

PUBLIC-PRIVATE PARTNERSHIPS IN THE LIGHT OF THE PRINCIPLES OF
GOOD GOVERNANCE: PAKISTAN'S CASE

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ABSTRACT

PUBLIC-PRIVATE PARTNERSHIPS IN THE LIGHT OF THE PRINCIPLES OF GOOD GOVERNANCE: PAKISTAN'S CASE

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Public-Private Partnerships have gained immense popularity since their inception in the 1980s and have become a preferred procurement tool for the governments. Despite PPPs being widespread, the scholars have divided opinions mainly into two schools of thought about PPPs. The proponents consider it as a governance tool; however, the opponents see it as a substitute terminology for privatization and a 'language game' from the vocabulary of neoliberalism. This dissertation takes a qualitative empirical approach to study PPP in light of the governance approach and the principles of governance by taking Pakistan as a case. The semi-structured interviews serve as the field data collection tool, and the respondents consisted of four groups being the public and private sector, civil society, and academia. The analysis of the field data diagnosed the institutional health and identified the inadequacies in the PPP model of Pakistan. The dissertation gives recommendations for managerial, political, and legal reform of the PPP model of Pakistan. The research concludes that the PPP model of Pakistan partially complies with the principles of good governance. There are multiple economic, political, and administrative prerequisites that ensure the effective

implementation of PPP. Hence, the government motives define the trajectory of PPPs towards becoming a governance tool or a mere 'language game.'

Keywords: Public-Private Partnerships, Good Governance, New Public Management, Classical Public Administration, and Neoliberalism.

ÖZ

İYİ YÖNETİM İLKELERİ IŞIĞINDA KAMU-ÖZEL ORTAKLIKLAR: PAKİSTAN ÖRNEĞİ

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Doktora, Siyaset Bilimi ve Kamu Yönetimi Bölümü
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Kamu-Özel Ortaklıkları (KÖO) 1980'lerde ortaya çıktığından bu yana büyük bir popülerlik kazanmış ve hükümetlerin sık sık tercih ettiği bir tedarik aracı haline gelmiştir. KÖO'ların çok farklı çeşitleri bulunmasına rağmen, akademisyenler bu konuda genellikle iki düşünce okuluna ayrılmaktadırlar. KÖO'ları destekleyenler bunu bir yönetim aracı olarak görürken karşı çıkanlar bunu özelleştirmenin yerine kullanılan bir terminoloji ve dolayısıyla neoliberalizm bir 'kelime oyunu' olarak değerlendiriyorlar. Mevcut KÖO literatürü gözden geçirildiğinde, KÖO'nun siyasi çağrışımları, özellikle de gelişmekte olan ülkelerle ilgili önemli bir araştırma eksikliği gözlenmektedir. Dolayısıyla bu tez, Pakistan'ı örnek alarak yönetim teorileri, yeni kamu yönetimi ve yönetim ışığında KÖO'nun siyasi yönlerini incelemek amacıyla nitel ampirik bir yaklaşım benimsemektedir. Yarı yapılandırılmış mülakatlar, saha veri toplama aracı olarak işlev görmekte ve görüşme kılavuzu iyi yönetişimin sekiz ilkesine dayanmaktadır. Katılımcılar kamu ve özel sektör, sivil toplum ve akademi olmak üzere dört gruptan oluşmaktadır. Saha verilerinin analizi KÖO modelindeki ve Pakistan'ın siyasi ve idari sistemindeki kritik yetersizlikleri ortaya koymaktadır. Tespit edilen sorunları değerlendirmek adına, tez Pakistan KÖO modelinin yönetsel, politik ve yasal reformu için önerilerde bulunmaktadır. Araştırma, Pakistan'da KÖO modelinin

kısmen iyi yönetim ilkelerine uygun olduđu sonucuna varmaktadır. KÖO'nun etkili bir şekilde uygulanmasını sağlayan çok sayıda ekonomik, politik ve idari önkoşul mevcuttur. Bu nedenle, hükümetin yönetim anlayışı KÖO'ların bir yönetim aracı mı yoksa sadece bir 'kelime oyunu' olarak mı kalacağını belirlemektedir.

Anahtar Kelimeler: Kamu-Özel Ortaklıkları, Yeni Kamu Yönetimi, İyi Yönetişim Teorisi, Klasik Kamu Yönetimi, ve neoliberalizmin.

To Ammi Abbu and my Late Brother Usman

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"And, when you want something, all the universe conspires in helping you to achieve it."

Paulo Coelho

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AEDB	Alternative Energy Development Board
AIDS	Acquired Immune Deficiency Syndrome
ATL	Associated Technologies Private Limited
BOO	Build-Operate-Own
BOOT	Build-Operate-Own-Transfer
BOT	Build-Operate-Transfer
BRT	Bus Rapid Transit
BT	Build-Transfer
BTO	Build-transfer-Operate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CPEC	China Pakistan Economic Corridor
CPPA	Central Power Purchasing Agency
CSAIL	China Three Gorges South Asia Investment Limited
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
CW	Civil Works
DBFO	Design-Build-Finance-Operate
DBFOT	Design-Build-Finance-Operate-Transfer
ECC	Economic Coordination Committee
FATA	Federally Administered Tribal Areas
FWO	Frontier Works Organization
G2G	Government to Government
GM	General Manager

HIV	Human Immunodeficiency Virus
HUBCO	Hub Power Company Limited
IDP	Internally Displaced Persons
IIUI	International Islamic University Islamabad
IMF	International Monetary Fund
IPDF	Infrastructure Project Development Facility
IPP	Independent Power Producer
ITA	Idara-e-Taleem-o-Aagahi
KPK	Khyber Pakhtunkhwa
LGBTQ	Lesbian, Gay, Bisexual, Transgender, and Questioning
LRRA	Lahore Ring Road Authority
MOU	Memorandum of Understanding
MW	Megawatt
NED	Nadirshaw Eduljee Dinshaw
NEECA	National Energy Efficiency and Conservation Authority
NEPRA	National Electric Power Regulatory Authority
NGO	Non-Governmental Organization
NPM	New Public Management
NRSP	National Rural Support Program
NTDC	National Transmission and Dispatch Company
OECD	Organization for Economic Co-operation and Development
PFI	Private finance initiative
PIDE	Pakistan Institute of Development Economics
PKR	Pakistan Rupee
PPA	Power Purchase Agreements
PPAF	Pakistan Poverty Alleviation Fund
PPHI	Peoples Primary Health Initiative
PPIB	Private Power and Infrastructure Board
PPP	Public-Private Partnership
PPRA	Public Procurement Regulatory Authority

PRA	Punjab Revenue Authority
PST	Punjab Sales Tax
PU	Punjab University
RPP	Rental Power Projects
SPV	Special Purpose Vehicle
UC	Union Council
UK	United Kingdom
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNICEF	United Nations International Children's Fund
UNSW	University of New South Wales
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
VFM	Value for Money
VGF	Viability Gap Financing
WAPDA	Water & Power Development Authority
WHO	World Health Organization

CHAPTER 1

INTRODUCTION AND OVERVIEW OF THE DISSERTATION

The focus of this dissertation is to explore Public-Private Partnerships taking Pakistan as a case considering the principles of good governance. There are multiple reasons for employing the governance approach and the principles of good governance. Firstly, this theoretical framework provides a concrete mechanism to diagnose institutional health, which helps further analyzing the PPP model of a country. Secondly, the existing general and Pakistan-specific PPP literature limited to economic and organizational themes leaves a considerable gap for thorough research to explore the stakeholder equation, public interest, and indirect factors interacting with PPPs. Such scarcity of data compelled this study to take a qualitative empirical approach to collect the responses from the four focal groups of respondents belonging to the public and private sector, civil society, and academia of Pakistan. The eight principles of good governance provide the foundation of empirical study, and the analysis of the field data helps to compare the PPP theory with practice, identify the critical issues in peripheral institutions and the PPP model of Pakistan, answer the key research questions, and make recommendations for reforms in the concerned areas.

1.1 Introduction

Public-Private Partnerships have gained massive popularity in the recent past as a procurement vehicle having the capability to bring together the specialties of the public and private sector. In theory, governments sign up for PPP for multiple reasons, among which two are most noteworthy, firstly it aims to create a synergy among the stakeholders to deal with the ‘wicked problems’¹ which could not have been solved by

¹ C. West Churchman, “Free for All,” *Management Science* 14, no. 4 (1967), <https://pubsonline.informs.org/doi/pdf/10.1287/mnsc.14.4.B141>.

one stakeholder alone. Secondly, it helps the government struggling with finances to bring the private sector on board to build, operate, earn, and finally, after the end of the contract period, transfer the project back to the public sector. In this way, the PPP not only helps to build a healthy partnership but also contribute to the betterment of the citizens. Fitzgerald suggests significant motivations for the popularity of PPPs such as, PPPs help saving time and effort of the government on property related matters as the private partner is responsible for service delivery and management of the property. The service cost is subject to the delivery of services, and the service provider assumes the financial risks along with the responsibility of ensuring technical expertise, which ensures the timely delivery of public goods and services. ²

The influence of the neoliberal economic paradigm reached its pinnacle in the 1970s. Osborne and Gaebler coined an influential idea of this ideology as ‘steering not rowing’ which suggests shrinking the size of the government. The neoliberal economic paradigm gave birth to the New Public Management movement, which claims that the private sector performs more efficiently than the public sector. This movement aims to restructure the traditional public administration by borrowing the managerial practices from the private sector and emphasizes deregulation and privatization in the provision of public goods and services. The Public-Private Partnership is also the brainchild of this same economic ideology. In the past decades, it has become conventional wisdom that public debt reflects negatively on the performance of the government. Moreover, privatization holds a controversial position when it comes to politics; usually, it faces enormous opposition. On the other hand, the implementation of PPP hardly invites any skepticism and the governments smoothly and frequently utilize it in public service provision. ³

There are several reasons for the phenomenal popularity of PPPs. Among all the other neoliberalist reform tools, PPP is the most comfortable and least controversial to

² Ken Coghill and Dennis Woodward, “Political Issues of Public-Private Partnerships,” in *The Challenge of Public-Private Partnerships: Learning from International Experience*, 2005, <https://doi.org/10.4337/9781845428082.00010>.

³ Coghill and Woodward.

implement owing to the lack of knowledge of the masses. In addition to this, the international financial institutions regularly campaign PPP as the paragon of public service provision and, even at times, condition the financial aid to PPP while extending support to the developing nations.⁴ As far as the governments are concerned, apart from bringing financial resources to make public infrastructure construction possible, PPP helps the government to display good economic health by claiming to reduce taxes, curtail borrowing, and increasing economic activity. The above reasons led to the mushroom growth of PPPs the world over, and this Methodology is becoming the favorite procurement tool of the governments as it helps to incur off-budget expenditures and winning voter support simultaneously.

The scholars have not yet reached an agreement about the definition of PPPs, and the terminology remains unclear in its true meanings. The scholarly opinions are further divided between two primary schools of thought. One perceives PPP as an efficient governance scheme while the other observes it as a ‘language game’ and a replacement term for privatization.⁵ Different theoretical paradigms treat PPP differently; for example, the ‘traditional public administration’ see PPP as a threat to the power of maintaining control over resources and the decision-making concerning them. On the other hand, the NPM’s philosophy stands on the principles of privatization and deregulation based on competition as the balancing tool of market forces. Although PPP involves competition at the bidding stage; however, the long-term nature of concession contracts forces the government to stay with the same private partner. Therefore, the concessioner enjoys the benefits of being the sole service provider in the absence of any competitors.⁶

⁴ Tim Jones and Tom Marshall, “Double Standards,” *Public Service International* (Ferney-Voltaire, 2017), <https://www.world-psi.org/en/double-standards-how-uk-promotes-rip-health-ppps-abroad>.

⁵ Graeme Hodge and Carsten Greve, “Public-Private Partnerships: Governance Scheme or Language Game?,” *Australian Journal of Public Administration*, 2010, <https://doi.org/10.1111/j.1467-8500.2009.00659.x>.

⁶ Tony Bovaird, “Public-Private Partnerships in Western Europe and the US: New Growths from Old Roots,” in *Public-Private Partnerships: Policy and Experience* (Palgrave Macmillan, 2004),

The governance theories emphasize on a partnership between the state and non-state actors and see PPP a welfare strategy if executed through nonprofit organizations-civil society, and a developmental strategy as well as a governance tool when executed through the for-profit sector. Unlike the traditional public administration and the NPM, governance theory goes beyond investigating the structural and economic aspects of PPPs and requires particular political and administrative prerequisites regarding the democratic institution-building and maintenance of a democratic atmosphere to successfully reap the benefits of the partnership between the state and non-state actors.

The governments adore PPPs for infrastructure procurement and public service provision, and the growth of this tool is exponentially increasing. Undoubtedly PPP provides all the right reasons for the government to seek voter support in the next election campaign, but the question is whether it serves the public equally? How far the governments succeed in balancing the public and corporate interests? Does lacking means to finance public projects translate into losing government's regulatory power over PPPs? What are the reform agendas a government should opt to make PPPs work? What kind of threats do PPPs pose to trade unions and workers' rights groups? How far can the PPPs be practical and beneficial for the public if the non-profit sector is brought onboard?

The above questions served as the motivation for conducting this research. This dissertation aims to explore PPPs in a developing economic and political atmosphere while taking Pakistan as a case in light of the principles of good governance. Along with the literature review, this dissertation primarily comprises of empirical research which uses the eight principles of good governance set by the United Nations Development Program, as the fundamental standard of analysis. The empirical study identifies the critical strengths and weaknesses of the PPP model of Pakistan to ascertain how far does it comply with the principles of good governance. The analysis helps to answer the research questions to contribute to knowledge and make

<http://oro.open.ac.uk/1866/#:~:text=Private Public Partnerships presents a,performance of PPPs%2C and critical.>

recommendations for political, managerial, and legal improvements in the PPP model of Pakistan.

This chapter introduces the premise of the dissertation by describing the aims of this study, motivations to choose PPPs as a research topic, and taking Pakistan as a case study. The chapter further explains the theoretical framework and rationale to test the case of Pakistan by employing the governance approach and the principles of good governance. There are two primary research questions which this dissertation has attempted to answer after conducting qualitative empirical research in Pakistan.

1.2 Aims of the Study and Research Questions

The dissertation is explanatory as well as exploratory and has three main aims. The first aim is to consult the existing literature to explain the history, theoretical foundation, scholarly debates, PPP experience around the world, and the strengths and weaknesses of PPPs. It further helps to understand the interaction of different administrative approaches with PPPs and identifying the most suitable approach to study PPP as a procurement methodology and governance tool. The general and Pakistan specific review of academic sources highlights the research gaps, helps to develop the problem statement, and raise the research questions. The second aim of this study is to conduct a qualitative empirical study to collect field data and identify the critical issues in the PPP model of Pakistan- the case under study. The final aim of this research is to run empirical analysis on the field data and combine it with the findings from the literature review to detail the pathologies of the institutional health and make recommendations for reform in the PPP model of Pakistan.

The nature of this study calls for specific goal setting, which shapes into further two precise research questions which are as follows:

1. How far do the PPPs in Pakistan comply with the principles of good governance?
2. What are the factors which make PPPs in Pakistan a governance tool or a language game?

1.3 Theoretical Framework

The theoretical framework of this dissertation discusses the neoliberalist debate among bureaucratic and post-bureaucratic public service approaches to identify the best suitable theory to study PPPs. The governance approach owing to its solid political foundation and systematic construct it implies beyond the organizational level provides the theoretical foundation, and the principles of good governance guide the empirical study conducted in this dissertation. Another compelling reason to select the governance approach is its design, which precisely suits the developing economies and helps set standards for institutional development and serves as an excellent diagnostic tool to ascertain the health of the administrative, political and legal system of a country.

1.4 Research Methodology

This dissertation employs a qualitative empirical research methodology with a sample population comprising thirty-four respondents from the public and private sector, civil society, and academia of Pakistan. The reason for conducting field research was to collect first-hand information to explore the under-researched PPP model of Pakistan. The field data, along with the literature review from secondary sources such as books, research journals, government documents-policies, and laws- mentioned in appendix C, newspapers, and unpublished sources, enabled this dissertation to conduct a holistic analysis to contribute to knowledge and the policy arena of Pakistan. The most suitable data collection tool for this research was the semi-structured interview, which enabled the respondents to engage in detailed discussion. The interview guide comprises of nineteen questions in total, crafted to cover each principle of good governance. The interviewees were selected from the different parts of the country to maintain an optimum level of representativeness and objectivity.

1.5 The Rationale of the Methodology Employed

Substantial literature is available addressing the organizational and economic aspects of PPP in general as well as country-specific case studies. The existing literature studies PPP in the light of classical public administration and the NPM as a

procurement device instead of further exploring it as a governance tool. The governance approach provides a concrete framework to discover the political aspects of PPP and scrutinize its role for effective governance. The principles of good governance further provide a thorough criterion to judge the institutional mechanism of a developing country, which can help to understand the most significant reasons for the success and failures of PPP models. Pakistan serves as an excellent case to conduct this study for two main reasons, firstly a large number of PPPs are already in existence in the country, and the number is exponentially increasing with every passing year encouraged by international financial institutions. Secondly, the existing literature studies have economic and organizational mandates and leave a considerable research gap to study PPP of Pakistan in the light of governance approach. The deficiency of desired research material justifies the rationale to conduct an empirical study for this dissertation to explore what PPP looks like when the institutions partially comply with the principles of good governance and what kind of complications it invites concerning politics and public interest.

1.6 Key Concepts and their Definitions

The following definitions derived from the existing literature provide a brief understanding of the most frequently used terminologies used in this dissertation. There is an ongoing debate among scholars regarding standard definitions of some of the concepts, such as PPP. However, defining the meanings of such concepts does not aim to dismiss the scholarly debates rather conceptualize in the context of this study.

Table 1. Key Concepts and Definitions

Concepts	Definitions
Public-Private Partnerships	“Cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs, and resources which are connected with these products.” Van Ham and Koppenjan (2001) ⁷
Public Partner	In this dissertation, Public Partner refers to the government as a whole or the implementing agency engaged in PPP.
Private Partner	The Private Partner refers to the organization undertaking the execution of PPP project(s). The term represents for-profit organizations.
Civil Society	The Civil Society refers to the non-governmental organizations working for people’s welfare on a not-for-profit model.
Academia	The dissertation contextualizes academia as the academics involved in the research related to PPPs and able to share their informed opinion based on field-related knowledge.
Classical Public Administration	“An administration under the formal control of the political leadership, based on a strictly hierarchical model of bureaucracy, staffed by permanent, neutral and anonymous officials, motivated only by the public interest, serving and governing party equally, and not contributing to policy but merely administering those policies decided by the politicians.”
New Public Management	The public management movement centralized on the ideas of curtailing the size of the government by deregulation, privatization, and contracting out public services. NPM treats the citizens as clients or customers of public goods and services.
Theory of Good Governance	Good governance tries to do more than ‘mere efficient management of economic and financial resources, or particular public services; it is also a broad reform strategy to strengthen the institutions of civil society, and make government more open, responsive, accountable and democratic’ (Minogue, Polidano and Hulme, 1998, p. 6) ⁸
Principles of Good Governance	The UNDP suggests eight principles (accountability, a consensus orientation, effectiveness and efficiency, equity and inclusiveness, participation, responsiveness, the rule of law, and transparency) as the critical standards for reshaping governance.

⁷ Hodge and Greve, “Public-Private Partnerships: Governance Scheme or Language Game?”

⁸ Owen E. Hughes, *Public Management and Administration, Public Management and Administration* (PALGRAVE MACMILLAN is, 2003), <https://doi.org/10.1007/978-1-137-00305-8>.

1.7 Structure of the Dissertation

The dissertation body is divided into seven chapters. The **first** chapter presents the research questions and aims of the study, research methodologies, and the theoretical framework, key concepts, and their definitions and ends with the description of the structure of the dissertation. The **second** chapter discusses the research methodology employed to conduct the field research, which is empirical and qualitative, having semi-structured interviews as the primary data collection device. The carefully crafted interview guide takes foundation from the eight principles of good governance and comprises of nineteen questions. The Human Research Ethics Committee at Middle East Technical University assessed the interview guide and certified the ethical integrity of all the queries included in the questionnaire. The respondents of this research were the people involved in PPP projects and PPP research, belonging to four areas- public sector, private sector, civil society, and academia. The author made an utmost effort to interview respondents from the federal level as well as all provinces of Pakistan to maintain representativeness and objectivity. The data collection was an extensive process because the research design demanded the respondents to hold vast field experience in senior managerial positions in the organizations involved in PPPs. Hence finding appointments for interviews and traveling all over the country proved to be a difficult task. The chapter also introduces the theoretical framework of the dissertation by explaining neoliberalism and the philosophical debate it triggered between bureaucratic and managerial approaches of public service. The chapter further explains the governance approach, the principles of good governance, and the interaction of PPPs with different administrative approaches.

The **third** chapter reviews the existing academic sources to explore the history, theoretical base, models, policy, and legal framework of PPPs in general. It further discusses the contrasting views of PPP scholars, i.e., the language game vs. governance tool debate. The chapter further digs down the behavior of PPPs in the different political and economic settings by drawing a comparison between the PPP experiences of developing and developed countries. This comparison reveals and explains the reasons for PPPs having certain advantages and disadvantages. The **fourth** chapter

presents the case of Pakistan and discusses the history of the neoliberal inclination of Pakistan, which led to the inception of PPPs in the country. The chapter illustrates the bureaucratic structure of Pakistan, the areas of utilization of PPPs, PPP models, feasibility study methodology, legal and administrative framework, and stakeholders and specialized institutions concerning PPPs in Pakistan. While citing the existing published literature regarding PPPs in the country, the chapter identifies the policy and legal gaps, administrative and political hurdles, and limitations of the PPP model of Pakistan. This chapter paves the way for conducting field research, firstly to investigate how far the criticism on PPPs in Pakistan is valid, and secondly how far the institutional mechanism of Pakistan complies with the principles of good governance.

The **fifth** chapter presents the field data into tables and figures compiled, categorized, coded, and interpreted into meaningful inferences in terms of response correlations and contrasts. The categorization of data presentation is arranged according to the eight principles of good governance. The second part of the chapter consists of the empirical analysis of the field data and its interpretation in the form of meaningful results to ascertain that how far the PPP model of Pakistan complies with the principles of good governance. The **sixth** chapter of the dissertation presents the most critical issues identified by combining the findings of the empirical research and literature review. The most noteworthy issues include the VGF through loans, lack of democratic values, political instability, and politically motivated PPPs. The analysis further reveals technical shortcomings, such as the citizens have a minimal role to play in decision making in terms of PPPs, and the corporate interest overshadows public interest at times. The sizeable administrative machinery is plagued by red-tapism, and the legal framework generally and specifically in terms of PPP requires significant improvements. The role of civil society in PPP projects is also a bare minimum, and laws concerning civil society usurp their freedom to operate in Pakistan. The chapter further presents the administrative challenges such as the counter productivity of PPP by increasing the size of government instead of decreasing it and the existential crisis of bureaucracy due to coexistence with PPP.

The **seventh** and final chapter concludes the dissertation by discussing the research findings by answering the research questions based on the field data analysis. The chapter further elaborates on the contribution of this dissertation to the field of public administration and political science. The empirical study enabled to suggest recommendations concerning managerial, political, and legal areas of PPP mechanism in Pakistan. Every research embodies particular aims and objectives; however, none is immune to limitations; on a brighter side, the limitations illuminate the horizons of future research. This chapter indicates the areas having scope of future research concerning PPPs in Pakistan and finally concludes the research by recapping the most critical factors identified in this dissertation.

CHAPTER 2

RESEARCH METHODOLOGY AND THEORETICAL FRAMEWORK

This chapter describes the research methodology and theoretical framework and details the motivations and academic justifications to take an empirical position. It further elucidates the data collection device, respondent selection criteria, development process, the theoretical foundation (the principles of good governance) of the semi-structured interview guide, data collection phases, limitations of the study, and ethical impacts of the study. This chapter introduces the theoretical framework by arguing about neoliberalism and its philosophical opposition through New Public Management with the conventional public administration approach. It further elucidates the governance approach in terms of its evolution, philosophy, and its principles defined by different international financial and development organizations. The discussion advances by mentioning the interaction of PPPs with classical public administration, new public management, and governance approach, and identifies the eight principles of good governance as the guiding theoretical approach for this study.

2.1 Research Design

The following segment introduces the research methodology employed in this dissertation by detailing the secondary as well as primary data collection sources. It also highlights the process and rationale used for developing the interview guide..

2.1.1 Development of In-Depth Interview Questionnaire

The research interviews fall into three main categories, such as structured, semi-structured, and unstructured. The structured interview generally addresses the quantitative research mandates and takes a positivist approach to measure the responses in a standardized and control environment. On the other hand, the

unstructured interviews and semi-structured interviews chase qualitative research targets. The unstructured interviews are carried out in an unstandardized form in the absence of any list of questions, whereas the semi-structured interviews are a trade-off between the structured and unstructured interviews. Semi-structured interviews follow a planned outline with a well-reviewed list of questions in an uncontrolled environment to ensure a flexible flow of information.⁹ This feature of semi-structured interviews is the most compelling factor to serve as the primary data collection device for this dissertation.

Since the governance approach provides the theoretical foundation of this research, the most crucial task was to replicate its philosophical mandates in goal setting of the field research. The governance approach argues a meaningful partnership between the state and non-state actors, and this is the reason that along with the public sector, this study approaches all the possible non-state actors in Pakistan, such as the private sector, civil society, and academia. The rationale for including academia firstly comes from network theory, which suggests an approach to fulfill policy goals through a network of specialists, including academia. Secondly, there is already available literature that compares the opinion of industry and academia in Pakistan. For example, Fahim et al.¹⁰, in their study, found a considerable difference between the views of academia and industry in Pakistan about PPP.

The questions of the interview guide take a theoretical foundation from the eight principles of good governance, which are the rule of law, transparency, responsiveness, consensus orientation, equity and inclusiveness, effectiveness and efficiency, accountability, and participation. Separate questions represent each governance standard, and the responses will scrutinize two claims. First is to know how far the governance approach triggers a departure positively from NPM's

⁹ Alan Bryman, Saul Becker, and Joe Sempik, "Quality Criteria for Quantitative, Qualitative and Mixed Methods Research: A View from Social Policy," *International Journal of Social Research Methodology*, 2008, <https://doi.org/10.1080/13645570701401644>.

¹⁰ Fahim Ullah, Muhammad Jamaluddin Thaheem, and Muhammad Umar, *Public-Private Partnerships in Pakistan: A Nascent Evolution*, Cambridge Scholars Publishing, 2017.

‘minimalistic state’ towards an ‘effective state’ by creating a network of the state, market, and civil society.¹¹ Secondly, the responses from multiple respondents will provide a broader understanding of the PPP model of Pakistan and provide an opportunity to assess the direct and indirect role of institutions in the success or failure of PPPs.

The interview guide design includes the repetition of questions in different words to judge the consistency of the opinion of the respondents. This measure ensures not only the reliability and validity but also the objectivity of the study since it provides an opportunity for the researcher to reconfirm the collected information. Before finalizing the interview-guide, a pilot study removed the biases and deficiencies. The collected responses are presented in a paraphrased form, and in some parts, some direct quotes from the respondents with their permission, are also mentioned. The respondents had full liberty to leave the discussion at any time as well as choosing not to answer the questions which made them uncomfortable.

2.1.2 Data Collection Techniques and Phases

There were mainly three phases of data collection in this research study, and the first phase was to review secondary sources such as books, journals, government reports, policy, and legal documents to identify the existing philosophical academic material. The literature review helped in the identification of research gaps, problem areas, establishing the research questions which justified the need to conduct empirical research for an in-depth analysis of data. The second phase was the development of a qualitative empirical research design for which semi-structured interviews were chosen as the primary data collection tool. Considering the bureaucratic hurdles in Pakistan, the identification of the respondents was initiated as early as the beginning of 2019. The author traveled to Pakistan to conduct face-to-face semi-structured interviews with the key stakeholders of the PPP projects in Pakistan.

¹¹ Elizabeth Drake et al., “Good Governance at the World Bank,” *UCL* 371, no. 9608 (2001): 202–3, [https://doi.org/10.1016/S0140-6736\(08\)60128-2](https://doi.org/10.1016/S0140-6736(08)60128-2).

The greatest challenge was firstly to convince the respondents to commit for an interview; secondly, getting detailed comments from the respondents on the policy and practice of PPPs in Pakistan was also a difficult task since most of the projects held classified information which the respondents were not confident to share, or they needed special permission from the government to discuss it. The researcher's priority was to conduct face to face interviews; however, owing to geographical constraints, a small number of interviews were conducted through videoconferencing and telephonic means. The interview guide issues a disclaimer to keep all the personal and professional information of respondents discreet. However, with an undertaking to use the collected information strictly for academic purposes and to maintain the optimal authenticity of the data, all interviews were digitally recorded with the due consent of the respondents.

The total number of respondents is thirty-four, comprising of nine respondents from the public sector, nine from the private sector, eight from civil society, and eight from academia. The maximum number of eight interviews were planned from each sector. However, considering the geographical constraints, the number of respondents from the public and private sectors is high to make up for the communication gap. It is noteworthy that almost all the respondents were holding key positions in the most significant PPP projects in Pakistan, and the respondents from academia hold PPP as their primary area of research. The third phase of research comprises of a compilation of the collected responses to generate meaningful inferences.

2.1.3 Ethical Impacts of the Research

The ultimate goal of any academic research is to prioritize ethics on the top.¹² The most critical ethical factors in qualitative research are the anonymity of review material, responder's consent, and confidentiality of responder identities.¹³ Likewise,

¹² ML Saunders and P Thornhill, "Research Methods for Business Students," *Financial Times/Prentice Hall, Harlow*, 2012.

¹³ S. Kvale and S. Brinkmann, "Interviews: Learning the Craft of Qualitative Research Interviewing. London. Sage Publications.," *Qualitative Inquiry*, 2009, <https://doi.org/10.1177/1077800406286235>.

this dissertation takes special care to maintain ethical integrity, especially in cases where human subjects are involved. The interview guide includes an undertaking assuring that the identities of the respondents will be kept confidential, and the collected information will only be used for academic purposes. The interview guide was assessed firstly by the research advisor and later discussed by the jury members in performance evaluation sessions. Finally, the Human Relations Committee of Middle East Technical University reviewed to ensure the ethical integrity of the interview guide and approved its final version, and the approval document can be found in appendix B.

2.1.4 Delimitations of the Study

Although the data is processed with an utmost attempt to maintain the objectivity, representativeness, reliability, and validity of the information, however, this research is also not immune to the confines of a qualitative study concerning the limited capability of the data processing tools.

2.1.5 Interview Guide Responses

The respondents belong to the public and private sector, civil society, and academia to equate the correlation and regression of their opinions. All the respondents were the key people in their respective organizations, having vast practical knowledge of the field. Most of the respondents were comfortable to allow the interviews to record digitally. However, only three respondents, one from the public sector and two from the private sector, did neither allow to record nor quote direct statements from the interview. In specific areas, the opinions of the four sets of respondents substantially vary from each other.

2.2 Contextualization of PPPs in the Light of the Different Administrative Approaches

This segment discusses the evolution of PPPs in the light of different administrative approaches and elucidates the neoliberalist movement and its influence on public administration in the wake of the financial crisis of the 1970s. It further investigates

the interaction of PPPs with different administrative approaches such as the classical public administration, new public management, and governance.

