

2<sup>nd</sup> International

# HRD Congress

**ATTACKING POVERTY THRU PUBLIC PRIVATE PARTNERSHIPS**

October 2004, Islamabad



**REPORT**

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**HUMAN RESOURCE DEVELOPMENT NETWORK**

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**CD - ROM inside**



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# **2<sup>nd</sup> International HRD Congress**

**October 1 - 2, 2004**

**Islamabad**

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**A Group of delegates in the Closing Session**

## Foreword

The 2<sup>nd</sup> International HRD Congress held in Islamabad on the theme **“Attacking Poverty thru Public Private Partnerships”** turned out to be an exceptionally well-attended and content-rich event. This two-day moot brought together around 500 eminent scholars, heads of corporate and civil society organisations, policy makers, development professionals, senior government officials and representatives of regional and international development organisations. Technical papers, presentations and discussions held in the Congress covered a broad range of 3Ps issues and challenges from implementation level to policy environment. Participation of experts as well as delegates from different sectors and different countries helped achieve the diversity of perspectives and freshness of ideas that we had wished for.

I take this opportunity to express my deep gratitude to all the speakers and panelists who so generously shared their knowledge, experience and wisdom with the delegates. Thanks are also due to our sponsors and partners, especially Swiss Development Corporation (SDC), Department for International Development (DFID), Asian Development Bank (ADB), Mobilink Pakistan, Kodak and other corporate sponsors because it was their financial and technical support, which made organization of the event possible. I must also acknowledge the invaluable guidance and support provided by the Congress Committee, especially the Secretary General of the Committee Mr. Ozair A. Hanafi and Chairperson HRDN's Board of Directors Mr. Roomi S. Hayat. The congress also owes its success to our event managers SHAMROCK Communications as well as to the tireless work and dedication of Ms. Erum Wali Khan, Ms. Mariam Mani and all the other members of the organizing team. And finally, my profound thanks and appreciation to the delegates of the Congress for their disciplined and spirited participation in all the sessions.

This report attempts to give the reader a concise yet complete picture of the two-day proceedings of the Congress. All papers & presentations of the congress are copied in original in a CD available at the back title cover of this document. It is my hope that this document would be of interest to individuals who are already working for poverty alleviation through partnerships as well to those who intend to do so in future.

Azhar Saeed  
Executive Director

## Background

Human Resource Development Network (HRDN) is an association of HR professionals and nonprofit development organizations from the private and public sectors brought together by a common interest in elevating the quality of HRD interventions to build human capital and reduce poverty. Operating through its secretariat in Islamabad (Pakistan) and local chapters in various countries, the Network is governed by a democratically elected Board of Directors from amongst its members.

In pursuance of its mission to improve HR Policies, Systems and Practices in nonprofit development organisations, HRDN organizes seminars, conferences, workshops and other similar events. One set of events provides a platform to the professionals working in human resource development and capacity building for exchange of ideas and experience and learn the cutting edge developments in these areas. The other set aims at bringing wider constellations of policy makers, civil society and business leaders for debate and discussion on contemporary trends and challenges in development. The international HRD Congress falls under the latter.

In June 2003, HRDN organized its first International HRD Congress on the theme 'Harnessing Human Capital: Key to Economic Development'. The event generated an overwhelming interest in all three sectors and attracted a huge number of participants from business, public sector organisations and civil society. The first Congress helped place the issue of human resource development in active public debate and government development agenda. It also provided an opportunity to the representatives of government, civil society and corporate sector to come together in such large numbers to discuss the ways and means of building human capital in the country. Success of the first Congress testified that there was a profound demand for such forum in Pakistan and led HRDN to organize a similar Congress again in October 2004.

Through a consultative process with key stakeholders of HRDN, 'Attacking Poverty thru Public Private Partnerships (3Ps)' was selected as the theme for the 2<sup>nd</sup> Congress. Purpose of the event was to help key stakeholders understand the range of 3Ps possibilities, share best 3Ps practices from around the world and develop innovative tripartite partnerships between government, CSOs and the private for-profit sector. The congress brought together eminent scholars, practitioners, business and civil society leaders, policymakers, senior government officials and representatives of donor agencies from Pakistan and abroad. The Congress programme was designed to help delegates explore the various myths and realities of 3Ps, learn from successful and unsuccessful 3Ps experiences and devise practical approaches for expanding 3Ps to accelerate the development of human capital for reducing poverty.

## Inaugural Session

### Chief Guest

Mr. Omer Ayub Khan, Minister of State for Finance

### Keynote Speaker

Mr. Gareth Aicken, Head DFID Pakistan

### Other Speakers

Mr. Zohair A. Khaliq, President & CEO Mobilink

Mr. Awais Ahmad, CEO Kodak Pakistan

Mr. Roomi S. Hayat, Chairperson HRDN

Mr. Ozair A. Hanafi, Secretary General HRD Congress

Mr. Azhar Saeed, Executive Director HRDN



## Welcome Address

Mr. Roomi S. Hayat, Chairperson HRDN

The conference began with Mr. Roomi Hayat, Chairperson HRDN, welcoming delegates, speakers and sponsors of the congress. Mr. Hayat set the tone for the congress by shedding light on the importance of public-private partnerships against the backdrop of increasing poverty globally and particularly in South Asia. 'Forging such Partnerships is easier said than done', he held adding that HRDN sought to remove intersectoral differences and to find a common ground between public and private sectors to alleviate poverty. Mr. Hayat hoped that Omer Ayub Khan, Minister of State for Finance, who represented the prime minister at the inaugural session, would take up the task of poverty alleviation through public-private partnerships at the highest policy level.



Elaborating the potential role of the private sector in human development, he said, it needed to be recognized that it was only in a stable macroeconomic context and conducive and transparent legal and regulatory framework that the private sector could grow and contribute to social causes. 'And it is in this context that the complementarity of the public and private sectors in the provision of social infrastructures can be best taken advantage of', he added.

## Aims & Objectives of Congress

Mr. Ozair A. Hanafi, Secretary General - HRD Congress

Mr. Hanafi noted with satisfaction that the HRDN Congress had grown in stature over the years and consistently drawn support from the private sector as well as the government. The overarching aims of the congress, he said, were (a) to find innovative ways of establishing tripartite partnerships between citizen sector organizations (CSOs), the government and the private sector; (b) help participants learn from successful public-private partnerships in the region and abroad; (c) explore the possibilities of meeting challenges that arise out of different backgrounds of stakeholders; and (d) enhance willingness of delegates for working together for the common cause of building human capital. Mr. Hanafi hoped that by the end of the congress, the delegates would have arrived at some tangible strategies for alleviating poverty through public and private partnership.



## Expectations from Congress

Mr. Azhar Saeed, Executive Director HRDN



Mr. Saeed said that the HRDN Congress had ambitious and far-reaching aims and he hoped it would prove to be a turning point in the history of public-private partnerships in Pakistan. Specifically, he outlined the expected outcomes of the congress as follows:

- The congress would help trigger a process for a more conducive regulatory environment for public and private partnerships.
- It would help enhance willingness of all stakeholders to work together.
- It would help increase and improve the role of the private sector in addressing poverty and other social problems.

The HRDN Director explained that the reason for holding the congress on a wide and all-inclusive theme of public-private partnerships rather than a particular social sector such as education and health was to accommodate and give voice to the interests of delegates and speakers who came from diverse backgrounds. He hoped that the delegates would take the process forward by focusing in-depth on specific sectors in the future. He said it was probably for the first time in country's history that such a large and diverse range of stakeholders had come together to deliberate the potential of public-private partnerships.

## Keynote Address

Mr. Gareth Aicken, Head DFID Pakistan



The keynote speaker opened his discussion by shedding light on poverty as a context for public-private partnerships. Eradicating poverty, said Mr. Aicken, provided justification for the existence of organizations such as DFID and other donor agencies. He also took stock of the recent governmental measures for tackling poverty including Poverty Reduction Strategy Paper (PRSP) published at the end of 2003 with the title, **Accelerating Economic Growth and Reducing Poverty**. Also, the Government of Pakistan is a signatory to the Millennium Development Goals (MDGs) which envisage that the world poverty would be halved by year 2015. Other goals of MDG focus on health and education. He also added that it is important to distinguish between income poverty and the kinds of services needed to provide a decent living, which include education, health, justice, water & sanitation and so forth.

He informed the audience that 'unfortunately, Pakistan is off-track on most MDGs and doing less well as compared to other Asian countries'. The biggest reason is that Pakistan is coming from behind the starting line because during the 1990's, poverty actually rose. However, the present government has managed to turn the tide and achieve macro-economic stability. Now the need is to devote more

resources to the social sector because Pakistan has lost a lot of time even more has to be done to reach those goals by 2015 or before.

Reducing poverty, said Mr. Aicken, 'is not just a charitable act rather, it's an investment in future'. Reaching MDGs required partnerships including the ones between the public and private sectors. The private sector is already playing a role in education and health service provisions but there are no partnerships in place. After unpacking the roles and composition of the government, for-profit and non-profit sectors, he threw light on partnerships, how they are formed and what they are about. Every partnership, he said, had to have clear objectives and an even relationship and understanding among partners. Mr. Aicken noted that different people had different conceptions of public-private partnerships. The congress, he hoped, would help crystallize clearer understanding of how such partnerships should be defined. He also suggested that the HRDN should function as a clearinghouse for information on best practices in the field of public private partnerships.

### Inaugural Address

Mr. Omer Ayub Khan, Minister of State for Finance

Mr. Omer Ayub Khan was the chief guest on behalf of the Prime Minister of Pakistan. Mr. Khan, said that any government in specific has to be an enabler. In the past, goal posts changed rapidly and there has been no proper strategy to arrest the poverty in particular.

He also added that the decade of the 1990's was a lost case for Pakistan.

He said that the present Government is cognizant of the real state of affairs and we realize that this is an uphill task.

To promote Public-Private-Partnerships, he argued that there should be a conducive legal framework that provides adequate and timely remedies to the litigating parties as without having timely justice, partnerships would never yield a positive outcome.

Referring to the major issues being confronted by poor masses, he said that easy access to justice followed by speedy settlement of land-related litigations takes the top priority. For speedy justice, the Government has initiated an Access to Justice Programme wherein the Private Sector could also contribute. He added that Land titles should be secure and not left at the mercy of patwaris and tehsildars. There needs to be major revamping in the area of law and justice. Concluding, Mr. Khan said that pilot programmes are already in the process in all the four provinces to promote public private partnerships. He offered his support for any further action that is required to boost up such partnerships in future as well.



