

Report of the PPP Sub-Group on
Social Sector

Public Private Partnership



Government of India
Planning Commission
November 2004

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Foreword

Public-Private-Partnership (PPP) provides an opportunity for private sector participation in financing, designing, construction and operation & maintenance of public sector programmes and projects. The time has come to forge a greater interface between the public and the private sector in a wide range of activities in the country.

The Committee of Secretaries (COS) in its meeting held on 9th September 2003 under the chairmanship of the Cabinet Secretary, decided to constitute two Sub-Groups, namely (a) *PPP Sub-Group on Social Sector*, and (b) *PPP Sub-Group on Infrastructure* under the chairmanship of Secretary, Planning Commission. This Report deals with PPP in respect of the social sector. So far, the contribution of the private sector in the social sector under PPP has been synonymous with that of the voluntary sector. However, new models of PPP are now emerging which need to be taken on board.

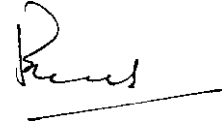
The overwhelming response of voluntary organizations in the aftermath *of the earthquake in Gujarat* was an outstanding example of public-private-partnership (PPP). The subsequent 'reconstruction' involving expenditure of around US \$ 2 billion was also implemented through the PPP mode. The Government of Gujarat succeeded in constructing community school buildings, private health centers and private housing more cost-effectively through public-private-partnership.

A number of welfare programmes in the social sector (in India) are implemented with community participation and through voluntary organizations. This Report documents the programmes and schemes in the social sector that are under implementation through public-private-partnership, in the different Ministries of the Government of India. A good many schemes being implemented *in the PPP mode* in the social sector are in the nature of *public funded with private service delivery and private management*. It is now necessary to attract *private funding as well*.

PPP is, however, a business model with certain characteristics. It ought to be introduced in the different sectors with adequate understanding. An attempt has been made in Chapter II to discuss some of the distinguishing features of PPP. Subsequent chapters deal with experiences in the different social sectors that impinge on the well being of the people.

This is only a beginning. I believe the Report would generate a good deal of

interest in PPP and serve as a basic document for even those Ministries and Departments who could not be represented on the Sub-group but have schemes that might be implemented with advantage through public-private-partnership. We would welcome information on other models/examples of PPP that exist here or elsewhere, which have not been covered in this Report.



**Yojana Bhavan,
New Delhi**

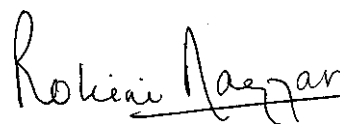
**[RAJEEVA RATNA SHAH]
Secretary, Planning Commission**

Acknowledgement

This Report is the result of the combined effort of the participating Ministries and the Planning Commission. While the *PPP Sub-Group on Social Sector* was set up at the initiative of the Committee of Secretaries (COS), the Prime Minister's Office (PMO) played an equally eminent role. The *Working Group on Public-Private-Partnership*, with representations from select Ministries and the Planning Commission, was first set up in the PMO in January 2002.

The *Working Group* deliberated upon different aspects relating to implementation of various government programmes and projects through PPP. It was clarified that PPP encompassed the entire continuum between programmes requiring full recovery of user charges to those envisioning no recovery. It was also recognized that social consequences of introducing PPP initiative should be kept in mind. Finally, the matter was referred to COS which favoured Planning Commission as the right forum to prepare two separate Reports on PPP, namely, '*the PPP Sub-group on Social Sector*' and '*the PPP Sub-group on Infrastructure Sector*'.

The Development Policy Division (Planning Commission) has been associated with this initiative from the very beginning and represented the Planning Commission on the *Working Group on Public-Private-Partnership* in the PMO. The Division, subsequently, brought out a *Concept Paper on PPP* in June 2003, which was widely circulated. Special mention may be made here of Dr. Sharat Kumar, Director and Ms. A. Srija, Senior Research Officer of the Division. Dr. Kumar designed the format of this Report and contributed significantly in its preparation.



(Rohini Nayyar)

Convener

Contents

<i>Foreword</i>	(i)
<i>Acknowledgement</i>	(iii)
I. Introduction	1
II. Public Private Partnership (PPP)	4
2.1 PPP- The Concept	4
2.1.1 PPP and Privatization	4
2.1.2 Nature of Collaboration	5
2.2 Principles of PPP	6
2.2.1 Contractual Framework	6
2.2.2 Selection of Service Provider	7
2.2.3 Payment Mechanism	9
2.2.4 Monitoring and Evaluation	10
2.2.5 Risk & Revenue Sharing	10
2.3 Local-Self Government & PPP	12
III. Social Sector and PPP	14
Elementary Education	16
Higher Education	21
Women and Child Development	23
Culture	25
Health	27
Family Welfare	37
Agriculture & Co-operation	44
Environment & Forests	48
Rural Development	52
Drinking Water Supply	54
Urban Development	56
Social Justice and Empowerment	58
IV. PPP & the Voluntary Sector	71

V. Conclusion	74
<i>Annexure-1 Model Contract in Health Sector</i>	76
<i>Annexure-2 PPP Best Practice Internationally</i>	79
<i>Annexure-3 Composition of the PPP Sub Group</i>	82

CHAPTER-1

Introduction

Law, justice and order have been the traditional functions of the state. A *welfare state* has a much-expanded role ensuring its citizens *public utilities* like road, power and water supply. The state also provides *merit goods* such as education and health services that have *positive externalities*. Under the Constitution of India, it is *the federal states* that are called upon to shoulder most of these responsibilities. The Government of India has been supplementing the efforts of the State Governments in these welfare functions (Table 1.1).

Most of these services have been traditionally provided through *in-house* facilities of governments, *financed and managed directly by them*. Public-private- partnership (PPP), on the other hand, is an approach under which services are delivered by the private sector (non-profit/for-profit organizations) *while the responsibility for providing the service rests with the government*. This arrangement requires the government to either enter into a “*contract*” with the private partner or *pay for the services (reimburse)* rendered by the private sector. *Contracting* prompts a new activity, especially so, when neither the public sector nor the private sector *existed* to provide the service.

One of the earliest evidence of *contracting out of public services* (on a long term) is found in regard to implementation of ‘*the war on poverty*’ programme of the federal government in the United States of America *during the 1960s*. Title II-A of the ‘Economic Opportunity Act, 1964’ required the poor/people themselves to assume the responsibility, *both for planning and implementing* the war on poverty at the local level. Financial resources were accordingly allocated among the city’s low-income neighborhoods through the *Community Action Agency (CAA)*, and residents were to elect individuals as members from their neighborhoods on the CAA Board of Directors. The Office of Economic Opportunity (OEO) ceased funding with US involvement in the *Vietnam War in 1967*, but the experiment survived as subsequent years saw enhancement in federal expenditures on social services that rose from 39 per cent in 1965 to 65 percent in 1980. Since most of the social services funded by *the federal government* were implemented through *contracting/public-private-partnership*, this led to proliferation of government sponsored non-profit service agencies. The Omnibus Reconciliation Act, 1981 under President Reagan reduced federal funding for social services by 20 percent and the responsibility for most of the (social) services was passed on to the states.

In regard to India, it is worth mentioning that '*community support*' for government programmes was sought during the First Five Year Plan for *construction of irrigation canals*. During the Seventh Plan, the Ministry of Rural Development set up CAPART for implementing rural development programmes through *non-profit agencies*. The Ninth Five Year Plan explicitly recognized the role of NGO's/Voluntary Organizations for social development. Furthermore, the system of extending *grants-in-aid* to educational institutions by the Ministry of Human Resources Development (Government of India) has been a decade old practice.

Table-1.1. Budgetary (Plan) Allocations to Social Sector, 2004-05.