2.2.1 Neoliberalism and Administration

Several authors define neoliberalism in several ways: the most simplified explanation to this ideology may be that it reintroduces liberalism. Though it sounds like an advanced form of liberalism, however, the neoliberals revisit the liberal philosophy by refuting the post-war Keynesian interventionist principles embedded in the laissez-faire economic system.¹⁴ The economic policies of Ronald Reagan, Margaret Thatcher, and Deng Xiaoping combined with the international institutions promoting globalization and the free market, sums up the philosophical structure of neoliberalism. The neoliberalism challenges conventional political entities such as the labor unions, environmental activism, and the influential role of the state in welfare activities.¹⁵ The political-economic paradigm shift by neoliberalism greatly influenced the administrative system of the states between the 1980s and 1990s. The bureaucratic reforms attempted to reshape the traditional public services from hierarchic structure to more market and network-oriented. It is significant to discuss the history of different administrative approaches to elucidate the transition of the bureaucratic administrative model to the post-bureaucratic public service delivery system.¹⁶

The public administration is as old as human civilization; Bartholomew (1972) categorizes the modern evolution of public administration in five stages. The first stage entails the manifestation of Woodrow Wilson's 'politics administration dichotomy,' starting from 1887 and ending in 1926. His ideas gained immense popularity to fight the spoils system and repair flawed government machinery. The second stage lasts between 1927 to 1937 and reinforces the 'political-administration dichotomy'

¹⁴ Ivar Bleiklie, "Encyclopedia of International Higher Education Systems and Institutions," *Encyclopedia of International Higher Education Systems and Institutions*, no. January (2020), <https://doi.org/10.1007/978-94-017-9553-1>.

¹⁵ David Harvey, "A Brief History of Neoliberalism by David Harvey," *American Journal of Sociology*, 2007, <https://doi.org/10.1086/520901>.

¹⁶ Mark Bevir and Frank Trentmann, *Governance, Consumers and Citizens, Contemporary Politics*, 2007.

influenced by the industrial revolution and scientific management of F. W Taylor and Henri Fayol. Another worth mentioning name in the second stage is of Max Weber, who brought a paradigm shift in public administration through his theory of bureaucracy ruled by rationalism, division of labor, and job specialization.¹⁷

The third stage challenged the mechanistic attributes of the classical approach and introduced humanistic ideas in public administration. This stage lasted from 1928 to 1947 and known for Elton Mayo's Hawthorne experiment and Herbert Simon's Behavioral Science Theory. The post-World War II stage (1948-1970) consists of the identity crisis of public administration influenced by Dwight Waldo's 'New Public Administration.'¹⁸ The fifth stage started from the 1970s and continues to date, influenced by neoliberalism, and gave birth to managerialism in public service delivery. The most prominent approaches in this stage are New Public Management and Governance.¹⁹

The neoliberalist critics of traditional public administration primarily attack the size of the government comprising of a large number of public personnel with vested legal and financial power to execute laws.²⁰ This rigid matrix creates the possibility of red-tapism; the monopolistic authorities may lead to a principle-agent relationship between the administrators and the citizens.²¹ New Public Management presented a solution to

¹⁷ Kazeem Oyedele Lamidi, "Theories of Public Administration: An Anthology of Essays," *International Journal of Politics and Good Governance* VI, no. 6 (2015): 1–35, <http://www.onlineresearchjournals.com/ijopagg/art/182.pdf>.

¹⁸ Polya Katsamunska, "Classical and Modern Approaches to Public Administration," *Economic Alternatives*, no. 1 (2012): 74–81.

¹⁹ Jo Ann G. Ewalt, "Theories of Governance and New Public Management: Links to Understanding Welfare Policy Implementation," in *American Society for Public Administration*, 2001, 1–5, <https://doi.org/10.1007/s13398-014-0173-7.2>.

²⁰ Rhys Andrews and Steven van de Walle, "New Public Management and Citizens' Perceptions of Local Service Efficiency, Responsiveness, Equity and Effectiveness," *Public Management Review* 15, no. 5 (2013): 762–83, <https://doi.org/10.1080/14719037.2012.725757>.

²¹ Jan-Erik Lane, *New Public Management*, Routledge (New York: Taylor & Francis e-Library, 2000), https://doi.org/10.11228/pcs1981.1998.31_61.

reduce the government size while engaging the private sector in public services through deregulation, privatization and contracting out, to boost business activity and changing the role of government from ‘rowing’ to ‘steering.’ NPM devised its philosophy from ‘game theory,’ ‘public choice’ theory, and the disciplines of economics and law.²²

2.2.2 Governance Theories

The term ‘hollow state’ was coined in the 1980s, referring to an idea of shedding the load of public service delivery from the government’s shoulders to a network of preferably nonprofit private organizations. In traditional terminology, the word ‘public’ represents the government. However, the managerialism and governance approach in public administration attempts to redefine what ‘public’ actually means. The increased role of nontraditional stakeholders in the public policy and public service delivery compels to include private institutions and organizations in the definition of ‘public,’ which are traditionally considered separate from the government.²³

The governance approach is an evolution of the organizational approaches of public administration and public management into a political realm. Starting from the debate of politics-administration dichotomy to the public management while replicating modernity, the constant paradigm shift has occurred gradually owing to geopolitical, technological, administrative, and economic changes.²⁴ Globalization brought more significant encounters challenging to deal with by the bureaucratic public administration since it lacked advanced tools and methodologies. One generic model cannot address highly fragmented demands of modern society leading it to governance,

²² Richard Batley, “Policy Arena the New Public Management in Introduction,” *Journal of International Development* 760 (1999).

²³ H. George Frederickson et al., “The Public Administration Theory Primer,” *Choice Reviews Online*, 2013, <https://doi.org/10.5860/choice.41-2423>.

²⁴ Hiraku Yamamoto, “Multi-Level Governance and Public Private Partnership: Theoretical Basis of Public Management,” *Interdisciplinary Information Sciences* 13, no. 1 (2008): 65–88, <https://doi.org/10.4036/iis.2007.65>.

which refers to multicentered and multifactor highly adaptable systems to work together. The governance approach suggests active citizen participation in the public policy process recognizing them the most important stakeholder. Hence governance forms a network of state, non-state actors, and citizens in the policy process.²⁵

Governance is usually classified into three different types, such as corporate governance, good governance, and public governance. Corporate governance is limited to the relationship between managers of private organizations and policymakers, in terms of the execution of public policies. Public governance refers to socioeconomic governance, public policy governance, administrative governance, contract governance, and network governance, which deals with inter-organizational networks in the formulation and implementation of public policy.²⁶ Good governance is explained below in detail.

2.2.3 The Principles of Good Governance

The term ‘good governance’ has been in use for quite some time under two primary views, the first emphasizes the domestic aspects of governance, whereas the second prioritizes the internationalism in governance. In both views, ‘good governance’ is the most critical factor which differentiates the developing and developed countries. International financial and development organizations have heavily supported ‘good governance.’ Good governance gained popularity when the IMF and World Bank in the 1980s studied developing countries of sub-Saharan Africa and compiled a report to suggest the measures to reshape governance to address the ongoing financial crisis. The report suggested that multiparty democracy as a fundamental prerequisite for

²⁵ İsmail Şahin, “Governance Tools in Public Administration and Emergent Trends: Contracting, Citizen Participation, and Networks,” *International Journal of Human Sciences* 11, no. 2 (2014): 1082, <https://doi.org/10.14687/ijhs.v11i2.2783>.

²⁶ Stephen P. Osborne, *Meta-Governance and Public Management, The New Public Governance? Emerging Perspectives on the Theory and Practice of Public Governance*, 2010, <https://doi.org/10.4324/9780203861684>.

wellbeing, along with a system that guarantees freedom of the press and the rule of law to make sure that the ruling individuals remain accountable to the public.²⁷

Several international organizations have defined the principles of good governance. For example, the United Nations Commission on Human Rights suggests five principles of good governance being transparency, responsibility, accountability, participation, and responsiveness. The Canadian International Development Agency signifies the principles of good governance as the effectiveness, equitability, honesty, transparency, and accountability of the actions of an organization. The World Bank also identifies six principles of good governance as accountability and freedom of speech, stability in politics, control on violence and corruption, the active regulatory role of the government, and the rule of law. The United Nations Development Program 1997 best articulates the eight principles of good governance such as participation, responsiveness, consensus orientation, accountability, transparency, the rule of law, equity and inclusiveness, and efficiency and effectiveness.²⁸ These principles serve as the primary theoretical foundation for this research.

The first principle of good governance is **Participation**, which refers to equal empowerment of all citizens to participate in decision making. They have the right to raise their voices in the form of voting, protests, and even civil disobedience, the state not only is supposed to protect these rights but also develop means to maximize public participation. Public participation helps to maintain the balance of power among stakeholders. Nevertheless, the party suffering and the party taking advantage of a particular governmental decision must have equal freedom of expression and organization. The second principle of good governance requires a high level of **responsiveness** to the citizens by the public administrators to ensure effective management. The public administrators should resolve all the complaints of the

²⁷ D Fourie, "Good Governance in Public Private Partnerships Approaches and Applications. A South African Perspective.," *African Journal of Public Affairs* 8, no. 1 (2015): 106–18.

²⁸ Mark Bevir, *Encyclopedia of Governance* (SAGE Publications, 2007).

citizens and stay in touch with them to solicit their feedback and opinions about the public service.²⁹

The third principle of governance is **consensus orientation**, which refers to the role of the government in achieving equity among all the stakeholders through sustainable human development. The fourth principle of good governance is **accountability**, which refers to the responsibility of government agencies to ensure fairness among all the stakeholders to achieve consensus.³⁰ The fifth principle of governance emphasizes the **transparency** of the government's decision taken on behalf of the people. All the stakeholders deserve the right to access the information freely to understand the motives of the government and the outcomes of applying a particular set of actions. Transparency in decision making and availability of information also ensures the actions taken by the government with fairness, equity, consistency, and indiscrimination.³¹

The sixth principle of good governance is the **rule of law** that requires the legal framework based on impartiality overseen by an independent judiciary and honest law enforcement agencies. All the stakeholders should feel safe and confident in the legal system to protect their lawful rights. Good governance further requires the organizations to internally voluntarily impose the best practices complying with the law of the land. The seventh principle of good governance emphasizes to maintain **equity and inclusiveness** among all the stakeholders. All the decisions of the

²⁹ Yu Keping, "Governance and Good Governance: A New Framework for Political Analysis," *Fudan Journal of the Humanities and Social Sciences* 11, no. 1 (2018), <https://doi.org/10.1007/s40647-017-0197-4>.

³⁰ UNDP, "Governance Principles, Institutional Capacity and Quality," *Towards Human Resilience: Sustaining MDG Progress in an Age of Economic Uncertainty*, 2011, http://www.undp.org/content/dam/undp/library/Poverty_Reduction/Inclusive_development/Towards_Human_Resilience/Towards_SustainingMDGProgress_Ch8.pdf.

³¹ Mark Bevir, *Encyclopedia of Governance*.

government directly or indirectly reflect on the lives of the citizens.³² This governance principle requires those decisions to be ethical, future-oriented, and inclusive of all the citizens, especially those who are most disadvantaged and vulnerable.³³ The eighth principle of good governance stresses maintaining **efficiency and effectiveness**.³⁴ The public service provided through PPP must be cost-effective and of high quality in comparison to conventional general procurement methods. It must also strive to create a synergy and harmony among public and private partners.³⁵

2.2.4 Interaction of PPP with Different Administrative Approaches

The public administrative systems influenced by Weberian philosophy struggle coexisting with modern procurement methods such as PPP. Bureaucratic system perceives PPP as a threat to its traditional authority and control since PPP aims to reduce the size of the government and power-sharing with the private sector on the principle of equality. Majority of the countries with success stories of PPP first reformed the administrative systems on the principles of New Public Management. On the other hand, developing countries often struggle to gain optimum benefits owing to highly bureaucratic administrative systems.³⁶

The NPM scholars see PPP with two different views, and the first implies that PPP is a continuation of the NPM movement as it aims to provide public service through the

³² UNESCAP, “United Nations (Economic and Social Commission for Asia and the Pacific) and India,” 2000, 69–70, <https://doi.org/10.18356/d4072237-en-fr>.

³³ Mohammed Asaduzzaman, “Governance Theories and Models,” *Global Encyclopedia of Public Administration, Public Policy, and Governance*, no. October (2016), <https://doi.org/10.1007/978-3-319-31816-5>.

³⁴ Robert Shipley and Jason F. Kovacs, “Good Governance Principles for the Cultural Heritage Sector: Lessons from International Experience,” *Corporate Governance* 8, no. 2 (2008): 214–28, <https://doi.org/10.1108/14720700810863823>.

³⁵ Lukamba Muhiya Tshombe and Thekiso Molokwane, “An Analysis of Public Private Partnership in Emerging Economies,” *Risk Governance and Control: Financial Markets and Institutions* 6, no. 4Continued2 (2016): 306–16, <https://doi.org/10.22495/rgcv6i4c2art8>.

³⁶ Zhongju Meng, Xiaohong Dang, and Yong Gao, *Public Private Partnership for Desertification Control in Inner Mongolia* (Singapore: Science Press and Springer Nature, 2020), https://doi.org/10.1007/978-981-13-7499-9_6.

private sector. In other words, PPP is a softer and indirect or an advanced form of privatization. The other scholarly group views PPP is as a diversion from the NPM movement because the public and private sectors form an alliance that differs from privatization, and the ownership of the assets remains with the public sector. Moreover, NPM considers competition being the primary source of maintaining the quality of services because, in the presence of several options, the clients decide who the best service provider is. In contrast, in the case of PPP due to long-term contracts, there is least competition after the selection of the private partner.³⁷ Although NPM provides the theoretical foundation to PPP, however, there is limited empirical evidence available to claim that NPM is a prerequisite for the success of a PPP. Many countries choose PPP for procurement in the absence of NPM reforms; Larbi suggests that the governments do not always necessarily opt for PPP to achieve the value for money. At times PPP is the only option for them to choose between the option to build an asset or build no asset at all. For instance, during the debt crisis in Latin America, the international financial institutions introduced PPP being part of the neoliberalist financial reforms. Hence the government chose PPP as an agenda to financial reform instead of a procurement or governance tool.³⁸

In terms of its relations with the PPP, the governance approach provides an essential guideline to maximize output and protecting the public interest simultaneously. These guidelines provide prerequisites such as the principles of good governance, to reshape the government institutions in democratic culture to get optimum benefits from PPPs. The transparency of the selection of private partners and mutual accountability maintains the value for money, and the principles of equity and inclusiveness and consensus orientation includes citizen opinion in the governance process. The concrete legal system ensures the protection of socially disadvantaged masses. This institutional integrity contributes to guarantee the long-term commercial provision of services. The

³⁷ Charles Conteh, "Transcending New Public Management: The Transformation of Public Sector Reforms," *Public Management Review*, 2010, <https://doi.org/10.1080/14719037.2010.512445>.

³⁸ Marcos Siqueira et al., *Bringing PPPs into the Sunlight: Synergies Now and Pitfalls Later?*, *Bringing PPPs into the Sunlight: Synergies Now and Pitfalls Later?*, 2018, <https://doi.org/10.18235/0001240>.

governance approach enables the government to go beyond its conventional role by engaging with non-state actors to get the best policy inputs through policy networks.³⁹

Unlike center oriented or top-down approach of traditional public administration, and market approach of NPM, the governance approach employs multiple actors and formulate public policies through bargaining and mutual interest. Public-Private Partnership is an ideal example of multi-actor participation, where the public and private sector join hands to provide public services, the non-profit organizations, and the civil society can also provide their input in the form of evaluating the services to protect citizen interests. This approach can be attributed to the paradigm shift in public service because it challenges the traditional role of the governments to its consumers/citizens, it encourages awareness among the citizens about their rights and what to expect from their governments.⁴⁰

2.3 Conclusion

This chapter is divided into two parts, and the first part explains the research methodology. The scarcity of existing literature supporting the research mandates compelled the researcher to carry out an empirical study. The first step was to identify of the respondents belonging to state and non-state actors such as the private sector, civil society, and academia. The qualitative nature of this study necessitated the selection of a reliable data collection device to process the inputs of respondents from four diverse groups accurately. Among the three available interview typologies, the in-depth semi-structured interview was found the most suitable data collection method. The eight principles of good governance provided the foundation for developing queries for the interview guide. The data collection was carried out in three phases starting from reviewing the secondary literature such as research journals, books, government policies, legal documents, institutional reports, and newspapers. In the

³⁹ Fourie, "Good Governance in Public Private Partnerships Approaches and Applications. A South African Perspective."

⁴⁰ Yamamoto, "Multi-Level Governance and Public Private Partnership: Theoretical Basis of Public Management."

next phase, the field data was collected from Pakistan, and the final phase entails the compilation and presentation of responses collected from the field data.

The second part of the chapter explains the encounter of bureaucratic and post-bureaucratic approaches in the wake of the neoliberalist movement and debates the dominant administrative approaches of the field and their compatibility with PPP. The traditional public administration's bureaucratic model is still highly influenced by the philosophy of Max Weber. Although the countries having traditional public administrations have opted for PPPs and shown satisfactory results in some cases; however, the coexistence of bureaucracy with PPP is a challenge. The bureaucracies find PPP a threat to their control over resources and power. On the other hand, the New Public Management, despite a proponent of private sector participation, holds divided views regarding PPPs. Some scholars see PPP being an extension to NPM, while some scholars believe it to be a diversion on several reasons such as the lack of constant competition due to long term contracts and government holding the ownership of the asset ultimately. Among the discussed schools of thought, the governance approach necessitates the partnership between the state and non-state actors for better public service delivery; hence it best fits-in with PPPs, and this is the reason that principles of good governance provide the foundation to this dissertation. The following chapter embodies the literature review concerning the history, theoretical foundation, models, conflicting schools of thought, and strengths and weaknesses of PPPs.

CHAPTER 3

AN INTRODUCTION TO PUBLIC-PRIVATE PARTNERSHIPS

This chapter reviews the existing literature and explains the concept of PPP in terms of its history, its theoretical foundations, models, policy, and legal framework. It further argues about the prevailing scholarly opinions and the leading schools of thought in PPP literature. It also helps to identify the strengths and weaknesses of PPPs along with the experience of different countries, availing this procurement methodology.

3.1 Public-Private Partnerships Explained

The economic crisis that emerged in the 1970s led to a collapse of social democratic and Keynesian welfare state ideology and helped to emerge the neoliberal economic paradigm, which centralizes its ideology on financial deregulation. Initially embraced by the United States and the United Kingdom, neoliberalism took no time in diffusing out to the other parts of the world, especially in Australia, New Zealand, and Latin America. The main tools of neoliberalism were privatization, deregulation, contracting out, and public-private partnerships.⁴¹ The international financial institutions such as the IMF and the World Bank also promoted the free-market economic policies in developing nations. The ‘Washington Consensus’ sums up these policy prescriptions.⁴² The idea of Public-Private Partnerships gained phenomenal growth in developed

⁴¹ John Quiggin, “The Diffusion of Public Private Partnerships: A World Systems Analysis,” *Globalizations* 16, no. 6 (2019): 838–56, <https://doi.org/10.1080/14747731.2018.1560186>.

⁴² Narcís Serra and Joseph E. Stiglitz, *The Washington Consensus Reconsidered: Towards a New Global Governance*, 2008, <https://doi.org/10.1093/acprof:oso/9780199534081.001.0001>.

and developing countries equally in the wake of the neoliberal movement. According to an estimate only in medium and low-income countries, 1.5 trillion USD have been invested alone in infrastructure-related PPP projects.⁴³

In general, PPP is a long-term arrangement which combines public and private sector in the provision of public goods and services, and this aims to utilize the strengths of both areas for best results.⁴⁴ The definition of a Public-Private Partnership varies between the scholars belonging to different fields. For example, social scientists from politics, economics, and public administration are interested in drawing a line between the public and private sectors. On the other hand, sociologists' mandate is to search the similarities between the public and private sectors as they are of the view that the boundaries between the two sectors are getting vague by the passage of time. There are two schools of thought prevailing among the scholars regarding PPPs. One sees PPP as a methodology that combines the best practices of the public and private sectors to create synergy for the common good. The second school of thought consists of the scholars skeptical of the idea of involving the private sector in the provision of public goods and services and considers PPP a 'language game' and a term replacement for privatization. Hence there is no consensus among scholars for defining Public-Private Partnership in literary terms.⁴⁵

Apart from scholars, PPPs are often promoted by the international financial organizations as a mean to achieve goals which are generally considered difficult by national governments due to shortage of finances. The Asian Development Bank defines PPP as “ the term ‘public-private partnership’ describes a range of possible relationships among public and private entities in the context of infrastructure and

⁴³ Emerging Markets and Developing Economies, “THE STATE OF PPPs: Infrastructure Public-Private Partnerships in Emerging Markets and Developing Economies, 1991-2015,” no. June (1991).

⁴⁴ USAID, “Review of Public-Private Partnership Models,” 2006, 30, <http://paiman.jsi.com/Resources/Docs/review-of-public-private-partnership-models.pdf>.

⁴⁵ Sidra Irfan, “Understanding Inter-Organisational Relationships in Public-Private Partnerships A Study of Educational PPPs in Pakistan Sidra Irfan PhD in Management The University of Edinburgh Business School,” 2005, 280.

other services.”⁴⁶ The World Bank defines PPP as “ a long-term contract between a private party and a government agency, for providing a public asset or service, in which the private party bears significant risk and management responsibility.”⁴⁷

Despite the disagreement among the scholars regarding the conclusiveness of PPP definition, the following features are helpful to understand the fundamentals of this Methodology;

- PPP entails a long-term contract between the public and private parties.
- Such a contract makes the private party responsible for designing and constructing, operating and maintaining the public sector facility. The contract further binds throughout its validity period, the public party to pay directly or through the users of the facility.
- The contract stipulates the private party to transfer the possession of the facility back to the public sector after the end of the concession period.

The contracts and project type may be a ‘greenfield’ or brownfield. The greenfield projects refer to the PPPs which are initiated from scratch, whereas the brownfield projects usually include up-gradation and maintenance of the existing projects.⁴⁸ PPP is occasionally confused with privatization and contracting out; however, both terms have considerable differences. In contracting out, the private sector undertakes to operate a public facility or involved in the provision of public services on behalf of the public sector without bringing any investment in fixed assets.⁴⁹ Similarly, when a private vender constructs or upgrades a public asset and does not assume its

⁴⁶ Klaus Felsing et al., “Public-Private Partnership Handbook Acknowledgments,” *Asian Development Bank*, 2008, <https://www.adb.org/sites/default/files/institutional-document/31484/public-private-partnership.pdf>.

⁴⁷ World Bank Institute, “Public-Private Partnerships Reference Guide Version 1.0,” *World Bank Institute*, vol. 1 (Washington, DC, 2012), <https://doi.org/10.1177/0194599813495663>.

⁴⁸ The World Bank, Asian Development Bank, and Inter-American Development Bank, “Public-Private Partnerships Reference Guide 2.0,” 2009.

⁴⁹ E. R. Yescombe, *Public-Private Partnerships Principles of Policy and Finance*, vol. 136 (Oxford: Elsevier Ltd, 2007).

responsibility after the end of the warranty period, such an arrangement also falls into the category of contracting out.⁵⁰ The privatization refers to the sale of a public asset to the private sector, where the government completely transfers the control and ownership of the asset to the private sector.

3.1.1 PPP in the Crossroad of History

The partnership between the public and private sector traces back its over 2000 years old history from the era of the Roman empire where the private sector was actively involved in the construction and maintenance of post offices and roads. Privateering played a critical role in making Britain a significant sea power and consolidating the massive Empire; one of the prime examples is the East India Company.⁵¹ In the 16th and 17th centuries Europe, the private sector played a crucial role in canal and road construction and maintenance and garbage collection. In the same period, the USA also had the active participation of the private sector in the construction of public infrastructures such as railways, roads, bridges, waste management, and water supply.⁵²

The industrial revolution in the 19th century led to a massive growth of cities, which required the expansion of waste management systems, transportation, and energy. Owing to limited resources, the governments engaged the private sector in addressing the vastly increasing demand for city maintenance services. In London, by the 1820s, most of the water supply services were handled by private companies.⁵³ In the early 19th century, the British businessmen formed the turnpike trust, which sought money from the locals for the repair of roads and paid back the loans from toll earnings. Such

⁵⁰ Eduardo Engel, Ronald Fischer, and Alexander Galetovic, “Public -Private Partnerships : When and How,” *Financial Times*, 2009.

⁵¹ Graeme Hodge and Carsten Greve, *The Challenge of Public-Private Partnerships: Learning from International Experience*, Edward Elgar Publishing, 2005.

⁵² Nathan Associates, “Public-Private Partnerships A Basic Introduction for Non-Specialists,” no. February (2017), <http://partnerplatform.org/eps-peaks>.

⁵³ Akilali A Saiyed, “Public Private Partnership and Legal Education” (Gujarat National Law University, 2015), <http://shodhganga.inflibnet.ac.in/handle/10603/68186>.

trusts built the majority of bridges in London in the mid-19th century. In the USA, the private sector built the Brooklyn Bridge of New York, in addition to this, the private companies owned most of the water supply services of the country. France also constructed various canals by using private capital.⁵⁴ In Chile, Brazil, and Mexico, the electric supply was wholly owned by the private sector as early as the beginning of the 19th century.⁵⁵

The emergence of neoliberal fiscal policies in the UK in the 1980s pushed back the conventional public service provision model by avoiding expenditure from the public budget. In the wake of this scheme, the Private Finance Initiative (PFI) was introduced, which is also called a Public-Private Partnership. The PFI or PPP enabled the government to involve the private sector as a long terms partner to provide public goods to the people on guaranteed profits by the government. The UK has utilized PPPs in a wide variety of projects, starting from infrastructure construction and maintenance to social service sectors such as schools and hospitals. During the rise of neoliberalism, to limit government spending, the PPPs were embraced by several developed countries such as New Zealand, Australia, Canada, and the USA.⁵⁶

Owing to the financial crisis, the ‘embedded liberalism compromise’ became a phenomenon on the global level. The financially struggling governments found refuge in making partnerships with the multinational corporations for the provision of public goods and services in the form of PPPs.⁵⁷ The international financial institutions promoted PPP as a modern and convenient development tool, and it gained popularity

⁵⁴ Yescombe, *Public-Private Partnerships Principles of Policy and Finance*.

⁵⁵ Saiyed, “Public Private Partnership and Legal Education.”

⁵⁶ David Hall, “Why Public-Private Partnerships Don’t Work,” 2014, <http://www.world-psi.org/en/publication-why-public-private-partnerships-dont-work>.

⁵⁷ Graeme Hodge et al., “Public-Private Partnerships: The United Nations Experience,” in *International Handbook on Public-Private Partnerships*, 2013, 479–96, <https://doi.org/10.4337/9781849804691.00029>.

in the developing world also in no time reaching Africa, South Asia, and Latin America.⁵⁸

3.1.2 Theoretical Base, Models, Policy and Legal Framework

The economic paradigm shift gave rise to public service reform through the NPM, which aimed at replacing the bureaucratic public administration with a model based on managerial practices borrowed from the private sector. The NPM themes around market mechanisms in the provision of public service through privatization, deregulation, contracting out, and in advanced forms public-private partnerships. The increased role of the private sector in public service helps to reduce the size of the government and reinforces the idea of ‘steering not rowing.’ The PPP, in its current shape, is one of the many products offered by NPM. The PPP has achieved mushroom growth all over the world due to its convenient nature and a source to initiate mega projects through private investment while avoiding political opposition.⁵⁹

The proponents of PPP agree that it combines the resources and knowledge of the public and private sectors to generate optimal results by sharing responsibilities and risks.⁶⁰ It serves as a replacement to privatization since it ensures that the ownership of the asset comes back into government possession after the end of the contract period. The government alone cannot perform the complex task of public service provision; hence a combined institutional arrangement with the private sector may produce excellent results. The pro-PPP scholars refer to the network theory, which refutes the principle-agent relationship among the stakeholders and emphasizes the

⁵⁸ Hall, “Why Public-Private Partnerships Don’t Work.”

⁵⁹ Nilufa Akhter Khanom, “Conceptual Issues in Defining Public Private Partnerships (PPPs),” *International Review of Business Research Papers* 6, no. 2 (2010): 150–63.

⁶⁰ Vincent Reillon, “Public-Private Partnerships in Scandinavia,” vol. 4, 2003.

formation of a network based on information and knowledge sharing to produce better results.⁶¹

Ideally, the PPPs provide equal bargaining power to all the stakeholders since all involved parties bring something meaningful for the project. The private partners bring finances, knowledge, whereas the public partner provides land and delegates the authority of public service provision to the private party on its behalf. Pooling resources in such a way helps to share risks and responsibilities.⁶² PPPs have several models depending upon the requirement of the project, public policy, and legal system of the country. In concession agreements, which are mostly based on the BOT (Build-Operate-Transfer) model, users pay a fee to the concessioner (private partner) for using the facility, the prime instance of such fees is the toll tax for road and bridge infrastructure. Sometimes the term concession agreements and franchise are used interchangeably. However, a franchise is not a real form of a PPP since it does not include the ownership transfer to the public sector.⁶³

Another significant form of PPP is the Power Purchase Agreements-PPA developed in the 1980s by the United States on a Build-Own-Operate model. Such agreements condition the payment to the private sector for production, maintenance, and ready to be supplied a certain amount of power agreed by both parties in the contract. Unlike concession agreements, in PPA, the project returns are not dependent on the users. However, the returns are severely affected if the private party fails to produce and maintain the promised amount of electricity. The BOO model of PPAs allows the private sector to hold ownership of the project assets even after the end of the contract period. There are several other variants of PPP models, such as Design-Build-Finance-Operate (DBFO), where the ownership remains with the public sector throughout the project to keep control in the hands of the state. The Build-Transfer-Operate (BTO)

⁶¹ J S Jun, "Transcending New Public Management: The Transformation of Public Sector Reforms," *Public Administration Review*, 2008.

⁶² Bing Li and Akintola Akintoye, "Public Private Partnerships : Managing Risks and Opportunities," in *Public Private Partnerships : Managing Risks and Opportunities*, 2003.

⁶³ Yescombe, *Public-Private Partnerships Principles of Policy and Finance*.

model enables the government to take ownership right after the completion of the construction of the project. The choice of PPP model depends upon the nature of the services a project is planned to provide.⁶⁴

Instituting the PPP framework requires an efficient policy declaration, legal agenda, and guidance materials. The policy statement defines the program objectives, program scope, and the principles for implementation of the project to achieve the program objectives. The policy can be a part of the laws and regulations or a guideline document shared with the stakeholders. The program objectives refer to desired goals, whereas the scope defines the sectors, type of contracts, and the size of the projects. The implementation part makes the project implementers accountable to the code of conduct and rules set under the PPP policy. A successful PPP policy ensures a comparison of value for money of PPP with conventional procurement. Transparency is a prerequisite in terms of bidding, selection of the private party on merit, marketization, and availability of information to citizens. The risk among public and private parties must be shared, keeping public interest and uninterrupted supply of public goods into consideration.⁶⁵

The legal framework of PPP varies from country to country; however, there are mainly two legal systems, either common law or civil law. The controls under civil law are strict where the contract defines the legal rights, roles, processes, and dispute resolution. The contracts under common law are comparatively flexible, which enables countries following this legal system to employ PPP frequently for large scale projects. However, in both systems, besides the existing procurement laws, public financial management laws, sector laws, and special legislation are must to deal with PPP and the complexities associated with this owing to its long term contract period.⁶⁶ A

⁶⁴ Yescombe.

⁶⁵ The World Bank, Asian Development Bank, and Inter-American Development Bank, “Public-Private Partnerships Reference Guide 2.0.”