## Technical Session I

### How Public Private Partnerships (3Ps) Can Effectively Contribute Towards Addressing Poverty

#### Session Chair

Mr. Marshuk Ali Shah, Country Director, ADB

#### Session Co- Chair

Dr. Pervez Tahir, Chief Economist, Planning Commission

#### Speakers

Mr. Marshuk Ali Shah, Country Director ADB Resident Mission Pakistan

Mr. Jahangir Tareen, Federal Minister for Industries, Production & New Initiatives

Ms. Musharaf Hai, Chairperson Unilever Pakistan

Mr. Zouhair A. Khaliq, President & CEO, Mobilink



## Introduction to the Session

Dr. Pervez Tahir, Chief Economist, Planning Commission / Session Co-Chair

**Dr. Pervez Tahir** opened the session with an introduction of the session theme and spoke briefly about the significance of public private partnerships for overcoming poverty. He said that in Pakistan, where the economic depression had bottomed out and an economic turn around was progressively becoming visible, it was very unfortunate that poverty was on the rise. He added that now it had become evident that in order to ensure a more even and just distribution of the fruits of economic growth and to bring the poor and the marginalized into mainstream of economic activity, we will have to break away from the traditional model of development and focus on pro-poor development. He underscored that effective and efficient partnerships between the public and private sectors could become a promising vehicle to achieve this goal. Dr. Tahir, then introduced the speakers of the first session and invited Mr. Marshuk Ali Shah, the first speaker as well as the Session Chair for his presentation.



## An Overview of ADB's Experience on 3Ps for Poverty Alleviation in Pakistan

Mr. Marshuk Ali Shah, Country Director ADB

**Mr. Marshuk Ali Shah**, being the first speaker, gave an overview of the Asian Development Bank's experience on Public-Private Partnerships (3Ps) for Poverty Alleviation in Pakistan. He informed the audience that ADB seeks to nurture cooperation between the government and the private sector institutions and is trying to achieve this goal through the following interventions:



**Type 1 Intervention**, features a Private Sector Development Component in a Public Sector Loan. This approach has been taken in the financial sector, governance sector and trade sector. The improvement in investor confidence and the strengthening of the legal and regulatory framework is necessary to effect a revitalization of the private sector institutions in Pakistan. The Government of Pakistan has initiated a set of reforms in corporate governance in particular, which have been supported by ADB. This includes the development of a corporate governance code, updating of the Companies Ordinance, and the development of legislation. ADB's recent Type 1 projects include the Capital Market Development Program, the Financial Markets and Governance Program, the Access to Justice Program, Provincial Road Sector Programs and Punjab Resource Management Program, etc.

**Type 2 Intervention**, is a Public Sector Loan designed to promote Private Sector involvement. The focus is on actively involving the private sector in areas where the policy, legal and regulatory environment is deemed sufficiently developed to support private sector activity but where private

Sector involvement has been less than satisfactory. It has been designed to facilitate the development of private sector institutions with the public sector playing an intermediary role. Also, this type of intervention is primarily in industrial environmental management, infrastructure development, agriculture and rural finance. The policy and regulatory environment in these sectors is judged to be sufficiently strong to facilitate private sector development. The recent projects include the Micro Finance Sector Development Program, Small and Medium Enterprise Development Program, Rural Finance Sector Development Program, etc.

Mr. Shah concluded by saying that the Government and private sector institutions need to come to the table and bring viable models for 3Ps for the delivery of social sector services and for other poverty reduction efforts. The options which include public sector financing of such services for implementation and management by the private sector need to be explored and pilot-tested.

### Public Private-Partnerships- Fulfilling the Corporate Goal by Helping the Poor

Mr. Jahangir Tareen, Federal Minister for Industries, Production & New Initiatives



**Mr. Jahangir Tareen** presented a case study of a successful 3Ps initiative in Rahimyaar Khan. The main focus of Mr. Tareen's presentation was on the JDW Sugar Mills' Sugarcane Productivity Enhancement Programme (SPEP), which is spread over 263 villages, catering to 897,908 people residing in the rural areas. This partnership consists of an agriculture assistance service (JKAS), farmers, a total of 27 Union Councils and 128,273 rural households. The initiative has succeeded in the establishment of 642 community organizations so far. A careful combination of vocational training in the agriculture sector, support activities and micro-credit programmes has increased the sugarcane yield per acre from 450 to 700 mds/ acre. On the demand of community organization, SPEP has also initiated a Livestock Improvement Programme, which is producing amazing returns for the farmers.

Mr. Tareen stressed upon the need to encourage women education particularly in rural areas so as to accelerate development and informed the audience about the initiatives taken by SPEP to enhance the access and quality of women education in the area. He commented that although educating women was generally not a priority for the male heads of rural families but the attitudes were changing and the civil society, concerned citizens, private sector and the government must play catalytic role to further build the momentum.

## Reaching One Billion People

Ms. Musharaf Hai, Chairperson, Unilever Pakistan



**Ms. Musharaf Hai**, the Chairperson of Unilever Pakistan, was the next speaker and she started her presentation with expressing her deep appreciation for Mr. Jahangir Tareen's interventions in District Rahimyar Khan and pledged support on behalf of Unilever Pakistan for his work. Ms. Hai then contextualized the need for public

Private partnerships - which she preferred to call interconnectedness - within the broad challenge of providing basic amenities of life to the one billion poor of the world who are being denied this access. She called attention to the fact that in today's world, technology was the biggest enabler and the challenge was to utilize it optimally to empower the communities. Elaborating this thought, she said that it would require out of the box thinking and looking at poverty as an opportunity. She observed that business is part of the society and the agenda of poverty alleviation must be central to the business not because of philanthropy considerations but because it is good business. Business has the responsibility not just to make profits for its shareholders but also to ensure long-term sustainability for its stakeholders, which means the entire community in which business operates. Private sector involvement is crucial for poverty alleviation, she maintained.

She shared that the global compact and the MDGs were the centerpiece of Unilever's approach, and that in Pakistan education, water sustainability and health were the three strategic thrusts adopted by the company. These thrusts were being pursued through a commitment to sustainable, measurable and scaleable ideas and working through alliances and partnerships. She cited the example of Unilever's partnership with The Citizen Foundation where Unilever had constructed three schools and was supporting a number of others. She also told that Unilever had adopted a government school in Rahimyar Khan which has an enrolment of 1000 students and has become perhaps the most aspired school in the town. She then gave a brief account of Unilever's work in Thar where the company has worked in partnership with Thardeep to install 340 hand pumps benefiting almost 8000 families. She said that Unilever was now venturing into the construction of rain harvesting ponds and wind mills in the area. To give the audiences a glimpse of similar work in other countries, Ms. Hai mentioned Unilever's involvement in a one billion dollar Integrated Sustainable Water Management project being implemented in Philippines. She then summarized the key learnings drawn from the Company's work in these areas as follows;

- Social, economic and environmental objectives are interconnected and concurrent and must be handled in that manner;
- Effectiveness of any public private partnership depends upon the extent of participation of the key stakeholders in the entire community;

Ms. Hai quoted the following thought from the book 'Fortune at the bottom of the pyramid'.

“We have to start recognizing the poor as resilient and creative entrepreneurs and we have to see them as value conscious consumers, only then a whole new world of opportunity will open up”.

Answering a question later during the Q&A session, Ms. Hai added that the prime driver of her work in this area was honesty. She said that she started this journey with this ingredient of honesty. Responding to another question she mentioned the case of UniLever introducing an affordable shampoo, which only costs Re. 1.00 per sachet, as an example of Unilever's strategy of making products accessible to the poorest.

### Public Private Partnerships for Poverty Alleviation The Mobilink Perspective

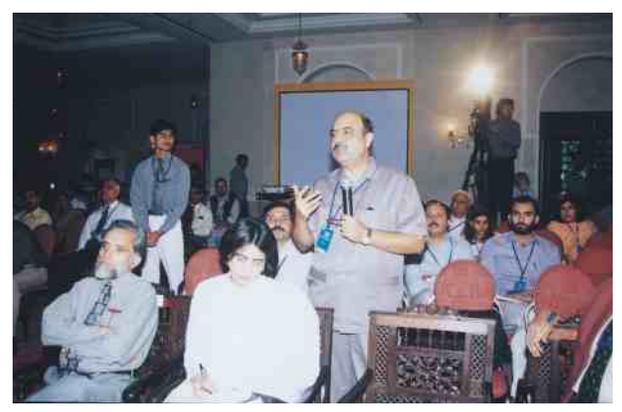
Mr. Zouhair A Khaliq, President & CEO Mobilink



**Mr. Zouhair A Khaliq** was the last speaker of the session. He shared his company's perspective on the Public Private Partnerships for Poverty Alleviation and explained how Mobilink was trying to make a positive contribution in this area. He spoke about the importance of the Telecom infrastructure in economic development and poverty alleviation hence putting a tremendous responsibility on the shoulders of private sector service providers.

Mr. Khaliq observed that mobiles, once seen as luxury items, have now become a necessity. Even though initially the growth rate of the telecom industry in Pakistan was low, but by decentralizing this industry great potential was unleashed. Mr. Khaliq added that opening up of the telecom industry to the private sector also resulted in tremendous improvement in the quality of service and efficiency of the public sector itself because the competition with the private sector brings out the best in the public sector.

He said that the telecom industry is one of the fastest growing industries in Pakistan resulting in job creation, enhanced economic activity and productivity and is thus contributing towards alleviation of poverty. He cited examples of farmers, fishermen, artisans and other similar groups from masses using cellular phones to enhance their productivity, efficiency and income. Not just this but, mobile phones were also helping increase security, safety and the accessibility of medical advice for people living in the remote and hard to reach areas. He contended that the Mobilink Village Phone Program, which proactively commits to the cause of rural development, would take the communication to the next level; it would empower individuals and further increase the efficiency of economic transactions in these areas. He said that Mobilink had joined hands with Kushhali Bank to implement this innovative programme where Mobilink will provide coverage, customer service and training to the Khushhali Bank's staff whereas the latter will enable financing of the handsets and train the relevant people in the villages. In conclusion he said the technology was definitely an enabler and Mobilink was committed to use modern technology available to the benefit the poor and to bridge the digital divide.