Ministries/Departments		Budgetary Support* (Rs. Crores)
I.	Ministry of Agriculture	
1.1	<i>Department of Agriculture & Cooperation</i>	2670
1.1.1	Cultivation of Seeds	45
1.1.2	Extension & Training	97
1.1.3	Agricultural Marketing	157
1.2	<i>Department of Agriculture Research & Education</i>	1000
1.3	<i>Department of Animal Husbandry & Dairying</i>	500
II.	Ministry of Human Resource Development	
2.1	<i>Department of Elementary Education & Literacy</i>	6000
2.1.1	Sarva Shiksha Abhiyan	3057
2.1.2	Nutritional Support to primary education	1675
2.2	<i>Department of Secondary & Higher Education</i>	2224
2.3	<i>Department of Women & Child Development</i>	2400
2.3.1	ICDS	1623
III.	Ministry of Environment & Forests	
3.1	Environment & Forests	1150
3.1.1	National Afforestation Programme	190
3.1.2	Environmental education/training/extension	40
3.1.3	Welfare of animals	14
IV.	Ministry of Health & Family Welfare	
4.1	<i>Department of Family Welfare</i>	5500
4.1.1	Reproductive and Child Health Project	711
4.1.2	Urban Family Welfare Scheme	121
4.1.3	Rural Family Welfare Services	1532
4.2	<i>Department of Health</i>	1769
4.2.1	T.B. Control Programme	115

Ministries/Departments		Budgetary Support (Rs. Crores)
4.2.2	Leprosy Control Programme	53
4.2.3	Trachoma & Blindness Control programme	85
4.2.4	National AIDS control programme	232
V	Ministry of Rural Development	
5.1.	<i>Department of Rural Development</i>	11437
5.2	<i>Department of Land Resources</i>	1261
5.3	<i>Department Drinking water supply</i>	3300
VI.	Ministry of Social Justice & Empowerment	1492
VII.	Ministry of Culture	400
7.1	National Culture Fund	3
VIII.	Ministry of Urban Development	1406
8.1	Urban Water Supply & Sewerage	151
IX.	Ministry of Urban Employment & Poverty Alleviation	830
9.1	Low Cost Sanitation Programme	30

Source: Expenditure Budget, Ministry of Finance, Government of India, New Delhi, 2004

Note: *Figures have been rounded for simplification.

Three things generally distinguish PPP from direct provision of services by governments, namely (i) *a partnership based on well articulated 'contract'* (ii) *a long term relationship between the public and private sector* (iii) *flexibility and responsiveness in decision making*. It is argued that PPP leads to improvement in both 'efficiency' and 'effectiveness' in service delivery.

PPP, moreover, has had its origin in the general distrust of bureaucracy and the oppressiveness of state. Involvement of community, family neighborhoods and voluntary organizations under PPP is observed to have led to *empowerment of citizens*. The non-profit agencies in the US today combine the service role with political activism.

CHAPTER-2

Public Private Partnership (PPP)

2.1 Public-Private-Partnership - The Concept

Public-Private-Partnership or PPP is a mode of implementing government programmes/schemes in partnership with the private sector. The term private in PPP encompasses all non-government agencies such as the corporate sector, voluntary organizations, self-help groups, partnership firms, individuals and community based organizations, PPP, moreover, subsumes all the objectives of the service being provided earlier by the government, and is not intended to compromise on them. *Essentially, the shift in emphasis is from delivering services directly, to service management and coordination.* The roles and responsibilities of the partners may vary from sector to sector. While in some schemes/projects, the private provider may have significant involvement in regard to all aspects of implementation; in others s/he may have only a minor role.

2.1.1 PPP and Privatization

The key differences between public-private-partnership and 'privatization' may be summarized as follows:

Responsibility: Under *privatization* the responsibility for delivery and funding a particular service rests with the private sector. PPP, on the other hand, involves full retention of *responsibility by the government* for providing the service.

Ownership: While ownership rights under privatization are sold to the private sector along with associated benefits and costs, PPP may continue to retain the legal ownership of assets by the public sector.

Nature of Service: While nature and scope of service under *privatization* is determined by the private provider, under PPP the nature and scope of service is *contractually determined* between the two parties.

Risk & Reward: Under privatization all the risks inherent in the business rest with the private sector. Under PPP, *risks and rewards are* shared between the government (public) and the private sector.

The potential benefits expected from PPP could be mentioned as below:

- *Cost-effectiveness*- since selection of the developer/ service provider depends on competition or some bench marking, the project is generally more cost-effective than before.
- *Higher Productivity*- by linking payments to performance, productivity gains may be expected within the programme/project.
- *Accelerated Delivery*– since the contracts generally have incentive and penalty clauses vis-a-vis implementation of capital projects/programmes *this leads to accelerated delivery of projects.*
- *Clear Customer Focus*- the shift in focus from service inputs to outputs create the scope for innovation in service delivery and enhances customer satisfaction.
- *Enhanced Social Service*- social services to the mentally ill, disabled children and delinquents etc. require a great deal of commitment than sheer professionalism. *In such cases it is Community/Voluntary Organizations (VOs) with dedicated volunteers who alone can provide the requisite relief.*
- *Recovery of User Charges*- Innovative decisions can be taken with greater flexibility on account of decentralization. *Wherever possibilities of recovering user charges exist, these can be imposed in harmony with local conditions.*

2.1.2 Nature of Collaboration

The government may collaborate with the private developer/service provider in any one of the following ways:

- (i) *as a funding agency*: providing grant/capital/asset support to the private sector engaged in provision of public service, *on a contractual/non-contractual basis.*
- (ii) *as a buyer*: buying services on a long term basis.
- (iii) *as a coordinator*: specifying various sectors/forums in which participation by the private sector would be welcome.

The funding pattern and collaboration between the public sector and the private sector could take any one of the following forms:

- (i) Public funding with private service delivery and private management .
- (ii) Public as well as private funding with private service delivery and private management.
- (iii) Public as well as private funding with public/private service delivery and public/private/joint management.
- (iv) Private funding with private service delivery and private management.

Categories (ii), (iii) and (iv) have a special appeal as they promise to supplement government resources through private participation. The *Private Finance Initiative (PFI)* in the United Kingdom is stated to have been introduced *to make the contractor/concessionaire foot the bill of construction*, instead of the taxpayer. In lieu of the PFI, the concessionaire is conferred the right to recover his cost of construction and maintenance (and profit) through charging rent or imposing toll charges for the use of assets so created. Funding pattern as mentioned under category (i) is, however, the more common one in regard to the social sector; *the gain expected, nevertheless, is in the realm of 'efficiency' and 'effectiveness' in service delivery.*

2.2 Principles of PPP

PPP involves a long-term relationship between the public sector and the private sector. While the collaboration between the two, may take various forms like *buyer-seller relationship**, *donor-recipient relationship*, the most stable partnership is in the form of 'contract' binding on both the parties. Following features broadly characterize public-private-partnership.

2.2.1 Contractual Framework:

The 'contract' mirrors the basic objective of the programme /project, the tenure of agreement, the funding pattern and of sharing of risks and responsibilities. The need to define the contract very precisely, therefore, becomes paramount under PPP.

Projects/programmes under PPP may, however, broadly be classified under three heads namely (i) *service contract* (ii) *operations & maintenance (management) contract* and (iii) *capital projects, with operations & maintenance contract.*

* *Social services* in Germany and the Netherlands are provided mostly through PPP, by non-profit agencies that have a monopoly in these services. The non-profit agencies *get paid for the services rendered* in accordance to the prevailing law and policy.

2.2.2 Selection of Service Provider:

Transparency in 'selection' is an essential feature of PPP. Selection of *the developer* or *the service provider* may be done in any of the following three ways.

(i) *Competitive Bidding*

This involves *a well publicised and a well-designed bid process* to ascertain financial, technical and managerial capabilities of the service provider or the developer. Either of the two formats for bidding, namely *single round sealed bid auction* or *multiple round open-outcry (ascending) bid auction* could be adopted. The appropriate bidding process depends on the *nature of the valuation* that the bidders place on the concession, that is, on the right to do the job.

In some cases the valuation of the project depends on factors that are within the bidder's control, such as construction and maintenance cost of a building or a road. These are also known as *'private value items'*. In other cases, the valuation does not depend just on the bidder's own assessment, but also on certain unknown factors that need to be anticipated. These unknown factors are common to all bidders and each bidder may update his/her own assessment based on the assessment of other bidders. *These are known as 'common value items' and include factors such as the size of market, willingness-to-pay of consumers and future behaviour of regulators etc.*

For private value items, a single-round auction is appropriate since bidders do not need to learn from the revelation of information of other bidders and a sealed bid auction is preferable since that has the least potential for collusion. Concessions with common value characteristics, on the other hand, are best awarded through multiple-round bids since this facilitates the process of value discovery by bidders, allowing bidders to observe and respond to quotations/prices as they emerge. Multiple-round bid can also be sealed-bid, but there is an opportunity to rebid after the bids are opened. Moreover, wherever the bid process is characterized by *a two-stage process* involving, for instance, mega infrastructure projects, the bidders are required to obtain *from their prospective lenders* the financial terms, expectations regarding state support as well as their comments on the concession agreement etc.

The final selection of the developer/service provider depends upon one or a combination of the following: (a) lowest capital cost of the project, (b) lowest operation and maintenance cost, (c) lowest bid in terms of the present value of user fees, (d) lowest present value of payment from government, (e) highest equity premium (f) highest upfront fee, (g) highest revenue share to the government and or (h) shortest concession period.