⁶⁶ The World Bank, Asian Development Bank, and Inter-American Development Bank.

concrete legal system can address the conflicts arising beyond the scope of contract and PPP policy.⁶⁷

The legal system must have the provision to enable the public authorities to take over the project from a private party in case of a severe breach, such as the violation of health and safety standards, environmentally hazardous actions, and acts against national security. The United Kingdom has provisions in the legal system to address noncompliance and malpractices in PPP projects by stopping the payments to the private party. It helps to regulate the private partner who cannot afford to affect relations with the creditors.⁶⁸

3.1.3 Schools of Thought Prevalent Among PPP Scholars

There are two contrasting scholarly stances on PPP. The proponents see it as a governance tool and a modern method of delivering public goods and services by employing the best practices of the private sector. They see co-production, participative decision making, specialization and collaboration being the key-values that creates a synergy.⁶⁹ This synergy helps to produce the output, which is not possible to achieve if the public or private sector function individually, PPP combines the values of cooperation, risk-sharing, and long-term partnership to yield optimum results. These strengths create an ever-increasing trend to adopt this approach by governments.⁷⁰

⁶⁷ Organisation for Economic Cooperation and Development (OECD), *Public-Private Partnerships: In Pursuit of Risk Sharing and Value for Money*, vol. 9789264046, 2008, <https://doi.org/10.1787/9789264046733-en>.

⁶⁸ Organisation for Economic Cooperation and Development (OECD).

⁶⁹ Geert R. Teisman and Erik Hans Klijn, "Partnership Arrangements: Governmental Rhetoric or Governance Scheme?," *Public Administration Review*, 2002, <https://doi.org/10.1111/0033-3352.00170>.

⁷⁰ Khanom, "Conceptual Issues in Defining Public Private Partnerships (PPPs)."

The second school of thought considers PPP a jargon invented by the neoliberal ideology to promote the privatization of public assets by nationalizing the liabilities.⁷¹ This philosophical bloc argues that “privatization or contracting out” are words that attract controversy and opposition. Hence an alternative term such as PPP makes it more palatable and brings political correctness. It helps governments to frequently divert the attention of the critics while contracting out the public services to the private sector for higher costs against the public interest.⁷²

3.1.4 PPP Experience around the World

In the wake of the international financial crisis in the late 20th century, and later through the ‘Washington Consensus,’ governments all over the world engaged the private sector in public service provision.⁷³ Although the number of PPPs grew exponentially, however, it produced mixed results in different parts of the world since every country has different mandates specific to development.⁷⁴ The existing PPP literature indicates that the aims, methodology, and sectoral distribution are different among the developed and developing countries when it comes to opting PPP as the mode of procurement. The motives of developed nations such as the UK and Australia were to attain maximum risk equilibrium between the public and private sectors, reduce complications, and bring transparency in the government system by setting microeconomic goals. The developed countries adopted PPPs as a tool for further improvement in public service; on the other hand, the motives of the developing world could be macroeconomic to raise funds to manage fiscal constraints. The developing countries lack concrete infrastructure in terms of roads, bridges, transportation, and

⁷¹ Jurian Edelenbos and Geert R. Teisman, “Public-Private Partnership: On the Edge of Project and Process Management. Insights from Dutch Practice: The Sijtwende Spatial Development Project,” *Environment and Planning C: Government and Policy*, 2008, <https://doi.org/10.1068/c66m>.

⁷² Khanom, "Conceptual Issues in Defining Public Private Partnerships (PPPs)."

⁷³ Burcu Kahyaogullari, “Public-Private Partnerships in Developing and Developed Countries: The UK and Turkish Cases,” *Afyon Kocatepe Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* 15, no. 2 (2013): 243–76.

⁷⁴ Stephen R. Hurt, “Washington Consensus,” 2016, <https://www.britannica.com/topic/Washington-consensus>.

telecommunication due to the shortage of finances. Already lacking in-house private investors, these countries knock the door of international financial institutions for loans mostly conditional on being used through PPPs. On the other hand, the developed nations adopt PPP not only for economic infrastructure but also for social infrastructure seeking investments and specialty of the private sector, which boosts market activity and public service standards.⁷⁵

A successful PPP highly depends on a functional regulatory framework, which refers to government institutions dealing with administrative, legal, and policy areas. The regulatory framework differs all around the world; for example, in the UK, Canada, and Australia, the regulatory framework entails a thorough conflict resolution mechanism to maintain consensus among stakeholders. On the contrary majority of the developing countries are in the preliminary stage of PPP legislation and policy formulation.⁷⁶ Although PPPs are utilized in a variety of services ranging from soft infrastructures such as health and education to hard infrastructures such as roads and bridges; however, the developing countries usually employ PPPs to develop hard infrastructure. Since private funding is scarce, the PPPs are funded through loans from international financial institutions.⁷⁷ Despite mentioning the different motives of developed and developing countries in using PPPs, it is significant to understand that the success and failure of PPPs depend on multiple factors in different social, political, and economic settings.⁷⁸ The countries availing the practices of good governance in

⁷⁵ Kahyaogullari, “Public-Private Partnerships in Developing and Developed Countries: The UK and Turkish Cases.”

⁷⁶ Kahyaogullari.

⁷⁷ Paolo Urio, “Under What Conditions Can Public-Private Partnerships (PPPs) Improve Efficiency, Equity, Security and Sustainable Development?,” *Public Private Partnership: Success and Failure Factors for In-Transition Countries*, 2010, 25–69.

⁷⁸ Jens K. Roehrich, Michael A. Lewis, and Gerard George, “Are Public-Private Partnerships a Healthy Option? A Systematic Literature Review,” *Social Science and Medicine* 113 (2014): 110–19, <https://doi.org/10.1016/j.socscimed.2014.03.037>.

the institutional capacity building have shown better results not only in terms of PPP but also in overall governance.⁷⁹

3.1.5 Strengths and Weaknesses of PPP

There are various strengths of PPPs, for example, it helps the governments seek financial resources from the private sector for public procurement, this enables the government to reduce general tax over the public since the immediate users pay the cost of the project. The skeptics of PPP often argue that the governments can borrow capital on low cost in comparison to the private sector, and involving a private investor increases the cost of the project. It is significant to consider, especially in the case of the developing nations that the government are sometimes not in a position to borrow substantial capital support and are left with the option to initiate PPP projects or settle on no project at all. The governments also use PPP to bring foreign investment in the country, which helps to generate foreign exchange and business activity in the economy. The government may divert the saved revenues from infrastructure projects and spend it on the welfare activities of the citizens.⁸⁰

The economic ideology behind PPP suggests that the private sector has well-organized managerial practices, economies of large scale, cost-cutting devices, and methods to timely completing the projects, these capabilities make it superior to the public sector in terms of efficiency. In addition to this, in PPP, the private party assumes the commercial risks associated with the projects, thus targeting to generate optimum outputs remains the only option.⁸¹ On the other hand, the government's aim from PPP is to optimize the value for money and maintain uninterrupted service to the users; the efficiency-oriented private sector practices help to ensure these goals. For the public

⁷⁹ E. Farquharson et al., "How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets," *Public-Private Infrastructure Advisory Facility*, 2011, https://doi.org/10.1596/9780821378632_CH02.

⁸⁰ Yescombe, *Public-Private Partnerships Principles of Policy and Finance*.

⁸¹ Martijn van den Hurk, "Public-Private Partnerships: Where Do We Go From Here? A Belgian Perspective," *Public Works Management and Policy* 23, no. 3 (2018): 274–94, <https://doi.org/10.1177/1087724X18757534>.

sector, PPP works like a credit card, which enables one to incur off-balance-sheet expenditures on a long-term payment plan to reduce budgetary constraints. Although such practices help the government to present good financial health; however, it invites skepticism, which the latter part of this segment will discuss.⁸²

The substantial capital which private party brings through investor pooled resources fetches advantages of economies of a large scale, unlike traditional procurement, where full budget is seldom available. The budgetary constraints of traditional procurement generally delay the completion of the project; however, in PPP, a massive mobilization of funds makes project completion possible in less time, which saves cost. Additionally, the long-term contract period makes the private party responsible for using the specialized workforce and high-quality construction materials to minimize maintenance costs, whereas, in conventional procurement, the contractor is only responsible for damages during the warranty period.⁸³ Apart from the economic and structural aspects, PPP provides organizational benefits by combining the strengths of the public and private sectors. It offers a relationship where all stakeholders stand on equal ground cultivating synergy through participative decision-making and build a network to solve complex governance challenges. These features distinguish PPP from conventional procurement as well as from privatization and contracting out where the client and contractor interact in principle-agent fashion.⁸⁴

The international financial institutions also promote PPPs and offer financial and advisory support related to it. Only between 2000 to 2015, the World Bank increased aid disbursement from 0.9 billion to 2.0 billion USD ‘to spur growth and fight poverty.’ The World Bank further established an online PPP knowledge lab (<https://pppknowledgelab.org>) to encourage research on PPPs. The Asian

⁸² van den Hurk.

⁸³ Yescombe, *Public–Private Partnerships Principles of Policy and Finance*.

⁸⁴ Rianne Warsen et al., “What Makes Public-Private Partnerships Work? Survey Research into the Outcomes and the Quality of Cooperation in PPPs,” *Public Management Review* 20, no. 8 (2018): 1165–85, <https://doi.org/10.1080/14719037.2018.1428415>.

Development Bank and African Development Bank are also involved in promoting PPP as a developmental strategy for developing countries.⁸⁵

Although pro-PPP literature suggests a large number of PPP advantages, however, it is not immune to criticism. The opposing scholarship argues that PPP is a neoliberalist device which satisfies the agenda of international financial institutions. These institutions have a trust deficit with the governments of developing countries, and they prefer advancing development loans conditional on being spent through PPPs. These institutions spend sizeable funds on the marketing of PPP, citing superficial and unreliable forecasts to present it as the sole strategic developmental tool. Such positive rhetoric either misleads the policy direction of the governments or forced by the conditions; the developing countries opt for PPPs without rationally calculating the value for money. Due to the high cost of capital and service provider profits, PPP increases the cost of traditional not-for-profit public services. The end-user eventually pays off-balance-sheet long-term debts undertaken by the political elite in the form of PPPs. In this way, the international financial institutions only help the political elite and harm democracy by promoting and unduly forcing PPPs on governments.⁸⁶

There is a reasonable amount of empirical evidence which suggests that PPP is always not a suitable choice in comparison to the traditional procurement. The calculation of value for money at times ignores the social cost of the PPP projects, for example, the private party may economically perform a project while cost-cutting through employee downsizing and imposing extra load on existing employees.⁸⁷ According to an estimate, the high cost of capital, construction, and operation inclusive of the legal and financial consultancy costs makes PPP twenty-five percent more expensive than traditional procurement. The tendering and monitoring expenses further increase the

⁸⁵ Kate Bayliss and Elisa Van Waeyenberge, “Unpacking the Public Private Partnership Revival,” *Journal of Development Studies* 54, no. 4 (2018): 577–93, <https://doi.org/10.1080/00220388.2017.1303671>.

⁸⁶ David Hall, “Why Public-Private Partnerships Don’t Work: The Many Advantages of the Public Alternative,” *Public Service International Research Unit*, 2015, 56.

⁸⁷ Bayliss and Van Waeyenberge, “Unpacking the Public Private Partnership Revival.”

total cost of the PPP project by ten to twenty percent in comparison to traditional procurement. The long-term PPP contracts further hold complications in terms of addressing conflicts between the stakeholders, technological advancements, and population changes. The PPP projects are also prone to political victimization; many political changes may occur during the contract period, and the incoming regime may scrutinize the whole project, which can halt the continuity of revenues to the private party and service to the public.⁸⁸

3.2 Conclusion

This chapter has attempted to explain the concept of Public-Private Partnerships by reviewing the existing literature of the field. The historical review informs that the participation of the private sector in public service provision holds an ancient tradition and made it possible to achieve substantial benefits to society. As the modern state system evolved, the private participation scale and methods also grew. The advancement in the field of public administration, and its debate that went through a revolution in the 20th century, and its advanced forms such as public management recognized private sector participation as a significant factor for successful public service provision. The Public-Private Partnerships in their current form appeared in the wake of the international financial crisis in the 1980s being the part of the neoliberalist economic reform program. This chapter discusses the rationale, theoretical foundation, and the models of PPPs along with the benefits which compel the governments to utilize it as a procurement tool.

Despite phenomenal success around the world, the idea of PPPs is still under scholarly scrutinization. So much so that even to date, the scholars have not yet agreed on a single definition of PPPs. The main reason for this disagreement is the division of two different schools of thought; the first consider PPP as a modern procurement tool and a way forward to effective governance, whereas the other argues that PPP is just another name of privatization and an invention of the neoliberal language game. In

⁸⁸ Hall, “Why Public-Private Partnerships Don’t Work: The Many Advantages of the Public Alternative.”

order to understand the varying views of the scholars, this chapter reviewed the PPP experience of developing and developed countries and attempted to identify the reasons which determine the success and failure of PPPs. The chapter has also briefly reviewed the merits and demerits of PPP. The following chapter contains a Pakistan-specific literature review and explains the PPP model of the country.

CHAPTER 4

THE PUBLIC-PRIVATE PARTNERSHIPS IN PAKISTAN

The previous chapter explained the concept of PPP in general in terms of its history, models, theoretical foundation, PPP experience around the world, and the pros and cons of PPP. Since the aim of the dissertation is to explore PPPs by taking Pakistan as a case, this chapter is the continuation of the literature review specific to Pakistan. This chapter explains the history of PPPs in Pakistan, along with elucidating the models, feasibility study procedures, legal and administrative framework, key stakeholders, and the institutional mechanism to execute PPP projects. It also discusses the hurdles and limitations identified in the literature review.

4.1 History of PPPs in Pakistan

As discussed in the previous chapter, the economic recession, along with the international oil crisis in the 1970s, became a reason for a significant paradigm shift from the Keynesian economic thought to the free-market mechanism. The trade, labor markets, and financial institutions witnessed embedded neo-liberalization, which was later highly advocated by the international financial institutions such as the World Bank by the name of ‘Washington Consensus.’⁸⁹ This wave was pervasive enough to reach the United Kingdom and later on to the majority of developed and developing

⁸⁹ John Toye, “Chapter 1 - Changing Perspectives in Development Economics,” in *Rethinking Development Economics*, 2003.

nations such as Pakistan, in the form of privatization perceived as a tool to achieve industrial efficiency and reduce the fiscal deficit.⁹⁰

In the 1980s, Pakistan openheartedly adopted the principles of neoliberalism in close coordination with international financial institutions such as the IMF and the World Bank.⁹¹ Till the mid-1980s, the energy generation was the sole responsibility of the public-owned WAPDA (Water and Power Development Authority). However, the increasing demand and supply gap increased the need for investment in the power sector to increase generation capacity. The World Bank recommended Pakistan to seek private investment in the energy sector.⁹²

The Public-Private Partnerships were formally introduced in Pakistan in 1991 with localized modifications to the original methodology in the telecom and energy sectors with limited regulatory framework and policy mechanism.⁹³ In 1994 Pakistan announced a highly attractive private power generation policy to invite private investments in the power sector. This policy proved successful in bringing a large number of investors to setup IPPs in Pakistan.⁹⁴ By the start of the new millennium, Pakistan started paying more attention to PPP. In 2007 the Ministry of Finance and Economic Coordination Committee (ECC) developed a policy framework for

⁹⁰ Stephen C. Littlechild, “Privatization: An Economic Analysis. John Vickers , George Yarrow ,” *Journal of Political Economy*, 1990, <https://doi.org/10.1086/261711>.

⁹¹ Faisal Bari, “Omar Noman. Economic and Social Progress in Asia: Why Pakistan Did Not Become a Tiger. Karachi: Oxford University Press, 1997. 324 Pages. Hardbound. Rs 575.00.,” *The Pakistan Development Review*, 1997, <https://doi.org/10.30541/v36i2pp.203-207>.

⁹² Kamal Munir and Natalya Naqvi, “Privatization in the Land of Believers: The Political Economy of Privatization in Pakistan,” *Modern Asian Studies* 51, no. 6 (2017): 1695–1726, <https://doi.org/10.1017/S0026749X16000585>.

⁹³ National Highway Authority, “Private Sector Participation in National Highways, Motorways Tunnels, and Bridges in Pakistan PPP Policy and Regulatory Framework,” 2009, http://nha.gov.pk/wp-content/uploads/2016/04/nha_ppp_policy_may2009.pdf.

⁹⁴ Munir and Naqvi, “Privatization in the Land of Believers: The Political Economy of Privatization in Pakistan.”

infrastructure and social sectors.⁹⁵ The eighteenth amendment in the constitution of Pakistan on April 20, 2010, bestowed legislative autonomy to the provinces of Pakistan.⁹⁶ The provinces can now establish their PPP authorities and conduct all the projects through PPP independently. However, the federal government has kept some strategic areas in its control, such as energy and highways.⁹⁷

4.2 The Total Value of PPPs in Pakistan

As per the World Economic Forum, the Global Competitiveness Index score of Pakistan was 3 out of 7 in 2017 in terms of transport, telecommunication, and telecommunication infrastructure. Pakistan has carried out a total number of 105 with 104 active PPP projects since the 1990s, with a total investment of 27451 Million USD and active investment of 27283 Million USD. The primary beneficiary of investment in terms of PPP has been electricity and port infrastructure.⁹⁸ Table 2 details the type, sector, and investment in PPP projects according to the financial closure year.

⁹⁵ National Highway Authority, “Private Sector Participation in National Highways, Motorways Tunnels, and Bridges in Pakistan PPP Policy and Regulatory Framework.”

⁹⁶ Fazli Subhan, “18th Amendment & Provincial Autonomy: Challenges for Political Parties,” *Balochistan Review* 2, no. 2018 (2018).

⁹⁷ The Economist Intelligence Unit, “Evaluating the Environment for Public-Private Partnerships in Asia The 2018 Infrascop,” 2018, 51.

⁹⁸ The World Bank, “PPP Projects in Infrastructure,” PPP Knowledge Lab, 2019, <https://pppknowledgelab.org/countries/pakistan>.

Table 2. The Largest PPP Projects in Pakistan ⁹⁹

PROJECT NAME	SECTOR	FINANCIAL CLOSURE YEAR	INVESTMENT (USD MILLION)
China Power Hub Generation Company	Electricity	2017	1,940.00
Suki Kinari Hydropower Plant	Electricity	2017	1888.20
Karot Hydropower Plant	Electricity	2017	1700.00
Matiari-Lahore Transmission Line	Electricity	2019	1658.00
Hub Power Company	Electricity	1994	1632.00
Pakistan Deep Water Container	Ports	2010	1200.00
Engro Thar Coal-Fired Power Plant Phase 1	Electricity	2016	1108.00
Lucky Electric Coal Power	Electricity	2018	1080.00
Uch Power Ltd.	Electricity	1996	712.90
Chashma-2 Nuclear Power Plant	Electricity	2005	559.00

4.3 The Bureaucratic Structure of Pakistan

After the independence in 1947, Pakistan adopted a bureaucratic system which could be attributed to authoritarianism and colonial legacy with a mindset of seeing citizens as subjects. The discontinuation of democracy and undue interference of the military kept the needed bureaucratic reforms to take place in the country. Instead of developing the local government system, the bureaucrats were given large polities to rule in colonial style with unprecedented arbitrary powers.¹⁰⁰ The constant military takeovers became the reason for political instability since 1947, and the first martial law was imposed as early as 1958, which ended with the breakup of the country in 1971. The second martial law lasted from 1977 to 1989, the third between 1999¹⁰¹ and 2008. The period under military regimes was full of adventurism through wars that drained the resources of the country. Considerable history of the country consists of

⁹⁹ Bank.

¹⁰⁰ M. Shamsul Haque, "Incongruity Between Bureaucracy and Society in Developing Nations: A Critique," *Peace & Change*, 1997, <https://doi.org/10.1111/0149-0508.00061>.

¹⁰¹ S. Akbar Zaidi, "Military and Social Transition: Improbable Future of Democracy in Pakistan," *Economic and Political Weekly* 40, no. 49 (2005): 5173–81.

dictatorship, which did not let nurture democracy in the country. The vital democratic values which conceive the principle of good governance were nearly non-existent in the country due to intermittent derailment of democracy.¹⁰² These are the primary reasons that the bureaucratic reforms and a robust local government system in Pakistan are yet to be introduced.

4.4 The Public-Private Partnership Mechanism in Pakistan

This segment explains the mechanism of the PPP mechanism in Pakistan by presenting dominant models in practice, the criterion, and steps involved in conducting the feasibility study. It further details the legal and administrative framework of the PPPs along with explaining the role of provincial and federal PPP authorities and implementing agencies in the life cycle of a project. It also discusses the hurdles and limitations identified by other researchers about PPPs in Pakistan.

4.4.1 PPP Models in Practice

- PPPs in Road Infrastructure

The PPP projects in Pakistan are carried out with a variety of models depending upon nature, scope, and the type of the project. Pakistan has utilized PPP the most in road infrastructure projects procured through Build-Operate-Transfer (BOT) model. This model is known for its long-term contractual nature and the presence of multiple stakeholders. In terms of road infrastructure, the PPP model in Pakistan has indigenous features which are different from typical PPP models, for instance, a large number of megaprojects of highway and bridge construction are carried out by state subsidiaries. Furthermore, the funds for viability gap financing are procured through loans from domestic and international financial institutions. The reason for the lack of private

¹⁰² S. Akbar Zaidi.

investment in PPP projects may be attributed to the law and order situation, political-economic instability, and terrorism in the country during the past decade.¹⁰³

- PPPs in the Energy Sector

In Pakistan, the vision of seeking private investment in the energy sector is even older than using PPPs in road infrastructure projects. As early as 1986¹⁰⁴, the HUBCO power plant was established with the financial help of the World Bank and a consortium of foreign banks, on the PPP model of Build-Own-Operate on a thirty years power purchase agreement.¹⁰⁵ The HUBCO deal was pronounced as ‘deal of the year’ later ‘deal of the decade’ in 1994 and 1999, respectively, by Euromoney Institutional Investor. In 1994, the federal government announced a comprehensive private power policy, officially in coordination with private investors and international financial institutions. The core aim was to increase private participation in energy, considering the state’s lacking capability in expanding the power generation capacity. Due to the unique perks offered, this policy successfully attracted a large number of private investors in the energy sector interested in establishing IPP plants.¹⁰⁶

The most dominant PPP models in the energy sector are currently BOT, BOO, BOOT, BT, and DBFOT. The hydropower energy projects, such as the Karot power project, are based on Build-Operate-Transfer and Design-Build-Finance-Operate-Transfer basis. The solar and wind-based renewable energy projects have Build-Operate-Own and Build-Own-Operate-Transfer model. There are peripheral departments to handle affairs related to energy generation such as Alternative Energy Development Board (AEDB), Private Power and Infrastructure Board (PPIB), National Transmission and

¹⁰³ Ullah, Thaheem, and Umar, *Public-Private Partnerships in Pakistan: A Nascent Evolution*.

¹⁰⁴ Julia M Fraser, “Lessons from the Independent Private Power Experience in Pakistan,” *Discussion Paper*, 2005, 28, <http://www-wds.worldbank.org/>.

¹⁰⁵ Abu Naser Chowdhury, Po Han Chen, and Robert L.K. Tiong, “Analysing the Structure of Public-Private Partnership Projects Using Network Theory,” *Construction Management and Economics* 29, no. 3 (2011): 247–60, <https://doi.org/10.1080/01446193.2010.537354>.

¹⁰⁶ Fraser, “Lessons from the Independent Private Power Experience in Pakistan.”

Dispatch Company (NTDC), National Energy Efficiency and Conservation Authority (NEECA), National Electric Power Regulatory Authority (NEPRA), and Central Power Purchasing Agency (CPPA) ¹⁰⁷

- PPPs in the Social Services Sector

Table 3 provides an overview of the PPP models practiced since the 1990s in the education sector of Pakistan. The policy concerning educational PPPs mainly emphasizes covering the disadvantaged communities. The partnership with the government may have multiple partners ranging from private organizations- for-profit, non-profit civil society organizations, and communities. ¹⁰⁸

Table 3. The Models of PPPs in the Education Sector ¹⁰⁹

PPP Programme	Dominant Forces	Partnership Between	Financial Support by	Supposed ownership after project
Community Support Programme, Balochistan, 1992	Increase Girls Enrolment	NGO, VEC and Govt.	USAID and World Bank	Government with conditions
Adopt a School Programme, Sindh, 1998	Quality	Adopter (Private or NGO), Govt.	Adopter and Govt.	Adopter (Private)
Fellowship School Programme, 1997 – Balochistan, Sindh	Access	Govt., Community	World Bank through Govt. – per child subsidy model	Community on private model

¹⁰⁷ Ministry of Energy, “Organizations,” Government of Pakistan, accessed May 14, 2020, <http://www.mowp.gov.pk/orgDetails.aspx>.

¹⁰⁸ Israr Ahmed, “Exploring New Dimensions in Public-Private Partnership in Education” (Sarhad University of Science and Information Technology, 2013), http://prr.hec.gov.pk/jspui/bitstream/123456789/6887/1/ISRAR_AHMED_Education_SU_2015.pdf.

¹⁰⁹ Sajid Ali, *Education Policy Borrowing in Pakistan: Public- Private Partnerships, Education in the Broader Middle East: Borrowing a Baroque Arsenal* (Oxford: Symposium Books, 2012), <https://core.ac.uk/download/pdf/47262982.pdf>.

Table 3 (cont'd)

Social Action Programme (SAP) Community Schools, whole Pakistan, 1992	Access	Govt., Community	World Bank and Govt. of Pakistan	Community on private model
Coaching Centres – AKES, Northern Areas (GB)	Quality-post primary	Community, NGO	USAID	Community on private model
Promoting Private Schooling in Rural Sindh (PPRS), 2008	Access and Quality	SEF and Private entrepreneur	World Bank	Private
Integrated Education Learning Programme (IELP), Sindh, 2009	Quality	SEF and Private Schools	World Bank	Private
Foundation Assisted Schools (FAS), Punjab	Access and Quality	PEF and Private Schools	PEF	Private
Technical Training Centre Daharki, Sindh	Technical Education	ENGRO led private consortium & Government	Engro led private consortium	Private
Technical Training Centre, Daultala, 1992	Technical Education	PPL	PPL	Government

There are four significant PPP models, such as ‘adopt a school,’ which entails a private organization, an NGO, or even an individual undertakes the responsibility to improve the condition of a public school. The second model provides concessions to private schools in terms of issuance of free of cost land, discounted utility bills, and tax exemptions. The third model invited the private sector to upgrade the public schools in exchange for which they can utilize the school buildings to run afternoon school shifts. The fourth PPP model brings NGOs in partnership with the government to enhance the capacity of school management committees in villages.¹¹⁰

¹¹⁰ Ahmed, “Exploring New Dimensions in Public-Private Partnership in Education.”

The PPP models in the health sector are different from infrastructure projects; the focus of such partnerships is to build networks to maximize the outreach towards disadvantaged masses. The public-private collaboration may take place in the form of formalized contracts, non-contractual agreements, memorandum of understanding, and communication and information sharing. There are multiple agencies involved in such partnerships, such as government ministries, publicly-funded bi-lateral and multi-lateral agencies such as USAID, WHO, World Bank, and for-profit and non-profit NGOs, including faith-based organizations.¹¹¹ In Pakistan, WHO and the World Bank fund a range of PPP variants in the health sector, such as the national health programs for tuberculosis and HIV/AIDS control in collaboration with the government and private health care providers. The international agencies such as UNICEF, USAID, Save the Children, International Vaccine Institute (South Korea) help to formulate health policies to control non-communicable diseases. The same agencies also help in social marketing spreading information about family planning and mother-child care. In the province of Sindh, there are instances of public hospitals run by private organizations on management contracts.¹¹²

4.4.2 Feasibility Criteria

The traditional procurement methodology in public projects in Pakistan is public finance, whereas the PPP falls into the category of non-traditional procurement methodology. The projects which are proposed by the government to be carried out via PPP are called ‘solicited projects’ in such projects the government either negotiates with the client or arranges competitive bidding through PPRA (Public Procurement Regulatory Authority). The objectives of procurement are dependent upon the needs of the client and the private party. The client lacks capability as well as funds to undertake a project, and such resources are provided by the private partner who is

¹¹¹ Emily Mangone and Nelson Gitonga, “Public-Private Partnerships for Family Planning: Case Studies on Local Participation,” 2017, <https://www.shopsplusproject.org/sites/default/files/2017-04/Public-Private-Partnerships-for-Family-Planning-Case-Studies-on-Local-Participation.pdf>.

¹¹² F. Ahmed and N. Nisar, “Public-Private Partnership Scenario in the Health Care System of Pakistan,” *Eastern Mediterranean Health Journal* 16, no. 08 (2010): 910–12, <https://doi.org/10.26719/2010.16.8.910>.

concerned with continuous return on investment. The project feasibility is studied to ascertain the success of the project in terms of achievement of service targets set by the client and profits targets set by the service provider. ¹¹³

The IPDF (Infrastructure Project Development Facility) guidelines define the PPP project lifecycle in four phases. The first phase starts with the inception of a project and exploring PPP as an option to execute it. This process consists of registering the project with the respective PPP authority (IPDF in the past, now provincial or federal authority depending upon the nature and jurisdiction of the project). The PPP authority assigns a transaction advisor for negotiating the terms of the contract. The second phase consists of studying the feasibility, which includes solution options analysis, project due diligence, value assessment, economic valuation, and procurement plan.

Furthermore, the recommendations of the transaction advisor are evaluated, along with the estimation of the viability gap financing. This phase also includes market testing and reviewing its results to set PPP design parameters. Finally, the PPP project feasibility committee reviews the study and pass its recommendations. Figure 5 explains the checklist of the steps taken in feasibility as below. ¹¹⁴

¹¹³ Muhammad Ali Noor and Malik Khalfan, "Public Private Partnership in Transport Sector Projects in Pakistan," *International Journal of Critical Infrastructures* 13, no. 1 (2017): 70, <https://doi.org/10.1504/ijcis.2017.10004203>.

¹¹⁴ IPDF, "Project Preparation/Feasibility Guidelines for PPP Projects," *Infrastructure Project Development Facility*, 2007.

Table 4 Checklist for Contents of the Feasibility Study ¹¹⁵

THE NEEDS ANALYSIS
Step 1: Demonstrate that the project aligns with the Institution’s strategic objectives
Step 2: Identify and analyze the available budget for project development
Step 3: Demonstrate the commitment and capacity of the institution and other state authorities
Step 4: Specify the outputs
Step 5: Define the scope of the project
THE OPTIONS ANALYSIS
Step 1: List all the solution options the institution has considered
Step 2: Evaluate each solution option
Step 3: Choose the best solution option
PROJECT DUE DILIGENCE
Step 1: Legal issues
Step 2: Site ownership and availability issues
Step 3: Environmental Assessment
Step 4: Social Assessment including land acquisition/ resettlement impacts
FINANCIAL ASSESSMENT
Technical definition of the project
Identify direct costs
Identify indirect costs
Identifying project revenue
Model assumptions
The Base Case model
The Risk Matrix
The risk adjusted financial model
Creating the model to reflect PPP project structure and sources of funding
Carry-out various sensitivity testing
Economic Analysis
VALUE ASSESSMENT
ECONOMIC ASSESSMENT
DEMONSTRATE PROJECT VIABILITY
VERIFY INFORMATION AND SIGN-OFF
PROJECT MANAGEMENT AND PROCUREMENT PLAN
REVISITING FEASIBILITY STUDY

The third phase of the PPP project life cycle consists of procurement, which includes drafting of tender documents, bidding, evaluation of bids, and selecting bidders and negotiation with them. Once all these steps are done, the agreement is finalized and signed between the parties. The final phase of the PPP project life cycle is the development of the project, delivery of service, and exit after the concession period ends. ¹¹⁶

¹¹⁵ IPDF.

¹¹⁶ IPDF.