## Technical Session II

### 3Ps in Social Sector (Health, Education, Water and Sanitation, Access to Justice)

#### Session Chair

Dr. Muhammad Akram Sheikh, Deputy Chairman, Planning Commission Pakistan

#### Session Co- Chair

Ms. Shahnaz Wazir Ali, Executive Director, Pakistan Center for Philanthropy

#### Speakers

Dr. Akmal Hussain, CEO, Syed Engineers

Ms. Baela Raza Jamil, Educationist

Mr. Monte Achenbach, GreenStar Social Marketing Pakistan



## Session Introduction

Ms. Shahnaz Wazir Ali, Executive Director PCP / Session Co-Chair

The second session of the congress was on “3Ps in the social sector” and it started with an introduction of the theme and that of the speakers by Ms. Shahnaz Wazir Ali, the session Co-Chair. In her start-up deliberation, Ms. Ali highlighted the resource crunch that severely hits efforts of the government in spreading primary education in remote areas. She made a strong case for the need to build effective partnerships between the government and the private sector for equitable and sustainable development. She said that this is the decade of partnerships and we are witnessing extremely powerful partnerships globally. She observed that though in Pakistan, such partnerships are in their early stages, but the realization and the desire to take this route is growing stronger among all stakeholders. Reflecting on the conditions, which enable such partnerships, she stated that the playing field need not be leveled; rather it should be tilted in favor of the dispossessed such as the poor and the private sector. If tilted towards the private sector then this will help shred the legacy of the public sector dominance and more and more corporate entities would be encouraged to enter the 3Ps arena.



## Poverty, Power and new Partnerships

Dr. Akmal Hussain, CEO, Syed Engineers

**Dr. Akmal Hussain**, having assisted the UNDP in writing their Human Development Report, displayed a great deal of insight into the dimensions and challenges of poverty in the country. He began his presentation with a series of provocations. He said that poverty should be seen as a resource endowment problem and achieving poverty reduction

Would mean transferring resources to the poor. Along with this, it should be realized that the poor are pitched against a Nexus of Power, depriving them not only of their actual but also their potential income. This nexus of power reproduces poverty; hence poverty does not exist from endogenous conditions. He added that the market in Pakistan is asymmetric, which leads to deprivation in the actual and potential income of the poor. He said that when the state fails to fulfill its responsibility of providing healthcare to the poor, they end up spending a major portion of their income on health and thus sink deeper into the poverty trap.



The structure of power can be altered by restructuring the composition of GDP. This can be achieved by mobilizing the poor and making them part of the solution instead of viewing them as a problem. This would lead to an increase in GDP Growth and a more even distribution of income. In addition, the unequal distribution of assets needs to be altered, and this is where 3Ps can play a very important role. Dr. Hussain suggested that a corporate fund should be created for Pakistan, which would allow the poor to become equity holders. The fund would provide loans to the poor to become equity holders and the loan could be paid off by the dividends they earn.

He stressed that instead of looking at the poor as a marginal part of the society and a burden, they should be considered precious assets and brought in to the mainstream of production, He further added that we wouldn't make any significant headway in this direction, as long as the debate on poverty keeps systematically omitting the issue of power. Only a paradigm shift in 'poverty' thinking can spin poverty into an opportunity and create opportunities for investment.

Answering a question Dr. Hussian said that space is not granted, but actually won. If citizen community boards are linked to the lower tiers of the government then space could be achieved. He concluded this session by saying that overcoming poverty is to empower the poor for them to have better access over markets, governance, education and health facilities. If the poor were able to acquire greater control over their productive resources and keep their incomes and savings in their own hands, they would be able to develop institutionalized linkages with different tiers of the government.

### Political Economy: The Interpretation, Potential & Limits of 3Ps

Ms. Baela R., Jamil, Educationist



**Ms. Baela Jamil**, the third speaker of the session, discussed the importance of 3Ps in the Education Sector of Pakistan. She started with briefly summarizing how various actors are contributing towards education at present and gave the following comparative analysis;

#### **Initiated by the Government**

Fellowship Schools, Community Supported Schools, CPP School upgradation in afternoon shifts and the setting up of Education Foundations.

#### **Initiated by autonomous bodies such as Education Foundations; National Commission for Human Development, Pakistan Centre for Philanthropy (PCP)**

Adopt a School, Community Supported Schools, Feeder Schools, School Improvement of Public and private Schools

#### **Initiated by CSOs**

Home Schools; Adopt a School; Community learning/ Literacy Centers (using school premises / facilities); Education Extension and Enrichment Programs and the creation of District Education Plans (DEPs). There are agreements for partnerships between the district governments and the NGOs for the infrastructure, service delivery and planning/budgeting.

#### **Initiated by the Corporate Sector**

School Improvement Programs through NGOs and other groups, scholarship merit programs for girls/women and the disadvantaged for primary, secondary and higher education, etc.

Fully recognizing the needs for private sector participation in education to fulfill the MDG of education, the government is incentivizing citizen participation in the education sector through a range of incentives such as;

- Income Tax incentives for Charitable Donations; Exemption of custom duties and other taxes on the import of education equipment.
- Provision of land free or on concessional rates in rural areas. Zoning in urban areas.
- Electricity and gas for schools, on the lowest possible domestic tariffs.
- Provision of concessional financing for establishing rural schools through respective Education Foundations and credit through DFIs.
- Access to district development budgets through CCBs

## Social Marketing and 3Ps

Mr. Monte Achenbach, GreenStar Social Marketing Pakistan

**Mr. Monte Achenbach**, made a presentation on Social Marketing and 3Ps. He gave a briefing on the scale and scope of Green Star Social Marketing and shared that his organization was involved in overcoming the supply and demand barriers in the private sector and correcting market-failures by providing subsidies. Social Marketing accomplishes this through local and international procurement; Branded marketing; generic and interpersonal communication. Green Star provides sixteen different health products and services and also has trained more than 16000 health providers. Furthermore, 74% of Green Star clinics are catering to people of low socioeconomic groups. Mr. Achenbach informed the audience that Green Star has achieved this by establishing linkages and partnerships with community based organizations, and channeling public funds for the right cause. He added that Green Star was currently working with the Government of Punjab and assisting them in the health sector.



## Session Wrap-up

Dr. Muhammad Akram Sheikh, Deputy Chairman  
Planning Commission / Session Chair

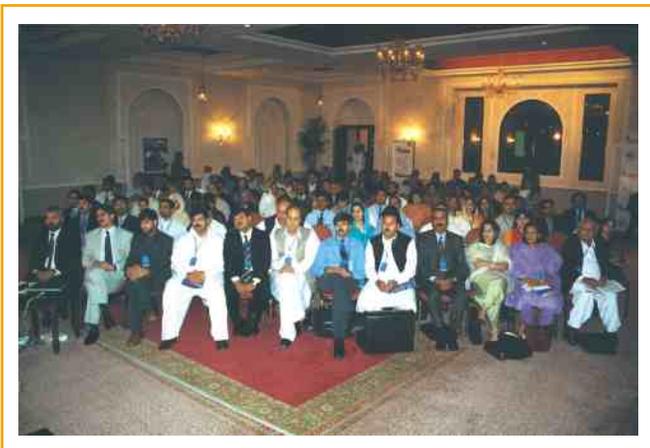
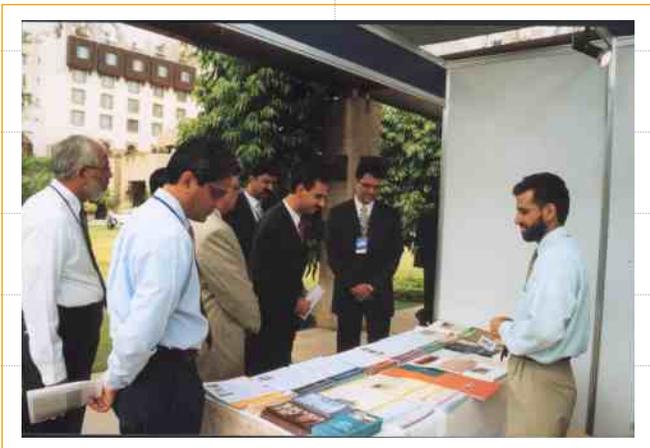
**Dr. Akram Sheikh**, Deputy Chairman Planning Commission and the Session Chair, concluded the session by succinctly summing up the main points made by the speakers. Referring to the thoughtful speech made by Dr. Akmal Hussain, he assured that Dr. Akmal's idea of the change in the composition of GDP would be covered thoroughly in next five Year Plan. He said that the government was aware of need to bring not only the poor into the mainstream but in fact bring all stakeholders in policy planning and implementation. He agreed with Ms. Jamil on the need for bringing more into transparency in the regulatory framework for partnerships. He added that without a change in the mindset of government and its various functionaries, this country wouldn't be able to achieve what it deserves to achieve.



He reminded the audience that in 1960s Pakistan was doing much better on the economic front than Malaysia, Indonesia and Korea. Today, these countries are far ahead of Pakistan and we need to critically analyze the factors, which led to this reversal of fortunes. Highlighting some of the most important factors he said that countries like Korea and Malaysia spend up to 20% of their budget on Education, while we didn't even spend 2.0%. Similarly, Pakistan is nowhere near to the number and quality of vocational training institutions in these countries. He noted with regret that in the entire Muslim world, we have 100 scientists per million against for instance 14000 per million of Israel. The cumulative GDP of 57 Muslim countries is \$1.2 trillion compared to \$1.4 trillion of France alone.

Dr. Sheikh further said that multinational companies make the decision to invest in a country on the basis of technology achievement and international competitiveness. In technology achievement, Pakistan has been rated 62<sup>nd</sup> by UNDP even behind Nicaragua, and similarly the yearbook of international competitiveness didn't even include Pakistan's name in its list of sixty internationally competitive countries.

He said that the situation was indeed grave and we need to take bold and drastic steps to turn around the country. Dr. Sheikh informed the audience that the planning commission was directed by the President and the Prime Minister of Pakistan to anchor the next five-year plan around the goal of creating an economically just society. He said that this could not be achieved without minimizing distortions within various regions, ethnic groups, industries and classes. Removing or at least minimizing distortions will help build confidence and a sense of common destiny in the people of Pakistan and enable us to move forward, at peace with ourselves and at peace with the rest of the world.