Under situations of only *a sole bid being* received, the authorities have the choice of either accepting or rejecting the sole bid. In the case of rejecting the sole bid, or *when no bid is received*, the project/programme proposal itself may be modified and the bid process restarted. Alternatively, the selection of the developer/service provider is done through *competitive negotiation* with the private sector participants.

(ii) Swiss Challenge Approach

The Swiss Challenge approach refers to *suo-motu* proposals being received from the private participant by the government. The private sector thus provides (a) all details regarding its technical, financial and managerial capabilities, (b) all details regarding technical, financial and commercial viability of the project/programme (c) all details regarding expectation of government support/concessions.

The government may examine the proposal and if the proposal belongs to the declared policy of priorities, then it may invite competing counter proposals from others (in the spirit of 'Swiss Challenge' approach) giving adequate notice. In the event of a better proposal being received, the original proponent is given the opportunity to modify the original proposal. Finally, the better of the two is awarded the project/programme for execution.

(iii) Competitive Negotiation

Competitive negotiation (direct or indirect) is considered a variant of competitive bidding. The government thus specifies the service objective and invites proposals through advertisements. The government then negotiates/finalizes the contract with the selected bidders.

The government agency (or the local authority) may select the service provider/developer through *competitive negotiation* in the following cases:

- (a)* social sector projects and programmes involving VOs/NGOs/Local Community;
- (b)* project involving proprietary technology or a franchise;
- (c)* linkage project related to a mega project or a major activity;
- (d)* projects and programmes which failed to solicit any response to a bidding process;
- (e)* suo-motu proposal from a private participant.

Negotiation may, however, be *'simple'* (direct) or *'complex'* (indirect). In the second case, the government negotiates through a *'master contractor'/mother NGO*. In other words, *contracts for (public) services are contracted out* and the master contractor handles all dealings with sub-contractors/franchisees. While the government reviews the works of the master contractor through its monitors (officials) who may visit the site of programme implementation and meet the beneficiaries, the master contractor may monitor the programme (run by sub-contractors) through collecting information from the beneficiaries selected randomly, based on questionnaires/interviews.

Advantage of Master Contractor

Some of the advantages mentioned about master contracting are: (a) government has administrative convenience, and better control in dealing with less number of service providers, (b) funds can be raised from other public and private sources, other than the government (c) decisions can be taken more quickly, despite political pressures and (d) training programmes can be organized for the sub-contractors/ service provider /vendors by the master contractor, more innovatively.

However, *'master contract'* is not always relevant and *negotiation vis-à-vis the contract ought to be done directly with the community/beneficiaries*, as for instance, in the case of wild life protection *with the residents living in the vicinity of the forests*. Competitive negotiations are, however, less transparent than competitive bidding. With a view to ensure fairness, nonetheless, it is recommended that the government auditor may audit such 'contracts'.

2.2.3 Payment mechanism:

Payment to the private sector could take the form of: (a) *contractual payments* (b) *grants-in-aid* and (c) *right to levy user charges* for the asset created/leased-in. Contractual payments may be in the form of advance payment, progress payment, final payment, annuities and guarantees for receivables etc. Annuities, in turn, could be with respect to recovering the fixed cost or for recovering both variable cost and the fixed cost of the project. In the former case, both the government and the private partner share the risk of running the project.

Grants-in-aid, in turn, can take different forms such as a block grant, capital grant, matching grant, institutional support, etc. Lease agreement license, similarly, may allow the concessionaire to recover the cost of construction/operation & maintenance through levying user charges. Moreover, in the case of lease agreement, the asset reverts to the government after the expiry of the contract. The agreement

ought to also provide for the *condition of asset* that would be returned at the end of the contract.

2.2.4 Monitoring & Evaluation:

It is, quite often, thought that the job is over with the signing/finalizing the 'contract'. Payments have to be, however, linked to performance, which in turn requires monitoring. Performance measurement can be done with respect to measuring 'efficiency' or measuring 'effectiveness'. While measurement of *efficiency* entails comparing *the unit cost* of providing the service from *amongst the various alternatives*, measurement of *effectiveness* involves comparing the desired outcomes from amongst the various alternatives.

Monitoring may be done in either of the following ways (i) by government departments authorized to do so, based on a standardized scale, (ii) by independent agencies/regulators based on a standardized scale. (iii) by the department or independent agencies, based on the simple criteria of 'pass' and 'fail' (iv) by the department or independent agencies, based on the feedback received from the beneficiaries.

Involvement of third party/independent agencies for monitoring appears to be preferable as they leave the government hassle free over the project and minimize government control. *A certain percentage of the cost of the project needs to be, therefore, earmarked for contract management.* The government and the developer/service provider could mutually decide the third party. The third party involvement could be further supplemented with provision for adjudication by the (higher) judiciary.

2.2.5 Risk & Revenue Sharing:

PPP involves sharing of risk and reward between the partners. The risk involved in project implementation may be of the following types:

(a). *Construction/implementation risk, arising from:*

- i. delay in project clearance;
- ii. contractor default;
- iii. environmental damage

(b). Market risk, arising from:

- i. insufficient demand;
- ii. impractical user levies.

(c). Finance risk, arising from:

- i. inflation;
- ii. change in interest rates;
- iii. increase in taxes
- iv. change in exchange rates.

(d). Operation and maintenance risk, arising from:

- i. termination of contract;
- ii. technology risk;
- iii. labour risk.

(e). Legal risk, arising from:

- i. changes in law;
- ii. changes in title/lease rights;
- iii. insolvency of developer/service provider;
- iv. change in security structure.

It is essential that all the generic risks be identified before finalizing the contract. The assurance of the government to share the risks with the private partner is a significant confidence building measure. Quite similarly, if the actual output/returns exceed those contemplated at the start of the project, the windfall is to be shared (equally) between the public and the private sectors.

2.3 Local-Self Governments and PPP

PPP is a suitable method of delivering services commonly provided by local governments and are generally applicable to most components of service delivery. The types of services that could be provided through PPP will, however, vary from one local government to the other based on their needs and priorities.

Local governments may consider partnerships with the private sector when any of the following circumstances exist:

- (i) if there are opportunities to foster economic development.;
- (ii) if the involvement of a private partner would allow the service or project to be implemented sooner than if only the local government were involved;
- (iii) if the project or service provides an opportunity for innovation.
- (iv) if a private partner would enhance the quality or level of service from that which the local government could provide on its own;
- (v) if there is an opportunity for competition among prospective private partners;
- (vi) if there is support from the users of the service for the involvement of a private partner;
- (vii) if the output of the service can be measured and priced easily.
- (viii) if the cost of the service or project can be recovered through the implementation of user fees;
- (ix) if there is a track record of partnerships between local government and the private sector;
- (x) the service or project cannot be provided with the available financial resources or expertise of the local government.

Following observations in the context of local-self-governments and PPP are significant, namely;

‘The use of partnership exploded in the 1980’s. Most cities of any size were

involved in *real estate deals of some kind co-venturing with developers*. Dade County, Florida, made deals with private companies to operate public schools. Seattle and many other cities created Adopt-a-Park programme. Dallas did the same with libraries. Mayor George Letimer found that when *a foundation* brought substantial resources to the table, he could entice the city to do things it would never have tried on its own'.

(Osborne, D and T. Gaebler, *Reinventing Government*, Prentice-Hall of India Private Limited, New Delhi, 1992)

CHAPTER-3

Social Sector and PPP

While better physical infrastructure augments productivity (and lowers production costs), *it is no guarantee to sustainable development in the absence of investment in human capital*. After all, it is the man behind the machine who is important. The UN's *Millennium Development Goals* aims at (i) eradication of extreme poverty and hunger, (ii) achievement of universal primary education, (iii) promoting gender equality, (iv) reduction in child mortality (v) improvement of maternal health, (vi) combating HIV/AIDS, malaria and other diseases, (vii) ensuring environmental sustainability and (viii) developing a global partnership for development, *including partnership with private sector and civil society in technological development*. All these objectives are to be achieved by 2015.

Table 3.1 below illustrates the present status in India vis-a-vis the social indicators.

