans. Thus, it is important to determine where to set the degree of mutual partnerships between public and private sectors. It must be empirically decided in the social sector, considering a lot many factors, such as social value of relevant services, government’s capability of financial burden and so on. To secure any desirable set for public-private partnerships, it is very important to understand the trade-off between providing social services and weakening the economic incentives necessary for efficient utilization of education and health resources.

b) Framework of Government-NGO Partnership

The NGO sector can target groups who are most disadvantaged, such as; educating girls in countries like Pakistan, India, Bangladesh, Nepal and Bhutan, where many parents do not see this as a priority. In particular, the local nature of NGOs allows them to do much more effective targeting than the government. But often the most successful NGO activities tend to be small and localized in scope, so how can that achievement and example be taken to scale up or replicated? The answer of this generally asked question could be found in the examples set by BRAC, Grameen Trust, Proshika and many others in Bangladesh, SEWA and PRIA in India, Sarvodaya in Sri Lanka, SEARCH in Nepal and AKRSP in Pakistan. Such examples are spreading throughout South Asia. In Pakistan, HANDS’ example of PPP is appropriate to mention here. HANDS (Health And Nutrition Development Society, a Karachi based NGO), field of interest is community development through, primary and secondary health care, water and sanitation, micro credit, education, income generation, gender development and training. Presently, HANDS is working on three separate PPP projects with all the three tiers of Pakistani government: city government; provincial government; and federal government.

The general framework of government involvement with NGOs can be of four forms depending upon the government’s degree of involvement as follows:

1. Establishment of infrastructure of health and education and handing over to NGOs in rural areas

2. Provision of Revolving funds/seed money to NGOs for micro credit disbursement

3. Debt guarantee by the government for micro enterprise development and employment generating NGOs

4. Working together in project implementations and management

c) Framework of Government-Business-NGOs Partnership
Each sector has immense potentialities in their respective field as: state can provide enabling environment for business and NGO sectors; business can solve the financial problems for the government’s agenda of development; and NGOs can implement the development agenda of government more economically and efficiently at the grass root level.14 There are a number of NGOs in South Asia which are involved in non-profit entrepreneurship. BRAC and Grameen in Bangladesh, SEWA and Sadguru in India, Sarvodaya in Sri Lanka, INSEC and SEARCH in Nepal and HANDS in Pakistan have their own manufacturing units. The big NGOs like BRAC, Grameen and Sarvodaya, due to their capacity and resources, can create markets for their product by own, but relatively small NGOs with smaller resources face difficulties in finding markets for their products. So business sector by the minimum financial backings find ways for the product developed by NGOs. Besides, street maintenance, preservation of national heritages, tree plantations, water and sanitation, emergency relief systems in rural and urban areas can be potential projects for the three sectors’ social venture. To take care of the above mentioned programs, the following framework seems a practical approach of developing partnership depending upon the levels of involvement of each sector:

1. Identification of the projects, making operational plan and implementation by NGOs
2. Financing of these projects from business advertisement’s fund and local government’s social development budget
3. Joint monitoring and evaluation by the three sectors
4. Sharing the benefits of the project by the three sectors in terms of the realization of state’s ideals, business promotions, and NGOs accomplishment of development agenda.

Obstacles in Working Together

Despite the realization of need of public-private partnership by the three sectors, there exist bitter reality as mistrust and undermining their strengths. The business sector has more or less smooth relationship, as they are regulated by government and business sector in their own interest rarely challenge the regulatory framework of government. Some obstacles/problems in the building public-private partnership especially with GOs-NGOs in South Asia precipitate are as follows:15

a) Strained NGO-Government relations
b) Secularity in Nature of NGOs
c) Internal Challenges of the three sectors.

Strained NGO-Government-Business Relations:

The relations between governments and NGOs are complex and vary considerably from country to country. In many cases, NGOs have considerable impacts on governments, either by offering models for government programs, proposing reforms of existing policies, or criticizing proposed government policies, even to the point of organizing demonstrations or using more confrontational tactics. Government - NGO relations hinge on several factors including the fitness of the government, the type of political system and the type and location of particular NGO projects. The best relations occur where a confident and capable government, with popular policies, meets an NGO that wishes to pursue mainstream development programs in a nation’s heartland. Contrarily, the worst relations occur where the weak and defensive government, with limited power base, meets an NGO that seeks to
promote community mobilization in a contested border area. With the creation of new democratic governments in Latin America, many governments have increasingly welcomed the participation of environmental and developmental NGOs. For example, many new collaborative initiatives have been launched between NGOs and the new governments to seek novel approaches to development. Mostly, NGOs are working even as subcontractor for government programs to act as catalyst in changing the unacceptable socio-economic indicators in South Asia. When no other option exists to affect change, NGOs have used the risky strategy of confronting the government to call for attention to their concerns. Confrontation tactics can have dramatic results, but groups who use such tactics must be prepared to risk repression, imprisonment and even the death of members. The basis of strained relationship of NGOs with GOs in South Asian context can be summed up as follows:

- Lack of understanding of each others goals
- Inability of government to identify the types of NGO who might become reliable working partners
- Restrictive government procedures
- Problems of attitude on both sides (mistrust)
- Lack of clear governmental policies and guidelines to NGOs
- Poor communications among NGOs and between NGOs and GOs
- Sharp contrasts between the top-down working methods of government and the participatory approaches of NGOs.
- Lack of existing linkages with initiatives of various actors
- Poor understanding of relative strengths and weaknesses on both sides
- Lack of NGOs accountability to their clients, or to the public at large, for the ways in which resources are used.

Once a partnership establishes, problems may then be caused by the following sets of factors:

- Incompatible working methods of government with NGOs
- With the government banking system, which was slow and bureaucratic, RDRS of India attempted to work through the government’s tendering system, which halted progress
- Conflicts over vested interests in the rural power structure
- Contradictory objectives of collaborator.

From the NGOs point of view, Governments in the region do not prioritize the poor, do not realize potentials, and do not accept the term ‘democratic pluralism’. They are bureaucratic, inefficient, corrupt, rigid in attitude and do not accept NGOs as partners, but considers them as controlled sub-sectors. Conversely, governments feel that NGOs are too independent of governments, irresponsible, over reliant on external funds, unpatriotic, not transparent, unacceptable, corrupt, raise question about governments’ right to control and about government policies, usurper of government’s money and donations and lack in volunteerism.

b) Secularity in Nature:

Non-Governmental Organizations largely believe in service of humanity and discourage the division of service on caste, languages, sects and religions until and unless they exist for the promotion of certain religious thoughts or specific caste or tribe. Hence, the NGOs, especially in developing countries, are harassed and intimidated by religious groups and strict control over their activities by the state.
c) Internal Challenges of Each Sector: NGOs, Business, Government

NGOs
- Posses limited technical capacity to cope with the complex problems
- Ignorant toward strategic perspective and linkages with other factors of national importance
- Lack of managerial and organizational capabilities
- Have limited financial resources and are donor dependent

Business
- More profit focused
- Wanted to be more efficient than being effective
- Working culture is more mechanistic and less humane
- Lack in ability to work with community organization

Government
- Ambiguity in its thought and actions – thinks politically and acts socially
- Bureaucratic – believes in process and slow
- Virtually enjoys limited penetration in masses
- Suffers political instability.

A Suggested Outline for Partnership

As mentioned above besides mistrust, the three sectors are prey to the confusion and egoism. Despite many odds, through out the South Asia, there has been ups and downs in State-NGO-business relationships in past. In order to smoothen the relationship and joint efforts for social development in regional countries, the following steps are suggested:

Reconcile Different Cultures
The public sector, administration culture, procedure/process driven, the commercial sector, entrepreneurial cultures, results driven and NGOs, voluntary culture, missionary zeal driven, are fundamentally different. Issues like: the cost of time; delays; indecision; or limit to idealism can be important barriers to partnership and have handicapped public projects using the old, traditional approach. Yet there is no inherent reason why the public sector should be less efficient than the private sector. The Public-private partnership model is designed to cut through this problem by stimulating the public sector into understanding that it shares responsibility, and the cost of issues like delay and indecisiveness is much higher than calculated in books.

The fundamental ‘culture change’ that partnerships may require, needs to take place in many national bureaucracies and planning processes. Real partnerships will require joint planning and discussions, and better specification of the potential roles for each is needed. The government and private sector need to work together to establish quality standards, which can only help both in the long run. Overall, a robust culture of true cooperation will need to be developed.

Choosing the Right Projects:
The there is no shortage of potential projects for working together as a partner. Frequent meetings of the sector representatives and serious thinking in this reference invariably produce a long shopping list of possibilities. The key is to choose the right
project; one that meets the criteria set out earlier, and has real commitment from the public and private sectors locally to make it succeed.

**Every Project Needs Commitment:**
Ideally in fact, every project needs commitments from the two sectors. High-level local political commitment is particularly important. For example, the progress achieved by Grameen Bank in Bangladesh owes much to the fact that it had a high-profile commitment showed by the Grameen Trust; an NGO led by Dr. Younus Khan, business community and the Government of Bangladesh.