## Technical Session III

### 3Ps for Community Empowerment (Vocational Skills, Micro Finance, Physical Infrastructure)

#### Session Chair

Mr. David Levintow, Senior Associate, IP3, Washington

#### Session Co- Chair

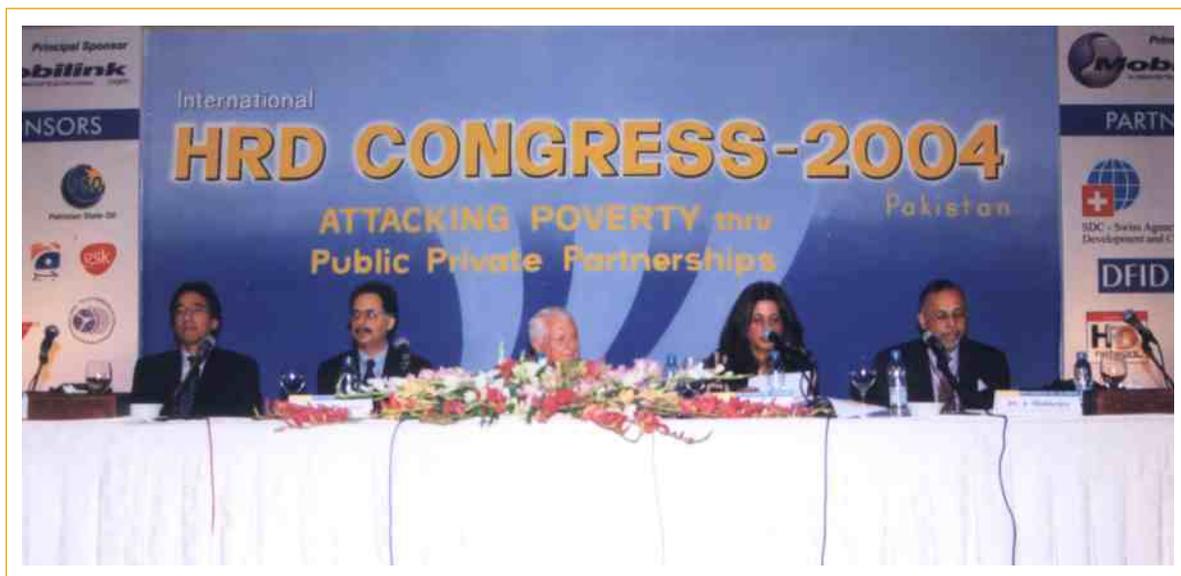
Ms. Zarrine Aziz, President, First Women's Bank Ltd.

#### Speakers

Mr. Ghalib Nishtar, President, Kushhali Bank

Dr. Imtiaz Alvi, Executive Director, Sungi

Dr. Amitava Mukherjee, CTA, UN-ESCAP, Bangkok



## Introduction to the Session

Ms. Zarrine Aziz, President FWBL / Session Co-chair



**Ms. Zarrine Aziz** co-chaired the last session of the first day of the International HRD Congress, 2004. In her introductory presentation, Ms. Aziz said that inspiring, motivating and empowering the poverty-stricken people who have a feeling of disbelief in themselves is our greatest challenge today. She then highlighted the importance of the role of women in the society and explained how First Women's Bank Ltd was helping out women through a series of women friendly interventions.

Ms. Aziz pointed out that there are 71.65 million women in Pakistan out of which about 24 million are living below the poverty line and the labor participation rate of women is only around 13%. She said that to her the 'idle population' of women in Pakistan was a tremendous national resource, which has not been optimally utilized. Of the important factors hampering women's participation are the lack of women's access to capital and credit, information and market linkages, business and management skills and legal awareness. She added that women in our country are being systematically deprived of asset ownership.

FWBL president shared that the First Women Bank Ltd. (FWBL) is a unique and specialized financial institution being run and managed by women. The Bank aims to augment the economic status of women by offering traditional and non-traditional services. The FWBL provides women with support in the streams of credit management, trade finance, legal counseling, tax consultancy and marketing. FWBL established business centers, which have trained approximately 5,000 women entrepreneurs in business skills and entrepreneurship through an institutional linkage with the Imperial College of Business Studies, U.K. Also, FWBL's Computer literacy Centres trained approximately 6,400 women in computer skills.

She added that while microfinance was crucial for empowering the poor and fueling economic growth, microfinance alone if not complemented with its supportive processes, might prove fatal to the organization or the country.

It would be thus imperative to encourage public and private sectors to collaborate and devise roadmaps where microfinance would most help the unemployed, poverty stricken population. FWBL is a classical example of a Public Private Partnership with the present shareholding pattern of 51.63% Government and the remaining with Private Banks.

She informed that the Bank had also entered into collaboration with international and local agencies, for example ILO and the US department of labour to implement a project aimed at eliminating child labour from the carpet weaving industry. The project was focussed on skill development of women, micro credit, infrastructure strengthening and community development.

Referring to an earlier speaker, Ms. Aziz noted that while patience, persistence and best practices were necessary, it is the 'passion', which is above every thing when it comes to fighting poverty. In conclusion, citing the case of FWBL, she said that we have developed a unique indigenous model in Pakistan, which successfully combines the dual objectives of profit making with women empowerment, and we must empower institutions that empower women.

### 3Ps for Sustainable Development

Mr. Ghalib Nishter, President, Kushhali Bank



**Mr. Ghalib Nishter** began by underscoring that the traditional approaches to combat poverty like development aid, subsidies, government support and localized NGO solutions etc have failed to win the poverty battle and doing more of the same is not going to help. Instead we need to pursue a new approach, which is of leveraging on the Market forces and on the effective combination of different sectors through public private partnerships. He however cautioned that there is a huge list of unsuccessful partnerships both in Pakistan and abroad and emphasized that such partnerships will only achieve their intended objectives if they are conceived and designed to bring the best out of the partners involved. He said that sustainable development has been defined as the development, which is likely to achieve lasting satisfaction for the human beings and improvement in human life. In practical terms, it is private sector led pro-poor growth. However it is a combination of on one-hand private sector resources, drive and entrepreneurial talent and on the other hand of policy, legal and regulatory environment that emphasizes fairness, social cohesion and transparency. This combination generates growth that is inclusive and pro-poor. Building further on this, Mr. Nishter gave a broad definition of public private partnership as “the partnership that blends both the productive and social cohesion aspects of sustainable development, and encompasses both the role of the government in establishing the enabling environment and that of the public and private sectors in efficient provision of goods and services”. He said that to meet the challenges of development in the days to come, the role of the public sector should be :

- To put in place the right policy, legal and regulatory environment to ease the risk perceptions that shy away the private sector investor and at the same time rationalize the profit seeking behavior of the private sector with public concern and concern for corporate responsibility;
- Maintain macro economic stability and promote appropriate structural policies;
- Through introduction of appropriate laws, regulation and other mechanisms promote access of the poor to social and infrastructure services.

He added that this would enhance the social legitimacy of economic growth, which is an important prerequisite for the sustainability of the growth process. It is in a stable macro economic context supported by fair, transparent and predictable policy and regulatory environment that a healthy private sector can grow and it is in this context that the complementarity of public and private sectors in the provision of infrastructure and services can be best taken advantage of.

Mr. Nishtar cited the case of Khushali Bank as an example of a successful public private partnership where the right ingredients mentioned above were in place. The policy objective was to develop the MF sector to efficiently provide a range of affordable financial and social services to the poor, especially women who disproportionately bear the burden of poverty. The policy framework comprised the following components:

- Creating a conducive policy framework.
- Developing appropriate supervisory and regulatory infrastructure for licensing and regulation of microfinance institutions.
- Pilot launching a lead institution-Khushhali Bank capable of demonstrating the policy objectives i.e. sustainable outreach to the poor
- Investment in supporting social intermediation and basic infrastructure.

The implementation strategy to achieve these objectives was developed through a consultative process involving the Government of Pakistan, a multilateral institution i.e. Asian Development Bank, the private sector and the civil society which assigned the responsibilities for objectives 1, 2 with the Government of Pakistan whereas objectives 3 was to be undertaken through private sector induction and a complementary role of the civil society in achieving objective No 4. Mr. Nishtar noted with satisfaction that today, there is a conducive policy environment and a supportive supervisory & regulatory framework for microfinance in Pakistan. Under the new legal and regulatory framework, currently there are four licensed private sector banks whereas a number of proposals are under active consideration of the State Bank of Pakistan.

### The Prospects & Limitations of 3Ps for Poverty Alleviation

Dr. Imtiaz Alvi, Executive Director, Sungi Development Foundation

**Dr. Imtiaz Alvi**, the Executive Director of Sungi Development Foundation was the next speaker who spoke about the "Potential and Limitations of 3Ps for Attacking Poverty." Dr. Alvi stated that now there is a growing realization that poverty is more wide spread and persistent than many of us would have liked to believe. He said that poverty was the outcome of flawed policies, ineffective governance, misplaced national priorities and a system that doesn't work. He agreed that the probability of addressing poverty is higher if the state and

Private sector (NGOs, Profit making sector) join hands with clearly defined roles and responsibilities. He said that it wouldn't be possible to alleviate poverty without attacking the system and factors that perpetuate poverty. He added that in addition to joining hands with the state and other players in public private partnerships, the civil society must also continue to act as watchdog.



He said that in Pakistan majority of the poor, who are keen to educate their children, depend on government schools, in which the quality of education is absolutely dreadful. Specifically in higher education one's ability-to-pay would be a more important factor than intelligence and capability. Likewise, in the health sector a large proportion of the population is dependent on the state run health system, where the quality of treatment is generally not up to the mark. He added that the civil society should pressurize the state to decentralize the public sector and provide investment friendly opportunities to the private sector, so that they could step in and help improve the quality of the basic necessities of life such as education and health whilst generating employment opportunities. The formation of formal and informal 3Ps with clear roles and well-defined responsibilities is the key to progress and long-term development of Pakistan, he maintained.

### 3Ps for Delivery of Basic Services: Experiences of Alternative Models

Dr. Amitava Mukherjee, CTA, UN-ESCAP



**Dr. Amitava Mukherjee**, the last speaker of the session started by conveying the greetings of the people of India and those of Mr. Kim Hatsu, Under Secretary General UNESCAP. He then presented a case study of a project titled "Access to Basic Services for the Poor through Public Private Partnerships." He said that a partnership is a system, which must have a purpose, parts, boundaries and rules. He then gave a typology of 3Ps, namely;

- Passive Partnership, in which institutions participate by being told what is going to happen unilateral;
- Partnership in information which is based on knowledge sharing;
- Partnership for Consultation in which parties are consulted but all of them do not have a say in the final decision;
- Partnership for Material Incentives in which institutions enter into partnerships in return for funds, support, etc;
- Functional Partnership where partners get involved by forming groups to meet predetermined objectives, but do not get involved in major decision-making.
- Interactive Partnership is when partners build partnerships for joint ventures and take part in the entire process starting of analysis, planning, implementation and impact evaluation;
- Partnership by self-mobilization is when Institutions build partnerships by taking initiatives independent of existing institutional arrangements/partnerships/coalitions.