Table-3.1. Social Indicators-Present Status in India	
(i) a. % of population below poverty line (1999-2000)	26.1
b. Prevalence of severe malnutrition in children of 1-5 years,% (1996-97)	6.2
c. Prevalence of moderate malnutrition in children of 1-5 years,% (1996-97)	44.3
(ii) Under-5 Child Mortality, per 1000 (2001)	93
(iii) Maternal Mortality per 1lakh live births (1998)	407
(iv)a. Children (6-14 years) not attending school (<i>in millions</i>)	42
b. Primary pupil-teacher ratio (2000)	40
c. Male Literacy Rate (2001)	75.9
d. Female Literacy Rate (2001)	54.2
(v) a. Literacy Rate among Scheduled Castes (1991)	37.4
b. Literacy Rate among Scheduled Tribes (1991)	29.6
(vii) % of population having access to improved water source (2000)	84
(vii) % of population having access to improved sanitation facilities (2000)	28

Source: World Development Report 2004 & Tenth Plan Document, Government of India.

Most of the *functions in the category of social services* belong to states. The Government of India has been supplementing the efforts of State Governments in this direction. Table 1.1 above shows the budgetary allocation for the 'social sector' by the

Government of India, during 2004-05. As evident from the budgetary allocations a large sum is spent on these services, *although they fall short of the requirements*. It is all the more necessary in such a situation to ensure that the expenditure incurred is *best utilized*.

Moreover, the services so provided are mostly *in-house* dependant on the salaried staff. Limitations of this system have often been pointed out. The World Development Report 2004 (*Making Services Work for Poor People*), thus observed, 'In random visits to 200 primary schools in India, investigators found *no teaching activity in half of them at the time of visit*'. Public-private-partnership (PPP) is an *alternative to the traditional approach* of providing services through in-house facilities. Community participation through supervision of schools and involvement of non-profit service agencies in providing social services is being increasingly favoured and encouraged by the governments.

The different Ministries of Government of India in recent years have been implementing their various schemes through PPP. The sections below provide a broad outline of some these existing (as well as proposed) schemes.

**Ministry of Human Resource Development,
Department of Elementary Education & Literacy**

Some of the programmes under implementation in the Department of Elementary Education through PPP are mentioned below:

1. Programme of Mobilizing Local Support to Primary School (PLUS)

I. Objective & Function:

Improvement of primary education with local community support / Adoption of School.

II. Client¹ :

State Departments of Elementary Education/Local Bodies running Elementary Schools.

III. Service Providers:

Corporate Sector/VOs/Banks/Elected Representatives/Retired Teachers/Public Sector/Universities & Colleges/Any person from civil society.

IV. Contract Structure:

Flexible: One time/non-recurring /recurring support.

No fixed duration: However, substantial and extended support over a period of two years or more is also possible, which may be called 'Adoption'.

V. Selection criteria (Competitive bidding/negotiations):

Selection is through Direct negotiation/Voluntary offers.

VI. Payment Mechanism: Not Applicable

VII. Penalties/Incentives: Right to attend the School Management Committee.

1. It refers to the Government, public sector or private sector *institution as the client of the programme or scheme.*

VIII. Monitoring:

Monitoring is done by the Department of Elementary Education/Local Bodies, although no financial implication is there.

IX. Remarks/Benefits:

Mobilization of financial and human resources from the local community/civil society. States have been requested to have at least one per cent of the country's Government/Semi-Government primary schools covered under PLUS every year, reaching upto 10 per cent of total primary schools by 2010.

2. PPP in Mid-Day Meal Scheme

I Objective & Function:

Provision of cooked meals facilitating education through Nutrition.

II Client: Local School

III Service Providers:

VOs (*Nandi Foundation, Hyderabad; ISCON, Bangalore*).

IV Contract Structure:

State Governments provide food grains and funds to the VO as per its parameters. Remaining financial and other inputs are expected to be provided by the VO.

V Selection criteria (Competitive bidding/negotiations):

Selection is through Direct negotiation/Voluntary offers.

VI Payment Mechanism: As in IV above.

VII. Penalties/Incentives: Not applicable

VIII. Monitoring: Monitoring is done by the State Governments/ Department of Elementary Education.

IX. Remarks /Benefits: Very limited coverage, at present.

3. **Computer Aided Learning at Elementary Level under Sarva Shiksha Abhiyan (SSA)**

I. Objectives & Functions:

- (i) Make schools attractive for children *at elementary level in the age group of 6-14 years, studying in Classes I to VIII in Government aided schools.*
- (ii) Interesting and joyful learning through contents with Multimedia effect.
- (iii) Reduce dropout and increase retention rates.
- (iv) Development of communication skills, imagination power, innovative approach and inculcation of good habits, etc.
- (v) Creation of e-libraries and making information accessible to children studying in remote/rural areas.
- (vi) Promotion of Value Education, Etiquette and Cultural and Moral Values.

II. Client: Local school/State Government.

III Service Providers:

Private and Public Computer Firms.

IV. Contract Structure:

Provision of Rs.15 lakh per district per year, which is shared by the Central Government and the State Governments in the ratio of 75:25 during the Tenth Five Year Plan and 50:50 thereafter.

V. Selection Criteria:(Competitive Bidding/Negotiation):

Selection is through both (a) Voluntary offers/Negotiation as well as (b) Bidding, if necessary, at the State/UT level.

VI. Payment Mechanism: As per contract with firms/organizations.

VII. Penalties/Incentives: If required, to be decided by the respective State Governments.

VIII. Monitoring and Disbursement of Funds:

To be decided by the respective State Governments in consonance with the overall guidelines laid down for implementation of SSA and the Financial Rules approved by the Governments. SSA has a very strong set up for monitoring, which would also be utilized for monitoring this scheme.

IX. Remarks/Benefits:

SSA provides for Computer Aided Learning (CAL). Under the Innovation Functional Head. Rs.15 lakh per district per year could be provided for this purpose based on the District Elementary Education Plans of the States. Since de-centralization is the spirit of SSA, States are required to draw their district plans for CAL and formulate strategies for their implementation. The role of Central Government is that of introducing the companies working in the area and the Project Directors of the States/UTs implementing SSA face-to-face so that adequate e-learning material of good quality is developed in synchronization with the State curriculum.

Some of the major examples of PPP in this area are:

Case 1 Tamil Nadu :

- Tamil Nadu has undertaken this programme for Upper Primary level. It has been introduced in Class VI and would gradually be extended to Classes VII and VIII in subsequent years.
- Over 200 firms have been engaged on a lease arrangement, which includes supply of hardware, software, training, operations and maintenance. Each firm has been allocated an area of operation, allocating a number of schools.
- 40 hours of learning per child on computers is provided for. The time allocated provides for computer literacy skills, subject based learning and student evaluation.

Case 2 Azim Premji Foundation (APF) -Partnership with SSA Karnataka :

- This project is under implementation in Karnataka in one hundred

and thirty five schools.

- APF has developed e-learning material (education software) on CDs in different languages including English, Kannada, Hindi and Telugu.
- The foundation is using solar panels for running of computers in areas without electricity.
- Rooms and computer hardwares have been made available through SSA funds.
- The Foundation has a computer facilitation scheme, namely, 'Young India Fellow' for innovative use of the computer facilities after/before schools hours for payment of wages to the facilitator.

Case 3. EDUCOMP— Assam:

- Educomp have launched an e-learning project for SSA Assam in 500 schools on BOOT (Build, Own, Operate, Transfer) basis. Computer aided learning systems through BOOT provides for an integrated package of hardware, customized software and training of teachers.
- E-learning material has been developed in three different local languages of Assam to meet the requirement of different mediums of instructions in the State.

4. Sarva Shiksha Abhiyan (SSA)

The Department has launched the *Sarva Shiksha Abhiyan* (SSA) to universalize elementary education for all children in the 6-14 age-group, which is a time bound programme. The programme seeks to bring all children back to school or alternative schools by 2003 and provide them eight years of quality education by 2010. The SSA programme envisages community participation *in management of schools*. While elementary education is largely provided by government, the SSA programme recognizes the need for setting up schools through public-private-partnership also.

Ministry of Human Resources Development Department of Secondary and Higher Education,

Under the National Education Policy (NEP) only VOs, NGOs and Trusts can undertake activities in higher education (other than the Government) to the exclusion of *individual and private companies*. The private sector (trusts/societies) has been coming in a big way in the area of *higher education and technical education, in recent years*. Private educational institutions have, however, to abide by the prescribed guidelines and the Government oversees these institutions as part of its regulatory functions.

Private unaided schools could be established in the realm of Secondary Education by Societies under the Societies Regulation Act (or under Acts of the State Governments which may include educational, charitable or religious societies having non-proprietary character or by Trusts having affiliation to CBSE under its relevant by-laws).

Institution of higher learning in the private/public sector (other than university) are considered by the University Grants Commission (UGC) for recognition as 'deemed university' if they meet the requisite standards.