**Local Support is Critical**
Identifying local support has been extremely important to the success of a project. The local NGOs have great potentials in leading on the ground by advising on local priorities, contributing contacts, and offering a link to government and business. The collaboration with NGOs have proved particularly fruitful for the people of rural Malir, Karachi when Darsano Channo Union Council, Malir, HANDS; an intermediary NGO, and philanthropists built partnership to run the Jamkando Hospital.

**Package the Projects Properly**
Small or medium-sized projects need to be packaged to attract investors’ interest. Larger projects have their own dynamism. Smaller ones have disproportionately higher transaction costs and political risks. If you add in the innovation of securing eco-efficiency goals and waste minimization, the crucial importance of packaging, brokering, negotiating, persuading, and convincing becomes clear.

**The Process Takes Time**
There are no short cuts to a Public-private partnership project. The host government has to be persuaded of the concept. Projects have to be identified. Private investors have to be found. Public and private partners have to be brought together. The process needs to be explained carefully at the outset to the project partners; profit and non-profit organizations. It is a complicated and time-consuming jigsaw to piece together and it begins with careful groundwork and preparation. But proper preparation is the essential ingredient to the political, economic sustainability and viability of the project.

**Building Mutual Trust is Vital**
The public and private sectors have little experience of working together except they have the reference of regulators and regulated. Partnership, having the basis of shared ownership as well as responsibility, makes a project successful. Getting both sides to the table to consider problems together and identify joint solutions is a critical first step. This gives them a shared interest in the success of the new company. Through working together they come to understand each other’s constraints and expectations.

**An Operational Model for PPP**
On the basis of the above roadmap, there is a need to develop a model for an effective partnership. A tentative model for PPP indicating its operational mechanism is being presented through Figure-1.
In the operational model of PPP, the circle indicates the boundary of a society; at the top of the circle there is state and below, there are government organizations and the other two sectors of society; for profit and not-for profit. At the bottom there is the outcome of the joint efforts of the three sectors as social development. The state and the three sectors have been assigned important roles and responsibilities in order to achieve the target of social development as: the state, being responsible for good governance, setting social vision, provision of justice to citizen, developing and maintaining social structures and processes, are the state’s responsibility. Hence, it can provide an enabling environment; especially a supporting legal and fiscal framework under which the three sectors may work with greater ease and commitment. The public organizations are referred here as executive branch of state. In working with other two sectors, the public organizations can set development priorities availing the assistance of NGOs, relate those priorities to their development programmes, plan in collaboration with the other two sectors, and allocate the budget to finance those programmes/projects. Public organization may also develop joint monitoring system with the other two sectors. The corporate sector, which operates to earn profit, can be involved for social development making them clear that a prosperous society can safeguard their business interests. It is suggested in the model that the corporate sector can help government organizations for sparing financial and technical resources for the social development project and may involve in joint monitoring of the projects in which it has contributed. In this model, NGOs will be responsible for the community and resource mobilization at the grass root level for getting people’s commitment and ownership for the projects. NGOs have been found efficient and effective in small and even big projects throughout South Asia, hence, they should be responsible for project designing, implementation and project management. NGOs can also be part of project monitoring and evaluation with other sectors. The outcome of the combined efforts of the three sectors as explained above will be a developed civil society in which there will be increased socio-political
awareness, good governance, improved health and education indicators, better living standards and an equilibrium of the relationship between the three sectors.

The interaction among the three sectors have been shown by the two way linking arrows, which refers to while working on social development projects the three sectors will be involved at the most appropriate levels. Here appropriate levels mean, nearest to as equal partners, keeping in view the responsibilities of the respective sectors. At the same time, state’s link with the profit and non-profit sector has been shown with two doted lines, which means that state remains in touch with all the three sectors of society with its formal and informal interactive mechanism. The two ways linking arrows with the three sectors also indicate that while working together, the three sectors will be influenced by the culture and over all development in the society.
Conclusion

The concept of a meaningful public-private partnership for taking up developmental goals is now a reality, and it is increasingly being accepted by the three sectors of society. Yet there is a need to take practical steps in this direction. The above discussions and suggested points in this paper can be viewed as building blocks of a meaningful public-private partnership. Further, there is a need to develop a shared vision to promote the formulae of co-existence and positivist approach towards each other as the binding force to form a sustainable public-private partnership in the society.

The partnership for social development can be built on both - the strengths and weaknesses of the three sectors. Their weaknesses provide a reason for them to come together in enhancing their roles and effectiveness, while their strengths provide a meaningful partnership venture among the three sectors for social development.
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