Dr. Mukherjee presented UNESCAP models of 3Ps in Sri Lanka (5P Demonstration Project For Water Supply And Sanitation), Indonesia (Providing Sustainable Electricity Supply to the Poor in Indonesia) and Pakistan. In Pakistan a partnership exists between the UNESCAP, the government, Attock Oil Refinery and the communities on Biodiversity Conservation.

The partnership of the Morgah Biodiversity Park has not only increased biodiversity conservation in Pakistan, but also developed a model on biodiversity for replication. On the other hand, it has also reduced poverty of the targeted communities by increasing their community empowerment and generating employment, hence enhancing their income.

## Wrap - Up

M. David Levintow, Senior Associate, IP3 Inc. USA / Session Chair

Concluding the session, **Dr. David Levintow**, made a reference to the presentations of Ms. Aziz and Mr. Nishtar and said that these cases have proved that banks can offer their services to the poor and still make a profit as opposed to traditional banking practices of doing only big transactions. He said the management Skills these banks were employing were creative and advanced and these skills must be enabled.



## Technical Session IV

### 3Ps for Sustainable Development (Environment, NRM, Water Resource Management, Waste Management & Renewable Energy)

#### Session Chair

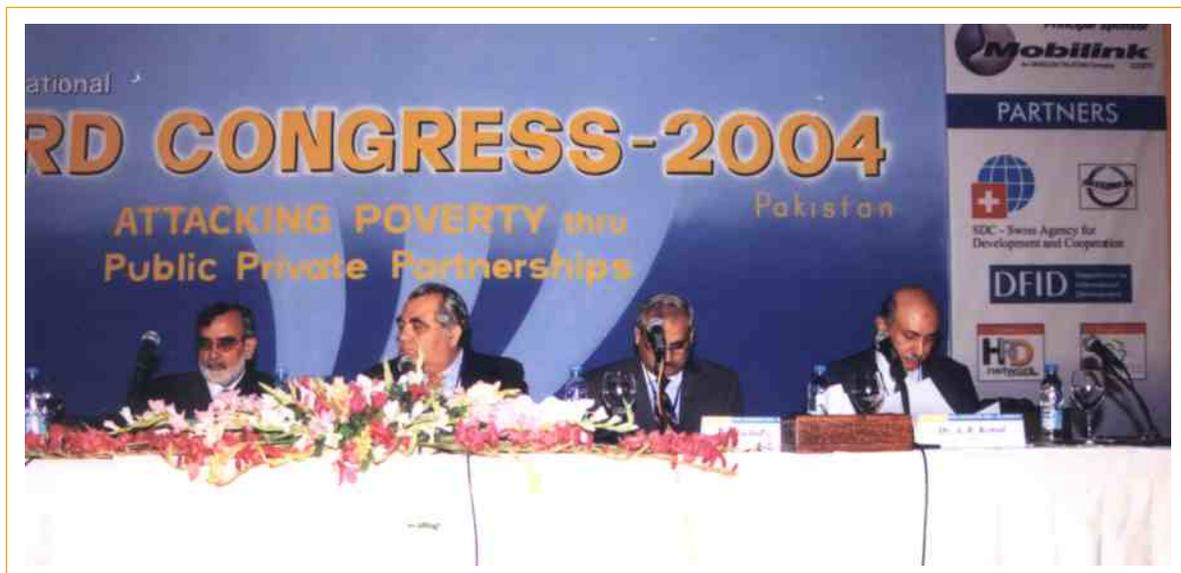
Mr. Onder Youcer, Resident Representative, UNDP

#### Speakers

Mr. Fayyaz Baqir, Head, UNDP Small Grants Programme

Dr. A. R. Kemal, Director, Pakistan Institute of Development Economics

Dr. Rashid Bajwa, CEO, National Rural Support Programme (NRSP)



## 3Ps for Poverty Alleviation & Protection of Wild-life

Mr. Fayyaz Baqir, Head, UNDP Small Grants Programme



**Mr. Fayyaz Baqir** was the first speaker on the morning of the second day of the congress. He presented a case study on 3Ps for poverty alleviation and protection of wildlife in Torghar, a valley in the Baluchistan province of Pakistan. He said that the main challenge for anyone aiming at building public private partnerships was how to reconcile the commercially motivated private interest with public concern to ensure equitable distribution of the fruits of partnerships and more balanced use of natural resources. Adding an academic backdrop to his presentation, Mr. Baqir also gave the following typology of partnerships:

- Complementarity: when partners have similar goals but dissimilar means;
- Co-operation: when partners have similar goals and means;
- Co-optation: when partners have dissimilar goals but similar means;
- Confrontation: when partners have dissimilar goals as well as means.

Coming back to the case study, he said that Torghar hills did not come under the purview of Protected Areas Management. These mountains, once with abundant wildlife, vegetation and other natural endowments, have now been stripped of most of their natural resources due to the drought. STEP, an NGO, started a gradual process of discussion and consultation with the communities on the necessity of protecting the animals and creating acceptability among the tribal elders for taking this initiative. Community involvement was achieved by relating conservation to economic benefits and creating a sense of ownership of local resources among the people. They identified lack of income generation opportunities, scarcity of water and lack of basic social services (health, education) as their foremost problems.

The combination of indigenous and professional knowledge from IUCN and WWF and first financial assistance from Bob Chisholm, the founder of the Pizza Hut Chain resulted in the initiation of the Torghar Conservation Project (TCP) by STEP, an NGO. Seeing the encouraging results, eventually the Government also joined and this Project turned out to be an example of successful participation of all stakeholders.

The Torghar project was started on a limited scale and served as an experimental laboratory where new interventions and innovations led to a widespread programme of conservation and integrated development.

## Economics Poverty & Environmental Fiscal Reforms

Dr. A. R. Kemal, Director, Pakistan Institute of Development Economics



**Dr. A.R. Kemal**, the Director PIDE, was the next speaker who gave a presentation on Poverty, Environment and Fiscal Reforms. He started by pointing out that rising poverty and deteriorating environment were the two most major challenges of Pakistan and without public private partnership there was no possibility of overcoming either of these. Dr. Kemal then informed that economic growth doesn't necessarily result in poverty reduction. Analyzing the economic trends from 1960 to date and juxtaposing those with poverty patterns, he concluded that high economic growth is not sufficient to reduce poverty unless income inequalities are minimized. Dr. Kemal added that long-term sustainable growth and poverty reduction depends on a country's natural resources and environment. He said that the fiscal reforms are necessary to incentivise sustainable use of natural resources and penalize practices that result in environmental degradation. Fiscal reforms would include tax and subsidy structure, re-distributing public expenditure and altering the pricing structure of utilities.

In the end, Dr. Kemal presented the following recommendations for government's consideration;

- Irrigation: Abiana assessment and collection by farmer organizations
- Forestry: Utilization of timber tax revenue for the benefits of local communities
- Marine: charges on foreign trawlers for revenue generation and environmental benefits
- Shrimp Farming: review of shrimp subsidies to minimize environmental damage
- Trophy Hunting: ensuring the benefits to local groups
- National Parks Entrance Fee: different prices for different group of visitors
- Potable Water Efficient collection of water rates
- Fuel Pricing: Fuel prices reflecting environmental externalities
- Solid Waste Management: Effective collection and disposal system with rational collection fee structure
- Motor Vehicles: Motor vehicle taxes reflecting environmental externalities
- Industry: User charges for waste water treatment plants and pollution taxes
- Environmental impact of royalties on natural resource extraction

## Agriculture Extension & the Role of the Private Sector

Dr. Rashid Bajwa, CEO, National Rural Support Programme



The last speaker of the fourth session, **Dr. Rashid Bajwa**, the Chief Executive of the National Rural Support Programme, started his presentation with an overview of the employment situation in Pakistan. He stated that approximately 43% of the economically active group, i.e. people between the ages of 20 and 60 year are unemployed at present in the country. Dr. Bajwa then outlined population projections to explain how the unemployment problem is likely to worsen due to population explosion. Drawing from the experience of NRSP's credit programme, he then deducted that most of the jobs in future are likely to be created in agriculture and livestock. Citing the successful example of JDW Sugar Mills, he said that to him the three partners in the public private partnership triangle were the for profit private sector, the nonprofit private sector and the public at large. He maintained that only through combining these three in creative and productive ways could the problems of poverty and unemployment tackled.

Later answering a question, Dr. Bajwa said that public sector requires one million rupees to create one job whereas in private sector it requires only Rs1500/ to create one self-employment opportunity. Responding to another question he stated that women make up the largest proportion of labor force but sadly they are still not recognized. He said that in rural areas women are managing most of the livestock and they obtain dairy products on daily basis. He said that subsidies should be provided to off farm activities so that women can not only ensure food availability but also contribute in the national income.

## Session Wrap - up

Mr. Onder Youcer, Resident Representative, UNDP / Session Chair



Summing up the session, **Mr. Onder Youcer**, the Session Chair, reemphasized the role of knowledge and the need to expand the social capital for accelerating development in a society. He also stated that the degradation of natural resources and Environment in Pakistan had reached a stage where tax/pricing subsidy policy Intervention was inevitable. From his experience of chairing a steering board on corporate social responsibility, Mr. Youcer shared that the big businesses no longer needed intermediaries like nonprofit organizations to help them reach to the poor. Instead, there was a paradigm shift happening in the way business is done and now corporate social responsibility and public concern were increasingly being seen as integral components of the 'emerging new business model'.