4.4.3 The legal and administrative framework

Although Pakistan started availing PPPs in the early 1990s in energy, telecom, and road infrastructure, however, a comprehensive policy framework was limited to the energy and telecom sector. There was an institutional shortage to manage PPP contracts on a holistic level, only Private Power and Infrastructure Board (PPIB) was a specialized institution designated to handle PPP projects related to the energy sector. With the start of the new millennium, the government paid attention to establishing policies framework to handle PPP projects related to transportation, water supply, sanitation, solid waste management, social services sector, and real estate. For this purpose, the government established the institutions, such Ministry of Privatization and Investment, and the Board of Investment. In addition to this, new laws were also enacted, such as the Privatization Act 2000 and the Insurance Act 2001.¹¹⁷

The PPP policy in Pakistan went through major a breakthrough in 2010 when the Ministry of Finance assumed the responsibility to administer PPP contracts. The Ministry of Finance established Infrastructure Project Development Facility (IPDF) to regulate PPPs in Pakistan. In 2017 the parliament passed the Public-Private Partnership Authority Act, which replaced IPDF with the PPP Authority on the federal level.¹¹⁸ The authority still works under the Ministry of Finance, as per the PPP Act the powers to perform functions related to the PPP authority are vested in the board comprising of eight members out of whom three belongs to the private sector. It is the responsibility of the board to execute PPP procurement only through competitive bidding, moreover, to discourage unsolicited contracts, the board is additionally responsible to ‘identify, conceptualize, and develop’ the projects. The PPP authority determines the merit of the projects and advises the implementing agency about the feasibility of a PPP contract. The PPPA board, along with the implementing agency, continues to be involved in post-PPP contract implementation and monitoring. The

¹¹⁷ Ullah, Thaheem, and Umar, *Public-Private Partnerships in Pakistan: A Nascent Evolution*.

¹¹⁸ ABS & Co, “Public-Private Partnership in Pakistan – The Legal Framework,” 2019, <http://absco.pk/legal-updates-newsletter/public-private-partnership-in-pakistan-the-legal-framework/>.

dispute resolution mechanism is defined clearly in the PPP contract in line with the PPP Act. In case of a dispute, any of the parties involved must not initiate litigation before tapping the conflict resolution mechanism mentioned in the contract. i.e. arbitration. It further binds the parties not to continue dispute after the end of the period of PPP contract, neither the private party is allowed to discontinue or end service provision to the end-users in case of a dispute.¹¹⁹ The four provinces after the 18th amendment in the constitution are independent of enacting their laws and PPP mechanism; however, the policies remain on the same page on the provincial and federal levels to facilitate investors.¹²⁰

4.4.4 Stakeholders and Key Institutions

There are specialized institutions designated to deal with PPP projects on federal as well as provincial levels in Pakistan. As mentioned previously, the IPDF was converted into the Public-Private Partnership Authority in 2017. On the provincial level, every province has individual institutions which deal with the PPP projects. For example, in the province of Punjab, since 2010, a PPP Cell functions under the Punjab Public-Private Partnership for Infrastructure Act, 2010 as the facilitator to provide technical support to the implementing agencies in carrying out PPP projects.¹²¹

The provincial government of Sindh established the PPP Unit under the Sindh Public-Private Partnership act 2010 (policy revised in 2017)¹²² for creating a liaison between implementing agencies and the private parties for PPP projects.¹²³ The PPP program of Sindh was ranked 6th in Asia by ‘The Economist Magazine’ in a study conducted in

¹¹⁹ The Government of Pakistan, “Public Private Partnership Act 2017 (Federal)” (2017), [http://www.pppa.gov.pk/docs/about/PPPA act.pdf](http://www.pppa.gov.pk/docs/about/PPPA%20act.pdf).

¹²⁰ Co, “Public-Private Partnership in Pakistan – The Legal Framework.”

¹²¹ PPP Cell, “History of the Punjab PPP Cell,” The Government of Punjab, Pakistan, accessed May 12, 2020, <https://ppp.punjab.gov.pk/history>.

¹²² Pakistan The Government of Sindh, “Sindh PPP Unit,” 2017, <https://www.pppunitsindh.gov.pk/>.

¹²³ Global Infrastructure Hub, “PPP Unit Government of Sindh Pakistan,” accessed May 12, 2020, <https://www.gihub.org/resources/organisations/ppp-unit-government-of-sindh-pakistan/>.

2018. The PPP unit signed a loan agreement of 100M USD with the Asian Development Bank to develop a PPP Support Facility to mobilize Viability Gap Financing for PPP projects in the province.¹²⁴ The province of Khyber Pakhtunkhwa (KPK), though, passed the Public-Private Partnership Act in 2014, which directs the establishment of a PPP unit; however, the unit is yet to be established.¹²⁵ The provincial assembly of Baluchistan has also passed the Public-Private Partnership Act in 2018, which instructs the Planning and Development Department to establish a PPP unit in the province.¹²⁶

4.5 Hurdles and limitations

This segment of the chapter discusses the hurdles and limitations raised in the available literature regarding the PPPs in Pakistan. Some of the studies cited in this section have employed first-hand field research data to analyze the PPPs in Pakistan and identified the areas where improvement is needed. Noor et al. provides a gist of the hurdles in the efficient execution of PPPs in Pakistan, the authors state that the restraining forces overshadow the driving forces when it comes to non-traditional procurement in Pakistan. Owing to the rampant inflation, slow economic pace, and frequent depreciation of the local currency, revenue generation is not sufficient in PPP projects making Pakistan an unattractive destination for international investors. The mentioned situation further leads the private parties to seek additional concession period to earn projected revenues. The transition from traditional procurement towards PPP is difficult for the government institutions as they are not accustomed to dealing with multiple private stakeholders such as private banks, development financial institutions, and contractors. There is a large number of institutions involved in the PPP process,

¹²⁴ The Economist Intelligence Unit, “Evaluating the Environment for Public-Private Partnerships in Asia The 2018 Infrascopes.”: 57

¹²⁵ KPK Provincial Assembly, “The KPK Public-Private Partnership Act No. XX of 2014” (2014), http://kp.gov.pk/uploads/2019/08/Public_Private_Partnership_Act,_2014.pdf.

¹²⁶ Balochistan Provincial Assembly, “The Balochistan Public Private Partnership (Act No.1 of 2018)” (2018), http://pabalochistan.gov.pk/pab/pab/tables/alldocuments/actdocx/2019-11-15_12:20:50_477ab.pdf.

which slows down the process due to bureaucratic red-tapism.¹²⁷ Although the incorporation of PPP cells on the federal and provincial levels is an attempt to minimize complications in PPP procedures, however, there is a dire need to formulate and update procurement rules based on efficiency and effectiveness.

Another field-based research study explains that the political will of the ruling party plays an influential role in PPP projects in Pakistan, the ruling party announces the project but fails to attract private investors due to political instability in the country.¹²⁸ At times the politically motivated projects are announced by the ruling party, which later proves to be commercially unviable after the feasibility study; hence public resources are wasted.¹²⁹ Another study on PPP in the transport sector of Pakistan highlights that the priorities of an incoming political regime may be different from that of the outgoing one, which affects the continuity of policies. Furthermore, the implementing agencies or the clients lack technical know-how about highly complex PPP projects which obstructs timely decision-making- a decision takes 12 to 17 month to lead to procurement route, and clarity of construction demands.¹³⁰

The public sector organizations identify risks during the planning stage using a standard concession agreement, which creates a negotiation crisis between the stakeholders about transferring the demand risks. In some cases, political and organizational pressure has been put to transfer demand risks to the public sector, which increased the cost of the project. The procurement rules of PPRA emphasizes transparency and accountability in the bidding process. However, misleading prices

¹²⁷ Muhammad Ali Noor, Malik M.A. Khalfan, and Tayyab Maqsood, "Methods Used to Procure Infrastructure Projects in Pakistan: An Overview," *International Journal of Procurement Management* 5, no. 6 (2012): 733–52, <https://doi.org/10.1504/IJPM.2012.049712>.

¹²⁸ Maryam Ahmad and Sohail Ahmad, "Public-Private Partnership in Pakistan: Aptness and Impediments," *International Journal of Law, Humanities & Social Science* 2, no. 4 (2018): 39–50.

¹²⁹ Noor, Khalfan, and Maqsood, "Methods Used to Procure Infrastructure Projects in Pakistan: An Overview."

¹³⁰ Noor and Khalfan, "Public Private Partnership in Transport Sector Projects in Pakistan."

are quoted during the bidding process just to get the contract awarded, later the projects go through with considerable cost overruns.¹³¹

The legal and administrative PPP framework lacks clarity when it comes to dispute resolution, reconciliation, and arbitration. The implementing agencies are underequipped to negotiate the contracts, which leads them to hire the overpriced services of international consultants, since the PPP authorities are not yet capable enough to evaluate and develop projects independently. The longevity of PPP projects makes this methodology financially viable; however, the commercial banks in Pakistan avoid advancing long term loans instead only short-term, and medium-term debts are offered with shorter payback periods hence challenging the value for money of the project.¹³²

In educational PPPs, such as in ‘adopt a school program,’ there is a mistrust between the school staff and the private organization or NGO undertaking the responsibility to run the schools. In addition to this, highly profitable elite school networks have involved in educational PPPs to concessions in terms of subsidized utility tariffs and exemption of import duties on school supplies.¹³³ The USAID identifies in a study that the district level political and executive authorities are unaware of the PPP policies which keep strategies to translate into operational procedures.¹³⁴ As far as the health sector is concerned, the most significant number of PPP projects were awarded to private organizations on the management contract basis to run state-owned hospitals. Several healthcare facilities, as much as 1138 out of 1700, along with 170 ambulances, were handed over to Peoples Primary Health Initiative (PPHI). The PPHI was an NGO

¹³¹ Noor and Khalfan.

¹³² The Economist Intelligence Unit, “Evaluating the Environment for Public-Private Partnerships in Asia The 2018 Infrascopes.”

¹³³ Ahmed, “Exploring New Dimensions in Public-Private Partnership in Education.”

¹³⁴ Mansoor Sarwar and Salman Ahmed Khan, “Existing PPP for Education Framework , Policy and Regulations in Pakistan,” 2016, <http://www.pakreading.org.pk/sites/default/files/publications/PPP Assesment Report-Final.pdf>.

before registering as a public limited company in 2014, and its project performance has not been satisfactory. There are several other examples of health projects running through PPP, which are underperforming due to lack of monitoring and regulation on the government's part.¹³⁵

4.6 Conclusion

This chapter presents an overview of the PPP model of Pakistan, and it discusses the history of PPP as a procurement methodology in chronological order. The neoliberal movement in the 1980s was pervasive enough to knock the doors of many developing countries, including Pakistan. The operational span of International Financial Institutions witnessed a phenomenal expansion in Pakistan that led to an increase in deregulation and privatization. The earliest instance of significant private sector involvement comes from the energy sector with the inception of the HUBCO power plant in 1986. In the 1990s, the government not only introduced a comprehensive private power producer-oriented power policy but also extended the utilization of PPPs in telecom and road infrastructure intending to expand it to the social sector further. Despite a substantial number of PPP contracts in various sectors, a considerable gap was observed in terms of policy and legal side owing to political instability in the country. The introduction of a comprehensive PPP policy in 2010 turned out to be a breakthrough and paved the way for institutional improvements for non-traditional procurement. The provincial autonomy, due to the 18th constitutional amendment, empowered the provinces for legislation and to execute PPP projects independently and establish a provincial institutional arrangement to handle non-traditional procurement. As of 2020, the PPP Authority act has been passed, and a federal PPP Authority has been established. All the four provinces completed legislation concerning PPPs, and two provinces, Punjab and Sindh, have established PPP units that are successfully executing projects for years.

¹³⁵ Tufail Ahmed, "For Sindh, PPP Is Just Not Working," *The Express Tribune*, June 6, 2018, <https://tribune.com.pk/story/1750785/1-sindh-ppp-just-not-working/>.

After discussing the history, institutional and policy framework and the PPP models of different sectors in Pakistan, this chapter has discussed the hurdles and limitations of PPPs in the country. The existing PPP literature about Pakistan is mostly based on field research concerning the road infrastructure, energy, education, and health sector of Pakistan. The most common problem observed in all the sectors is the lack of technical knowledge of bureaucrats and peripheral government departments. The PPP policies and laws are not well-equipped to address the conflicts between the stakeholders; hence the legal framework needs improvement.

This chapter not only helped to understand the PPP structure of Pakistan to identify the key institutions to be contacted for data collection but also provided a ground for critical analysis of the PPP model of Pakistan to complement the previously researched literature. The next chapter explains the field research methodology, respondent groups, and focuses on the compilation, presentation and analysis of the field data collected from Pakistan for this dissertation.

CHAPTER 5

EMPIRICAL ANALYSIS THROUGH FIELD RESEARCH

The first section of this chapter presents the collected data from the field compiled in tabular form along with the interpretation of the responses—the interview guide groups the questions to represent each principle of good governance. The presentation of data follows the same approach. The second part of the chapter analyzes the field data by putting the responses into the perspective of the governance approach and the principles of good governance. The primary aim of the analysis is firstly to systematically identify the main shortcomings in the PPP model of Pakistan in the light of the principles of good governance, and the second aim is to ascertain the institutional health of the country and find out that which institutional mechanism is lacking in certain areas and requires reform.

5.1 Presentation of Field Survey Responses based on Good Governance Principles

The field responses were collected from four different groups, which consisted of the public and private sector, civil society, and academia. Table 5 explains the number of respondents from each group of respondents; the number of respondents in the public and private sector is slightly high to have a better understanding of the PPP dynamics of Pakistan owing to a large number of infrastructure-related PPP projects. The involvement of civil society or the nonprofit sector is limited in the PPP landscape of Pakistan. However, it was highly significant to record their responses to ascertain their operational circumstances. The responses from academia helped to see the PPP model of Pakistan with an intellectual and academic perspective along with identifying the gaps of opinions between the industry and academia.

Table 5 The number of Field Data Responses

NUMBER OF RESPONDENTS	TYPE OF RESPONDENTS
9	Public
9	Private
8	Civil Society
8	Academia

This following segment of the chapter presents the empirical data in tabular and text interpretation in line with the eight principles of good governance. The responses are categorized individually for each sector under the head of each governance principle separately.

5.1.1. Accountability

Table 6 represents a significant divide among the opinions of the public sector from all the respondents from the other sectors. It reflects a considerable communication gap between the stakeholders; for example, all the public partners, regardless of their position and belongingness from the federal or provincial government, were of the view that the private and public sector is mutually accountable. On the other hand, the private partners were of the view that the public partner is not as accountable as much the private partner is. They claimed that the public partner promises various things at the beginning of the project; however, the government does not respond well in terms of the provision of land, profit guarantees and protection from additional taxes as per the contract. A respondent serving private partners in Punjab told that “the provincial government did not inform about the PRA (Punjab Revenue Authority) Tax at the time of project negotiation. After paying PRA additional to other taxes, there is a very less margin-left to service the cost of the project.”

Table 6. Response to Accountability Question

Accountability		
What are the criteria of accountability for a public and private party? Are stakeholders reciprocally accountable?		
Respondents	Mutually Accountable	Not Mutually Accountable
Public Sector	9	0
Private Sector	0	9
Civil Society	2	6
Academia	1	7
Total	12	22

The majority of the respondents from the civil society organizations held the same opinion as to the private sector about the accountability of the government. They claimed that the position of the CSOs is vulnerable to undue influence of the government in Pakistan. Only one respondent who has been tasked to work with a renowned international donor CSO thought otherwise. One of the two other respondents having different opinions were not the direct part of Civil Society Organizations but had closely worked with CSOs. One of them expressed that, “theoretically, both sectors are mutually accountable; however, it highly depends upon the nature of the relationship between the parties and the potency of the private party.” The other respondent believed that both parties are mutually accountable.

All the respondents from academia except one expressed that the private and public partners are not mutually accountable. One respondent said that “the government is too powerful to be held accountable; however, in terms of ‘some’ private partners, the government has to stay on backfoot, and the role reverses.” One participant who conducted doctoral research on PPPs in the education sector of Pakistan was of the view that mutual accountability is not ideal between the partners. However, the

government addresses the grievances of the private partners. Her opinion is strictly related to the educational sector of only the province Punjab in Pakistan.

5.1.2 Transparency

Table 7 reveals that the public sector, private sector, and academia respondents in the majority consider the partner selection process transparent. However, civil society holds an opposite opinion in the majority. This segment will discuss the detailed interview excerpts from each sector to answer the reasons for such a difference of opinion. Table 7 reflects that the majority of the public partners expressed their confidence in the transparency of the selection procedure of private partners. However, one respondent from the KPK province held an opinion otherwise, as per him,

procurement methods, as allowed under a legal framework, ensures transparency and competitiveness; both of them are pre-requisite for PPP success. However, ground realities may result in some kind of deviation from standard regulations. In the context of Khyber Pakhtunkhwa, a province badly affected by War against Terrorism, natural calamities, the burden of illegal migrants from Afghanistan, internally displaced persons (IDPs) from previous FATA region and so on. This makes the province a hard choice when it comes to investment, despite the province's immense resources and opportunities in some sectors. In the preview of China-Pakistan Economic Corridor (CPEC), and to reap benefits of this window, Government of Khyber Pakhtunkhwa allowed non-competitive bidding and single-source selection, where international obligation or government to government arrangement (G2G) makes non-competition a viable alternate I am personally not in favor of non-competitive selection. The whole idea of PPP is transparency and open competitiveness in the selection of a private partner that will ensure value for money.

Another participant from a federal government regulatory agency was of the view that political influence is used in every regime regardless of the procurement policies to award the PPP contracts with little consideration of alternatives.

As reflected from Table 7 that six out of nine private partners agreed that the selection process is transparent. In the past majority of the contracts were awarded on unsolicited and uncompetitive bidding; however, the latest policy endorses competitive bidding and solicited projects. Three respondents had doubts about the transparency about the selection of private partners for different reasons. For example, the selecting

authorities are doubted to take sides in favor of the Chinese companies owing to the China-Pakistan Economic Corridor agreements.

Few private partners mentioned that at times the private partners win projects by quoting the lowest prices during the bidding process. However, at the initiation stage of the project, the private party comes up with a revised cost of service, which is far higher than the quoted one. A respondent expressed his skepticism over the award of PPP projects to certain government subsidiaries as,

This practice is misleading for the public and fall under the category of conflict of interest, it further adds injury to the opportunity of genuine competition among the bidders and violates the very motive of opting for PPP in the first place. Moreover, the public employees executing the PPP process are not well trained and lack the understanding to assist the selection of the private partners in an optimal manner, which causes harm to the overall project.

Table 7. Response to Transparency Related Question

Transparency			
Up to what extent the process of selection of private partners is transparent?			
Respondents	Transparent	Not Completely Transparent	Other
Public Sector	7	2	0
Private Sector	6	3	0
Civil Society	2	6	0
Academia	5	3	0
Total	20	14	0

Only two among eight respondents from civil society showed their confidence upon the transparency in the PPP system for the social services sector of Pakistan. Most of

the social services PPP projects are unsolicited such as the health projects in the province of Sindh and education projects in the province of Punjab. One respondent from the CSOs shared that “the government influences us to spend funds on infrastructure projects instead of their set mandate of spending on advocacy, education, and health.” The respondents from the CSOs involved in the provision of educational services complained that the government frequently rotates the district management, which hinders their operation as it takes a long time to develop liaison with the new bureaucrats.

From academia, half of the respondents believed that the selection of private parties is transparent; however, the other half had compelling reasons to hold the opinion otherwise. One academic who holds extensive research experience in the field of PPP in Pakistan stated that,

many road infrastructure projects lack the fundamental soul of PPP. The government opts for PPP due to a lack of finances; however, it manages to award road infrastructure projects to fully government-owned subsidiaries. How can a partnership be called as a Public-Private Partnership when the private party is missing from it.

In this way, instead of executing a project through conventional mode, the government involves in PPP by selecting another government institution that charges its profits to pay back loans to the financiers on a higher cost of capital. Eventually, the service becomes too overpriced for the end-user who avoids using it as much as possible. Other respondents pointed fingers on the energy sector PPP projects through IPPs, declaring those expansive, unfriendly to the environment and unsustainable.

5.1.3 Effectiveness and Efficiency

The responses in table 8 present the risks identified by respondents from each sector, along with the risk assessment process. The table shows a consensus between the majority of the respondents regarding the functional time frame of institutions. It further reveals that all the respondents consider PPP as a more effective method, and Tables 9, 10, and 11 reinforce the same where all respondents consider PPP adds more value to public procurement.

Table 8. Various Risks to PPP Projects and their Assessment

Effectiveness and Efficiency		
Questions	Respondents	Extracted Responses
What is the method of risk assessment, who performs it, and what are the risks associated with PPP projects in Pakistan?	Public Sector	Both Parties Perform Risk Assessment
		PPP projects have less political risks as compare to Public Finance
		Government Provides Sovereign Guarantee to Minimize Risks
	Private Sector	Both Parties Perform Risk Assessment
		Political, Administrative and Commercial Risks
		Legal Risks due to ‘Judicial Activism’
	Civil Society	The CSOs Risk Assessment Mandate is Different
		Political Risks, Limited Legal Rights
		Security Risks and Social Stigmas Exist
	Academia	Both Parties Perform Risk Assessment
		Political, Commercial, Legal Risks and Administrative Risks
		Public Interest at Times is at risk

Table 9. Completion time of PPP projects in Pakistan

Effectiveness and Efficiency			
Question	Respondents	Yes	No
How far do you think the institutions perform their role in a reasonable timeframe as recommended by the laws? If not, what are the reasons, in your opinion?	Public Sector	9	0
	Private Sector	7	2
	Civil Society	6	2
	Academia	6	2
Total		28	6

Table 10. Efficiency, Economy, and Effectiveness of PPPs

Effectiveness and Efficiency		
Question	Respondents	Extracted Responses
How is the efficiency, economy, and effectiveness of the project maintained? How much you think the projects carried out by your organization are economical, efficient, and effective?	Public Sector	Historically PPP projects in Pakistan are more efficient
	Private Sector	The Private Sector Maintains Quality within Low Cost
	Civil Society	The CSOs maintain efficiency and economy as services are not for profit
	Academia	PPPs perform better than government-operated ventures

Table 11. The Additional Value of PPP

Effectiveness and Efficiency		
Question	Respondents	PPP carries additional value
What do you think the partnership provides in terms of added value, beyond what an independent organization could provide?	Public Sector	Efficiency, Risk Sharing, Better Quality and Value for Money
	Private Sector	Value for money in terms of better quality public services
	Civil Society	Reduces burden from taxpayers' shoulder and better quality services
	Academia	PPP is the future of procurement provided it is carried out rightly

The responses from the public sector, as mentioned in table 8, revealed that the private party conducts the detailed feasibility study. The concerned PPP authority only verifies it. Upon finding the project viable in terms of value for money and other attributes, the authority communicates its recommendation to the implementing agency if some changes are required, the authority asks the private party to rectify the terms. The role of the PPP authority is more of an advisory institution assisting for the technicalities of the partnership. The private sector bears commercial risks, and the government provides sovereign guarantees for profits to protect the project against the change of policies. The respondents stated that political risk exists. However, it is limited to the projects in the negotiation stage; once the contract is signed, the PPP project becomes immune to political risks. The conventional procurement projects are far more prone to political risks in the form of political victimization, financial scrutinization, and administrative changes.

In response to the question about the PPP in comparison to public finance in terms of added value in table 9 and efficiency maintenance in table 10, all the public sector respondents were on the same page that PPP brings not only finances but also brings

technical expertise along with efficient modern methods which result in cost-cutting. Furthermore, table 9 represents that all respondents stated that the completion period of PPP projects is shorter than the conventional projects.

The ultimate goal of the private party is to ensure the profitability of the project, and all of its feasibility studies revolve around it. On the other hand, the government must have other factors into consideration when it comes to PPP, such as the protection of public interest, economic and social viability, and achieving consensus among all the stakeholders. As per the respondents, the responsibility of conducting a detailed feasibility study lies on the shoulders of the private party. They have to produce certificates of compliance with environmental protection rules and, among other assessments. Unlike public partners, the private sector respondents mentioned various risks; for example, the commercial risk is not limited to the failure or success of the project, or the media scrutinization may trigger judicial activism for the regulation of toll taxes amounts beyond the bounds of PPP agreement. One respondent said,

there are instances where the citizens took complaints in courts regarding high tolls, the courts with their understanding of public interest issued a stay order in favor of complainants, and the cases lingered on for a considerable period delaying the toll tariff revision, which affects entire project revenues and service costs.

Another commercial risk is the imposition of new taxes without considering the interests of the private party. For instance, the imposition of Punjab Sales Tax (PST) after initiation of the Lahore Ring Road Project, a respondent expressed worries for the severe blow caused to project revenues. Another respondent mentioned that at times when regimes change, the incoming government launches public financed projects in the competition of the already running PPP projects. The government-operated project owing to its low cost, substitutes the expansive PPP project. Although the ongoing PPP projects enjoy various immunities, however, the projects waiting for contract signing are always prone to political victimization through over scrutinization, which can delay or even eliminate the project.

All the private sector respondents directly or indirectly indicated the administrative risk, which pertains to the red-tapism and authoritarian behavior of the bureaucracy.

The frequent transfers of the key bureaucrats further delay the procedures as the incoming officer takes time to understand the projects under his charge. A foreigner respondent from an overseas investor working in Pakistan stated that she had noticed a significant gap between the policy and practice of the government departments. The respondents also mentioned that the private party performs its job within the stipulated timeframe; however, the departments run by the career bureaucrats are very sluggish, which results in overall delays. The bureaucrats lack zeal and advanced knowledge of PPPs and are incapable of handling technical complications of the projects. They further mentioned that the specialized institutions such as AEDB and PPIB respond efficiently as field-specific specialized and unbureaucratic management runs those institutions.

The respondents from civil society also mentioned commercial, political, social, legal, and administrative risks being the hurdle in their effective operation. The nature of the projects taken by the civil society under PPP have different variants, such as service contracts, and operation and management of the government-owned and funded facilities. CSOs fund several joint projects of the government regarding the promotion of advocacy, provision of clean drinking water in villages, and improving sewerage facilities in poor localities. A respondent stated:

the CSOs face huge social stigmas, and the masses treat CSOs as a threat to the social fabric due to their advocacy in spreading awareness of women's rights, children's education, and LGBTQ rights. The CSOs already have limited funds, and their target audience is the most disadvantaged social strata, a partnership with the government always increases outreach of services and provides legitimacy to the CSOs against the social stigmas.

The past two decades have witnessed a phenomenal growth in the number of CSOs in Pakistan, having significant funds at their disposal and government support, these organizations gained colossal outreach. However, in recent years the CSOs have been under strict scrutiny by the government, as per the majority of the respondents the MOUs dictate minimal legal rights of the NGOs. Additionally, the government influences them to reroute funds towards infrastructure projects instead of spending on social causes. The political instability and regime change also affect the status of the

NGOs; the priorities of the new regime determine the fate of the CSOs. A respondent shared her opinion about the bureaucracy as,

the attitude of the bureaucrats is authoritarian, the procedures are slow, and most of the CSOs have experienced the bureaucrats demanding bribes. CSOs primarily work on grass root levels in Pakistan, and the constant rotation of district management officers severely affects the operation. The incoming officer takes a considerable time to develop liaison and to understand the operation of the NGOs in a particular district.

The survey participants from academia asserted that the primary responsibility of the government is to safeguard the public interest. Not only the government has to execute the PPP projects successfully by keeping the private partner satisfied, but regulation is also its duty. One of the respondents questioned the very motive of the governments to involve in the PPPs in the first place. He emphasized that while safeguarding the financial stakes of the private party, the government may push back public interest ignoring the users who are the ultimate buyers of the service. The respondents further agreed that PPP the future of public procurement provided it is executed rightly by minimizing commercial, political, social, and legal risks. They also mentioned that bureaucracy requires thorough reform to perform in a professional, efficient, and effective manner.

5.1.4 Participation

Table 12 reveals that the PPP system does not recognize the users as a stakeholder and ignores their role altogether. It further shows that the CSOs have intentions to work with the government, and the government provides them the opportunity to participate but on a minimal level.

Table 12. Responses to Questions About Participation

Participation		
Question	Respondents	Extracted Responses
Up to what extent the users' participation (basic information, feedback) is sought in terms of PPP projects?	Public Sector	Users are not asked directly however public hearings are conducted in specific projects
	Private Sector	The private party does not get in touch with users to seek their opinion
	Civil Society	No user participation is sought
	Academia	No user participation is sought
What is the role of civil society organizations in PPP projects in Pakistan, how far are they involved in such projects, and in what role?	Public Sector	Civil Society is involved limited to education and health in Punjab and Sindh on both for-profit basis and not-for-profit basis
	Private Sector	Not Applicable
	Civil Society	CSOs intend to work with the government be it PPP or some other form
	Academia	Existence of CSOs is limited in PPP projects

As reflected in Table 12, the interviews revealed that while performing the pre-feasibility study, there is no direct contact with the potential users of the service to ascertain their needs, opinion, and affordability. In some instances, PPRA conducts public hearings in which the general public can express their reservations if they have any. However, the respondents said that it happens very rarely that the general public appears in public hearings. “They are usually unaware or least concerned about the service providers.”

As far as the role of civil society is concerned, it is involved only in the provinces of Punjab and Sindh in some education and health-related PPP service contracts. The CSOs, however, work with the government in various non-PPP projects in health, education, sanitation, and advocacy ventures where the domestic and international donors usually bring funds.

The private partner has no contact with the users during the feasibility stage, as per respondents neither it is the mandate of the private party. The users and the private party has a customer-vendor relationship. As far as civil society is concerned, its primary mandate is to serve the disadvantaged masses. The respondents said that due to the shortage of funds, the government could not adequately address the needs of the most vulnerable masses, and it provides an opportunity for CSOs to work with the government to increase outreach. Nevertheless, the existence of CSOs in PPP setting is scarce as the priority of the government is infrastructure projects which can be showcased for political campaigns.

A consensus was noticed among the respondents from academia, and they believed that there is least user participation in any PPP project, despite being the most crucial stakeholder who pays all the costs of the project. They also emphasized that the participation of CSOs must increase in social services provision. The interest of CSOs is not profit-oriented; hence the dynamics of PPP are very different as compared to a commercial PPP, CSOs can perform a vital role in serving the most disadvantaged masses of the society.

5.1.5 Responsiveness

The PPP policy suggests arbitration as the primary means to address any incompatibility or conflict which may arise among the stakeholders during the life cycle of a PPP project. The same reflects in the agreement, and all the respondents said that no significant conflict has arisen between public and private partners since the inception of PPP in Pakistan. However, the frequent conflicts arise between the consumers and the service provider (private partner), which makes their way to the legal system of the country. “Of course, in such conflicts, the public sector is not the direct party, so courts deal the matters as per the law.”

Table 13. Responses to Question About Responsiveness

Responsiveness		
Question	Respondents	Extracted Responses
What are the mechanisms in the partnership to address incompatibilities among the partners?	Public Sector	Arbitration or as per the agreement, conflict may arise between seller and purchaser
	Private Sector	Arbitration or as per the agreement, the private sector avoids conflicts
	Civil Society	CSOs have to make a compromise on every step as it is a principal-agent relationship
	Academia	Arbitration is the only option as the legal system is weak and sluggish

Table 13 shows the majority opinion of private sector respondents; they avoid conflicts with the public partner owing to its influential position. In case of any disagreement, arbitration is the option as per agreement. The private party further avoids indulging in litigation against the public party, taking precedent from the slow functioning of the legal system of Pakistan. However, some specialized institutions such as NEPRA, PPIB, AEDB help if the private sector faces some difficulty.

The civil society respondents expressed that the CSOs are left with limited options to operate in Pakistan while dealing with social stigmas, trust deficit on the part of the government, and with limited legal rights. The respondents mentioned that CSOs have to make compromises on every step while working with the government or even independently. One respondent mentioned, “seldom a disagreement arises between the CSOs and government because disagreement is not an option for CSOs.” Two academics expressed that although arbitration is the sole option for conflict resolution, its mechanism is not defined concretely. In case a conflict ends up in international arbitration, it can incur high costs in terms of fines.