1. Deemed-to be- Universities

I. Objective & Function:

Encourage high standards in institutions of higher learning.

II. Client: University Grants Commission.

III. Service Providers: Trusts/Societies

IV. Contract Structure :

Private funding with private service delivery and private management.

V. Selection criteria (Competitive Bidding/Negotiation) :

Direct Negotiation.

VI. Payment Mechanism:

Grant-in-aid by the Government in various forms of support.

VII. Penalties/Incentives: Derecognition, if standards are not maintained.

VIII. Monitoring:

Periodical review by the UGC and the associated body of National Assessment and Accreditation Council (NAAC) with respect to minimum educational standards.

IX. Remarks/Benefits:

The scheme of 'deemed universities' encourages higher standards in institutions of higher education.

2. Other Schemes:

A number of other schemes administered with the involvement of private sector (VOs/Trusts/Societies) are (a) Integrated Education for Disabled Children, (b) Development of Languages, (c) Madrasa Modernization Programme and (d) Vocationalization of Education. The Government (of India) also provides assistance by way of grants-in-aid to registered institutions of higher learning of All India character engaged in programmes of innovative nature.

Ministry of Human Resource Development Department of Women & Child Development

The Department has schemes such as *Hostels for Girls, Short-Stay Home for Women, Support for Training-cum-Employment Programme (STEP)* and *Swawlamban* that are being implemented through NGOs and community participation. ICDS is the flagship scheme of the Department; the main features of ICDS are highlighted below.

1. Integrated Child Development Scheme (ICDS)

I. Objective & Function:

Provision of :

- (a) Supplementary Nutrition,
- (b) Immunization,
- (c) Health check up
- (d) Referral Services
- (e) Pre-school and non formal education,
- (f) Health and Nutrition Education.

II. Client: State Government/UT Administration.

III. Service Providers: Anganwadi Centres

IV. Contract Structure:

Public funding with private service delivery and private management.

V. Selection criteria (Competitive Bidding/Negotiation) :

The Anganwadi Workers (AWWs) are selected by the ICDS project officer in the district on the recommendations of the village panchayats, that is, *from and by the local community (women's groups in the village).*

VI. Payment Mechanism:

The Government of India gives *grant-in-aid* (100%) for Anganwadi Centres. This includes honorarium for the AWWs to meet the travel/

other costs for the voluntary services rendered. This does not include grant for supplementary nutrition, which is provided by the State Governments.

The Anganwadi Centres are also visited by the Auxiliary Nurse Midwives (ANMs) appointed on contractual basis by the Department of Health of the State Governments.

VII. Penalties/Incentives: National and State level awards for *selected Anganwadis*.

VIII. Monitoring & disbursement of funds:

The State Government does the monitoring and funds are released based on annual statement of expenditure and the 'utilization certificate'.

IX. Remarks/Benefits:

Provision of day care service to approximately 344 lakh children below six years in age and more than 70 lakh pregnant women. ICDS is claimed to have significantly brought down the Infant Mortality Rate (IMR).

Ministry of Culture

The Ministry has the following major scheme being implemented through PPP namely:

National Culture Fund (NCF)

I. Objective & Function:

Promoting, protecting and preserving the tangible and intangible heritage of India.

II. Client:

Archeological Survey of India/ State Governments/Public Trusts/ Community

III. Service Providers: Body Corporate/Local Community/NGOs.

IV. Contract Structure:

Public-private funding, with public-private management. Donations by the private sector has to be made to the NCF and a *Project Implementation Committee* is required to be set up. Donor, if they so desire, *can have complete say* in the manner in which case the funds collected for the project are expended. There is 100% tax rebate on the donations made.

V. Selection criteria (Competitive Bidding/Negotiation) :

MOU/contract is signed with parties interested in participating in the objectives of NCF in response to (a) Unsolicited/Voluntary offers (b) Direct Negotiation.

VI. Payment Mechanism:

Cost of management is borne out of the donations made by corporate bodies, local community, State Government or International Funding Agencies. The Government of India has made its contribution to NCF, *through creating a Corpus Fund of Rs.19.50 crore.*

VII. Incentives:

- (a) Pride and satisfaction in preserving monument of national heritage by the private sector
- (b) Public visibility (and accountability) of the private sector for projects undertaken.

VIII. Monitoring :

Monitoring is done by the representatives of the donors and the Government on the *Project Implementation Committee*.

IX. Remarks/Benefits:

MoUs have been signed for preservation of National heritages of India like Humayun's Tomb (New Delhi), Taj Mahal (Agra), Qutub Minar (New Delhi) with the Aga Khan Foundation and the Oberoi Group of Hotels, the Indian Hotels Company Ltd. (Tata Group) and the Indian Oil Corporation, respectively.

Overseas foundations/organizations, similarly, have also come forward and signed MoUs. The World Monuments Fund, New York has signed MoU for Jaisalmer Fort (Rajasthan) and for Pardeshi Synagogue Clock Tower, Cochin (Kerala).

Ministry of Health & Family Welfare Department of Health

The Department has the following schemes being implemented through PPP, namely:

1. The Revised National TB Control Programme (RNTCP)

I. Objective & Function:

RNTCP is a WHO-recommended *Directly Observed Treatment Short Course (DOTS) strategy* to control TB with the objective of curing at least 85% of new sputum positive TB patients and detecting at least 70% of such patients.

The components of the strategy are: (a) political and administrative commitment at all levels, (b) diagnosis through quality sputum microscopy of patients attending peripheral health facilities, (c) uninterrupted supply of Short-Course Chemotherapy drugs, which are given in patient-wise boxes, (d) direct observation of treatment through involvement of peripheral health functionaries, NGOs and community volunteers, and (e) systematic monitoring, evaluation, and supervision at all levels.

II. Client : State Government/District TB Control Society.

III. Service Providers:

-Private medical practitioners (Allopathic, Indian Systems of Medicine and Homeopathy),

-paramedics,

-private hospitals & nursing homes,

-Non Governmental Organizations (NGOs) and

-corporate sector health care institutions.

Involvement of NGOs has been decentralized to the district level. The District TB Control Society (DTCS) can approve collaboration at its level.

IV. Contract Structure:

MoU/contract is signed between the District TB Control Society and the

NGO with intimation to the State TB Cell and the Central TB Division. The normal period of agreement is three years, to be renewed on the basis of satisfactory annual reports/evaluation by the DTCS.

V. Selection Criteria (Competitive Bidding/Negotiation):

Voluntary offer (*negotiation*) to participate in the programme.

Any NGO registered under the Societies Registration Act and having a minimum of 3 years experience in the area of operation and having requisite infrastructure and staff is eligible to apply.

VI. Payment Mechanism Grant-in-aid as approved by the GoI.

VII. Penalties /Incentives:

In case of poor performance and non-diligence, the contract can be terminated any time without prior notice.

Incentives, in kind or cash assistance, for different schemes as approved by the GoI .

VIII. Monitoring & Disbursement of funds:

Involvement of NGOs in the Revised National TB Control Programme (RNTCP) has been decentralized to the district level and funds for this purpose are released from the Centre to the State Governments for onward transmission to the District TB Societies. As such, funds are not released by the Central Government to the NGOs directly. The Central Government, therefore, provides grants-in-aid to the State Governments, to be released to the service providers *based on the utilization certificate*.

IX. Benefits/Remarks

NGOs have been playing an active role in health promotion at the community level. Many patients prefer to seek treatment through NGOs having wide spread network. . It is worthwhile involving them in RNTCP. Involvement of NGOs is being sought, particularly, in the following schemes:

Scheme 1: Health education and community outreach

Scheme 2: Provision of directly observed treatment

Scheme 3: In-hospital care for tuberculosis disease

Scheme 4: Microscopy and treatment centre

Scheme 5: TB Unit Model

2. **National Programme for Control of Blindness**

I. Objective & Functions:

- (i) Free cataract surgery including Intra-Ocular Lens (IOL) implantation for poor patients;
- (ii) School Eye Screening for detection and correction of Refractive Errors in School going children.
- (iii) Support to eye banks for collection of donated eyes;
- (iv) Training of eye surgeons in IOL surgery.
- (v) Public Awareness on eye care.

II. Client: Department of Health, Ministry of Health & Family Welfare.

III. Service Providers:

Government Hospitals and NGOs with eye care facilities.

IV. Contract Structure:

Public funding with private service delivery and private management.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection is done through Negotiation/Voluntary offers.

Any NGO registered under the Societies Registration Act /Charitable Trust and having a track record of Eye Care Services and having requisite infrastructure and staff is eligible to apply.