## Technical Session V

### Enabling Environment for 3Ps (Policies, Regulations, Taxation, Incentives)

#### Session Chair

H.E Ms. Margaret Huber, Canadian High Commissioner in Pakistan

#### Session Co- Chair

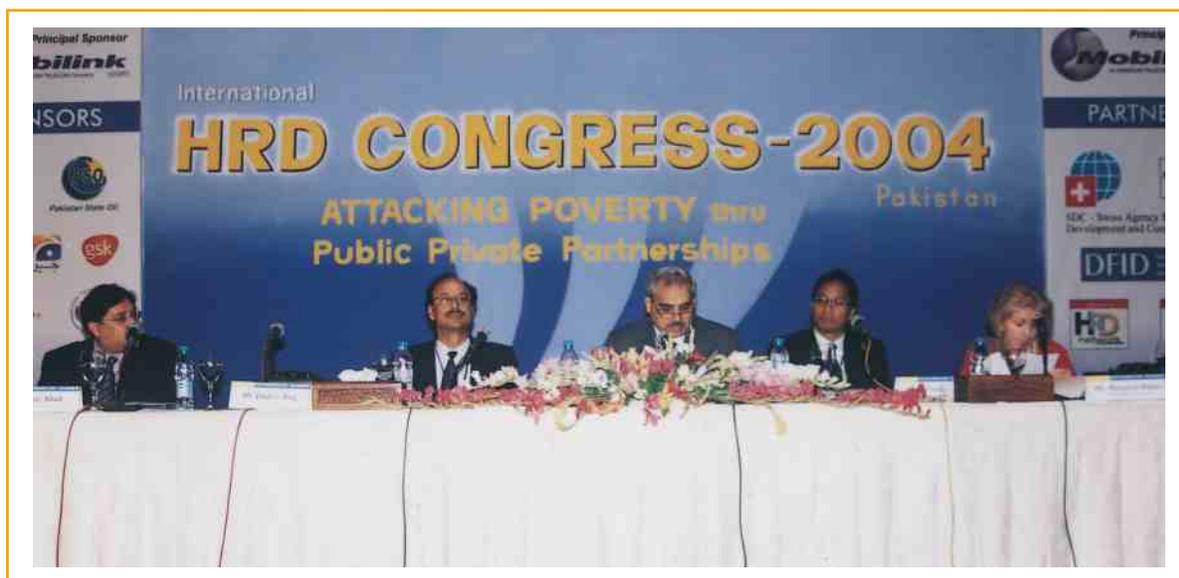
Dr. Rashid Bajwa Chief Executive, NRSP

#### Speakers

Dr. Faiz Shah, CEO, Pakistan Compliance Initiative

Mr. Qadeer Baig, Deputy Director, NGO Resource Center

Dr. Adrian Pangabbean, Economist, Asian Development Bank



## Introduction to the Session

Dr. Rashid Bajwa, Chief Executive NRSP / Session Co-chair



Introducing the session, Dr. Rashid Bajwa - the session co-chair - commented that these were very interesting times because on one hand various manifestations of globalization and free trade regime were forcing the policy makers in Pakistan to come up with the right policies to meet the future challenges and on the other hand well exposed public servants - capable of out the box thinking - were joining the policy making ranks. He also said that since important developments were happening in the government echelons including preparation of the ninth five year plan and devolution of power to the district level, it was the prime time to initiate policy interventions in the long term national interest.

## 3Ps for Poverty Reduction, Issues and Challenges in Asia and the Pacific

Dr. Adrian Panggabean, Economist, Asian Development Bank



**Dr. Adrian Panggabean**, the first speaker of the fifth session, stated that he wanted to convey three key messages for the delegates; 1) in-depth understanding of poverty its characteristics, profile and drivers- is necessary to determine what type of infrastructure a country needs to build to address poverty, 2) we need to establish a strong poverty interface of 3P and in order to do that first we have to get the 3P framework right and then adjust institutional areas within the policy processes of 3Ps to make it work for the poor, and 3) there are three key institutional areas which are necessary to make 3Ps work for the poor, namely accurate and balanced risk allocation between the partners, tariff structure which ensures wider access to utilities, and pro poor regulation.

Dr. Panggabean added that though Asia has performed well as compared to other underdeveloped regions, but it is unlikely that we will achieve all targets under MDGs. Despite this, as of year 2000, 720 million people live below the \$1 per day poverty line in Asia Pacific which represent 60% of the world poor. With a number of power point slides, Dr. Panggabean highlighted the regional differences in poverty within Asia Pacific and noted that the redressal of poverty in different regions would require different mix of infrastructures. For instance, if rural electrification is the top most priority in Nepal, road network might be more important in another country. Now since each sector is unique, therefore different countries would require different sets of policies and regulatory and incentive framework to encourage country specific infrastructure development. He said establishing the link between country's poverty assessment and its sector investment strategy was crucial.

Dr. Panggabean said that 3Ps is one of the ways in which governments attempt to provide more with less; These are

- Doing things the cheaper way; such as using lower cost energy;
- Searching for greater productivity and elimination of waste; greater utilization of assets like double shifts in schools;
- Improving efficiency by inviting the private sectors to participate, thereby releasing some spending pressure off the government's budgets in the form of service budgets, leasing, management costs, concessions and private divestitures.

He maintained that while having the right 3Ps framework was important to make 3Ps work for the poor, other factors like asset ownership, risk transfer, and duration of partnership etc collectively determine the incentives that the operator has to serve the poor. Dr. Panggabean concluded his presentation on the positive note that while there remains a lot to be learned to make 3Ps work for the poor, there is no dearth of learning opportunities since only between 1990 and 2000, more than 500 3Ps infrastructure projects have been undertaken mobilizing an investment of more than \$250 billion.

## 99 Options for Attacking Poverty

Mr. Qadeer Baig, Deputy Director, NGORC

**Mr. Qadeer Baig**, the next speaker, shared a study on the Government Policies and Programs/Projects (2002-3) in Pakistan which had identified that there were at least 99 different opportunities within the government plans in 2002-3 where Citizen Sector Organizations (CSOs) could join hands with the Government in a range of social development programs. These opportunities can be broadly classified in the following categories;



- Managing public sector facilities/ programs through contracting
- Technical assistance
- Training for capacity building
- Linkages with other NGOs and donors
- Use of the Government infrastructure
- Logistical support
- Loans and grants

Describing the key learnings from this exercise, Mr. Baig said that it was while government had tried to open a large number of windows of opportunity for the CSOs, CSOs had not been able to fully utilize these resources due to the following reasons;

- Absence of appropriate mechanism;
- Impeding legislation and regulations;
- General mistrust between the government and citizen sectors;
- Lack of information about government's development programmes and projects
- Conflicting values and cultures of the two sectors

Giving recommendations for making partnerships between government and CSOs work more effectively, Mr. Baig suggested that the government should adopt more of a balanced Policy/Institutional framework for sharing of information about 3P opportunities and transfer of the resources towards the attainment of social development goals. There should be representation of the NGO sector in development planning forums where transparent and democratic form of decision-making should be adopted.

### The 3Ps World and the 7C's

Dr. Faiz Shah, CEO, Pakistan Compliance Initiative



**Dr. Faiz Shah**, the Chief Executive of Pakistan Compliance Initiative, was last speaker of the session whose presentation came with an interesting title "In search of a Mantra; the 3Ps world and the 7Cs". He started with the observation that why most of the 3Ps are in the service delivery was because service delivery was the low hanging fruit. He stated that the real challenge was to build partnerships which impact the quality of life because that was the way out of the poverty. Referring to the recently implemented devolution of governance plan in the country, Dr. Faiz commented that it was the first time that statutory space had been created for citizen participation within the local governance framework. Though there were still hurdles like mistrust but highlighting good practices can help bridge the trust gap between public and the private sectors.

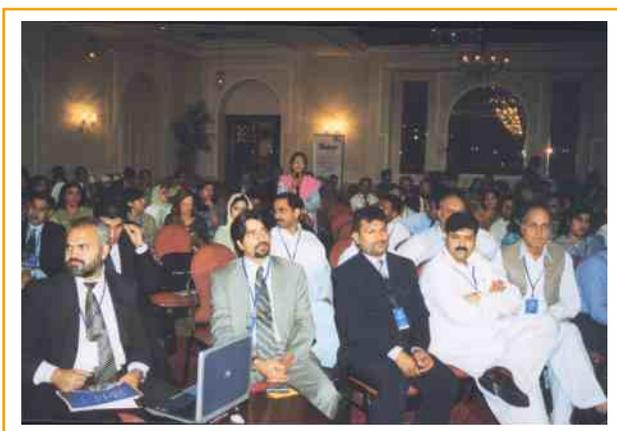
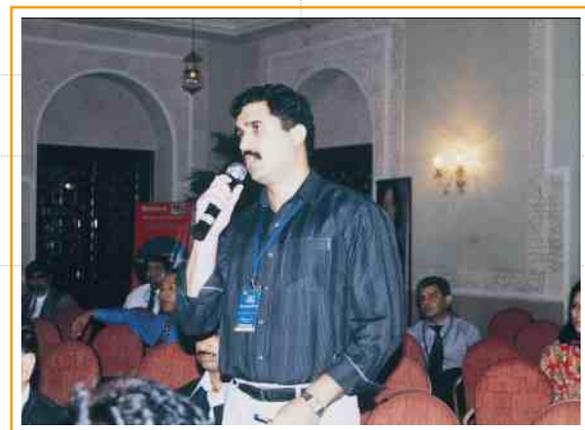
He said that public private partnerships must move beyond service delivery and enter the arena of good governance because that will allow greater participation of people in the decisions that affect their lives and if that happens then there is a higher chance of people getting out of the poverty trap. According to Dr. Shah, there are seven critical (7-Cs) variables that are likely to ensure effectiveness and sustainability of a 3Ps namely, communication, compatibility, credibility, championship, conviction, capacity and consequences. These seven critical variables - the 7Cs - appear to make or break partnerships in Pakistan's particular environment.

## Session Wrap - up

H.E Ms. Margaret Huber, Canadian High Commissioner in Pakistan / Session Chair



**H.E. Margret Huber** the Canadian High Commissioner in Pakistan said that this conference was a timely opportunity to contribute to the policy development. She hoped that the suggestions being put forward in the Congress would make their way into the 10<sup>th</sup> five year plan of the government of Pakistan which was under preparation. She expressed that she had learnt from her thirty year experience in government that things can be usually done better in the private sector because in private sector there is more room for innovation. She also stated that we are now living in an extremely competitive global world where individuals must compete with other individuals, organizations with other organizations and countries with other countries. Public private partnerships could tremendously help in enabling the people of Pakistan compete more effectively in the world market place.



## Technical Session VI

### Success Stories in 3Ps & the Way Forward

#### Session Chair

Dr. Amitava Mukherjee, CTA, UN-ESCAP

#### Speakers

Mr. Miguel Perez- Ludeña, UN-ESCAP

Mr. Zafarullah Khan, Former CEO, GBTI

Mr. Yasuhiko Inoue, Director, Japan Productivity Organization

Mr. Zafar Aziz Osmani, Member HR, Central Board of Revenue

Dr. Javed Majeed, Secretary Irrigation, Govt of Punjab

Mr. David Levintow, Senior Associate, IP3 Inc, USA



## Introduction to the Session

Dr. Amitava Mukherjee, Chief Technical Advisor, UNESCAP / Session Chair



**Dr. Amitava Mukherjee** chaired the last and longest session of the Congress: "Success Stories in 3Ps and the way forward". In his opening remarks, Dr. Mukherjee said that the session would hopefully offer the audience an exciting mix of theory and practice in 3Ps and give them an opportunity to look into an assortment of successful examples and innovative 3P initiatives from different countries. He then introduced all the speakers and requested the first speaker to take the podium.