5.1.6 Consensus Orientation

Table 14 presents a significant difference of opinion of the public sector from all the other sectors. Except for the public sector respondents, a sizeable majority of all other respondents believe that the PPPs in Pakistan do not seek stakeholder relationships on equal footing. The ultimate aim of PPP is to achieve a synergy between the public and private parties, resulting in a win-win situation where both parties gain from the partnership. It is possible only through a healthy relationship based on equal footing, open environment for problem-solving, and participative decision making.¹³⁶ Seven out of nine respondents from the public sector said that the relationship between both parties stands on equal footing, whereas two respondents differed. One said that the authoritarian culture of bureaucracy gives an influential position to the government. Another respondent said that,

it matters which organization the government is dealing with; the government treats each organization differently. In the case of Chinese organizations and state subsidiaries, the relationship possibly is on equal footing; in some instances, the government gives more space to such organizations.

Among all the private partners, only one respondent belonging to a large Chinese company was of the view that the PPP contract ensures fairness in the relation between the public and private parties. One respondent mentioned that sometimes the government functionaries intermingle with the private party so much so that they start compromising their regulatory role. Two respondents from a state-owned subsidiary (private partner) were of the view that since the private party brings finances, it holds a more significant bargaining position. The rest of the respondents said that in Pakistan, the government always holds an influential position, and if the private partner is weak, the partnership takes the shape of a principle-agent relationship.

¹³⁶ B. Rakić and T. Rađenović, "Public-Private Partnerships as an Instrument of New Public Management," *Economics and Organization* 8, no. 2 (2011): 207–20, <http://facta.junis.ni.ac.rs/eao/eao201102/eao201102-08.pdf>.

Table 14. Response to Question About Consensus Orientation

Consensus Orientation				
Question	Respondents	Relationship on Equal Footing	Public Partner is Influential	Private Partner is Influential
How equal do you see the position of public and private partners, who is influential among both, and how?	Public Sector	7	2	0
	Private Sector	1	5	3
	Civil Society	1	6	1
	Academia	0	8	0
Total		9	21	4

Only one out of eight respondents from the civil society said that the government and the CSO stand on equal ground, one respondent said that the party bringing finances holds an influential position. The other six respondents identified it as a principal-agent relationship where the government holds unchallengeable powers. Whereas from academia, although all of the respondents said that the government holds an influential role in PPPs, however, three respondents mentioned that it highly matters who the private party is. In case the government subsidiaries or Chinese companies are private partners, the relationship comes to an equal footing or even government pushing itself on backfoot.

5.1.7 The Rule of Law

Table 15 reveals an exceptional consensus among all the respondents regarding the rule of law; only two out of 34 respondents expressed their full confidence over functionality and impartiality of the legal system of Pakistan. All the respondents provided compelling reasons as the foundation for their opinions. Two out of nine

respondents expressed their full confidence over the legal system of Pakistan. They believe that the legal system in Pakistan is already well equipped and continuously evolving to handle complex issues. The rest of the respondents said that the current legal system needs significant improvement in terms of the technical know-how of PPP and speedy justice delivery. A respondent from KPK province said that the legal system of the province is undergoing reform on ADB’s advice.

Table 15. Response to Question About the Rule of Law

The Rule of Law			
Question	Respondents	Functional and Impartial	Needs Improvement
Up to what extent the legal framework pertaining to the PPPs in Pakistan is functional and addresses the recurring issues with impartiality?	Public Sector	2	7
	Private Sector	0	9
	Civil Society	0	8
	Academia	0	8
Total		2	32

All the respondents from the private sector said that the legal system needs reforms. One respondent expressed that “the users take cases against the private party in courts which treats the private party as a contractor and issues populist verdicts.” Another respondent said that “the courts lack technical resources to interpret the complex nature of PPP contracts.” One respondent stated that “private parties could be victimized owing to judicial activism through Suo moto actions against megaprojects.” A respondent from a large Chinese company shared her personal experience, and she noticed that there is a gap between the government policies and the law. Other

respondents said that litigation takes a long time in Pakistan to conclude, which incurs substantial costs. Furthermore, Pakistan lacks construction courts, which challenges the capabilities of the legal system to understand the technicalities associated with construction projects.

The respondents from civil society also felt a need for improvement in the legal system of the country. One respondent said that,

the legal system should be empowered to enforce the decisions speedily, the judicial activism has hardly proved beneficial, excessive *Suo moto* actions have made the superior courts' media sensitive and prone to take a populist position by overlapping functions of executive and legislature.

CSOs generally avoid involving in litigation owing to the MOUs, which restricts their legal rights. Their financial resources serve specific goals that they do not want to spend in litigation.

The academics expressed the need for reform in the legal system; they also identified slow progress of court cases, lack of construction, and other technical courts being the core areas of improvement. They emphasized that the impartiality of the courts is vital to restore investor's confidence, and judicial activism must come to an end, taking the precedent from the cases which ended up in international arbitration and caused losses worth billions of dollars.

5.1.8 Equity and Inclusiveness

Table 16 reflects a sizeable majority of the public sector respondents believing that the government encourages corporate social responsibility, although the law does not binds the private sector organizations to volunteer for social services. The majority of private sector respondents considered that it is not necessarily their mandate; however, they work within the boundaries of the law. The academia stated that the government is only concerned with meeting its ends; on the other hand, civil society keeps public interest at priority. Table 17 reveals that the government's role is limited to pre-feasibility study, and the private sector conducts a detailed feasibility study. The respondents from academia stated that the long-term nature of PPPs always leaves

feasibility gaps despite all studies. In table 18, the public and private sector respondents stated that human rights stand as their first and foremost priority, the civil society and the respondents from academia all stated that the government might push back the human rights while appeasing the private partners for multiple gains.

Table 16. Response to Questions About Equity and Inclusiveness

Question	Respondents	Equity and Inclusiveness		Public Protection	Interest
		Govt. encourages CSR			
		Necessarily	Not Necessarily		
How far do you think the PPP projects are carried out with corporate social responsibility, the environment, and public interest protection. Who defines and safeguard public interest?	Public Sector	7	2	Government Protects Public Interest through VGF	
	Private Sector	4	5	Public Interest is not the mandate of the private party	
	Civil Society	7	1	The CSOs put Public Interest on priority	
	Academia	1	7	The government wants to get the job done to serve its motives, and Public interest is usually compromised	
Total		19	15		

Seven out of nine respondents from the public sector said that though CSR is not binding; however, the government encourages it. One respondent mentioned, “ the government ensures through PPP contracts that projects comply with environmental protection standards, basic human rights such as child labor and gender balance.” Another respondent said that “the government facilitates users through VGF to make PPP services affordable.

Table 17. Response to Questions About Equity and Inclusiveness

Equity and Inclusiveness		
Question	Respondents	Extracted Responses
How feasibility of the project is studied, does it consider demographical, technological, human development and population changes into consideration?	Public Sector	Government Conducts Pre-Feasibility Study
		Private Sector Performs Feasibility in Detail
		Environmental Protection and the asked factors are considered
	Private Sector	The private party conducts detailed feasibility
		Environmental Protection and the asked factors are considered
	Civil Society	The CSOs present project summary and government approves
		Since projects are funded on not for profit basis, the government does not perform a detailed study
		The CSOs prioritize public interest above everything
	Academia	Government Conducts Pre-Feasibility Study
		Private Sector Performs Feasibility in Detail
		The Long-Term variables cannot be predicted accurately hence PPP projects are incomplete projects

Table 16 shows that the majority of the respondents from the private sector said that the government does not necessarily bind them to commit to CSR. Since employing local human resources is economical, the private parties prefer them and invest in community well-being such as the construction of schools, dispensaries, and availability of clean drinking water. As far as the protection of public interest is concerned, as shown in Table 18, the respondents mentioned that the private parties function within the boundaries of the law and ensure to respect human rights and the environment.

Table 18. Response to Questions About Equity and Inclusiveness

Equity and Inclusiveness		
Question	Respondents	Extracted Responses
How do you evaluate the consideration of human rights with respect to the functioning of the peripheral judicial, legislative, and law enforcement institutions when it comes to PPPs?	Public Sector	Human Rights protection is the priority of the government
	Private Sector	The PPP agreement contains clauses for human rights protection.
	Civil Society	The government must play an active role in human rights protection
	Academia	The government aims to get the job done in minimum time. Human rights, unfortunately, are not the priority

The respondents from civil society believe that the protection of human rights and serving disadvantaged groups of society is the primary purpose of the CSOs. They present the projects to the government; in case the projects are non-commercial and CSOs arrange to fund, the government does not need to conduct a pre-feasibility study. All the respondents said that the government should increase the participation of CSOs in public service delivery. They further mentioned that the government must play an active role in human rights protection.

The majority of academics said that the government seldom conditions the private parties to engage in CSR; it solely depends upon the choice of the concessioner. The priority of the concessioner is to maximize its profits, and the government is responsible for ensuring the protection of the vulnerable factions of the society in terms of the service fee, among other human rights. A respondent said that “at times the government approves unrealistic toll taxes to appease the concessionaire and ignores the unaffordability of the general public.”

5.2 Empirical Analysis in light of the Principles of Good Governance

The field data revealed that the bare minimum public participation exists during any stage of the PPP project. However, the respondents from the public sector said that the users could use the forum of public hearings to express their reservations about a PPP project. Although public hearings are part of the procedure, the government does not educate the people about the importance of their opinion on public service provision. The governance approach suggests an active role of civil society to provide an informed and organized citizen participation.¹³⁷ The role of civil society in PPP is limited to a few health and educational projects in Pakistan. The advocacy function of civil society is curbed through legislation limiting the CSOs to operate freely. This implies that the government does not welcome the awareness of rights among citizens. The CSOs are patronized by the government to spend funds on infrastructure instead of social causes. The authoritarian mindset of bureaucracy looks down upon the CSO workers; many respondents have mentioned that bureaucrats ask undue financial favors from welfare funds of CSOs. The theory of good governance implies that citizens and civil society are the primary stakeholders, and their inclusion is a prerequisite to an effective governance system.¹³⁸

In developing countries, governments attempt to limit the independence of civil society that is similar to depriving citizens of a forum to organize and rally for their rights.¹³⁹ The above discussion calls for a debate that what would be the shape of a PPP where the participation of citizens is less or non-existent. In Pakistan, depriving the citizens of their right to protest is common. For example, during a protest Kathore, Pakistan, against the ‘axle load regime,’ in a PPP road infrastructure project, the protesting drivers were shot dead by the private security personnel of the private partner resulting

¹³⁷ Mark Bevir, *Encyclopedia of Governance*.

¹³⁸ John Graham, Bruce Amos, and Tim Plumptre, “Principles for Good Governance in the 21 St Century - Policy Brief No. 15,” *Governance An International Journal Of Policy And Administration*, no. 15 (2003): 1–8.

¹³⁹ Rajesh Tandon, “Civil Society and Good Governance,” *Media Asia* 29, no. 1 (2002): 3–5, <https://doi.org/10.1080/01296612.2002.11726655>.

in the death of three drivers.¹⁴⁰ The incidents of this nature not only challenge the role of the government in protecting civil rights to protest but also jeopardize the writ of the state. It further discloses that the government has to compromise on its primary responsibilities just to keep the PPP project running. On this basis, the motive of the government can become questionable to award the project to a particular private partner.

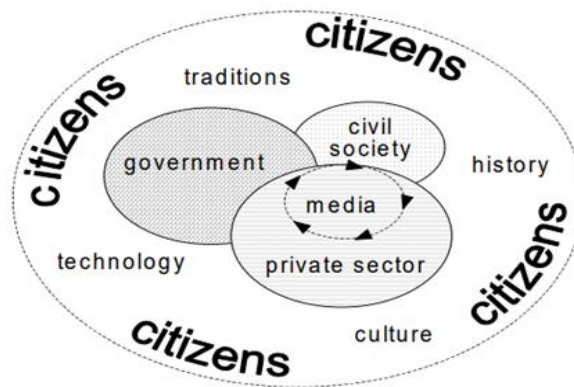


Figure 1 Stakeholders in a Governance System¹⁴¹

The above figure explains the position of the stakeholders in a functioning governance system. In a democracy, all stakeholders are dependent on each other, and each stakeholder plays its respective role to contribute to shaping a system that serves the citizens for their common good. The government, private sector, and civil society create a network to provide public goods and services efficiently. The media acts as a tool to deliver the voice of the people to policymaking corridors. The underrepresentation of any stakeholder may jeopardize the effectiveness of the whole system.

¹⁴⁰ Dawn, “Three Protesters Killed as Transporters, FWO Personnel Clash near Kathore,” *The Daily Dawn*, 2019, <https://www.dawn.com/news/1511278>.

¹⁴¹ Graham, Amos, and Plumptre, “Principles for Good Governance in the 21 St Century - Policy Brief No. 15.”

The survey data shows that the conflict resolution mechanism between the primary partners needs improvement. The responsiveness is also insufficient towards the citizens who are the most valuable stakeholders in any PPP. Arbitration is the only option in case some conflict arises between the public and private partners. The civil society mentioned that they have to make compromises with the government to avoid conflicts. The same was the opinion of academia. The primary goal is to build trust and equality among the stakeholders, to achieve this, the public administrators must have a spirit of service which can only be possible through effective public service reform.¹⁴²

The state of consensus orientation can be ascertained from the field responses where only nine out of thirty-six respondents believed that the relationship among stakeholders is on equal footing; seven out of those nine respondents were from the public sector. Twenty-one out of thirty-six respondents alleged that the public partner holds an influential position in PPP contracts; some respondents identified this as a principal-agent relationship. Only four out of thirty-six respondents said that the private partner has the upper hand over the public partner, as the private partner ensures the availability of finances, three respondents having this opinion belonged to state-owned companies working as private partners in road infrastructure projects. All civil society respondents, except two, mentioned that the government holds unlimited powers, and CSOs have to bow down to continue functioning. All respondents from academia believed that the government maintains an influential position and, consensus orientation is a far cry.

Achieving equity and consensus is a hard pursuit¹⁴³ in a developing country like Pakistan, owing to economic and political instability and institutional underdevelopment in terms of resources and managerial skills of the public personnel. Accountability is a significant trait of a functioning democracy. Efficient opposition, free media, and the accountable executive branch of the government can ensure mutual

¹⁴² Mark Bevir, *Encyclopedia of Governance*.

¹⁴³ Mark Bevir.

accountability among PPP stakeholders.¹⁴⁴ The field data clearly shows that all respondents from the public sector believe that the PPP stakeholders are mutually accountable, all the private partners and the vast majority of the civil society and academia, making 22 out of 36 respondents said that the stakeholders are not mutually accountable. This substantial difference of opinion divulges that the government must create an environment of openness to enable a system that can hold all stakeholders mutually accountable.

The field data revealed that the majority of the public sector, private sector, and the respondents from academia consider PPPs completely transparent. A significant deviation exists in the opinion of civil society respondents regarding the transparency of the PPP system in Pakistan owing to several reasons. Firstly, civil society has not been engaged in largescale PPP projects as the government needs to fill the infrastructure gap in Pakistan. The CSOs lack finances, which limits them to carry out mega projects of social services provision. Moreover, their role in advocating the democratic rights of the people is also seen skeptically by the government.

Even though the majority agrees that transparency is maintained in PPPs in Pakistan, however, some ambiguities must be addressed. For example, the citizens pay taxes to run state-owned enterprises that are supposed to carry out infrastructure as per the government's need. When a state-owned enterprise becomes a private partner, it increases the cost of the project as the government provides sovereign guarantees enabling the private partner to arrange finances. The profit earned, and a high cost of capital incurred by the state-owned private party elevates the overall cost of the project. The users pay the tax to run a state-owned enterprise have to pay again for expensive infrastructure procurement, which raises a question mark on the role of the government to protect the public interest. PPPs are off-balance-sheet expenditures, which can be

¹⁴⁴ UNDP, "Governance Principles, Institutional Capacity and Quality."

showcased for political purposes by the ruling party to gain popularity in the next election.¹⁴⁵

Only two out of thirty-six respondents showed full confidence over the rule of law specific to PPPs in Pakistan, and this exposes a substantial need for reform in the legal framework generally and explicitly about PPPs. During the past decade, Pakistan has witnessed a wave of judicial activism, making courts take populist decisions. The interference of courts in technical matters has caused substantial financial damages. For example, the apex court of Pakistan through a *Suo moto* action halted the mining contract between the Baluchistan government and Tethyan Copper Company in Reko Dik. The conflict landed in arbitration at the World Bank International Centre of Investment Disputes resulting in an award of \$5.84 billion in damages to Tethyan Copper Company Pty against Pakistan for denial of mining lease in the Reko Dik project in the year 2011.¹⁴⁶ There are several examples of judicial activism triggered by media reports on IPPs and RPPs,¹⁴⁷ which later concluded in arbitration through decisions against the country to pay hefty amounts as compensation for damages.¹⁴⁸

Considering the volatile legal system, the private partners prefer to settle disputes through arbitration. The respondents said that they avoid litigation because the courts are sluggish in concluding the cases.¹⁴⁹ The private partners have a mistrust in the legal system of Pakistan because the people take their complaints in the courts about the tariffs of PPP projects. The courts scrutinize the projects with a perspective of

¹⁴⁵ Resource Guide, “Good Governance In Public-Private Partnerships,” no. June (2009).

¹⁴⁶ Bloomberg, “Barrick Announces Reko Diq Arbitration Award,” 2015, <https://www.bloomberg.com/press-releases/2019-07-15/barrick-announces-reko-diq-arbitration-award>.

¹⁴⁷ Muhammad Raheem Awan, “Judicial Activism in Pakistan in Commercial and Constitutional Matters : Let Justice Be Done Though the Heavens Fall” 1, no. April 2012 (2014): 1–28.

¹⁴⁸ The News, “Karkey Rental Power Dispute: Pakistan Will Have to Deposit \$150m as Security by 30th,” April 15, 2019, <https://www.thenews.com.pk/print/457944-karkey-rental-power-dispute-pakistan-will-have-to-deposit-150m-as-security-by-30th>.

¹⁴⁹ Editorial, “Slow Pace of Justice,” *The Daily Dawn*, April 13, 2018, <https://www.dawn.com/news/1401329>.

public interest and treat the private partners as contractors ignoring the technicalities of the PPP contracts. This objection is debatable, the frequent and high increment in tariff is taken in courts by the citizens, and the prime responsibility of courts is to safeguard the public interest. The government must bring all the stakeholders on board, especially the citizens who pay the entire cost of the project. Their reservations must be addressed so that they do not end up in courts. There is a need for establishing special courts to deal with construction to ensure transparency and justice in cases of technical nature.

The public sector encourages the private partners to perform their role with corporate social responsibility to safeguard the population affected by the PPP project, though this is not part of the contract. The ultimate responsibility of public interest protection lies with the government, and private partners prioritize profit-making above everything, unquestionably they sign up for PPP only if it can yield returns. Although the government protects the interest of the citizens as well as private partners simultaneously through viability gap financing, however, a considerable skepticism was expressed by the respondents from academia who believed that the government's primary motive is to get the job done, sometimes the public interest is pushed back to a secondary priority. For example, the government conducts only the pre-feasibility of the PPP projects and leave detailed feasibility in the hands of private partners who do not engage with the citizens during this process. The long-term variables, such as population variation, technological advancement, paying capacity of the immediate users, and political stability, are challenging to forecast; hence the long-term PPP projects during advanced stages may become insufficient for the needs of the users.

All the respondents expressed their views regarding the PPP in comparison to conventional procurement and regardless of the sector, voted in favor of the PPPs based on different reasons. However, the reasons given by the public sector respondents were different from the private partners; the same was the case with civil society and academia. Nevertheless, we cannot conclude that they were all against conventional procurement as a methodology having opinions limited to the context of the challenges posed to Pakistan. There was a variety of responses from different

sectors regarding the motives of the government to opt for PPP. The public sector respondents see the lack of financial resources and expertise as the main reason for the government to opt for the PPPs. As per the views of one respondent,

Pakistan is a developing country where the public is already paying a substantial amount of indirect taxes from their meager incomes. Each year the expenses exceed the revenues in the national budget, which is balanced by deficit financing and by taking internal and external debt. After allocating resources to different sectors, the government is not left with enough funds to initiate developmental projects.

The respondents mentioned some other shortcomings of the conventional procurement in Pakistan, which can also be verified from the existing literature. For example, the bureaucratic system is sluggish and full of red-tapism, the public projects carried out in the past or even currently have substantial cost overruns, leakages, technical gaps, and efficiency issues. There are dozens of public projects which are under scrutiny because of the same reasons, such as the Neelum Jhelum power project¹⁵⁰, Lahore Mass Transit system¹⁵¹, Multan Mass Transit System¹⁵², Islamabad-Rawalpindi Metro Mass Transit System¹⁵³ and above all the Peshawar Mass Transit Metro Bus system.¹⁵⁴

Another problem highlighted by the public partners was the warranties of conventional procurement. The private party provides a limited warranty of the project; however, in PPPs, the private partner assumes commercial risks, which guarantees the better maintenance of the project throughout the concession period. The service cost of the

¹⁵⁰ “Neelum-Jhelum Project: Delays and Cost over-Runs,” *The Daily Dawn*, 2011, <https://www.dawn.com/news/683294>.

¹⁵¹ Kazam Khan, “Rs 121m Irregularities Found in Lahore Metro Bus Project,” *The Daily Times*, 2017, <https://dailytimes.com.pk/32230/rs-121m-irregularities-found-in-lahore-metro-bus-project/>.

¹⁵² Ashraf Malkham, “Audit Reveals Rs11 Bn Irregularities in Multan Metro Project,” *The News International*, 2018, <https://www.thenews.com.pk/print/408308-audit-reveals-rs11-bn-irregularities-in-multan-metro-project>.

¹⁵³ Dawn, “Islamabad Metro Bus Project Cost May Escalate to Rs50bn,” *The Daily Dawn*, September 27, 2014, <https://www.dawn.com/news/1134656>.

¹⁵⁴ The Daily Dawn, “BRT Cost Goes up to Rs68bn,” May 25, 2018, <https://www.dawn.com/news/1409834>.

project is paid by immediate users via tolls and fees, instead of additional taxes imposed on the general public. Apart from the financial resources, the government lacks technical capabilities too to execute mega projects. The private sector brings the better and cost-effective technical expertise, making successful transactions possible. In the past, the government was open to accepting unsolicited projects, but by the passage of time, the PPP mechanism is improving, enabling the government to receive only solicited projects.

The private partners unanimously agreed that the PPP is a better methodology when it comes to infrastructure development projects. Considering the unfriendly business circumstances, they see PPPs, a reasonable business model for constant cash flow owing to sovereign guarantees. Two of the nine participants mentioned the Neelum Jhelum hydropower project (Public Funded) in comparison to the Karot hydropower project (PPP), in terms of value for money, efficiency, and the completion period.

The total estimated cost of the Neelum-Jhelum Hydropower project is \$4.5 Billion¹⁵⁵ in comparison to the cost of \$1.689 Billion¹⁵⁶ of Karot Hydropower project carried out through the PPP. The 969 Mega Watt, Neelum-Jhelum project commencement carried out in 2007 with scheduled completion in 2015, which further delayed till 2018 with substantial cost and time overrun. Despite financed by multiple donors, the consumers have to pay a monthly surcharge in their electricity bills till date. Not only the project construction cost is expansive, but also the output cost is manifold.¹⁵⁷ On the other hand, in the 720 Mega Watt Karot Hydropower project¹⁵⁸, construction started in 2015, and the completion is due in 2020, with a concession period of 30 years where

¹⁵⁵ Michael Harris, "Power Production Begins at Pakistan's 969-MW Neelum Jhelum," *Hydro Review*, April 16, 2018, <https://www.hydroreview.com/2018/04/16/power-production-begins-at-pakistan-s-969-mw-neelum-jhelum/#gref>.

¹⁵⁶ "Karot Hydropower Station," China Pakistan Economic Corridor, 2019, <http://cpec.gov.pk/project-details/16>.

¹⁵⁷ Hussain Siddiqui, "Neelum-Jhelum Project," August 10, 2018, <https://www.dawn.com/news/1426148>.

¹⁵⁸ World Bank, "Karot Hydropower Plant," PPP Knowledge Lab, accessed April 1, 2019, <https://ppi.worldbank.org/en/snapshots/project/Karot-Hydropower-Plant-9030>.

the private partner covers all the economic costs and risks.¹⁵⁹ There is a substantial difference between the value for money for both projects. This instance validates the opinion of the PPPs, the shortcomings of public procurement pointed out by them are all can be witnessed in this example.

The underperforming government structure in the provision of services such as health, education, and social well-being, has left a massive vacuum that is filled by the CSOs for decades. The CSOs are involved in a wide range of services starting from education, health, advocacy to the provide clean drinking water to the masses.¹⁶⁰ Despite their vital role in public service provision, the CSOs due to their advocacy role, have remained under constant scrutiny by the governments. Hence the reason for the civil society for involving in the PPPs in Pakistan is very different from that of the for-profit sector organizations. All the respondents from the civil society organizations were of the view that the reason for them involving in PPPs was to obtain legitimacy to their operation. Since the civil society is already engaged in social work, they have funds as well as the technical expertise to perform their job, but the skeptical attitude of government organizations and social stigmas create hurdles in their work. The PPP contracts help them deal with social stigmas as well as gain outreach and support from government organizations. All the participants from CSOs voted in favor of the PPPs in comparison to the conventional procurement.

The respondents of academia hold the same opinion as to the respondents from the public sector, private sector, and civil society. If the government is facing financial constraints and there are no other options available, the PPPs can be a good bargain. However, one respondent, who is a developmental economist, told us that,

the services such as education and health should be provided by the government to protect the public interest. I believe that profits can

¹⁵⁹ Elizabeth Ingram, "Karot in Pakistan To Be First Hydropower Project Financed By China's Silk Road Fund," *Renewable Energy World*, 2015, <https://www.renewableenergyworld.com/2015/04/30/karot-in-pakistan-to-be-first-hydropower-project-financed-by-chinas-silk-road-fund/#gref>.

¹⁶⁰ Sanchita Bhattacharya, "Civil Society in Pakistan: Functioning and Challenges," *South -Asian Journal of Multidisciplinary Studies* 3, no. 3 (2016).

commercialize and commodify education and health, which can seriously harm the social well-being of the disadvantaged and vulnerable strata of society.

After adopting the eighteenth constitutional amendment in 2010, all provinces are to deal with PPPs autonomously. It has led to the establishment of independent PPP units and cells working under comprehensive policies and laws in every province to attract private sector investments. The main sectors of utilization are solid waste management, energy, infrastructure, and rapid bus transit systems. The provincial autonomy has created a division of labor between the federal and provincial levels, and the federal level is now limited to the projects of national strategic nature, such as the construction of motorways, harbors, railway tracks, and energy projects. Along with empowering the provincial administration, provincial autonomy has increased the number of stakeholders, which can create complexity in decision making.¹⁶¹

The government has been supportive of private participation. Upto an extent the government has taken care of the risks such as political interference, land acquisition, right to way, and security concerns to which the conventional procurement is exposed. Although the number of completed PPP projects in Pakistan is limited, and these projects went through difficulties during the procurement stage, however, after the procurement stage, the majority of the projects ran smoothly. The infrastructure projects on BOT based model have performed well in terms of revenue generation as well as the completion period. Private participation in the country's power generation has increased from 20% in 1997 to 38% in 2016. However, the cost has also increased substantially.¹⁶²

PPP was opted by Pakistan to deal with the shortage of funds, increase private investment, incur off-balance-sheet expenditure, create a partnership between the state and non-state actors, and provide efficient public service to the people. Some infrastructure-related PPP projects have performed well, despite the shortage of comprehensive policies and an untrained workforce to deal with complicated PPP

¹⁶¹ Ullah, Thaheem, and Umar, *Public-Private Partnerships in Pakistan: A Nascent Evolution*.

¹⁶² Ullah, Thaheem, and Umar.

contracts. However, the success in road infrastructure projects may not be generalized to PPPs in other sectors such as energy, telecommunications, health, and education. Each sector has to be studied independently to ascertain the degree of success and failure.¹⁶³ As far as the compliance of PPPs in Pakistan with the principles of good governance is concerned, the empirical study has helped to identify that there is substantial room for improvement in the PPP model of Pakistan.

5.3 Conclusion

The chapter presented the field related empirical data in tabular form and interpreted the collected responses in the language of political science and public administration in order to put the information into a scientific perspective. Along with combining the matching responses, direct statements of respondents are also quoted with their due permission. This data processing provides the foundation for the in-depth analysis to examine the PPP model of Pakistan in light of the eight principles of good governance. The second part of the chapter consists of empirical analysis where each principle of good governance has been tested individually on the PPP model of Pakistan, which revealed several critical issues.

The analysis points out that there is a need to stimulate citizen participation to satisfy the principle of equity and inclusiveness, which can be made possible by giving liberty to operate to civil society. The governance approach emphasizes responsiveness through the creation of partnerships among state and non-state actors. Such spirit was found missing in the PPP model of Pakistan. The trust deficit of stakeholders on the legal system, the absence of a concrete conflict resolution mechanism in the PPP model of Pakistan, and the missing synergy among stakeholders suggest that the principle of the rule of law and consensus orientation are not fully satisfied. As far as the principle of accountability is concerned, the empirical analysis identified that majority of the respondents believe that all stakeholders are not mutually accountable. However, the respondents showed confidence over the transparency of the bidding process, which is only one aspect of satisfying the principle of transparency. Although a clear majority

¹⁶³ Ahmad and Ahmad, "Public-Private Partnership in Pakistan : Aptness and Impediments."

of the respondents believed PPP as a more efficient and effective procurement methodology as compared to conventional procurement, however, this belief requires empirically investigated evidence. To sum up, the analysis finds the PPP model and the institutional mechanism of Pakistan not fully complying with the principles of good governance.

The following chapter compares the PPP theory with practice by combining the literature review with findings of the empirical analysis to identify the strengths and weaknesses of PPP in general as well as specific to Pakistan.

CHAPTER 6

A GENERAL EVALUATION OF PPP CASE CONCERNING FIELD RESEARCH- THEORY VS. PRAXIS

This chapter consists of three main segments, and the first segment conceptualizes an ideal PPP in the light of theories. It presents the shape of a PPP executed in an ideal form. The second part of this chapter lists the critical issues in the PPP model of Pakistan by combining the literature review and the findings of the empirical analysis of the field data. The third segment of the chapter discusses the paradoxes and contradictions noticed in the neoliberalist ideology concerning public service delivery.

6.1 An Exemplary PPP in Theory

In the past century, public administration has gone through mainly three transitional stages being the hierarchy, market, and network approach. The hierarchical stage consists of the classical public administration, which is majorly influenced by the Weberian bureaucratic approach. The market approach, also called New Public Management, entails a more significant influence of economists in the field of public management, which emphasizes the smaller size of the government through privatization, deregulation, decentralization, and a steering role of the government instead of rowing. The network approach, also known as the ‘governance approach,’ promotes the idea of a partnership between state and non-state actors such as for-profit and not-for-profit organizations for the provision of public services. PPP is the brainchild of the NPM and governance approach.¹⁶⁴

¹⁶⁴ Mark Bevir, “Governance : A Very Short Introduction” (Oxford: Oxford University Press, 2012), <http://ukcatalogue.oup.com/product/9780199606412.do#.UHXXZ64wAbA>.