VI. Payment Mechanism:

- (a) *Non-recurring grant-in-aid* is given directly from the Government of India for the followings:

(i) Strengthening and expansion of Eye Care Facility (max. grant: Rs. 17.75 lakhs).

(ii) Eye Banks. (max. grant: Rs. 5.00 lakhs.)

Proposals for non-recurring grants are considered for funding after vetting by the concerned District Blindness Control Society and the State Government.

(b) Recurring grants-in-aid are given for :

(i) For free cataract surgery (through the District Blindness Control Society) in the following manner;

- Conventional Surgery – Rs. 400 per surgery.

- IOL surgery – Rs. 600 per surgery.

(ii) To Eye Banks (directly by Government of India) in the following manner: Rs. 500 per donated eye.

VII. Penalties/Incentives:

If the NGOs/service provider does not utilize the grant-in-aid for the purpose for which it was sanctioned, the NGO has to refund the grant along with interest. The service provider has also to give a Surety Bond.

VIII. Monitoring :

Monitoring is done by the District Blindness Control Societies and State Governments.

IX. Benefits/Remarks:

- Sight Restoring Services for the Blind Persons, leading to reduction in disability years.
- Improvement in vision of children suffering from Refractive Errors.
- Increased public awareness in eye care leading to prevention of eye diseases, visual impairments & blindness.

3. National Cancer Control Programme

Schemes under National Cancer Control Programme, including grant-in-aid for cobalt machine and for awareness programmes are being revised w.e.f. 2004-05. The proposal has been approved by the Expenditure Finance Committee and is being taken up with Cabinet Committee on Economic affairs (CCEA). There is, therefore, no further information to furnish.

4. National AIDS Control Programme

I. Objective & Function:

Prevention and control of HIV/AIDS in the following ways:

- (a) Preventive interventions for high-risk populations through targeted interventions; adopting a multi-pronged strategy including peer counseling and behaviour change communication.
- (b) Preventive interventions for the general population through programmes for blood safety, voluntary counseling and testing services, Prevention of Parent to Child Transmission (PPTCT), Information Education and Communication (IEC) & awareness building among adolescents and sensitization for the AIDS Vaccine Initiative.
- (c) Provision of low cost care and support services by providing community care services, treatment of opportunistic infections and prevention of occupational exposure.
- (d) Collaborative efforts to promote inter-sectoral programme activities including workplace interventions and public-private partnerships
- (e) Build technical and managerial capacities for programme implementation through surveillance, training, monitoring and evaluation, technical resource groups, operational research and Programme management.

II. Client: Department of Health, Ministry of Health & Family Welfare.

III. Service Providers: Public Health Institutions and NGOs.

IV. Contract Structure:

Public funding with public and private service delivery and public and private management.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection is made by the State AIDS Control Societies, through Negotiation/Voluntary offers.

VI. Payment Mechanism: Grant-in-aid.

VII. Penalties/Incentives:

If the NGOs/service provider does not utilize the grant-in-aid for the purpose for which it was sanctioned, the NGO has to refund the grant along with interest. The service provider has also to give a Surety Bond.

VIII. Monitoring and Disbursement of Funds:

Monitored by the State AIDS Control Society.

IX. Benefits/Remarks: Prevention and control of HIV/AIDS.

5. National Leprosy Elimination Programme (NLEP)

I. Objective & Function:

- i. Solicit NGOs support for NLEP at the district level through activities such as Planning, Surveillance & Information System, IEC, Capacity Building, Rehabilitation, Referral, Advocacy, Case Detection, MDT Delivery and Technical Support.
- ii. Organize Prevention of Impairments and Deformities (POD) care services by undertaking Re-constructive Surgery(RCS) and providing Micro-cellular Rubber(MCR) footwear to the needy leprosy patients.

II. Client:

Department of Health, Ministry of Health & Family Welfare, GoI.

III. Services Providers:

NGOs and seeking grant-in-aid for SET (Summary Education and Treatment) recognized for RCS work.

IV. Contract Structure:

Allotment of working unit in rural areas comprise not less than 20-75, 76-150, 151-300, 301-500 and > 501 deformity patients both active and inactive irrespective of area, depending on the capacity of the NGO. Allotment of corresponding working unit in urban area comprise 0.60 to 1.4, 1.4-2.0, 2.0-3.0, 3.0-6.0 and 6.0 to 10.0 lakh marginalized and uncovered population of poor socio economic status.

The NGOs is required to appoint a qualified doctor and adequate number of non-medical technical personnel in accordance with the pattern of the scheme. It has also to be ensured that as and when doctors and other workers are called upon for periodical orientation/ refresher training, the voluntary organization will make them available for such training.

Voluntary organizations/NGOs may undertake SET work in more than one centre. However the maximum number of centres for which central assistance is admissible to one voluntary organization is restricted to two centers in a district, 5 centers in a State and 10 centers in the country.

V. Selection Criteria (Competitive Bidding/Negotiation):

Institutions opting for SET work are selected based on the following criteria:

- i. The NGO/VO should be registered under the Societies Registration Act, 1860, or should be a corporate society and/ or an institution of standing. The institution should also have the required capability in terms of infrastructure & expertise.
- ii. The institution should have experience of working satisfactorily and independently for a period of past three years in the field. Those NGOs that are proposing to seek grant-in-aid should have functioned at least for 3 months in the field after the allotment of area for leprosy work by SLO and they should have minimum 20 active patients on record in Urban areas or 20 deformity cases in Rural areas.

- iii. Recognition of institution for undertaking RCS work is based on (a) availability of Operation Theatre(OT), (b) availability of trained manpower as Surgeons and Physiotherapists. (c) availability of equipment and instrument for RCS and (d) facilities for indoor admission, wards and other Infrastructure/logistics.
- iv. Institution desirous of undertaking SET work should have a rolling fund of Rs. 2 lakhs. If an institution is desirous of undertaking more than one rural or urban unit, it has to have a rolling fund of Rs.2 lakhs for each additional centre that it wishes to cover.

VI. Payment Mechanism

Processing of the application of a new NGO/VO is completed by 31st March every year. If the proposal is agreed to by the GoI, the grants-in-aid is released to the NGO directly in two installments. The 1st installment of 50% of the funds is released in the 1st quarter of the financial year and the 2nd installment of funds is released in the 3rd quarter of the same financial year on furnishing of the audited statement of accounts and Utilization Certificates.

Grant-in-aid is provided through Demand Draft which is issued in the name of the organization on receipt of the requisite bond and the certificate that the institution/organization is not involved in any court proceedings.

VII. Penalties/ Incentives

If the work of the service provider is found to be to be sub-standard and/or if they do not comply with the standard laid down by the Government, the assets purchased through government grants viz vehicles, cycles, other equipments are taken possession of and further grant-in-aid is stopped.

VIII. Monitoring & disbursement of funds

The NGOs are supervised by the National level Leprosy Division/GOI on sample basis from time to time, based on in-depth evaluation of performance and fund utilized.

IX. Benefits/Remarks

- * MDT services are made available in difficult, remote/tribal and urban slum areas.

- * Continued NLEP activity would help achieve the goal of full elimination of leprosy from the country.

6. **Central Government Health Scheme (CGHS)**

I. **Objective & Function** : Supplementing the Central Government Health Scheme(CGHS) through outsourcing services from the private sector.

II. **Client** : Department of Health, Ministry of Health & Family Welfare.

III. **Service providers** :

Private hospitals, diagnostic centres and local authorized chemists.

IV. **Contract Structure** :

The Ministry of Health & Family Welfare has entered into a two year contract with some private hospitals/diagnostic centres fulfilling certain conditions as laid down in the tender documents to provide medical/treatment facilities to the Central Government employees and pensioners and their family members. Chemists are authorized for two years as per the terms and conditions of the contract.

V. **Selection Criteria** (Competitive Bidding/Negotiation):

Selection is through Competitive Negotiation. Advertisement is placed in the National Dailies/Website of CGHS for empanelment of private hospitals/diagnostic centres under the CGHS and a Committee of Experts scrutinizes these tender documents. Those fulfilling the conditions are empanelled by the CGHS for a period of two years after depositing the security amount, which is refundable to the hospital after the contract is over.

VI. **Payment Mechanism:**

Government employees are entitled for reimbursement of the amount incurred on his/her treatment and the treatment of the family members.

In the case of pensioners they are eligible for credit facilities if the treatment is taken in a private recognized hospital. The private hospital may raise the bill and submit the same to the Addl. Director/Joint Director of the concerned CGHS in the city for payment. In emergency and under

special financial circumstances the credit facility may also be availed by the serving employees, beside the pensioners.