## A Regional Resource Facility on 3Ps that work for the poor

Mr. Miguel Perez- Ludeña, UN-ESCAP



**Mr. Miguel Perez- Ludeña** introduced the Regional Resource Facility (RRF) of UNESCAP, which is a web portal committed to providing case studies, training materials, publications on pro-poor 3Ps and links to other 3P resources. He said that the objective of this resource facility was to disseminate the knowledge about the use of public private partnerships that bring the basic services to the poor throughout Asia Pacific. He stated that the real challenge was how to transfer the knowledge on 3Ps from those who have it to those who are in a position to apply it because knowledge transfer is a complicated business. Giving details of the case studies which have been posted on the portal, Mr. Ludena said that one fundamental crosscutting characteristic which underpins the selected cases was that in all these cases, there was a private entrepreneur in the driving seat who was trying to make a profit while bringing basic services to the poor. He invited the audience to tap into this knowledge resource, adapt the knowledge into local context and then disseminate it widely to the lower levels where it could be applied for building and managing partnerships.

He also gave a briefing on the World Summit on Sustainable Development (WSSD), held in Johannesburg in 2002 where Heads of States from over 104 countries had gathered. This Summit resulted in the launch of over 300 voluntary partnerships among governments, NGOs, international organizations and businesses to harness additional resources for sustainable development. These partnerships, tied to government commitments, provided a stronger mechanism for implementation.

In the end he expressed the hope that with the help of RRF, on one hand organizations would be able to identify, analyze and document innovative practices and on the other hand disseminate and build capacities of national, sub-national and local governments in adopting and replicating such practices.

### 3Ps: A case study of WAPDA & GBTI

Mr. Zafarullah Khan, Former Chief Executive, GBTI



**Mr. Zafarullah Khan**, former Chief Executive GBTI, presented a case study of partnership between Ghazi Brotha Taraqiyati Idara (GBTI), National Rural Support Programme (NRSP) and Water and Power Development Authority (WAPDA). He informed the audience that the Ghazi Baroatha Hydropower Project is a run-of-river, environmentally Sustainable power project which is generating 1,450 MW of electricity, at one tenth of the charges paid by WAPDA to Independent Power Producers (IPPs). Since the construction of this project resulted in displacement of a large population from the area, GTBI was created to ensure that the affectees of the project are not only properly rehabilitated but also come out as beneficiaries.

Sharing the challenges faced by GBTI and lessons learned, Mr. Khan said that;

- One of the major problems which comes in the way of partnerships with government departments was the issue of frequent transfers in government. Change of the top person from the government side at a critical juncture in the life of the partnership could prove detrimental to the success of the partnership;
- In a partnership, it is very important that the agreement, targets and plans are clearly defined in as much detail as possible. This will help in keeping the project on track in the event of change of key personnel;
- Huge salary differentials of staff of various organizations involved can also pose a problem. For example if it is perceived by one organization that the staff of another partner is being excessively paid, then it might become difficult to create a congenial and conducive environment for the partnership;
- Role of all partners need to be publicized and acknowledged to keep them motivated and ensure their ownership in the project;
- Rules, regulations and processes concerning financial management and financial audit of the project must be documented in detail and agreed upon by all the partners at the very outset to avoid complications in the later stages.

## Productivity Pays

Mr. Yasuhiko Inoue, Director, Japan Productivity Organization



**Mr. Yasuhiko Inoue** was the next speaker of the session who spoke about the importance of productivity in national prosperity. He said that the per capita GDP of Pakistan was quite low as compared to countries like Thailand, Malaysia and China and it won't be possible for Pakistan to solve national problems like poverty, low literacy and insufficient healthcare without increasing the GDP. He further said that a national productivity movement was launched in Japan by the order of the Cabinet in 1955 and after that the country took off on its way to emerge as an industrial giant in the world. He suggested that perhaps a similar movement was required in Pakistan too. He then went on to explain the principles of productivity enhancement with the help of a case study of National Panasonic Company of Japan. In the end he cautioned that if productivity campaigns are launched by individual companies without joint planning with the labor and the relevant government agencies, they could result into further accelerating unemployment in the short run. Therefore it was imperative that the private sector management, labor representatives and the government consult and collaborate in productivity enhancement planning and implementation.

## A Success Story of 3Ps

Mr. Zafar Aziz Osmani, Member HR, CBR



**Mr. Zafar Aziz Osmani** based his presentation on the case study of how public private partnership was being used to improve the effectiveness and efficiency of the Central Board of Revenue (CBR) in Pakistan. In his preamble, he pointed out that unfortunately it seems that people have accepted inefficiency, corruption and delays etc in the public sector as the way of life. Mr. Osmani stated that modernizing HR practices was the key to achieving efficiency and excellence and that this could not be achieved in the public sector unless it adopts and adapts to the best practices from the private sector. He informed the audience that for HR reforms in CBR, the department was immensely learning from the private sector. In the area of recruitment for example, the CBR has partnered with the Institute of Business Administration (IBA), Karachi to start an MBA in Tax Management. In this way IBA will impart tax management related skills and knowledge to the young graduates who aspire to join CBR. Mr. Osmani also shared some interesting examples of reforms in other HR functions which were being undertaken on the basis of learning from private sector companies like Shell, PSO etc.

### 3Ps for Reforming Irrigation Management

Dr. Javed Majeed, Secretary Irrigation, Govt of Punjab



**Mr. Javid Majeed** described the case of public private partnership in the management of Irrigation System in Punjab. He informed the audience that Pakistan's Irrigation System comprises the largest contiguous gravity flow network in the world. He also said that Punjab is the major contributor of food and fiber for the country providing over 70% of the total agricultural production and contributing 25% to the GDP. He, however, pointed out that this irrigation system is now over a hundred years old and is inadequate to meet the growing water needs; hence Pakistan requires urgent improvements and modernization of its irrigation system.

Giving an overview of the irrigation situation, Mr. Majeed said that due to 30 to 40 percent silting in our dams, excessive pumping of ground water through tube wells and the increasing pressure on the irrigation system due to population growth, Pakistan is facing multiple challenges in water resource management. He added that without taking steps like population control, building of new reservoirs and efficient water usage, the country is likely to face acute shortage of water in future. It was in this challenging environment, Mr. Majeed pointed out, that the Punjab Irrigation and Drainage Authority took the initiative of establishing a new irrigation water management system where the agency was to work in collaboration with the local communities. He said that now the distribution of water is being managed by newly constituted committees which have representatives from both the irrigation department as well as from the local farmers. He said that new system has resulted in less conflicts over the use of water among the farmers and this can be ascertained from the marked decrease in the number of water usage related court cases. Besides now farmers were also taking the ownership of the water distribution system and helping the department in its maintenance and upkeep.

### Division of Public Sector & Private Sector Responsibilities under Various PPP Models

Mr. David Levintow, Senior Associate, IP3 Inc. USA



**Mr. David Levintow** from the Institute for Public-Private Partnerships, Inc. (IP3), Washington, was the last speaker of the last session of the Congress and he spoke about the Way Forward in public private partnerships. He stated that the correct route to attain the public private partnerships is the realization that we are moving towards a very sophisticated arrangement that incorporates legal, tactical and financial provisions which fundamentally change the character and the nature of the government activity - from implementing service delivery to that of planning, monitoring and regulating the performance of the private sector in delivery of services to the public.

He said that the terms and conditions of public private partnership must ensure a reasonable rate of return for the private investor. Now since the return comes from the payments made by the users of the services, designing a tariff structure which ensures that the services are available to the poor at an affordable rate and at the same time ensures a reasonable rate of return for the private investor becomes the key challenge in such partnerships.

In addition, given that such partnerships are likely to be long term, care must be taken that the agreement is flexible to accommodate changes in the terms and conditions, like for instance in tariff structure, that may be needed over the life of the project. Mr. Levintow further said that public private partnership is a complex undertaking and demands care, positive thinking, tolerance and thoughtfulness from the parties involved in its design and implementation. He added that sometimes very attractive looking arrangements can start deteriorating if not watched closely and constantly. In conclusion, Mr. Leveintow commented that he was very proud to get the opportunity of speaking in the Congress which turned out to be a uniquely meaningful and productive event since it had touched the soul of one of the most compelling contemporary challenges faced by the developing countries.

## Concluding Session

## Chief Guest

**Sardar Farooq Ahmed Khan Leghari**  
Former President of Pakistan



## Welcome Address

Mr. Ozair A. Hanafi, Secretary General - HRD Congress

The concluding session of the 2<sup>nd</sup> International Congress started with the recitation from the Holy Quran which was followed by introduction of the Chief Guest and the Keynote Speaker, Sardar Farooq Ahmed Khan Laghari, MNA and the former President of Pakistan.



After the introductions, Mr. Ozair A. Hanafi, Secretary General of the Congress welcomed the Chief Guest and thanked the participants for their active and disciplined participation in the congress and expressed his gratitude to the experts and panelists of all the Congress sessions. He stated that the panelists brought forward significant and urgent issues that required attention of both the public and private sectors. Mr. Hanafi expressed a strong hope that the useful deliberations made in the two days moot would help combat poverty through effective partnerships between government and the private sectors.

## Congress Recommendations

Mr. Roomi S. Hayat, Chairperson HRDN

Mr. Roomi S. Hayat, the Chairperson of Human Resource Development Network presented major recommendations, which came to the fore in the two days congress (the recommendations are mentioned separately in the next chapter).



## Concluding Address

Sardar Farooq Ahmed Leghari, Former President of Pakistan

After this, Sardar Farooq Ahmed Khan Leghari delivered his keynote address. The theme of the congress, said Mr. Leghari, was central to Pakistan's future. He noted with concern the steep rise of poverty in Pakistan and the increase in number of people living below the poverty line. While there has been a rise in GDP, persistent water shortages provide serious challenges to sustainable economic growth and development. However, the former President was optimistic that this and other development challenges could be tackled effectively through cross-sectoral partnerships.



Mr. Leghari went on to highlight certain governance issues, which he felt had remained neglected and continued to pose hindrance in the way of development as well as viable public-private partnerships.