The concept of PPP gained popularity between the 1970s-1980s in the United States and the United Kingdom during the conservative regimes of Reagan and Thatcher; respectively, these regimes had a dominant tilt towards neoliberalism. The neoliberalist thought entails the idea of reducing the size, as well as the interference of the government in the market, enabling an active role of the private sector to achieve equilibrium. In the 1980s, the United Kingdom massively utilized Public Finance Initiatives in the provision of public service intending to reduce the public expenditure, increase market activity through private investment, and channeling the steering role of the government instead of rowing. ¹⁶⁵

PPP is theoretically an excellent replacement for privatization and conventional procurement methods, as it attracts the best possible expertise to provide a public service by a private party after the contract ends, the government retains the asset. The immediate users pay the cost of the service instead of taxes levied on the whole population, and the government can utilize the saved financial resources for the betterment of the citizens. When the government is facing a shortage of funds, it can seek PPPs for the construction of infrastructure and provision of social services to the people. ¹⁶⁶

In conventional public procurement, the relationship between the owner and contractor is of principle-agent nature. There are cost and time overruns consequential to political repercussions, lack of execution capabilities, red-tapism, and an ambiguous chain of command. In PPP, the private partner assumes the commercial risks; hence cost optimization is the responsibility of the concessionaire, due to the limitation of the contract period and returns attached to it, the concessionaire prefers to avoid time overrun. Unlike public procurement, the PPP projects are not prone to delay in decision

¹⁶⁵ Kahyaogullari, "Public-Private Partnerships in Developing and Developed Countries: The UK and Turkish Cases."

¹⁶⁶ Martin Ristov, "Public-Private Partnerships in Developing Countries: What Are the Implications of the Public-Private Partnership on the Social Infrastructure in Brazil? The PPP Model of Sao Paulo Hospitals," no. February (2018), <https://doi.org/10.13140/RG.2.2.12366.15688>.

making and red-tapism owing to an improved management style of the private sector.¹⁶⁷

The advancement of the theory of public management from the market to the network model also brought innovation in PPPs. A conventional PPP refers to a partnership between the public and private parties with shared risks where the private party performs a public service on behalf of the government and earning profits in the form of tolls and fees. The network model or governance approach recommends a partnership with non-state actors, including civil society organizations that can perform the public service on a not-for-profit basis. This situation is a win-win scenario for all the stakeholders since it enables public service delivery without incurring any additional cost to the citizens.¹⁶⁸

No matter how good it looks on the paper, it is necessary to investigate what particular prerequisites PPP must fulfill to perform the results its epistemology suggests. Besides the partnership with non-state actors, what kind of a precise regulatory mechanism the government should maintain to protect the public interest. How far a functioning democracy and a stable political environment can contribute to getting the best out of public services performed by non-state actors. In a partnership between the state and non-state actors, where do the citizens stand and how far a legal system may ensure that the law is abided in its real sense. Although public management suggests the reduction in the size of the government, it must not happen at the cost of the writ of the state. PPP consists of a dominant role of the private sector since it is performing public service provision on behalf of the government. The greatest challenge is the maintenance of ethics because the primary aim of the private sector is profit

¹⁶⁷ John Pierre and B. Guy Peters, "Governance Without Government? Rethinking Public Administration," *Journal of Public Administration Research and Theory* 8, no. 2 (1998): 223–43, <http://jpart.oxfordjournals.org/cgi/content/abstract/8/2/223>.

¹⁶⁸ Bevir, "Governance : A Very Short Introduction."

maximization and cost minimization, this calls for a more influential regulatory role of the government to safeguard the public interest and human rights.¹⁶⁹

6.2 Critical Issues Identified from the Literature Review and Empirical Analysis of the Field Data

This segments of this chapter a combines the findings of empirical analysis and the literature review to point out the critical issues concerning the PPP model and the institutional health of Pakistan..

6.2.1 Viability Gap Financing through loans

The government of Pakistan provides Viability Gap Financing to PPP projects which are economically and socially viable but lack financial means. The aim is to support the socially vulnerable and disadvantaged masses availing of the services provided by the PPP.¹⁷⁰ In Pakistan, most of the PPP infrastructure projects highly depend on government financing because, firstly, most of the projects are being carried out by the government subsidiaries. Secondly, due to the security situation and political turmoil for the past decade, Pakistan has not been able to attract investor's confidence. Thus, to retain the projects financially viable, the government injects funds in the form of VGF. It is a fact that Pakistan has faced difficulty in attracting private investment. However, the VGF is carried out by taking loans from foreign banks, foreign governments, and International Financial Institutions.¹⁷¹

¹⁶⁹ Bayliss and Van Waeyenberge, "Unpacking the Public Private Partnership Revival."

¹⁷⁰ Ministry of Finance, "Pakistan Policy on Public Private Partnerships," 2010, <https://doi.org/10.1007/s11627-011-9399-7>.

¹⁷¹ Ullah, Thaheem, and Umar, *Public-Private Partnerships in Pakistan: A Nascent Evolution*.

6.2.2 Absence of Key Democratic Values and Political Instability

The critical prerequisite for the successful implementation of good governance is the sustainability of a good government.¹⁷² Unless a country does not satisfy the necessary conditions of a democracy such as independent institutions, freedom of the press, freedom of speech, right to information, representativeness, an active civil society and empowered citizens aware of their rights, good governance cannot be made a reality.¹⁷³ The corruption influx in Pakistan, the state of freedom of the press, and interdepartmental interference owing to judicial activism and past military interventions have weakened the democratic system of the country.

In Pakistan, since its inception, the first democratic transition of power happened in 2013, the country has survived four martial laws since 1947. Political instability has severely affected the economic affairs of the country, which also reflects on PPP projects which lack vital democratic values and prerequisites.¹⁷⁴

6.2.3 Autocratic Mindset of Bureaucracy

The bureaucracy of Pakistan is the legacy of British rule in India. The British created the administrative machinery of an elitist mindset attributed to authoritarianism, aloofness,¹⁷⁵ and a mean to an end to maintain distance between ruler and the subjects. The bureaucracy always considered it as an extension of the British Raj.¹⁷⁶ After

¹⁷² Geert R. Teisman and Erik-Hans Klijn, "Partnership Arrangements: Governmental Rhetoric Governance Scheme?," *Public Administration Review* 62, no. 2 (2002): 197–205, <https://doi.org/10.1007/s10511-007-0034-6>.

¹⁷³ Susan Brown-Shaffi, "Promoting Good Governance, Development and Accountability," *Promoting Good Governance, Development and Accountability*, 2011, <https://doi.org/10.1057/9780230309111>.

¹⁷⁴ Umbreen Javaid, "Corruption and Its Deep Impact on Good Governance in Pakistan," *Pakistan Economic and Social Review* 48, no. 1 (2010): 123–34.

¹⁷⁵ Muhammad Uzair Hashmi and Shajeea Shuja, "THE BUREAUCRACY OF PAKISTAN: FROM THE PERSPECTIVE OF MAX WEBER'S 'IRON CAGE' PHILOSOPHY," *Gomal University Journal of Research* 36, no. 1 (2020): 30–39, <http://www.gujr.com.pk/index.php/GUJR/article/view/1115>.

¹⁷⁶ Ahmad Khawar Shahzad, "Crisis of Governance in the Bureaucracy of Pakistan: A Study of Administrative Ramifications with Apposite Policy Recommendations," *ISSRA*, 2017,

independence in 1947, the bureaucrats assumed even the highest political positions in the government. The frequent discontinuation of the democratic process has never left room for significant reform in the bureaucratic structure of Pakistan.¹⁷⁷

During field research, the facts mentioned above were verified by the respondents from the private sector, civil society, and academia. All of them complained about the authoritarian and autocratic behavior of the bureaucrats, and they treat private partners as contractors instead of striving to build a meaningful partnership with non-state actors for the public good. The private partners also mentioned that the specialized institutions created to assist PPPs have well-trained and well-educated professionals. However, the heads of those institutions are career bureaucrats who lack in skills as well as knowledge to understand complex PPP mechanism. In addition to this, top bureaucrats are frequently shuffled, by the time a departmental head starts understanding the operations of his department, the time of his transfer gets due. PPP procedures fall victim to sluggish red-tapism persistent in bureaucratic offices of Pakistan.

6.2.4 Politically Motivated PPP Projects and Lack of PPP understanding on Behalf of the Political Elite

The lack of knowledge of PPP is not limited to bureaucrats, but also political leadership has a very vague idea about it. The main motive of the ruling political party is to initiate multiple developmental projects to showcase those as their achievement in the next election. PPP can become a suitable tool for populists. It provides financial resources that help the government hiding off-balance-sheet expenditures. When political and bureaucratic machinery lacks understanding of PPP, it leads to the initiation of un-needed and unviable projects such as Quaid-I-Azam Solar Park in Bahawalpur Pakistan. This renewable energy project was initiated as a private limited

ndu.edu.pk/issra/issra_pub/articles/issra-paper/ISSRA_Papers_2nd-Half-2017/06.CRISIS-OF-
GOVERNANCE-IN-THE-BUREAUCRACY.pdf.

¹⁷⁷ Sumrin Kalia, "Bureaucratic Policy Making in Pakistan," *The Dialouge* VIII, no. 2 (2013): 156–70, <https://www.researchgate.net/publication/264545265>.

for-profit company by the government of the province of Punjab. The project has not been able to generate the targeted 100-megawatt electricity but has only been able to make 18-megawatt of power at a very high cost. The project is now being privatized by the government owing to its inefficiency and cost.¹⁷⁸

In 1994 the government realized that installed power generation capacity- 10,800MW available to only 40% of the population, was too low to meet the future demand. An additional generation capacity of 54000 MW was projected by the year 2018 considering an 8% increase in power demand per annum. Majority of the power generation was the responsibility of public institutions, and a considerable cost was required to advance the state-owned power generation system. Thus, the government, in collaboration with the World Bank, invited Independent Power Producers- IPPs to invest in the energy sector of Pakistan on the Build-Own-Operate-BOO basis.¹⁷⁹ Private Power and Infrastructure Board-PPIB as a ‘one window facilitator’ was established in 1994 to assist the potential investment in the power sector in Pakistan.¹⁸⁰

The government offered desirable incentives to IPPs such as low taxation, foreign exchange risk insurance, government-guaranteed fuel supply, and monthly capacity payments independent from the demand mechanism. The liberalization of the power sector attracted foreign and domestic investors; however, too many investors and too many projects led to a surplus power generation of 1000-MW. The terms of the tariff were kept confidential through an executive order, although this information should have been publicly accessible. By 2007 the government was paying 1 Bn USD annually to the IPPs.¹⁸¹ The advent of IPPs brought an era of circular debts, and till

¹⁷⁸ “Despite Ongoing Probe, Quaid-e-Azam Solar Power Being Privatized,” *The Express Tribune*, 2018, <https://tribune.com.pk/story/1673621/2-despite-ongoing-probe-quaid-e-azam-solar-power-privatized/>.

¹⁷⁹ Government of Pakistan, “Policy Framework and Package of Incentives for Private Sector Power Generation Projects in Pakistan,” 1994, <http://www.ppib.gov.pk/Power Policy 1994.pdf>.

¹⁸⁰ PPIB, “Private Power Infrastructure Board,” accessed April 3, 2020, http://www.ppib.gov.pk/N_about_ppib.htm.

¹⁸¹ Fahd Ali and Fatima Beg, “The History of Private Power in Pakistan,” no. April (2007).

date the government pays enormous costs in terms of capacity charges regardless of the demand.¹⁸²

Despite engaging so many IPPs, the power generation capacity of Pakistan is still insufficient. For the past decade, the country has been going through the worst energy crisis. Not only the cost of power generation has increased, but the import bill has also substantially increased due to the usage of fossil fuels in power generation by IPPs.¹⁸³ In 2019 the installed power generation capacity of Pakistan was 34282-MW, oil-based power generation surpasses all the other sources of energy, and the government is planning to include coal in the energy mix of Pakistan.¹⁸⁴

Pakistan has not been able to achieve power generation projected by energy policy 1994. Instead of capacity building in hydropower infrastructure, the government opted for short-term politically motivated power policy. Currently, the most challenging task for the government of Pakistan is to reduce 1.93 Trillion PKR average circular debts in terms of power generated by private power producers¹⁸⁵ and to curtail the furnace oil import bill.

6.2.5 Public Interest vs. Corporate Interest

In a democracy, the ultimate responsibility of protecting the public interest lies with the representatives of the government. PPPs are long-term projects which once initiated last for decades. The wrong motivation, inception, and execution of PPPs similarly carry long-lasting side effects. In case the service is too expansive for the

¹⁸² Hafiz Bilal Khalil and Syed Jawad Hussain Zaidi, "Energy Crisis and Potential of Solar Energy in Pakistan," *Renewable and Sustainable Energy Reviews* 31 (2014): 194–201, <https://doi.org/10.1016/j.rser.2013.11.023>.

¹⁸³ Amjad Hafeez, "Circular Debt in Power Sector of Pakistan : Impacts ; Causes and Solutions," 2019.

¹⁸⁴ Ministry of Finance, "Economic Survey of Pakistan 2018-19," *Chapter 14- Energy*, 2019, 183–96, http://www.finance.gov.pk/survey/chapters_19/14-Energy.pdf.

¹⁸⁵ Khaleeq Kiani, "Nepra Urges Prime Minister to Declare Power Emergency," *The Daily Dawn*, March 2, 2020, <https://www.dawn.com/news/1537725/nepra-urges-prime-minister-to-declare-power-emergency>.

users, the government does viability gap financing generally from foreign loans. In any case, the final liability is transferred to the citizens. The politically motivated PPPs can raise the question of the government's role in prioritizing corporate interests on the public interest.¹⁸⁶ By initiating infrastructure projects and making the constituency believe that such projects will generate employment and bring development, the politicians not only secure achievements to showcase for the next election but also engage their favorite people in PPP contracts as a private party.¹⁸⁷ The political elite ignores the requirement to spend on social projects such as health and education. If the representatives ignore public interest, then who will protect it?

6.2.6 Legal Framework Require Improvements

The respondents' input and available academic sources indicate a requirement to improve, especially the legal framework concerning PPPs and generally the overall judicial system in Pakistan. The piled-up court cases delay justice, which is off-putting for private investors, hence an alternative dispute resolution system must be strengthened. There is a need for the establishment of specialized construction courts to understand the intricate technicalities of PPP contracts to reach in case of a dispute to an objective decision.¹⁸⁸ In the past decade, judicial activism has substantially increased, which has caused severe damages in the form of populist court actions.

6.2.7 Value for Money?

The value for money (VFM) is the most crucial factor in PPP during the feasibility stage. For the public partner, VFM attributes to the construction of an asset without engaging public fiscal means, provision of uninterrupted service to the masses, and giving space to market forces to increase business activity and employment in the

¹⁸⁶ Hodge and Greve, "Public-Private Partnerships: Governance Scheme or Language Game?"

¹⁸⁷ Graeme A. Hodge, Carsten Greve, *Delete*, Edward Elgar Publishing (Edward Elgar Publishing Ltd, 2005), <https://books.google.com.tr/books?id=pKAvNQmpXkUC&printsec=frontcover#v=onepage&q&f=false>.

¹⁸⁸ Ullah, Thaheem, and Umar, *Public-Private Partnerships in Pakistan: A Nascent Evolution*.

country. Likewise, the concessionaire or private partner is concerned with the guaranteed returns on investment and uninterrupted supply of services. The ultimate aim should be to provide the best value for money to the citizens; after all, they are the ones paying the entire cost of a PPP project. The long-term monopolistic contractual structure of PPP projects can limit the opportunity for citizens to take full advantage of the market forces.

6.2.8 Limited Role of Civil Society in PPP

The market model of public administration identifies PPP as a tool to provide greater freedom to market forces. In the beginning, it was adopted by the governments to reduce budgetary expenditures by providing increased support to private investments in public service. The market model later evolved into a network approach, also called governance, which suggests a partnership between the state and non-state actors. This model advises the active role of civil society in public service provision on an ideally not-for-profit basis.

The PPP model in Pakistan focuses on mega projects related to energy, roads, and bridge infrastructures. There is a limited utilization of PPP in social services such as education and health, where civil society organizations can perform a productive role. The respondents from civil society said that despite showing their interest in PPP, the government has yet to form a functional relation with CSOs. The CSOs in Pakistan claim that they face mistrust and mistreatment by the government due to social stigmas and the undemocratic attitude of the institutions.

6.2.9 Steering yet Having a Rowing Mechanism

Osborne and Gaebler's terminology 'steering vs. rowing' draws a contrast between the size of the government between classical public administration and public management approach. The Weberian styled bureaucracies have a complete rowing mechanism, which means every department has a large workforce to perform a vast range of functions. The employment structure of such organizations is usually long-term career-based and incurs a considerable cost to the public exchequer. On the other

hand, the public management approach suggests reducing the size of the government and limit its functions to management and overseeing, which is denoted by ‘steering.’ The central idea for replacing the ‘rowing’ role by ‘steering’ is to involve the private sector to perform public goods and service delivery, whereas the public sector only manages, oversees and regulates their operation through a limited workforce.¹⁸⁹

The ideological connotation of PPP comes from neoliberal thought, which suggests a smaller size of the government and a more significant role of the private sector in public service provision through privatization and partnership between the public and private sectors. Ideally, a PPP must shrink the size of the government. In this way, the additional cost of public goods and services by the private sector may be compensated by reducing the cost of maintaining an extensive public administration. In Pakistan, the size of the government has even expanded instead of shrinking after the advent of PPPs. Every polity from federal to provincial level has established new institutions to attract, assist, analyze, and regulate PPPs in Pakistan.¹⁹⁰ The state subsidiaries working as private partners attests to the fact that PPPs have expanded the size of government instead of shrinking it.

In Pakistan, the government has to make several compromises owing to the ailing economy, infrastructure gaps, population explosion, and already weak administration. The increased size of the non-state actors enables market forces to exercise higher power¹⁹¹, whereas the diminishing size of the administration may not guarantee efficiency and effectiveness. A public service reform, along with a concrete regulatory role of the government, must be carried out first.

¹⁸⁹ B. Guy Peters, “Steering, Rowing, Drifting, or Sinking? Changing Patterns of Governance,” *Urban Research and Practice* 4, no. 1 (2011): 5–12, <https://doi.org/10.1080/17535069.2011.550493>.

¹⁹⁰ Kahyaogullari, “Public-Private Partnerships in Developing and Developed Countries: The UK and Turkish Cases.”

¹⁹¹ Roger Wettenhall, “The Rhetoric and Reality of Public-Private Partnerships,” *Public Organization Review*, 2003, <https://doi.org/10.1023/A:1023000128175>.

6.2.10 A system in Transition

Although PPP is promoted as the most suitable methodology for developing countries by international financial institutions such as the World Bank, there is limited empirical evidence available to prove that PPP has always shown the same results in different political settings. It is essential to understand the non-administrative domains of a society to understand the nature of the administration of a country.¹⁹² Using the rationale of Fred W. Riggs, it can be inferred that the implementation of PPP in diffracted polity may not produce the same type of output if implemented in a prismatic society like Pakistan. The economic situation, administrative structure, and political landscape of Pakistan considerably vary from the neoliberal economies using PPPs successfully. Hence PPP may not be a uniform solution of the ‘wicked problems’ being faced by the developing countries in terms of procurement of public assets.¹⁹³

6.2.11 Coexistence of PPP with Hierarchical Bureaucratic Model of Pakistan

The empirical study identified that one of the most significant challenges for PPP is to coexist with the Weberian styled bureaucratic model. The respondents from the private sector and civil society both complained about the autocratic mindset, red-tapism, lack of PPP related knowledge, and ambiguous key performance indicators of career bureaucracy in Pakistan. In consideration of these challenges, the government had to establish new specialized institutions having the sole purpose of assisting PPP projects in Pakistan. Instead of simplifying the administrative structure, such initiatives increased the size of the government

The greatest challenge for Pakistan is to make the modern procurement methodology like PPP to coexist with the classical hierarchy oriented public administrative model. The epistemological rationale of PPP is to simplify the procurement of public goods by forming partnerships, relieving the load from the shoulders of the government, and

¹⁹² Richard A. Chapman, “Prismatic Theory in Public Administration: A Review of the Theories of Fred W. Riggs,” *Public Administration*, 1966, <https://doi.org/10.1111/j.1467-9299.1966.tb01598.x>.

¹⁹³ Brian Head, “Wicked Problems in Public Policy,” *Public Policy* 3, no. 2 (2008): 101.

serve the citizens in the best possible way. However, the embedded attributes of Weberian bureaucracy such as aloofness, red-tapism, chain of command, centralization combined with the colonial legacy is in itself an antithesis to the governance approach of PPPs. An autocratic style of seeing citizens as subjects can hardly change to seeing them as clients or stakeholders, without a rigorous reform. As discussed earlier, virtues of good governance such as the reduced size of the government, synergy between state and non-state actors, public interest being the foremost priority, public participation, and a healthy civil society, are yet to be achieved.

6.3 Paradoxes

The theoretical foundation of PPP originates from the NPM, which is a movement against the classical public administration. The NPM argues that the hierarchical model of public administration is oversized, concentrated on complex and ambiguous processes which obstructs efficiency, economy, and effectiveness. As a solution, NPM suggests a market model based on private sector styled management, which emphasizes steering instead of rowing. This model treats the citizens as clients who consume public goods and services in exchange for taxes and other fees. The neoliberalism presents PPP as the pinnacle of the procurement methodologies and NPM as the paragon of public management. However, a detailed theoretical analysis reveals some paradoxes, for instance, the long-term nature of PPP contracts monopolizes the position of the private party and deprive the citizens of competition and the freedom to choose their service provider. The absence of competition is a breach of the principles of free-market mechanisms which helps NPM to hold the theoretical ground. In addition to this, NPM preaches that the private sector is more efficient than the government sector. However, the infrastructure constructed through PPPs goes back into government ownership after the concession period ends. Hence, in the NPM language, public service delivery goes back into ineffective control.

Some paradoxes exist even in the principles of good governance; for example, the principle of efficiency and effectiveness may clash with the principle of equity and inclusiveness. A particular PPP project may fulfill the conditions of profitability and

value for money while excluding the disadvantaged communities of society. On the other hand, a project suitable for the disadvantaged communities may not hold value for money and force the government to take viability gap financing measures through foreign or domestic loans, which shall increase the overall cost of the public service provision.¹⁹⁴

Another challenge posed to PPP by the governance approach, which stresses public management in the form of networks of a partnership between the state and non-state actors. An essential prerequisite of this approach is the democratic culture, which demands the decentralization of the powers of the state to be shared with non-state actors. The majority of the developing countries are in the transitional stage of adopting democracy, and even the basic state institutionalization has not been achieved, let alone forming partnerships and networks with the private sector and civil society. In the presence of authoritarian governments and complicated bureaucratic machinery, the PPP can hardly take the form of synergy. Moreover, the autocratic governments in developing countries not only hold unchallenged political power but also have control over the means of production, which enables them to award PPP projects to their nears and dears. The excessive promotion of PPPs by international development organizations and conditioning financial aid with PPPs may strengthen the rent-seeking behavior of political elites in the developing world.

6.4 Conclusion

The research suggests that good institutional health, resilient economic conditions, and political stability of a country are the critical success factors for a PPP. In theory, PPP looks like a win-win strategy that brings together the best of all the stakeholders, creates a synergy, and produces desired results for the betterment of the citizens. This chapter has aimed to explain the difference between the theory and practice of PPP by combining the literature review and empirical analysis of the field data to observe the behavior of PPP in developing countries by taking Pakistan as a case. The PPP projects

¹⁹⁴ Francis N. Botchway, "Good Governance: The Old, the New, the Principle, and the Elements," *Florida Journal Of International Law* 1, no. November (2001): 2–40, <https://doi.org/10.1525/sp.2007.54.1.23>.

in Pakistan are highly dependent on government financing through VGF, which increases the cost and makes the outcomes counterproductive. In addition to this, the lack of democratic culture and the autocratic mindset of bureaucracy, politically motivated PPP projects, underdeveloped legal framework, and ignorance of long-term variables are the leading institutional hurdles in effective PPP execution. The deminishing role of civil society further pushes back public interest in favor of corporate interest.

This chapter also observed paradoxes and contradictions between the neoliberalist philosophies in terms of PPP. The long-term contracts and transfer of the facility back to the government sector, the limited competition undermining the market forces mechanism, limited choice of service providers for citizens, and increased size of the government to deal with PPPs are seen skeptically by the NPM. In the governance approach, the principle of equity and inclusiveness and the principle of efficiency and effectiveness may contradict.

CHAPTER 7

CONCLUSIONS

This chapter presents the key findings of this dissertation and answers the questions raised at the beginning of this research. It further explains the contributions of this study to the field of public administration and political science, along with making recommendations in managerial, political, and legal areas concerning the PPPs in Pakistan. The limitations of this research and the research gaps identified for future studies are also the part of this chapter. The chapter gives concluding remarks by summing up the most significant point of the dissertation.

7.1 Key Findings of the Research

The literature review suggests that PPP has shown mixed results in different political and economic settings. The countries with NPM based public service models have vastly used PPPs, and claim that this methodology has helped to reach the desired goals. There is little evidence to prove that the PPP has always shown desired results in developed as well as in developing countries. The developed countries utilize PPPs through private investment to substitute public finances in other necessary areas. On the other hand, the motive of developing nations is to fulfill the infrastructure gap created by the shortage of finances.

Multiple reasons may be attributed to PPP generating different results in the developing nations. Firstly, such countries are passing through a transition stage of adopting a market economy, democratization, and institution building. No PPP project can succeed in the absence of an impartial legal system, incorruptible administrative and regulatory institutions, civil society, free media, and informed citizens. The absence of any of the mentioned entities may lead to disbalance. As seen in the PPPs

of the energy sector in Pakistan, the countries in transition may lack one or more of the essential prerequisites which may abstain them from achieving the desired results.

Any successful project is a result of a system that actively functions to achieve a particular result. In the PPP case, the public and private parties agreeing for a long-term arrangement is one aspect of satisfying the conditions of a successful project. The project must be commercially feasible for the private party; it must carry value for money in terms of benefits to the citizens and the government. Although service provision becomes the responsibility of the private sector, the government does not get discharged from its responsibilities. The role of the government becomes highly complex because, firstly, it has to maintain synergy with the private partner by protecting the investor's interest. Secondly, the ultimate responsibility of the government is to safeguard the public interest. Thirdly, if the government plays the role of strict regulation, it may harm the corporate interest, and if the government does not play a strict regulatory role, it may neglect its primary purpose to protect the public interest. The field research revealed that despite excessive participation of PPPs in the energy generation through fossil fuels in the 1990s, Pakistan not only failed to achieve the policy goals but also came under huge circular debts due to the long-term nature of PPP contracts. Therefore, Pakistan's case in point may imply that the developing countries have to make huge compromises by privatizing the profits to protect investors and nationalizing the losses on citizens' expense. Hence, we can deduce that PPPs do not behave in a uniform pattern if applied to different political and economic settings. i.e., developing vs. the developed world.

The above discussion helps to answer the first research question; How far the PPP model of Pakistan comply with the principles of good governance? The PPP took off in the 1990s in Pakistan, and it was a post-martial law era when the civilian democratic government was desperately striving to hold a political ground. The scarcity of finances and the advisory role of the international financial institutions made the government look for innovative financing methods for public projects. Pakistan abruptly embraced PPP along with other neoliberalist tools in a half-cooked form without any political and administrative reform. The PPP policy was underdeveloped,

and the main aim of the government to activate the market forces to address the increasing demand for public goods and services. The first policy initiatives were less concrete and susceptible to many risks such as political instability, administrative sluggishness, inadequate legal framework, and mainly the lack of knowledge of PPP on the part of the public partners to execute the complex nature of PPP projects.

Thus, starting from telecommunication projects, PPP made its way to mega projects of road infrastructure and energy generation through IPPs, which kept increasing in the 1990s onward. However, the policy was insufficient to address incompatibility among the stakeholders involved. From the early 1990s to 2008, no democratic government succeeded in completing its tenure. The first democratic government completed its tenure in 2013 for the first time in the history of the country. During this period, the provinces were given autonomy by the 18th constitutional amendment enabling those to enact their laws and autonomously execute developmental projects by using PPP and conventional financing methods. This initiative led to converting the PPP policies into laws by the provinces of Sindh and Punjab,¹⁹⁵ the provinces of KPK and Baluchistan have also passed PPP laws and are in process to form PPP cells. The federal government has also established a PPP authority under PPP Authority Act 2017, to assist and appraise PPP projects.¹⁹⁶

PPP has shown mixed results in Pakistan. Although the completed infrastructure and energy projects have been carried out in a sufficient time frame. However, to answer whether PPP is an effective method in Pakistan or not? It is significant to bring the argument in the sphere of multiple perspectives concerning each stakeholder. With the perspective of the public partners, the PPP is a successful methodology for Pakistan considering the limited financial as well as technical resources of the government. It brings economic prosperity in the country, the private sector earns a profit, and the citizens receive the services they need, a win-win strategy. On the other hand, with the

¹⁹⁵ World Bank, "Pakistan," n.d., <https://pppknowledgelab.org/countries/pakistan>.

¹⁹⁶ The Government of Pakistan, Public Private Partnership Act 2017 (Federal).

perspective of the private sector, a PPP project guarantees long-term profits without any considerable competition, yet they have complained about the existence of hurdles other than commercial risks. The government secures an asset, and the private party secures the revenues, another win-win situation. The academia, however, agrees and disagrees on some points with the public and private parties. It agrees that conventional procurement in Pakistan is not efficient enough; hence PPP can be a good value for money provided the projects are citizen-oriented instead of politically motivated. The civil society organizations also showed interest in participating in PPP projects in Pakistan and have performed well where they have been engaged partially by the government in PPP settings. However this study suggests that in light of the governance approach and the principles of good governance, the PPPs in Pakistan have a long mile to achieve. Without attaining the core values of democracy, engagement of civil society in PPP, and active participation of citizens, it would be an uphill task to develop pro-citizen PPPs. Citizen-oriented conventional procurement may also not be carried out efficiently in the absence of the core democratic values.

The second research question of this dissertation is; What are the factors which make PPPs in Pakistan a governance tool or a language game? The above discussion establishes that a PPP showing reasonable success in one political-economic environment may not produce desired results in another political-economic environment. The overall condition of the country must be suitable to accommodate innovative means of financing such as PPP so much so that it can be incorporated in the governance system. PPP is a relatively new procurement methodology that is currently going through the phase of an identity crisis. At times it is referred to as a neoliberalist tool to strengthen the market forces in developing countries to pave the way for international corporations to enter public service delivery, and at times it conflicts with the basic neoliberalist principles based on market forces. The international financial institutions are said to be promoting this agenda, sometimes their policies succeed, and sometimes they fail to bring desired results, as seen in the case of IPPs in the energy sector of Pakistan. Although PPP's ideal form is a partnership between the stakeholders on equal footing, however, this is a fact that all stakeholders have individual interests, and they can go the extra mile to protect them.

The field research shows that most of the respondents were convinced that PPP is a better way of procurement. The shape and form of PPP are unique; hence it may not be called a synonym of privatization. If it is utilized in an environment where institutions are transparent and robust, people are informed and empowered to exercise their rights, and the motive of the government is to engage in networks of partnerships with the for-profit and non-profit sector, PPP may act as efficient tool governance. Over time, with the help of approaches like governance, and trial and error in execution, it is expected that PPP will be able to find its identity and will go through meaningful philosophical reforms. Nevertheless, the execution of PPP determines whether it can be a governance tool or a jargon conceived through language games. A poorly executed PPP may yield poor results, whereas a thoroughly executed PPP may yield the desired results.

In the case of Pakistan, the empirical study diagnosed substantial performance gaps in the administrative, legal, and political system of the country. The PPP model of the country lacking a concrete reform agenda is far from satisfying the stakeholder equation suggested by the governance approach. The nexus between the public partners with the quasi-public (state-run public institutions) violates the philosophy of PPPs as well as the governance approach. Such an alliance translates into the government's camouflaged rent-seeking objectives through the provision of public service with markup while simultaneously levying taxes on the general public. The understatement of public participation further reflects that, to an extent, the most critical stakeholder holds the status of the mean to an end. Furthermore, the role of civil society limited to social service provision while being restricted by the government to perform advocacy of human rights among the people further attests to the fact that the citizens are ignored. These elements conclude that in Pakistan, PPP serves more as a neoliberalist language game instead of a governance tool.