VII. Penalties/Incentives :

If treatment is taken in *unrecognized* hospital and without permission, no reimbursement is made

VIII. Monitoring

Monitoring is done by the concerned Department/CGHS.

IX. Benefits/Remarks :

It is a welfare measure for the Central Government employees/pensioners and their family members. Requests have been received for extension of this facility to more cities. Due to resource constraints the Ministry of Health is not in a position to extend this benefit beyond Delhi.

Ministry of Health & Family Welfare Department of Family Welfare

The Department has the following schemes, under the Reproduction and Child Health (RCH) Programme, being implemented fully/partially through public-private partnership, namely;

1. Sterilization (for Population Stabilization)

I. Objective & Function:

Improving access to sterilization services through involvement of private/ NGO health facilities. *Beneficiaries are the acceptors of family planning services, both tubectomy and vasectomy.*

II. Client: State Government.

III. Service Providers: Private Practitioners/NGOs having medical facilities.

IV. Contract Structure:

Public funding with private service delivery and private management. Contract/MoU is signed between the State Government and the private practitioner /NGOs having medical facilities for the services to be provided.

V. Selection Criteria (Competitive Bidding/Negotiation):

Different States are using different mechanisms for selection of service providers. Some State Governments advertise the scheme inviting applications. Others decide on the basis of sou motu proposals submitted by the private sector. .

Eligibility criteria for service providers have been recently issued by the Department of Family Welfare, Government of India, detailing the checklist for basic *medical facilities/infrastructure* as a necessary precondition.

VI. Payment Mechanism:

The Government of India provides grant-in-aid, to the service providers, which is a package of Rs.300/tubectomy and Rs.200/vasectomy in non-EAG States and Rs.400/sterilization in EAG States and is routed through

the State Government. Some State Governments give a Revolving Fund for the services. *A minimum amount of Rs. 150/sterilization has to be given to the acceptor of sterilization.*

VII. Penalties/Incentives:

The service provider is debarred/black listed in case of any deviation from the scheme, or on adoption of fraudulent practices.

VIII. Monitoring and Disbursement of Funds:

Verification of claims is done by the District Health Administration, and funds are released in accordance with the claims submitted by the private practitioner/NGO.

X. Remarks/Benefits:

The PPP model is working well in Tamil Nadu, where 1.5 lakh sterilizations out of the total 4 lakh sterilization were executed through the private service provider.

2. Mother NGO (MNGO) Scheme

I. Objective & Function:

Involvement of NGOs for supplementing and complementing medical services provided by the Government, *especially in unserved and underserved areas.*

II. Client: State Governments.

III. Service Provider:

NGOs with fixed assets amounting to Rs.2 lakhs, with at least 3-5 years experience in health and family welfare.

IV. Contract Structure:

Public funding, with private service delivery and private management. The Department of Family Welfare (Government of India) takes a bond from the MNGOs for the funds released. The MNGOs do the selection and monitoring of field NGOs. .

VI. Selection Criteria (Competitive Bidding/Negotiation):

Prior to the Revised Guidelines, any NGO that applied for MNGO status, could be selected after desk review/ field inspection by National NGO, based on the recommendations of the State Governments and approval of the Selection Committee chaired by Secretary Department of Family Welfare, Government of India.

Subsequent to the Revised Guidelines, applications for MNGO status are invited through advertisements. Applications received are then screened and selection is made by the State Selection Committee after field visit, desk review etc. The final approval rests with the Department of Family Welfare, Government of India.

VI. Payment Mechanism:

The MNGO submits the proposal, which could be funded upto a minimum of Rs.1.5 lakhs per annum. The grant-in-aid is subsequently passed on to field NGOs, *retaining only the institutional costs for overseeing project implementation and for providing technical assistance to field NGOs*. Under the revised guidelines funds are being routed to MNGOs through the State Governments.

VII. Penalties/Incentives:

The MNGOs can be blacklisted and administrative procedure initiated for recovery of funds in case of fraudulent practice or breaches of terms of agreement.

VII. Monitoring and Disbursement of Funds:

While monitoring is done by the State Governments, *the Regional Resource Centres, Kolkatta, Mumbai, Dindigul and Delhi managed by recognized National NGOs*, provide technical assistance. The Apex Resource Cell in the Department of Family Welfare provides overarching support for the Regional Resource Centres and MNGOs. *MNGOs disburse funds to field NGOs for the services to be provided by them.*

VIII. Remaks/Benefits:

There is a network of 500 field NGOs in 439 districts, overseen by 102 mother NGOs which have been till recently founded directly by the Department of Family Welfare (Government of India). The scheme has been revised recently and decentralized to State levels.

3. **Social Marketing of Contraceptives (viz. Condoms/OCPs) through Social SMOs/NGOs**

I. Objective & Function:

To make available Condoms/OCPs to users at highly subsidized rates with the aim of birth spacing/prevention from AIDS/STD, through Social Marketing Organizations (SMOs/NGOs). Beneficiaries are eligible couples and other users through out the country.

II. Client: Department of Family Welfare, Government of India

III. Service Provider:

The Social Marketing Organizations (SMOs)/NGOs network. Any NGO registered under the Societies Registration Act and having a minimum of 3 years experience in the area of operation and having requisite infrastructure and staff is eligible to apply.

IV. Contract Structure:

Public funding with private service delivery and private management. The SMOs enter into agreement/contract with the Department of Family Welfare.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection is through Negotiation.

Applications are invited through open advertisement for SMO-ship. Final selection is made at the level of Secretary, Department of Family Welfare, Government Of India.

VI Payment Mechanism:

SMOs,/NGOs get supplies of Condoms/OCPs at highly subsidized prices.

VII. Penalties/Incentives:

SMOs are required to sell at least 05 m.pcs. of condoms and/or 5 lakh cycles of OCPs per annum. SMOs are given sales incentives/packing subsidy. Non-performing SMOs are excluded from the list.

VIII. Monitoring and Disbursement of Funds:

Monitoring is done by the Department of Family Welfare (GoI) and disbursement of funds is based on the Utilization Certificates submitted by the SMOs.

IX. Remarks:

New guidelines for SMOs/NGOs are under consideration of the Department of Family Welfare.

4. Contractual appointment of Addl. ANM, Public Health Nurse (PHN), Lab. Technician

I. Objective and Function:

Improving the condition of sub-optimal manpower at district and sub-district levels through trained staff appointed on *contractual basis*. Beneficiaries are pregnant women, children and others availing RCH Services.

II. Client: State Government (SCOVA).

III. Service provider: ANMs, Public Health Nurses and Lab. Technicians.

IV. Contract Structure:

Appointments are made *for one year*, which is renewable from year to year.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection is through Negotiation.

Applications are invited based on the eligibility criterion as per recruitment rules of the State Governments.

VI. Payment mechanism:

The Government of India provides grant-in-aid to the State Government. Funds are placed with the State Health and Family Welfare Society for the Voluntary Sector (SCOVA) of the State Government. Payment to workers is made in the form of salary equal to the basic pay plus DA, plus HRA.

VII. Monitoring and disbursement of funds:

State SCOVAs have the responsibility of monitoring.

5. Hiring of Safe Motherhood Consultant

I. Objective and Function:

Improving the condition of sub-optimal manpower at district and sub-district level for safe abortion services and maternal health care services available in the Primary Health Centres (PHCs) and Community Health Centres (CHCs).

II. Client: State Government (SCOVA).

Beneficiaries are pregnant women for antenatal care and post natal care and women with unwanted pregnancies desiring termination of pregnancy.

III. Service Provider: Private doctors (Obstetric and Gynecologists)

IV. Contract Structure:

Public funding (buying of services), with private service delivery and private management.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection is through Negotiation

Eligibility criteria for doctors include postgraduate degree in obstetric and gynecology and training in MTP techniques.

VI. Payment Mechanism: Payments are equal to Rs.800/- per day visit.

VIII. Monitoring :

Monitoring is the responsibility of SCOVA (State Government)

IX. Penalties/Incentives: Derecognition in case of unsatisfactory performance.

6. Vande Mataram Scheme

I. Objective and Function:

Improved access to ante and post natal care to pregnant and lactating women free of cost.

II. Client: State Government (SCOVA)

III. Service Provider:

Members and volunteers of Federation of Gynecological Society of India (FOGSI).

IV. Contract structure:

Voluntary service to provide free counseling on 9th of every month. *Private funding with private service delivery and private management.*

V. Selection criteria: (Competitive bidding/Negotiations):

Selection is through Negotiation

Voluntary offer to provide service by the FOGSI Members and other private practitioners.