Respect for and the supremacy of the rule of law, he said, would define the relationship among different stakeholders and provide basis for partnerships. Currently, the erosion of the rule of law results in ill-defined and confused relationships among stakeholders and blocks sustainable partnerships for development. The system of justice, said the former President, needed to be reformed. People's confidence in the higher and lower courts needed to be restored. He particularly highlighted the need for revamping the Supreme Judicial Council to establish accountability in the judiciary.

Equally important to public-private partnerships is transparent decision-making. Mr. Leghari regretted that governments in the past had run roughshod over the much needed freedom of information laws. Transparency and freedom of information, he said, were central to just and proper contracts between private and public sectors and viable relationships among other stakeholders.

The former President was of the view that the private sector must be inducted into governance and sustainable development as much as possible. While the government must continue to provide basic services such as education, policing and justice, it needs to increasingly play the role of monitoring to facilitate other actors to contribute in the process of development. Deterioration in governance, said Mr. Leghari, had disturbed the efficiency of the work that public-private partnerships could do. 'There is a need for a system to regulate and monitor the role of different actors in a benign and not authoritative way', he added.

Mr. Leghari dwelt at length on problems faced by farmers in areas lying to the West bank of the Indus, which he believed had received scarce attention from NGOs or public-private partnerships. Break-down of tribal system in Balochistan, he said, had not been replaced by other social support mechanisms. He put great emphasis on the need for partnerships to address the problems of poor farmers in Pakistan's arid areas, especially the problem of the wastage of irrigation water. He hoped these fundamental developmental issues would be taken up through public-private partnerships.

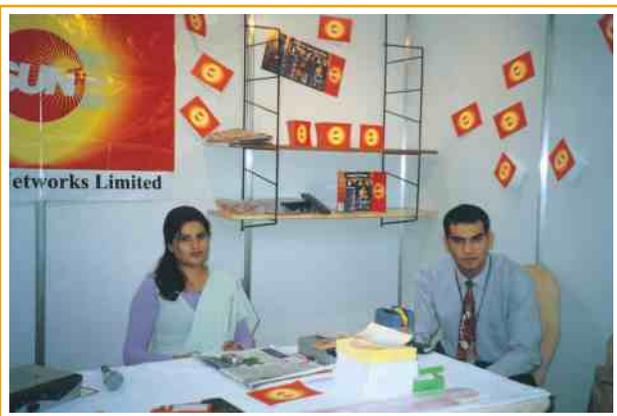
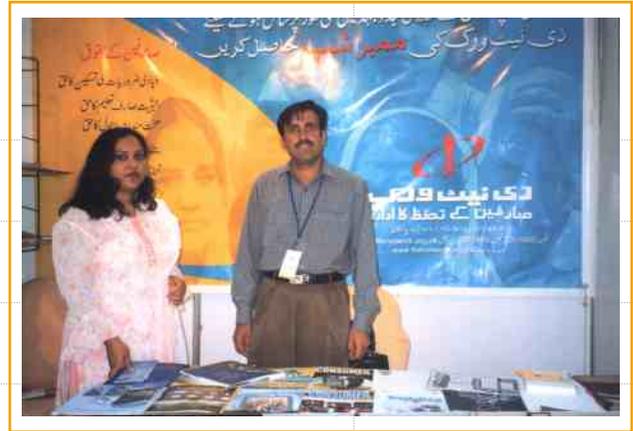
### Vote of Thanks

Mr. Azhar Saeed, Executive Director, HRDN

After the address of the Chief Guest, Mr. Azhar Saeed, Executive Director HRDN thanked the chief guest, the speakers, panelists, and the delegates of the Congress for their participation. He also thanked the HRDN staff and volunteers for their tireless work, which made the event so successful.



With this, the 2nd International HRD Congress came to an end.



# Key Learnings & Recommendations

The Reporters Committee of the Congress diligently extracted and documented the learnings and recommendations put forward by speakers and participants in the two-day deliberations. In the following section, a selection of major recommendations and key learnings is being presented.

## Cross Cutting

- Traditional approaches to combat poverty like development aid, subsidies, government support and localized NGO solutions etc have failed to win the poverty battle and doing more of the same is not going to help. Instead we need to pursue a new approach, which is of leveraging on the market forces and on the effective combination of different sectors through public private partnerships.
- Public private partnership means combining on one hand private sector resources, drive and entrepreneurial talent and on the other hand policy, legal and regulatory environment which emphasizes fairness, social cohesion and transparency.
- Pakistan is off-track on most MDGs and doing less well as compared to other Asian countries. While, the present government has managed to turn the tide and achieve macro-economic stability, the need is to devote more resources to the social sector to reach those goals by 2015 or before.
- Reducing poverty is not just a charitable act rather, it's an investment in future. Reaching MDGs required partnerships including the ones between the public and private sectors.
- Both public as well as private sectors should devise mechanisms to publically acknowledge and appreciate effective partnerships through, for instance, initiation of recognition rewards.
- Public private partnership is a complex undertaking and demands care, positive thinking, tolerance and thoughtfulness from the parties involved in its design and implementation.
- While there remains a lot to be learned to make 3Ps work for the poor, there is no dearth of learning opportunities since only between 1990 and 2000, more than 500 3Ps infrastructure projects have been undertaken mobilizing an investment of more than \$250 billion.
- In order to make 3Ps work effectively for combating poverty, the importance of TRUST among various actors in government and private sectors cannot be overemphasized.
- Social, economic and environmental objectives are interconnected and concurrent and must be handled in that manner.

- Effectiveness of any public private partnership depends upon the extent of participation of the key stakeholders in the entire community.
- Technology is the biggest enabler and must be utilized optimally to empower the communities. This would require out of the box thinking and looking at poverty as an opportunity.
- The playing field need not be leveled; rather it should be tilted in favor of the dispossessed such as the poor and the private sector. If tilted towards the private sector then this will help shred the legacy of the public sector dominance and more and more corporate entities would be encouraged to enter the 3Ps arena.
- While microfinance is crucial for empowering the poor and fueling economic growth, microfinance alone if not complemented with its supportive processes, may prove fatal to the organization or the country. It would be thus imperative to encourage public and private sectors to collaborate and devise roadmaps where microfinance would most help the unemployed and poverty stricken population.
- The real challenge is how to transfer the knowledge on 3Ps from those who have it to those who are in a position to apply it because knowledge transfer is a complicated business.
- One of the major problems which comes in the way of partnerships with government departments is the issue of frequent transfers in government. Change of the top person from the government side at a critical juncture in the life of the partnership could prove detrimental to the success of the partnership.
- In a partnership, it is very important that the agreement, targets and plans are clearly defined in as much detail as possible. This will help in keeping the project on track in the event of change of key personnel.
- Huge salary differentials of staff of various organizations involved can also pose a problem. For example if it is perceived by one organization that the staff of another partner is being excessively paid, then it might become difficult to create a congenial and conducive environment for the partnership.
- Role of all partners need to be publicized and acknowledged to keep them motivated and ensure their ownership in the project.
- Rules, regulations and processes concerning financial management and financial audit of the project must be documented in detail and agreed upon by all the partners at the very outset to avoid complications in the later stages.

- Terms and conditions of public private partnership must ensure a reasonable rate of return for the private investor. Now since the return comes from the payments made by the users of the services, designing a tariff structure, which ensures that the services are available to the poor at an affordable rate and at the same time ensures a reasonable rate of return for the private investor becomes the key challenge in such partnerships.

## for Government

- While there were many noteworthy examples of public private partnerships in different parts of the country, most of these are driven by committed individuals and lack institutional sustainability. There is an urgent need to adopt the concept of 3Ps as a mainstream development philosophy and put in place necessary mechanisms and regulatory incentives necessary to take 3Ps initiatives to scale.
- In order to effectively meet the challenges of sustainable and equitable development, the role of the public sector should be to;
  - To put in place the right policy, legal and regulatory environment to ease the risk perceptions that shy away the private sector investor and at the same time rationalize the profit seeing behavior of the private sector with public concern and concern for corporate responsibility;
  - Maintain macroeconomic stability and promote appropriate structural policies;
  - Through introduction of appropriate laws, regulation and other mechanisms promote access of the poor to social and infrastructure services.
- The role and concept of 3Ps need to be clearly spelled out in the public policy framework.
- The government should proactively explore innovative ways of entering into partnership with the private sector, especially in the areas of dire need such as poverty alleviation, education and healthcare.
- 3Ps provide a priceless mechanism to the public sector to benefit from the ingenuity, cost effectiveness and efficiency of the private sector.
- Fiscal and regulatory framework in the areas of corporate and nonprofit governance and tax structure, subsidies etc be reformed with a view to incentivise public private partnerships for sustainable development and creating a more enabling environment for such arrangements.

- Policies, procedures and rules that may apply to district governments for forming 3Ps are not clearly spelled out which restricts district governments from entering into such partnerships in a timely manner. There is an urgent need to develop and disseminate procedural manuals for 3Ps at the district level.
- The successful implementation of the devolution plan is critical for poverty reduction and for integrated rural development through 3Ps.
- Devolution Plan has for the first time created a statutory space for citizen participation within the local governance framework. Though there were still hurdles like mistrust but highlighting good practices can help bridge the trust gap between public and the private sectors.

### for Private Sector

- Business is part of the society and the agenda of poverty alleviation must be central to the business not because of philanthropy considerations but because it is good business. Business has the responsibility not just to make profits for its shareholders but to ensure long term sustainability for its stakeholders, which means the entire community in which business operates.
- A paradigm shift is happening in the way business is done and now corporate social responsibility and public concern were increasingly being seen as integral components of the 'emerging new business model'.
- While the corporate sector is conscious of its social responsibilities, its role is constrained by a range of policy and implementation level obstacles. Creating an enabling environment for corporate social investment through appropriate policy reforms as well as through public recognition of such investments is a prerequisite for enhancing corporate sector's contribution.
- Instead of looking at the poor as a marginal part of the society and a burden, they should be considered precious assets and brought in to the mainstream of production. A corporate fund should be created for Pakistan, which would allow the poor to become equity holders. The fund would provide loans to the poor to become equity holders and the loan could be paid off by the dividends they earn.

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HRDN is an association of HRD professionals from Pakistan, Nepal, Bangladesh and other developing Asian countries and organizations from the private and public sectors. HRDN members are brought together by a common interest in elevating the quality of HRD interventions to build human capital and reduce poverty. Operating through its secretariat in Islamabad and local chapters in various cities, the Network is governed by a democratically elected Board of Directors from amongst its members.

Mission of HRDN is to accelerate development through improving Human Resource Management policies, systems and practices.



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