7.2 Contribution to the Field of Study

This dissertation has attempted to scrutinize PPP as a procurement tool in developing countries taking Pakistan as a case in light of the principles of good governance. The research framework integrates the PPP related literature with the practice of this

methodology and interprets the results through the spectrum of political science and public administration. The findings of the research have helped in understanding the motives of each stakeholder engaging in PPP. Three different sectors- infrastructure, energy, and social services, have been studied, and the contract type, financing methodology, and motivations of the stakeholders for employing PPP have been found different in each sector.

The current PPP literature stands on the two sides of the fence. One considers it as a revolutionary tool of governance, whereas the other as a language game of sugar-coated name of privatization. One originates from the neoliberalism aligned NPM movement, whereas the other is principled on the broad theories of political science. The review of the literature drew attention towards the governance approach, which somehow attempts to create a consensus between the two opposing schools of thought. The dichotomies in the scholarly literature reflected a considerable amount of research concerning the developed world, and it motivated to conduct a field study vis-à-vis the developing world by making Pakistan a case.

The research findings are a significant contribution to both the governance approach and PPP literature. Although PPP is a contract between the public and private parties for public service delivery, this field research revealed that the citizens-are the most crucial stakeholder is mostly out of the picture. It further sheds light on the importance of civil society and the problems it faces in a developing country like Pakistan. The behavior of PPP has been found different in a democratic environment and a quasi-democratic environment. The relationship between the public and private partners in the case of Pakistan is neither on equal footing nor synergic. The in-depth analysis of the PPP model of Pakistan indicates some factors which are indigenous and novel. For instance, the state-owned institutions acting as the private partner and viability gap financing by the government through domestic and foreign loans. This empirical study points out the critical challenges posed to PPPs in Pakistan, and it further suggests recommendations for policy and practice for the country.

7.3 Recommendations for Policy and Practice

The field study and literature review have made recommendations for the reform in the PPP model and the institutional arrangement of Pakistan under three heads being managerial, political, and legal.

7.3.1 Managerial

- The most prominent selling point of PPPs is the synergy achieved when state and non-state actors build partnerships and networks, and this requires an environment of openness and equality. The research revealed that in Pakistan, the PPPs lack equality concerning the relationship between the partners, hence all stakeholders must stand on equal ground to reap optimum benefits of the partnership.
- There is a need for an inter-departmental conflict resolution system, such as to avoid land acquisition matters, which cause delays in the execution of the PPP projects. In addition to this, a practical conflict resolution mechanism is required to avoid disagreements between stakeholders ending up in international arbitration.
- The bidding process and selection of private partners must be transparent. Although the majority of the respondents showed confidence in the transparency at least in the bidding procedure, however, existing literature and some respondents suggest that the prices quoted during bidding are at times understated, and the projects incur substantial cost overruns during execution.
- The bureaucracy in appraising and implementing agency must have specialized knowledge and skills to handle the complex PPP projects. The skilled bureaucracy will not only help to process the projects speedily but also create a strong liaison with private partners. The public administrative business must be digitalized, and productivity should be the base of key performance indicators of bureaucracy. The appointments of bureaucracy on PPP projects should be consistent, constant shuffling of bureaucrats may lead to the distortion in relations between the stakeholders.

7.3.2 Political

- Since the state and non-state actors are interdependent, the PPP policies inclusive of the inputs from non-state actors may show effective results. For this purpose, the policy networks containing professionals from various sectors such as public personnel, interest groups, academia, and civil society can jointly work to form consensus over critical policy issues.
- The developmental projects are usually conceived in isolation by political and administrative leadership by depriving the citizens of the information. While identifying the stakeholders, the citizens must be recognized as an essential component of the PPP ecosystem because they are the end-users and ultimately pay the entire cost of a project.
- There is a dire need for decentralization in the political system, the absence of the local government system leaves the PPP landscape centralized in the hands of provincial and the federal governments. The provincial and federal governments should holistically review PPP laws to bring harmony and standardization in practice.
- In terms of risk distribution, although the commercial risks are transferred to the private partner, however, the private partner tries to transfer the demand risk to the public sector, which sometimes is supported by the political elites. Such practices increase project costs and put a question mark on the transparency of the system. The risks assessment for each project must be carried out considering the dynamics of the particular industry, instead of applying a uniform overgeneralized risk assessment method.
- The politically motivated PPP projects usually fail to qualify after the feasibility study, which results in a waste of resources and time. Hence, the sole reason to employ PPP for a public project must follow a systematic approach leading towards giving the best value for money.
- The engagement with civil society organizations concerning PPP contracts is very little. The good governance approach emphasizes the public partnership with not-

for-profit non-state actors because it not only reduces the burden from the government's shoulders but also helps in the provision of high-quality service to the citizens. Another significant aspect of an active civil society is that it educates the citizens about their rights, and acts as a voice for the voiceless disadvantaged communities to communicate their problems to the government.

- The government must prioritize private investors as PPP partners instead of taking government subsidiaries to work as private partners. Such practice changes the connotation of the procurement methodology from Public-Private Partnership to Public-Public Partnership.

7.3.3 Legal

- The legal system must be equipped to understand the complexities of the PPP projects. Since many PPP projects in Pakistan are related to the construction industry, the establishment of specialized courts for construction cases is need of the hour.
- The increase in judicial activism through populist Suo moto actions led the private parties to take cases to international arbitration. This practice has not only caused substantial financial loss to the country in terms of fines and penalties but also demotivated the private investors to invest in Pakistan and made government functionaries vulnerable to unnecessary scrutinization. Therefore, all the institutions must perform in constitutional boundaries to avoid conflicts and undesirable consequences.
- The legal rights of civil societies must be protected; the findings from the field research data revealed that substantial social stigma exists against the civil society. The government must not hinder the advocacy role of civil society, instead of considering it a threat to state power, the useful role of civil society must be recognized and utilized for the betterment of the society.
- The regulatory agencies must play their role to protect the public interest, and social responsiveness must be part of the feasibility study of PPP projects.

7.4 Possibilities for Future Research

The mandate of this research was to understand PPP from the perspective of theories of good governance applied to the PPP model of Pakistan. The findings of the research are limited to explore the motivations of the government to adopt PPP, and to point out the critical issues related to PPPs in Pakistan. Although the respondents belonged to multiple sectors, however, there is a dire need to investigate each sector individually, such as energy, infrastructure, and social services in detail. Another critical aspect of research may be the in-depth comparison of PPP to the conventional modes of financing and procurement in terms of value for money and citizen satisfaction.

The financial scarcity, administrative gaps, and technical primitiveness of Pakistan indicate that the use of PPP is likely to increase in the future. Most of the country-specific research is carried out either by the government institutions or the international financial institutions. There is an immense shortage of PPP field-specific academic research in Pakistan. Hence such a philosophical gap must be filled to come up with objective academic inputs.

7.5 Concluding Remarks

This dissertation is unique in terms of multiple aspects; firstly, it ascertains the institutional health and the structural integrity of the PPP model of Pakistan by employing a theoretical framework that has not been used to study the PPP model of Pakistan before. Secondly, in addition to the literature review, this dissertation embodies the empirical analysis of the field data collected from the top professionals from the public and private sector, civil society, and academia in Pakistan. Thirdly, this dissertation has simultaneously covered multiple sectors, such as infrastructure-road and energy generation, and social services-education and health. Hence the findings of this research consist of an utmost attempt to present a holistic picture regarding PPPs in Pakistan.

The PPP model of Pakistan borrows the basics from the NPM model, which emphasizes on transferring the provision of public service to the private sector to shed

extra burden from the government's shoulders. Although Pakistan has successfully formulated the PPP procurement model, this research reveals some fundamental shortcomings which make this model counterproductive. Firstly, the engagement of public-owned enterprises, keeping it hidden in the guise of a privately owned SPV by providing overpriced public service to the people while charging them with taxes, simultaneously challenges the ethical aspects of PPP and governance approach. PPP aims to shrink the size of the government; however, in Pakistan, it has even increased due to the establishment of new departments to assist PPPs.

The primary ground where the governance theory stands is the idea of forming networks between the state and non-state actors. The state-owned enterprises are carrying out the majority of PPP megaprojects in the absence of non-state actors from the networking equation. The projects where non-state actors are engaged, the relationship between the public and private partners is of quasi principal-agent nature, which hinders the formation of synergy a PPP ideally seeks to achieve optimum outputs. The limited involvement of not-for-profit organizations (civil society) further undermines the welfare orientation of the PPP model of Pakistan. The citizen participation exists on a minimal level, and the civil society operates under a hostile environment being restricted of performing the advocacy function. The bureaucracy owing to its authoritarian mindset operates so distant from the citizens that it can hardly understand the needs of the people; hence responsiveness is missing from the public service. The PPP policies of Pakistan lack a robust conflict resolution mechanism among stakeholders, which hinders consensus orientation and mutual accountability. The lack of competition in the bidding process challenges the transparency claimed by the PPP model of Pakistan. There is a need for capacity building in the legal system to address complex matters related to PPP contracts efficiently without prejudice. All the above factors determine the efficiency and effectiveness of the PPPs in Pakistan. Pakistan needs to bring improvements in PPP policy and practice to make this methodology work in real sense.

Pakistan has shown some improvements since 2010. The provincial autonomy owing to the 18th constitutional amendment in 2010 empowered the provinces in terms of

legislation and to establish their independent PPP authorities. By the year 2020, legislation has been completed on the provincial and federal levels. The federal government and the provinces of Punjab and Sindh have been successful in establishing their respective PPP units; however, the provinces of KPK and Baluchistan are in the process of the same. It may be inferred that the political and administrative system in terms of PPP is on the path of decentralization. The policy of accepting only unsolicited projects is also a healthy sign. However, the legal mechanism for conflict resolution still requires improvement and comprehension. The lesson learned from the IPP influx in energy generation and initiating the BOT based PPP model for the construction of new energy generation projects is also a sign of improvement in PPP practices in Pakistan.

This research concludes that the motive of the government to opt PPP is the most crucial factor which determines the success and failure of a project. The politically motivated, commercially, and socially unviable projects eventually prove to be failures. The well-thought, well-planned, and thoroughly studied projects may achieve the value for money to all the stakeholders. The PPPs may not necessarily yield the same results in a developing or developed economy, the success of the PPP highly depends upon various prerequisites such as democratic culture, state institutional integrity, the rule of law, empowered and informed citizens, and, the freedom guaranteed to whistle-blowers and watchdogs. The absence of any of the mentioned prerequisites can lead a PPP to take the shape of an oligarchy, a right-wing tool, or privatization in disguise. A poor and weak government may lose the power to regulate the private parties just to continue the flow of public service. Hence the government will fail to protect the public interest, which is its foremost duty. Hence, the ultimate motive to utilize the PPPs must be welfare orientation instead of just shedding responsibility, the private party's first and final concern is profit-making, and the government's first and final concern must be the protection of the interest of citizens who entrust their representatives to do so.

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APPENDICES

A. INTERVIEW GUIDE

Debrief:

My name is Muhammad Uzair Hashmi, and I am conducting this field survey as a part of my Ph.D. in Political Science and Public Administration at Middle East Technical University, Turkey, under Higher Education Commission's HRDI-UESTP scholarship program. This study aims to explore the essence of Public-Private Partnership (PPP) considering Classical Public Administration, New Public Management, and Governance Theories by taking Pakistan as a case. This field study requires information from people involved in the Public-Private Projects (PPPs) in Pakistan.

The data collection is to be completed by the end of November 2019. If you find any question which you do not intend to answer, please skip it and move to the next question. You are also free to withdraw at any stage of this interview. Whatever your answer is, it will be used strictly for academic purposes. I would like to mention that under no circumstances will your answers be associated with your name, however direct quotes from the conversation may be included in my dissertation. This interview will be **30-45 minutes** long and will be digitally recorded, and please mention if you would like to share anything off the record. I would be happy to answer any questions you may ask.

For further information about the study and its results, you can refer to the following person. We would like to thank you for participating in this study.

- Assoc. Prof. Dr. Yılmaz Üstüner (Room: A113; Tel: +90 312 210 8584; E-mail: ustuner@metu.edu.tr)
 - Muhammad Uzair Hashmi, Middle East Technical University, Tel: +92 333 5666400, E-mail: uzairhashmi2@gmail.com
-

1. Please enlighten us about your basic introduction, your name, educational and professional background, position, and tasks in the current organization.
2. Please tell us about your organization, its aims, product and services, and the target market.
3. Please tell us about the dominant PPP models in practice, tenure, and consumers of the PPP projects being carried out by your organization.
4. What are your views about PPP projects in comparison with conventional procurement methods such as contracting out and privatization? Which methodology do you think is effective?
5. What are the criteria of accountability for a public and private party? Are stakeholders reciprocally accountable (i.e., each is accountable to all the others)?
6. How far do you think the PPP projects are carried out with corporate social responsibility, the environment, and public interest protection? Who defines and safeguard public interest?
7. How feasibility of the project is studied, does it consider demographical, technological, human development, and population changes into consideration?
8. What is the method of risk assessment, who performs it, and what are the risks associated with PPP projects in Pakistan?
9. Up to what extent the users' participation (basic information, feedback) is sought in terms of PPP projects?
10. What is the role of civil society organizations in PPP projects in Pakistan, how far are they involved in such projects, and in what role?
11. How far do you think the institutions perform their role in a reasonable timeframe as recommended by the laws? If not, what are the reasons, in your opinion?
12. What are there mechanisms in the partnership to address incompatibilities among the partners?

13. How is the efficiency, economy, and effectiveness of the project maintained? How much do you think the projects carried out by your organization are economical, efficient, and effective?
14. What do you think the partnership provides in terms of added value, beyond what an independent organization could provide?
15. How equal do you see the position of public and private partners, who is influential among both, and how?
16. Up to what extent the legal framework pertaining to the PPPs in Pakistan is functional and addresses the recurring issues with impartiality?
17. How do you evaluate the consideration of human rights with respect to the functioning of the peripheral judicial, legislative, and law enforcement institutions when it comes to PPPs?
18. Up to what extent the process of selection of private partners is transparent, please suggest recommendations if you see room for improvement.
19. Please do not hesitate to ask any question to me if you want about this research. Please do tell if I have forgotten to ask some vital detail.

Thank you very much

B. APPROVAL OF THE METU HUMAN SUBJECTS ETHICS COMMITTEE

UYGULAMALI ETİK ARAŞTIRMA MERKEZİ
APPLIED ETHICS RESEARCH CENTER



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28 Haziran 2019

Konu: Değerlendirme Sonucu

Gönderen: ODTÜ İnsan Araştırmaları Etik Kurulu (İAEK)

İlgi: İnsan Araştırmaları Etik Kurulu Başvurusu

Sayın Doç.Dr. Yılmaz ÜSTÜNER

Danışmanlığını yaptığınız **Muhammad Uzair Hashmi'nin "Public Private Partnership in the Age of New Public Management: Pakistan's Experience"** başlıklı araştırması İnsan Araştırmaları Etik Kurulu tarafından uygun görülmüş ve **287-ODTÜ-2019** protokol numarası ile onaylanmıştır.

Saygılarımızla bilgilerinize sunarız.


Prof. Dr. Tülin GENÇÖZ
Başkan

Prof. Dr. Tolga CAN
Üye 

Doç.Dr. Pınar KAYGAN
Üye 

Dr. Öğr. Üyesi Ali Emre TURGUT
Üye 

Dr. Öğr. Üyesi Şerife SEVİNÇ
Üye 

Dr. Öğr. Üyesi Müge GÜNDÜZ
Üye 

Dr. Öğr. Üyesi Süreyya Özcan KABASAKAL
Üye 

C. LIST OF RESPONDENTS

Respondents	Number	Position	Department
Public Sector	9	Director-General	PPRA, Federal
		Members	Federal and Punjab PPP Authority
		Directors	PPIB, AEDB, Punjab LRRA, Sindh PPP Cell
		Assist Chief	Punjab PPP CELL
		Specialist	KPK P&D
Private Sector	9	CEO, Director, Managers	FWO, PRIME-FWO, CW
		COO	ATL
		CFO, Dy-GM	CSAIL
		Financial Consultant	Bridge Factor
Civil Society	8	Associate Partner	Aklal
		Senior Associate	Haider Mota
		Program Coordinator	Qatar Charity
		Program Manager	NRSP
		Associate	Population Council
		Director	ITA
		Specialist Educational Mgt	PPAF
		Program Officer	Oxfam
Academia	8	Professor	NED, Pakistan
		Assistant Professors	PIDE, IIUI, PU, Comsats (Pakistan)
		Professors	UNSW(Australia)
		Director	Riphah, Pakistan

D. LIST OF IMPORTANT DOCUMENTS

1. Policy Framework and Package of Incentives for Private Sector Power Generation Projects in Pakistan- The Power Generation Policy of 1994
2. National Power Policy 2002
3. National Education Policy 2009
4. Public-Private Partnership Policy for National Highways, Motorways, Tunnels and Bridges 2009
5. Pakistan Policy of Public-Private Partnerships 2010
6. The Sindh Public-Private Partnership Act 2010
7. National Power Policy 2013
8. The KPK Public-Private Partnership Act No. XX of 2014
9. The Public-Private Partnership Act 2017
10. The Baluchistan Public-Private Partnership (Act No.1 of 2018)
11. The Punjab Public-Private Partnership Act 2019

E. CURRICULUM VITAE

Dr. Muhammad Uzair Hashmi

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Phone	+90 543 3070 489 +92 333 5666 400
Email	uzairhashmi2@gmail.com
Orcid ID	https://orcid.org/0000-0002-5800-3189
Researchgate ID	https://www.researchgate.net/profile/Uzair_Hashmi2

EDUCATION

PhD in Political Science & Public Administration 2016 - 2020

Department of Political Science & Public Administration
Middle East Technical University, Ankara, Turkey

Masters in Eurasian Studies 2014-2016

Department of International Relations
Middle East Technical University, Ankara, Turkey

Masters in Public Administration 2006-2008

Department of Administrative Sciences
Quaid-i-Azam University, Islamabad, Pakistan

WORK EXPERIENCE

Nov 2015 - Present
International Journal of Russian Studies
Position: **Assistant Editor**

March 2014 - July 2020
Middle East Technical University, Ankara, Turkey
Position: **Fellow Researcher (MS - PHD)**

August 2009 - March 2014
Pakistan International Airlines, Islamabad, Pakistan
Position: **Pax. Services Officer**

March 2008 - August 2009
PTML Ufone Islamabad, Pakistan
Position: **Executive Human Resources**

RESEARCH & PUBLICATIONS

“Public-Private Partnerships in the light of the Principles of Good Governance: Pakistan’s Case”

2020

Middle East Technical University
Muhammad Uzair Hashmi

“Linguistic Colonization: A Comparison Between the British in India & the Soviets in Central Asia”

2020

International Journal of Russian Studies, Volume 9, Issue 2
Muhammad Uzair Hashmi
http://www.ijors.net/issue9_2_2020/articles/hashmi.html

“The Bureaucracy of Pakistan: From the Perspective of Max Weber’s ‘Iron Cage’ Philosophy.”

2020

Gomal University Journal of Research Volume 36, Issue no. 1, Pg. 30–39
Muhammad Uzair Hashmi & Shajeea Shuja
<http://www.gujr.com.pk/index.php/GUJR/article/view/1115>

“Building Peace between India and Pakistan : The Role of the Shanghai Cooperation Organization.”

2015

Middle East Technical University
Muhammad Uzair Hashmi
<http://etd.lib.metu.edu.tr/upload/12619700/index.pdf>

“Colored Revolutions and South Caucasus; Factors Which Kept Azerbaijan and Armenia Away from Colored Revolutions.”

2015

International Journal of Russian Studies, Volume 4, Issue no. 2, Pg. 167–174
Muhammad Uzair Hashmi
http://www.ijors.net/issue4_2_2015/articles/hashmi.html

ACADEMIC CONFERENCES

5 Days Conference

Harvard World Model United Nations Conference

Rome, Italy (March 2016)

Single Delegate, World Health Organization, Indonesia

7 Days Conference

International Students Week

Technische Universität Ilmenau, Germany (June 2015)

Participant Political Responsibility Workgroup & edited a Position Paper on R2P

Doctrine

SCHOLARSHIPS & AWARDS

March 2014-February 2020

HEC (Govt. of Pakistan) Scholarship

HRDI-UESTP Program for MS Leading to PhD

March 2017- June 2017

Erasmus Plus Exchange Program

University of New York, Albania

SKILLS

Language

English, Urdu & Punjabi

(Advanced)

Turkish

(Intermediate)

Computer

Microsoft Word, Excel, PowerPoint, Access

(Advanced)

IBM SPSS

(Intermediate)

Quirkos, Qualtrics

(Basic)

REFEREES

Available on request

F. TURKISH SUMMARY/ TÜRKE ÖZET

Bu tezin ana odak noktası, Pakistan örneğinden yola çıkarak Kamu-Özel Ortaklıkları'nın (KÖO) siyasi çağrışımlarını araştırmaktır. Tez, KÖO'nun klasik kamu yönetimi, yeni kamu yönetimi ve yönetim teorileri gibi farklı teorik kamu yönetimi paradigmaları ile etkileşimini araştırmaktadır. Ekonomik ve örgütsel temalarla sınırlı olan mevcut genel ve Pakistan'a özgü KÖO literatüründe, KÖO'larla ilişkili siyasi çağrışımları araştırma alanında önemli eksiklikler gözlemlenmektedir. Böyle bir eksiklik, bu çalışmayı, kamu ve özel sektöre, sivil topluma ve Pakistan akademisinden olan dört grup katılımcıdan gelen yanıtları toplamayarak nitel bir ampirik yaklaşım benimsemeye zorlamaktadır. İyi yönetişimin sekiz ilkesi ampirik çalışmanın temelini oluşturuyor ve alan verilerinin analizi KÖO teorisini uygulama ile karşılaştırmaya, Pakistan KÖO modelindeki kritik sorunları belirlemeye, temel araştırma sorularını cevaplamaya ve Pakistan KÖO modelini iyileştirme önerileri geliştirmeye yardımcı oluyor.

Tez altı bölümden ibarettir ve ilk bölümü giriş kısmı oluşturmaktadır. Bu bölüm çalışmanın araştırma sorunsallarını ve amaçlarını, araştırma metodolojilerini ve teorik çerçeveyi, temel kavramları ve tanımları sunmakta ve tezin genel yapısının tanımıyla son bulmaktadır. İkinci bölüm literatür taramasından oluşmaktadır ve iki alt bölüme ayrılmıştır. İlk bölüm, genel olarak KÖO'ların tarihini, teorik temelini, modellerini, politikasını ve yasal çerçevesini araştırıyor. Ayrıca KÖO literatüründe zıt görüşleri ('kelime oyunu' ve yönetim aracı) ele alarak bu tartışmaya ışık tutuyor. Bu bölüm ayrıca, gelişmekte olan ve gelişmiş ülkelerin KÖO deneyimleri arasında bir karşılaştırma yaparak KÖO'ların farklı siyasi ve ekonomik ortamlardaki davranışlarını incelemektedir. Bu karşılaştırma, KÖO'ların neden belirli avantaj ve dezavantajlara

sahip olduklarını ortaya koymakta ve bunlara açıklamalar getirmektedir. İkinci alt bölüm KÖO'yu Yeni Kamu Yönetimi, İyi Yönetişim Teorisi ve Klasik Kamu

Yönetimi gibi farklı teoriler ışığında bağlamlaştırmaktadır. Bu bölüm bürokratik ve kamu yönetimi temelli örgütsel modellerde KÖO'ların çeşitli idari çağrışımalarını açıklamaktadır.

Üçüncü bölüm Pakistan örneğini sunmakta ve ülkedeki KÖO'ların ortaya çıkmasına yol açan Pakistan'ın neoliberal eğiliminin tarihini tartışmaktadır. Bu bölüm kullanım alanlarını, KÖO modellerini, fizibilite çalışması metodolojisini, yasal ve idari çerçeveyi ve Pakistan'daki KÖO'larla ilgili paydaşları ve uzman kurumlar üzerine odaklanmaktadır. Ayrıca, ülkedeki KÖO'larla ilgili yayınlanmış literatüre atıflarda bulunarak, politika ve yasal boşlukları, idari ve siyasi engelleri ve Pakistan KÖO modelinin sınırlarını tanımlamaktadır. Bu bölüm, ilk olarak Pakistan'daki KÖO'lara yönelik eleştirilerin ne kadar haklı olduğunu ve ikincisi Pakistan'ın kurumsal mekanizmasının iyi yönetim teorisinin belirlediği standartlara ne kadar uyduğunu göstermek adına saha araştırması yapmaya olanak tanıyor.

Dördüncü bölüm, birincil veri toplama aracı olarak yarı yapılandırılmış görüşmelere sahip olan ampirik ve nitel alan araştırmasını yürütmek için kullanılan araştırma yöntemini tartışmaktadır. Özenle hazırlanmış mülakat klavuzu, iyi yönetişimin sekiz prensibini temel almakta ve on dokuz sorudan oluşmaktadır. Bu konuda Orta Doğu Teknik Üniversitesi İnsan Araştırmaları Etik Kurulu, mülakat kılavuzunu değerlendirmiş ve ankette yer alan tüm soruların etik bütünlüğünü onaylamıştır. Araştırmanın katılımcıları, kamu sektörü, özel sektör, sivil toplum ve akademi olmak üzere dört alana ait KÖO projeleri ve KÖO araştırmalarına katılan kişilerden oluşmaktadır. Yazar, federal seviyeden ve Pakistan'ın tüm illerinden katılımcılarla temsiliyet ve tarafsızlığı sürdürmek için mülakatlarda azami çaba sarf etmiştir. Araştırma tasarımı katılımcılardan KÖO organizasyonlarında üst düzey yönetici pozisyonlarında geniş bir saha deneyimine sahip olmalarını gerektirdiğinden veri toplama kapsamlı bir süreçten geçmiştir. Dolayısıyla, görüşmeler için randevu almak ve tüm ülkeyi dolaşmak meşakkatli bir çalışma gerektirmiştir. Bu bölüm, saha verilerini, yanıt korelasyonları ve kontrastları açısından derlenmiş, kategorize edilmiş, kodlanmış ve anlamlı çıkarımlara dönüştürülmüş cevapların tablolar ve rakamlarla sunmaktadır. Veri sunumunun sınıflandırılması, iyi yönetişimin sekiz ilkesine göre

düzenlenmiştir ve her bir katılımcı grubun yanıtları her ilke olarak ayrı ayrı kaydedilmiştir.

Beşinci bölüm bu tezin en kritik kısmını oluşturmaktadır. Başlangıçta teorik olarak ideal bir KÖO sunmakta ve iyi yönetim teorisi ışığında Pakistan'dan toplanan alan verilerini analiz ederek KÖO'larla pratikteki karşılaştırmasını yapmaktadır. Bu bölüm, mevcut literatürdeki iyi yönetimin tüm ilkelerini ortaya koymakta ve Pakistan'ın KÖO modelinin iyi yönetim ilkelerine ne kadar uyduğunu test etmek için her bir ilkeyi görüşmecilerin yanıtlarıyla tek tek birleştirmektedir. Bu analiz, Pakistan'ın KÖO alanında ele almaya değer çeşitli kritik sorunları ortaya çıkarmıştır. En dikkat çekici siyasi teşhis olarak krediler yoluyla VGF, demokratik değerlerin eksikliği, politik istikrarsızlık ve politik olarak motive olmuş KÖO'lar ön plana çıkmaktadır. Analiz ayrıca teknik eksiklikleri ortaya çıkarmaktadır. Şöyleki, KÖO'lar açısından vatandaşların karar vermede asgari bir rolü olduğu ve kurumsal çıkarlar zaman zaman kamu çıkarlarını gölgede bıraktığı tespit edilmiştir. Büyük çaplı idari mekanizmalar bürokrasi ile boğuşmakta ve genel olarak ve özellikle KÖO açısından yasal çerçevede önemli reformlar gerekmektedir. Ayrıca, sivil toplumun KÖO projelerindeki rolü de asgari düzeyde kalmakta ve sivil toplumla ilgili yasalar Pakistan'da çalışma özgürlüğünü gasp etmektedir. Bölüm ayrıca, hükümetin etki alanını küçültmek yerine artırarak KÖO'nun karşı üretkenliği gibi idari zorlukları da ortaya çıkarmaktadır. KÖO ile bir arada yaşamanın neden olduğu bürokrasi krizi de bu bölümün diğer bir parçasını oluşturmaktadır.

Altıncı ve son bölüm, araştırma bulgularını tartışarak ve sahadaki veri analizine dayalı araştırma sorularını cevaplayarak tezi sonuçlandırmaktadır. Bu bölümde ayrıca tezin kamu yönetimi ve siyaset bilimi alanına katkısı üzerinde durulmaktadır. Ampirik çalışma, Pakistan'daki KÖO mekanizmasının yönetimsel, politik ve yasal alanlarıyla ilgili önerilerde bulunulmasını sağlamaktadır. Her araştırma belirli amaç ve hedefler içermektedir ancak, hiçbiri sınırlamalardan muaf değildir. Buna rağmen, sınırlamalar gelecekteki araştırmalara yeni ufuklar açmaktadır. Bu bölüm, Pakistan'daki KÖO'larla ilgili gelecekteki araştırmalara değer alanları göstermekte ve son olarak bu tezde belirlenen en kritik faktörleri yeniden ele alarak araştırmayı sonuçlandırmaktadır.

1970'lerin ekonomik krizi, Amerika Birleşik Devletleri ve Birleşik Krallık'tan başlayan ve tüm dünyaya yayılacak kadar yaygın olan neoliberalist bir ekonomik devrime yol açmıştır. Bu paradigma değişimi, merkezi olarak yönetilen ekonomiye kuşkuyla yaklaşmış ve serbest piyasa mekanizmasını ve serbestleşme, özelleştirme, dış kaynak kullanımı ve Kamu-Özel Ortaklıkları yoluyla hükümetin etki alanının sınırlandırılmasını savunmuştur. Bu hedeflere ulaşmak için neoliberalizm, Yeni Kamu Yönetimi (YKY) veya Kamu Yönetimi olarak adlandırılan yeni bir kamu yönetimi metodolojisi sunmuştur. YKY, özel sektörün öncelikle idari mekanizmalarının etki alanını daraltmak ve daha sonra, projeleri denetleyebilmek için kamu personelinin rolünü sınırlamakla kamu mal ve hizmetlerinin dağıtımını yapması gerektiğini önermektedir.

Kamu-Özel Ortaklığı, kamu alımları için sunulan neoliberalist metodolojilerinin bir paragonudur ve Birleşik Krallık bunu benimseyen ve Kamu Maliyesi Girişimi (KMG) olarak adlandıran ilk ülke olmuştur. KÖO'lar hükümet ve özel sektör arasında eşit düzeyde bir ortaklık sunmaktadır ve bu ortaklığın çeşitli şekillerine rastlamak mümkündür. Bununla birlikte, en sık rastlanan KÖO modelinde, özel sektör tüm finansal kaynakları sağlarken, hükümet KÖO sözleşmesinde belirtilen bir takım imtiyazlar vererek uzun vadeli olarak kullanıcılarından hizmet ücretleri yoluyla özel sektöre kar elde etme garantisi vermektedir. Tüm sözleşme süresi boyunca, özel taraf veya imtiyaz sahibi tesisi inşa eder, bakımını yapar, kazanır ve sözleşme süresi bittikten sonra tesisi kamu sektörüne geri aktarır.

Literatür taraması, KÖO'ların ekonomik ve örgütsel özellikleri hakkında önemli araştırmaların yapıldığını fakat politik yönlerinin yeterli düzeyde araştırılmadığını ortaya koymaktadır. Ayrıca, KÖO'ların farklı siyasi ve ekonomik ortamlarda farklı sonuçlar verdiğini, örneğin, gelişmiş bir ülkede başarılı bir KÖO projesi, aynen uygulansa bile gelişmekte olan bir ülkede aynı sonuçları vermeyebileceğini göstermektedir. Kurumsal sağlamlığın ve demokratik kültürün başarının birincil önkoşulları olduğu için sonuçlara birçok faktör katkıda bulunur ve bu ortamın sağlanmadığı durumlarda iyi hazırlanmış bir projenin başarısızlığa uğraması ihtimali artıyor. Literatürdeki bu eksiklik, KÖO'ların yeterince gelişmemiş siyasi ve ekonomik

ortamda bir tedarik yöntemi olarak politik çağrışımlarını araştırmak için bu doktora çalışmasının yapılmasında en etkili motivasyon kaynağı olmuştur. Bu nedenle Pakistan gelişmekte olan bir ülke olarak bir örnek çalışması olarak ele alınmıştır. İkinci felsefi arayış, uygun bir teorik çerçeve bulmak olmuştur. Bu amaçla, bu tez kamu yönetimi, yeni kamu yönetimi ve yönetişim yaklaşımı teorilerinden faydalanmaktadır. Yönetişim teorisi, politik doğası nedeniyle analizin birincil parametresi olarak işlev görür ve iyi yönetişimin sekiz ilkesi, incelenmekte olan yönetimin kurumsal ve politik sağlığını analiz etmek için kapsamlı teşhis kriterleri sağlar.

Tarihte, kamu hizmeti sunumunda özel sektör eski bir geleneğe sahiptir ve topluma önemli faydalar sağlamayı mümkün kılmıştır. Modern devlet sistemi geliştikçe özel katılım ölçeği ve yöntemleri de büyümüştür. Kamu yönetimi alanındaki ilerlemeler ve 20. yüzyılda bu konuda devrimsel tartışmalar ve kamu yönetimi gibi gelişmiş biçimleri, özel sektörü başarılı kamu hizmeti sunumunda önemli bir faktör haline getirmiştir. Mevcut biçimleriyle Kamu-Özel Ortaklıkları ideolojik temelini neoliberal ekonomik paradigma ve yeni kamu yönetiminden almaktadır. Tüm popülerliğe rağmen, bilimsel çevreler KÖO'lar hakkında farklı görüşlere sahiptir ve temel olarak iki ayrı düşünce okulunda kategorize edilmişlerdir. KÖO taraftarları bu modelin ekonominin yanı sıra sinerjiyi de garanti ettiğini iddia ediyorlar; dolayısıyla bu metodolojinin en etkili modern yönetişim araçlarından biri olduğunu savunuyorlar. Öte yandan, KÖO modeline karşı çıkanlar KÖO'yu neoliberalizmin 'kelime oyunu' olarak görüyor ve özelleştirme yerine geçen yeni bir terim olarak adlandırıyorlar. Bu yüzdendir ki, KÖO'nin tanımı belirsiz ve nihai olmamaya devam etmektedir.

Eşitsizlik sadece felsefi görüşler ile sınırlı değildir ve aynı zamanda gelişmiş ve gelişmekte olan ülkelerdeki KÖO deneyimini de kapsamaktadır. Gelişmiş ülkeler genellikle ılıman projeler veya sağlık ve eğitim gibi sosyal hizmetler için KÖO'ları kullanmaktadırlar. Ayrıca, ademi merkezîyetçi siyasi ve idari sistem, kamu projelerinde özel finansı etkin bir şekilde kullanmalarını sağlamaktadır. Oysa gelişmekte olan ülkeler, oldukça merkezi bir siyasi ve idari sistemde altyapı çalışmaları kapsamında mega projeler için KÖO'ları yaygın olarak kullanmaktadırlar. Bu anlamda çoğu zaman KÖO'lara sinerji oluşturmak adına değil sadece projeleri

tamamlamak için başvuruyorlar. Gelişmekte olan ülkeler, kalkınma projeleri için finansal kaynaklardan yoksundur ve dolayısıyla uluslararası finans kuruluşlarına yaklaşmaktadırlar.

KÖO'ların temel avantajı, mali açıdan zorluk içinde olan hükümetlere özel sektörden fon arama fırsatı vermesidir. Ayrıca, kamu ve özel sektörün yetkinliklerini birleştirir ve katılımcı karar verme, uzun vadeli hizmet ve sözleşmenin sona ermesinden sonra varlığın hükümete geri aktarılmasına dayalı bir sinerji yaratır. KÖO'ları destekleyenler, bu modelin geleneksel tedarik metodolojisine kıyasla daha ekonomik olduğunu öne sürüyorlar, çünkü öncelikle özel sektör iyi kurulmuş maliyet düşürücü araçlara sahiptir. İkinci olarak, çok sayıda özel şirket, geleneksel satın alma işlemlerinin aksine, büyük ölçekli ekonomiler yaratan finansmanlarını bir araya getirebilir. Ayrıca, özel taraf tüm ticari riskleri üstlenir ve hükümetin sorumluluğu projeden elde edilen kârı güvence altına almakla sınırlı olarak kalır. Uluslararası finans kurumları da KÖO'ları teşvik etmekte ve etkili bir şekilde uygulanmaları için hükümetlere danışmanlık hizmetleri vermektedir.

Diğer taraftan, gelişmekte olan ülkelere olan güven açığı nedeniyle, uluslararası finans kurumları bazen gelişmekte olan ülkeleri yardım ödemeleriyle şart koşulan KÖO'lara katılmaya zorlamaktadır. Sermaye ve hizmet sağlayıcı karlarının yüksek maliyeti nedeniyle, KÖO geleneksel kar amacı gütmeyen kamu hizmetlerinin maliyetini artırmaktadır. Son kullanıcı nihayetinde siyasi seçkinler tarafından KÖO şeklinde üstlenilen bilanço dışı uzun vadeli borçları ödemektedir. Bu yolla, uluslararası finans kurumları sadece siyasi seçkinlere yardım ederler ve hükümetler üzerinde KÖO'lar aracılığıyla haksız bir baskı kurarak demokrasiyi sekteye uğratırlar. KÖO'nun geleneksel ihale ile karşılaştırıldığında her zaman uygun bir seçim olmadığını düşündüren makul miktarda ampirik veriler de bulunmaktadır. Zaman zaman paranın değerinin hesaplanmasında KÖO projelerinin sosyal maliyetini göz ardı etmektedir. Şöyleki, özel sektör ekonomik olarak bir projeyi gerçekleştirirken, çalışan sayısını azaltarak ve mevcut çalışanlarının çalışma yükünü artırarak proje maliyetini düşürebilmektedir. Uzun vadeli KÖO sözleşmeleri, paydaşlar arasındaki çatışmaları, teknolojik ilerlemeleri ve nüfus değişikliklerini ele alma konusunda daha da

karmaşıklıkmaktadır. KÖO projeleri aynı zamanda siyasi mağduriyete eğilimlidir ve sözleşme döneminde birçok siyasi deęişiklik meydana gelebilir ve yeni gelen siyasi irade, özel sektöre gelirlerin sürekliliğini durdurabilecek ve kamuya hizmet edebilecek tüm projeleri gözden geçirmeye teşebbüs edebilir.

Tez ayrıca alanın baskın teorik paradigmasını ve onların KÖO ile uyumluluğunu tartışmaktadır. Geleneksel kamu yönetiminin bürokratik modeli hala Max Weber felsefesinden büyük ölçüde etkilenmektedir. Geleneksel kamu yönetimlerini benimsemiş ülkeler KÖO'ları tercih etmiş ve zaman zaman tatmin edici sonuçlar almışlarsa da bürokrasinin KÖO'lar ile bir arada bulunması bir sorun teşkil etmektedir. Bürokrasiler KÖO'ları kendi kontrolleri altında olan kaynaklar ve güç üzerinde bir tehdit olarak algılamaktadırlar. Öte yandan, Yeni Kamu Yönetimi, özel sektör katılımına verdiği desteğe rağmen, KÖO'lara ilişkin farklı görüşlere sahiptir. Bazı akademisyenler KÖO'ların YKY'nin bir uzantısı olarak düşünürken, bir diğer düşünür grubu bunun uzun vadeli sözleşmelerden dolayı sürekli rekabetin olmaması ve varlığın mülkiyetine ilelebet sahip olacağı algısıyla bir takım sorunlara gebe teşkil edeceklerine inanıyorlar. Tartışılan düşünce okulu kapsamında yönetim yaklaşımı, daha iyi yönetim için devlet ve devlet dışı aktörler arasındaki ortaklığı gerektirmektedir; dolayısıyla iyi yönetim ilkelerinin bu tez için bir temel oluşturmasının nedeni KÖO'lara en iyi şekilde uymasından kaynaklanmaktadır.

Literatür derlemesinin ikinci kısmı Pakistan'ın KÖO modelini detaylandırmakta ve KÖO'ların tarihini kronolojik sırada bir tedarik metodolojisi olarak tartışmaktadır. 1980'lerde neoliberal hareket, Pakistan da dahil olmak üzere artık birçok gelişmekte olan ülkenin kapısını çalacak kadar yaygınlık göstermişti. Bu dönemde Pakistan'daki Uluslararası Finansal Kurumların etkisi, serbestleşme ve özelleştirme alanlarında artışa neden olmuştur. Bu anlamda dikkate değer özel sektör katılımının ilk örneği 1986'da HUBCO enerji santralının kurulmasıyla enerji sektöründen gelmiştir. 1990'larda hükümet sadece kapsamlı bir özel enerji üreticisi odaklı enerji politikası geliştirmemiştir, aynı zamanda KÖO'ların etki alanını telekom ve karayolu altyapısında kullanımıyla sosyal sektörde daha da genişletmeyi amaçlamıştır.

Çeşitli sektörlerde çok sayıda KÖO sözleşmelerinin yapılmasına rağmen, ülkedeki siyasi istikrarsızlık nedeniyle politika ve yasal çerçeve açısından önemli bir boşluk gözlenmiştir. 2010 yılı, kapsamlı bir KÖO politikasının başlatılmasında bir atılım yılı olarak ortaya çıkmış ve geleneksel olmayan satın alma yöntemi için kurumsal iyileştirmelerin yolunu açmıştır. İllerin özerkliği, 18. anayasa değişikliğiyle birlikte, illeri yasalar çerçevesinde güçlendirmiş ve KÖO projelerini bağımsız olarak yürütmeleri ve geleneksel olmayan satın alımları yönetmek adına bir il kurumsal düzenlemesi getirmiştir. 2020'den itibaren KÖO Otoritesi yasası kabul edildi ve dolayısıyla bir federal KÖO Otoritesi kurulmuş oldu. Her dört il de KÖO'larla ilgili mevzuatı tamamladı ve iki il, Pencap ve Sindh, yıllardır başarıyla projeler yürüten KÖO birimleri kurdular.

Pakistan ile ilgili mevcut KÖO literatürü çoğunlukla Pakistan'ın karayolu altyapısı, enerji, eğitim ve sağlık sektörü ile ilgili saha araştırmalarına dayanmaktadır. Tüm sektörlerde gözlenen en yaygın sorun bürokratların teknik bilgi eksikliği ve bu ihale metodolojisi ile ilgili sözleşmelerin karmaşık yapısını ele almak için uygulayıcı kurumlar ve KÖO yetkilileri gibi çevre hükümet birimleridir. Bununla birlikte, KÖO politikaları ve yasaları, paydaşlar arasındaki çatışmaları ele almak için yeterli donanımına sahip değildir ve dolayısıyla yasal çerçevenin iyileştirilmesi gerekmektedir.

Bu araştırmanın yürütülmesi için mevcut literatürün yetersiz olması araştırmacıyı ampirik bir çalışma yapmaya zorlamıştır. İlk adım, özel sektör, sivil toplum ve akademi gibi devlet ve devlet dışı aktörlere ait katılımcıların kimliği ile ilgili olmuştur. Bu çalışmanın nitel doğası, dört farklı sektörden katılımcıların girdilerini doğru bir şekilde işlemek için güvenilir bir veri toplama cihazının seçilmesini gerektirmiştir. Mevcut üç mülakat yöntemi arasında derinlemesine yarı yapılandırılmış mülakat yöntemi en uygun veri toplama metodu olarak uygun bulunmuştur. İyi yönetişimin sekiz ilkesi, görüşme kılavuzu için sorguların geliştirilmesine temel oluşturmuştur. Veri toplama, araştırma dergileri, kitaplar, devlet politikaları, yasal belgeler, kurumsal raporlar ve gazeteler gibi ikincil literatürün gözden geçirilmesinden başlayarak üç aşamada gerçekleştirilmiştir.

Bir sonraki aşamada, Pakistan'dan saha verileri toplanmış ve son aşama olarak saha verilerinden toplanan sonuçların derlenmesini ve sunumunu gerektirmiştir. Ayrıca, bilgiyi bilimsel bir perspektife oturtmak için siyaset bilimi ve kamu yönetimi dilinde toplanan yanıtların yorumlanmasıyla devam etmiştir. Eşleşen yanıtların birleştirilmesinin yanı sıra, katılımcıların doğrudan beyanları da gerekli izinleri ile aktarılmaktadır. Bu veri işleme, iyi yönetimin sekiz ilkesi ışığında Pakistan KÖO modelini incelemek için derinlemesine bir analizin temelini oluşturmaktadır. Ayrıca, KÖO'nun genel ve Pakistan'a özgü güçlü ve zayıf yanlarını tanımlamak için literatür incelemesini ampirik verilerle birleştirerek KÖO teorisini uygulama ile karşılaştırmaya yardımcı olmuştur.

İyi yönetişimin sekiz ilkesi Pakistan'ın KÖO modeli üzerinde tek tek test edilmiş ve bu da birkaç kritik meselenin ortaya çıkmasına zemin teşkil etmiştir. Analiz, sivil topluma faaliyet gösterme özgürlüğü verilerek mümkün kılınabilecek eşitlik ve kapsayıcılık ilkesini karşılamak için vatandaş katılımını teşvik etmeye ihtiyaç olduğunu göstermiştir. Bu yalnızca siyasi seçkinlerin siyasi güdüyle hareket ederek başlatılan projelerin önlenmesine yardımcı olacaktır. Finansman metodolojisine bakılmaksızın kamu projelerini başlatmak için rasyonel seçimler yapmaya ciddi bir ihtiyaç olduğu tespit edilmiştir. İyi yönetim teorisi, devlet ve devlet dışı aktörler arasında ortaklıkların yaratılması yoluyla sorumluluğun artırılmasını vurgulamaktadır. Çalışma, Pakistan'ın sivil toplumu sağlık ve eğitim sektörüne dahil etmesi gerektiğini ortaya koyuyor. Bu sektörden soru formunu yanıtlayanlar STK'ların hükümetle her zaman kar amacı gütmeyen şartlar üzerinde çalışmaya istekli olduklarını bildirmişlerdir.

Literatür taraması ve saha araştırması, federal ve il düzeyinde KÖO yasalarının anayasa değişikliğiyle yürürlüğe girmesinden sonra il özerkliği nedeniyle politika alanlarındaki iyileşmeyi göstermektedir. Ancak, özel ortaklar Pakistan'daki yasal sistemin yavaş işlediğinden ve KÖO hakkında teknik bir anlayışa sahip olmadıklarından ülkeden kaçındıklarını belirtmişlerdir. Bu nedenle, 'hukukun üstünlüğü' yönetim ilkesini karşılamak için çeşitli iyileştirmelere ihtiyaç duyulmaktadır. Dahası, yargı aktivizmi nedeniyle çatışmaların çözülmesi tahkim

yoluyla gerçekleştirilmektedir. Uzlaşa yönelimi ve karşılıklı hesap verebilirlik, ortaklar arasındaki eşit ilişkiler ile sürdürülmelidir ama durum Pakistan'da hiç de bu şekilde işlememektedir. Pakistan'daki KÖO modelinin kritik bir özelliđi, özel ortaklar olarak faaliyet gösteren devlet kurumlarının rolüdür ve bu, özel yatırımcıların teklif verme kapasitesini zayıflatabileceğinden sistemin hesap verebilirliğine ve şeffaflığına da zarar vermektedir.

Katılımcıların çođu, KÖO'ya yardımcı olmak için uzman kurumlar aracılığıyla tamamlanma süresi, kârlılık ve devlet desteđi açısından Pakistan'daki KÖO projelerinin verimliliğinden ve etkililiğinden memnun kaldıklarını ifade etmişlerdir. Özel ortaklar, diđer risklerin yanı sıra, genel bürokrasinin tutum, anlayış eksikliği ve belirsiz temel performans göstergeleri şeklinde idari risklerden bahsetmişlerdir. Pakistan'da KÖO'ların verimliliđi ve etkinliđi konusunda dođru bir sonuç çıkarmak için KÖO'ların her sektörde proje bazında incelenmesi ve alternatif satın alma yöntemleri ile karşılaştırılması gerekmektedir. Bu durum gelecekteki araştırmaların bir zorunluluđu olarak düşünülebilir. Bu bölüm ayrıca Pakistan'ın bazı yönetim ilkelerini yerine getirememesinin nedenlerini tartışmaktadır. Pakistan'ın iyi yönetim ilkelerine cevap verememesinin en önemli nedenleri krediler, siyasi istikrarsızlık, daha az demokratikleşme, bürokratik reformların eksikliği, politik olarak motive edilen projeler, kamu yararının maliyetine kurumsal çıkarların korunması yoluyla VGF'ler ve yasal sistemde ihtiyaç duyulan gelişmelerdir.

Bu tezin en önemli yönü, Pakistan örneğini teorik spektrumda gözlemleyerek kamu yönetimi ve siyaset bilimi disiplinine olan katkısıdır. Pakistan'ın KÖO modeli, hükümetin omuzlarından ekstra yük atmak için kamu hizmetinin özel sektöre aktarılmasını vurgulayan YKY modelinin temellerini ödünç almaktadır. Pakistan KÖO ihale modelini başarıyla gerçekleştirmiş olsa da, bu araştırma KÖO modelini üretken hale getiren bazı temel ilkereden ülkenin yoksun olduğunu ortaya koymaktadır. Birincisi, kamu iktisadi teşebbüslerinin KÖO sözleşmelerine dahil edilmesi, geleneksel olmayan tedarik metodolojisini seçmenin ilk nedenini ihlal etmektedir. KÖO'da bile, hükümet özel mülkiyetli bir Özel Amaçlı Kuruluş (ÖAK) kisvesi altında hizmet sağlayıcıysa, kullanıcılara sadece paralel bir gerçeklik

sunmuyor, aynı zamanda kamu hizmetlerinin ekstra maliyetini de ödetiyorlar. KÖO sözleşmelerinde, diğer maliyetlerin yanı sıra özel danışmanlık, sermaye maliyeti ve özel tarafça tahsil edilen kâr marjlarını dikkate alan önemli bir maliyet vardır. Buna ek olarak, araştırma hükümetin etki alanında herhangi bir azalma olmadığını ortaya koyuyor; aksine, KÖO'lara yardımcı olmak için yeni departmanların kurulması nedeniyle, daha da arttığı gözlemlenmektedir.

Pakistan'ın KÖO modelinin iyi yönetim teorileriyle test edilmesi, iyi yönetişimin sekiz ilkesini tamamen karşılamadığını ortaya koymaktadır. Yönetişim teorisinin olduğu temel zemin, devlet ve devlet dışı aktörler arasında ağlar kurma fikridir. Kamu iktisadi teşebbüsleri KÖO mega projelerinin çoğunu yürütmektedir ve dolayısıyla devlet dışı aktörler ilk etapta ağ denkleminde çıkarılır. Devlet dışı aktörlerin yer aldığı projeler, araştırma, kamu ve özel ortaklar arasındaki ilişkinin, bir KÖO'nun ideal çıktı elde etmeyi amaçladığı sinerji oluşumunu engelleyen yarı umumi temsilci niteliğinde olduğunu ortaya koymaktadır. Kâr amacı gütmeyen kuruluşların yani sivil toplumun sınırlı katılımı Pakistan KÖO modelinin refah yönelimini daha da zayıflatmaktadır. Vatandaş katılımı minimal düzeyde mevcuttur; diğer yandan sivil toplum, sağlıklı olmayan bir ortam içinde faaliyet gösteriyorki, bu da onların insan haklarını savunma işlevlerini kısıtlayan bir etken olarak karşımıza çıkıyor. Otoriter zihniyeti sayesinde bürokrasi, halkın ihtiyaçlarını neredeyse anlayamadığı için vatandaşlardan uzak çalışıyor; bu nedenle kamu hizmetlerinde halkın ihtiyaçlarını karşılayamamalarına neden oluyor. Pakistan'ın KÖO politikaları, paydaşlar arasındaki anlaşmazlık çözümüne yönelik, fikir birliği yönelimini ve karşılıklı hesap verebilirliği engelleyen sağlam bir mekanizmaya sahip değildir. Politikalar Pakistan KÖO modelinde şeffaflığı garanti etmesine rağmen, araştırma, teklif verme prosedürlerinde rekabet eksikliği ve KÖO projelerinde sınırlı sayıda özel yatırımcı gibi bazı eksiklikler tespit etmektedir. KÖO sözleşmeleriyle ilgili karmaşık konuları önyargısız bir şekilde ve verimli bir biçimde ele almak için yasal sistemde kapasite oluşturulmasına ihtiyaç vardır. Son olarak, yukarıdaki faktörlerin tümü KÖO'ların verimliliğini ve etkinliğini belirlemektedir ve Pakistan'da bu metodolojinin gerçek anlamda çalışabilmesi için KÖO politikası ve uygulamasında titizlikle iyileştirmeler yapılması gerekmektedir.

Daha önce bahsedilen alanlarda önemli sayıda mega anlaşmalara rağmen, sosyal hizmetlerdeki eksiklik, 2010 yılına kadar Pakistan'ın KÖO politikalarından kaynaklanmakta idi. Sonraki yıllarda ülkede KÖO politikaları açısından istikrarlı bir iyileşme yaşandığı söylenebilir. 2010 yılında başlatılan KÖO politikası, KÖO'ların eğitim ve sağlık sektörlerine genişletilmesi ihtiyacını ortaya koymuştur. Ayrıca, 2010 yılında 18. anayasa değişikliği ile il özerkliği, illeri mevzuat açısından ve bağımsız KÖO otoritelerini kurma konusunda güçlendirmiştir. 2020 yılına kadar il ve federal düzeylerde mevzuat tamamlanmıştır. Federal hükümetle birlikte Pencap ve Sindh eyaletleri kendi KÖO birimlerini kurmakta başarılı olmuşlardır; ancak Khyber Pakhtunkhwa ve Belucistan eyaletleri de benzer süreçleri takip etmektedirler. KÖO açısından siyasi ve idari sistemin ademi merkezîyetçilik yolunda olduğunu ifade edebiliriz. Aynı zamanda, talep edilmemiş projeleri yürütmenin yasal olarak gerçekleştirilmesi de olumlu bir gelişme olarak görülebilir. Ancak, çatışmanın çözümü için yasal mekanizmalarda hala iyileştirme ve geliştirmeler gerektirmektedir. Enerji üretiminde Bağımsız Enerji Üreticileri (BEÜ) akışından öğrenilen ve yeni enerji üretimi projelerinin inşası için Yap-İşlet-Devret (YİD) tabanlı KÖO modelinin başlatılması, Pakistan'daki KÖO uygulamalarında bir iyileşmeye işaretidir.

Saha çalışması ve literatür taraması, KÖO modelinin iyileştirilmesi ve Pakistan'ın yönetsel, politik, yasal olmak üzere üç başlık altında kurumsal düzenlemesi için öneriler vermeye yardımcı olmaktadır. KÖO'ların en önemli satış noktası, devlet ve devlet dışı aktörler ortaklık ve ağlar kurduklarında elde edilen sinerjidir ve bu bir şeffaflık ve eşitlik ortamı gerektirmektedir. Araştırma, Pakistan'da KÖO'ların ortaklar arasındaki ilişkide eşitlikten yoksun olduklarını, dolayısıyla tüm paydaşların ortaklığın optimum faydalarından yararlanmak için eşit bir zeminde durmaları gerektiğini ortaya koymuştur. KÖO projelerinin yürütülmesinde gecikmelere neden olan arazi edinimi konularından kaçınmak gibi birimler arası bir çatışmayı çözebilecek bir sisteme ihtiyaç vardır. Buna ek olarak, uluslararası tahkim ile sonuçlanan paydaşlar arasındaki anlaşmazlıkları önlemek için pratik bir çatışma çözümü mekanizmasına ihtiyaç duyulmaktadır. Teklif verme süreci ve özel ortakların seçimi şeffaf olmalıdır. Ankete katılanların çoğunluğu en azından ihale prosedüründe şeffaflığa güvendiklerini ifade

etseler de, mevcut literatür ve bazı katılımcılar ihale sırasında teklif edilen fiyatların zaman zaman abartıldığını ve projelerin yürütme sırasında önemli maliyet aşımalarına maruz kaldığını ileri sürmektedirler.

Değerlendirme ve uygulama sürecinde karşılaşılan yoğun bürokrasi nedeniyle KÖO projelerini ele almak için temsilcilerin özel bilgi ve becerilere sahip olması gerekir. Oysa etkin bir bürokrasi, sadece projeleri hızlı bir şekilde işlemeye yardımcı olmakla kalmayacak, aynı zamanda özel ortaklarla güçlü bir irtibat oluşturacaktır. Kamu idari işleri dijitalleştirilmeli ve verimlilik bürokrasinin temel performans göstergelerinin esasını oluşturmalıdır. KÖO projelerinde bürokrasi atamaları tutarlı olmalıdır, bürokratların sürekli değiştirilmesi paydaşlar arasındaki ilişkilerde bozulmaya yol açabilir. Devlet ve devlet dışı aktörler birbirine bağlı olduğundan, devlet dışı aktörlerden gelen girdileri içeren KÖO politikaları etkili sonuçlar gösterebilir. Bu amaçla, kamu personeli, çıkar grupları, akademi ve sivil toplum gibi çeşitli sektörlerden profesyonelleri içeren politika ağları, kritik politika konularında ortak bir görüş oluşturmak için birlikte çalışabilir. Gelişim projeleri genellikle vatandaşları bilgiden mahrum ederek siyasi ve idari liderlikten bağımsız olarak düşünülür. Paydaşlar belirlenirken, vatandaşlar KÖO ekosisteminin önemli bir bileşeni olarak kabul edilmelidir, çünkü bunlar son kullanıcıdır ve sonuçta bir projenin tüm maliyetini ödemektedirler.

Siyasi sistemde ademi merkeziyetçiliğe ciddi bir ihtiyaç duyulmaktadır ve yerel yönetim sisteminin yokluğu KÖO çevrelerini il ve federal hükümetlerin elinde merkezileştiriyor. Eyalet ve federal hükümetler, uygulamaya uyum ve standardizasyon getirmek için KÖO yasalarını bütünsel olarak gözden geçirmelidir. Risk dağılımı açısından, ticari riskler özel ortağa devredilmesine rağmen, özel ortak talep riskini bazen politik elitler tarafından desteklenen kamu sektörüne aktarmaya çalışır. Bu tür uygulamalar proje maliyetlerini artırır ve sistemin şeffaflığına bir soru işareti koyar. Projeler için risk değerlendirmesi, tüm projeler için riskleri değerlendirmek üzere tek bir aşırı genelleştirilmiş yöntem uygulamak yerine, belirli endüstrinin dinamikleri göz önünde bulundurularak oluşturulmalıdır.

Siyasi motivasyonla gerçekleştirilen KÖO projeleri genellikle fizibilite çalışmasından sonra kalifiye olamamakta, bu da kaynak ve zaman kaybı ile sonuçlanmaktadır. Dolayısıyla, bir kamu projesi için KÖO kullanmanın en önemli nedeni paranın en iyi değerini elde etmeye yönelik sistematik bir yaklaşım izlemek olmalıdır. KÖO sözleşmelerine ilişkin sivil toplum örgütleriyle kurulan ilişkiler yeterli düzeyde değildir. İyi yönetim yaklaşımı, kar amacı gütmeyen devlet dışı aktörlerle yapılan kamu ortaklığını vurgular, çünkü sadece hükümetin omuzlarından gelen yükü azaltmakla kalmaz, aynı zamanda vatandaşlara kaliteli hizmet verilmesine de yardımcı olur. Aktif bir sivil toplumun önemli bir yönü de vatandaşları hakları konusunda eğitmesi ve sessiz dezavantajlı toplulukların sorunlarını hükümete iletmeleri için bir ses olarak davranmasıdır. Hükümet, kendisinin yan ortaklıklarını özel ortak olarak çalışmaya almak yerine özel yatırımcıları KÖO ortağı olarak önceliklendirmelidir. Bu tür bir uygulama, satın alma metodolojisinin çağrışımını Kamu-Özel Ortaklığından Kamu-Kamu Ortaklığına değiştirir.

Yasal sistem KÖO projelerinin karmaşıklıklarını anlayacak şekilde donatılmalıdır. Pakistan'daki çok sayıda KÖO projesi inşaat endüstrisi ile ilgili olduğundan, inşaat davaları için uzmanlaşmış mahkemelerin kurulması günümüzdeki en önemli ihtiyaç olarak gözükmektedir. Popülist eylemlerle adli aktivizmin artması, tarafların uluslararası tahkime dava açmasına neden olmuştur. Bu uygulama, sadece para cezaları ve diğer yaptırımlar bakımından ülkeye önemli mali kayıplar vermekle kalmadı, aynı zamanda özel yatırımcıları Pakistan'a yatırım yapmaktan kaçınmaya teşvik etti ve hükümet görevlilerini gereksiz soruşturmalara karşı savunmasız hale getirdi. Bu nedenle, tüm kurumlar çatışmaları ve istenmeyen sonuçlardan kaçınmak için anayasal sınırlarda çalışmalıdır. Sivil toplumların yasal hakları korunmalıdır. Saha araştırma verilerinden elde edilen bulgular sivil topluma karşı önemli sosyal damgalanma olduğunu ortaya koymuştur. Hükümet, sivil toplumun savunuculuk rolünü engellememeli ve iktidarı için bir tehdit olarak değerlendirmek yerine, sivil toplumun yararlı rolü, toplumun daha iyi olması için tanınmalı ve kullanılmalıdır. Düzenleyici kurumlar, kamu yararını korumak içingörevlerini yerine getirmeli ve sosyal duyarlılık, KÖO projelerinin fizibilite çalışmasının bir parçası olmalıdır.

Bu araştırma, hükümetin KÖO'ları tercih etme güdüsünün, bir projenin başarısını veya başarısızlığını belirleyen en önemli faktör olduğu sonucuna varmaktadır. Politik olarak motive edilen projeler ticari olarak gerçeği yansıtmamaktadırlar ve nihayetinde başarısızlığa uğramaktan kaçınmamaktadırlar. Öte yandan, iyi düşünülmüş, iyi planlanmış ve derinlemesine incelenmiş projeler, tüm paydaşlara yarar sağlayabilmektedir. KÖO'lar gelişmekte olan veya gelişmiş bir ekonomide aynı sonuçları vermeyebilir. KÖO'ların başarısı büyük ölçüde demokratik kültür, devlet kurumsal bütünlüğü, hukukun üstünlüğü, güçlendirilmiş ve bilgilendirilmiş vatandaşlar ve bilgi muhbirlerine ve gözlemcilerine özgürlük garantisi gibi çeşitli ön koşullara bağlıdır. Bahsedilen ön koşullardan herhangi birinin olmaması, KÖO'ların bir oligarşiye, sağ kanat için bir araca veya kılık değiştirmiş özelleştirmelere yol açabilir. Fakir ve zayıf bir hükümet, özel partileri sadece kamu hizmeti akışını sürdürmek adına onları kontrol etme gücünü kaybedebilir. Dolayısıyla hükümet, en önemli görevi olan kamu çıkarlarını koruyamayacak hale gelebilir. Bu yüzden, KÖO'ları kullanmak için nihai hedef, sadece sorumluluk atmak yerine refah yönelimli olmalıdır. Özel tarafların ilk ve son amaçları kâr etmek olduğu gibi hükümetin ilk ve son hedefi, vatandaşlarının çıkarlarının korunması olmalıdır.

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