VI. Payment Mechanism: N.A./Nil.

VII. Remarks/Benefits:

The scheme is operated as per norms of the “Vande Mataram Scheme”.

**Ministry of Agriculture
Department of Agriculture & Cooperation**

The Department has the following schemes being implemented through PPP, namely:

1. Agriculture Extension Services

I. Objective & Function : Transfer of Technology which includes:

- (i) Documentation of farming systems,
- (ii) Procurement/Preparation of Audio/visuals aids/training material
- (iii) Organizing demonstrations,
- (iv) Farmers Training Camps,
- (v) Commodity based workshops,
- (vi) Conducting Study Tours,
- (vii) Farmer's Visits,
- (viii) Field-days and Kisan Goshties

II. Client:

Department of Agriculture & Co-operation/Directorate of Extension

III. Service Providers: NGO's/ Farmer's Organizations

IV. Contract Structure:

Public funding with private service delivery and private management.

V. Selection criteria (Competitive Bidding/Negotiation) :

Selection is through Competitive Negotiation. Applications are examined based on *eligibility norms* laid down for selecting the NGOs/VOs.

VI. Payment Mechanism:

An amount of Rs.5 lakhs is given as **grant-in-aid** to each NGO and an amount of Rs. 4 lakhs is given as **grant-in-aid** to each farmers' organizations per year.

VII. Penalties/Incentives:

Release of funds is stopped to defaulting/blacklisted NGOs/Vos.

VIII. Monitoring:

Director (Extension), DAC, Government of India, monitors the activity on NGOs/VOs based on fixed criteria.

IX. Benefits/Remarks :

Evaluation studies show a positive impact whenever initiatives of organizing farmers' group and dissemination of technologies have been undertaken.

2. Production of Seed

I. Objective & Function: Production of Quality Seeds

II. Client: National Seeds Corporation, Government of India

III. Service Providers: Private Cultivators

IV. Contract Structure:

Forward contract with the cultivators, covering both price and quality of seeds.

V. Selection criteria (Competitive Bidding/Negotiation) :

Selection is based on direct negotiation with experienced, dependable and progressive farmers/farmer's groups having irrigation facilities.

VI. Payment Mechanism: Based on the quantity purchased.

VII. Monitoring & disbursement of funds:

Monitoring is done by the National Seeds Corporation (NSC), who also provides the necessary expertise, for seed cultivation. The NSC makes advance payment at market price on receipt of raw seed. The balance payment is made after receipt of the output as per minimum seed certification standards (MSCS).

VIII. Penalties/Incentives:

No payment in case of failure to supply quality seeds.

IX. Remarks: Helps the farmers get quality seeds for higher output.

3. Construction of Rural Godown Scheme

I. Objective & Function: Construction of godowns in rural areas.

II. Client: Department of Agriculture & Cooperation

III. Service Providers:

Private entrepreneurs /Co-operatives /Corporate Sector.

IV. Contract Structure : Public-private funding, with private management.

V. Selection criteria (Competitive Bidding/Negotiation) :

Sanction of the project is made by the commercial banks based on techno-economic feasibility.

VI. Payment Mechanism:

Capital grant in the form of (capital) subsidy is provided by the Government of India. Subsidy is credit linked and back ended and is adjusted in the entrepreneur's account after the repayment of loans.

VII. Penalties/Incentives:

Subsidy is granted after construction of godown as per the laid down criteria.

VIII. Monitoring:

Monitoring is done by the Department of Agriculture and Cooperation.

IX. Benefits/Remarks:

Creation of additional capacity of storage by public sector agencies like NCDC and NABARD are supplemented by the private sector.

4. Kisan Call Centres

I. Objective & Function:

Address to the queries of farmers, by agricultural experts.

II Client: Department of Agriculture & Cooperation (DAC).

III Service Providers:

Private call centres identified by Telecommunication Consultants India Limited (TCIL) & assisted/operated by Level 1 Agricultural Graduates.

IV Contract Structure:

Public-private funding, with private service delivery and private management.

V Selection criteria (Competitive Bidding/Negotiation) :

Based on Competitive Bidding.

VI Payment Mechanism:

Full payment for the services provided to the farmers.

VII. Penalties/Incentives:

In accordance with the MOU/contract signed between the Department of Agriculture & Cooperation and TCIL.

VIII. Monitoring:

By TCIL and the DAC, as per the guidelines. The TCIL is a premier telecommunication consultancy and engineering company incorporated in 1978 by the Department of Telecommunication, Ministry of Communication & Information Technology.

IX. Benefits/Remarks:

The Kisan Call Centres are in operation since January, 2004. The private call centers are established in different cities, covering the entire country. The beneficiary farmers may make their queries on-line at toll-free (telephone) number 1551.

5. Proposed Schemes:

Private Finance Initiative (PFI) in agri-business sector and in establishment of mega (agricultural) markets.

Ministry of Environment & Forests.

The Department has the following schemes being implemented presently through PPP, namely,

1. **Afforestation Programme of Degraded Forest Lands.**

I. Objective & Function:

To move towards the goal of 25 per cent forest and tree cover by the end of Tenth Plan and 33 per cent forests and tree cover by the end of Eleventh Plan. The main functions being:

- (a) Preparation of afforestation plan
- (b) Implementation of afforestation plan.

II. Client:

Ministry of Environment & Forests/State Forest Departments (SFDs).

III. Service Providers:

Local Community/Industry/Financial Institutions (e.g. NABARD)/State Forest Department and State Forest Development Corporation.

IV. Contract Structure:

Public funding, private funding and public-private management.

V. Selection criteria (Competitive Bidding/Negotiation):

Allocation of identified degraded land is to be done in 2-stage bids to industry by the State Forest Department. Financial bids are considered only from those bidders whose technical bid has been found to be in order, and for this purpose the minimum technical standards for the project areas are decided in advance. These technical standards include parameters such as the potential output of the project area, ecological safeguards for such forest areas and socio-cultural safeguards for the local communities.

Due care is taken for taking the required permission under the Forest (Conservation) Act, 1980.

VI. Payment Mechanism/Financing: Yet to be decided.

VII. Penalties/Incentives: Yet to be decided.

VIII. Monitoring & disbursement of funds:

Monitored jointly by State Forest Department/Financial Institutions and Government of India.

IX. Remarks/Benefits:

Bidder to offer rent for the leased-in land per hectare per year payable to State Forest Department (after afforestation), in addition to benefits to be provided to the local community.

3. Management and Operation of Protected (wildlife) Areas.

I. Objective & Function:

Wildlife conservation and eco-development by eliciting public support through:

- (a). Reduction of resource dependency of fringe dwelling people on Protected Areas, through site specific eco-development fostering alternate livelihoods and resources uses Eco-development is financed under Village Eco-development Programme.
- (b). Reduction of park-people conflicts through credibility building and community welfare inputs.
- (c). Implementation of reciprocal commitments/measurable actions by local people and government to improve conservation through protection, developing incentives for conservation and supporting suitable alternatives to damaging use of resources.
- (d). Fostering collaboration between the States Forest Departments and Local Communities in and around Protected Areas.

II. Client:

Protected Area Management (National Parks/Sanctuary/Conservation Reserve, State Forest Department)

III. Service Providers:

Local Communities/Eco-development Committees (EDCs) and State

Forest Departments.

IV. Contract Structure:

Public-private funding and public private management and service delivery. The Protected Area Management identifies wastelands for village pasture and woodlands and also provides the technical inputs for development of forest, cottage industries, wildlife tourism etc.

Note:

(a) Role of Private Sector

The private sector includes village people, fringe forest dwellers as well as the private corporate sector. The private sector is thus involved in village level eco-development, wild life tourism, joint forest management and related activities for achieving the conservation objectives. Since, livestock are owned by the private sector, the MOU/contract involves improvement of indigenous livestock with funding support under the project to minimize grazing pressure on forest, apart from production of fodder in private areas. More proactive role through development of small forest based industries is also visualized by providing credit, technological support and buyback guarantee.

(b) Role of Public Sector:

The public sector (Government of India and Governments of Project States) agencies would provide regulatory and administrative support, apart from extension/outreach, dissemination of technical skills, management practices, human resource development of implementing agencies and funding support.

V. Selection Criteria (Competitive Bidding/Negotiations):

Local Communities living in the fringes of Protected Areas/Buffer Zones of Tiger Conserves is selected in accordance with the codification in the State (through negotiations) for constituting and registering Eco-development Communities.

VI. Payment Mechanism:

Livelihood options are made available to local fringed people residing near the Protected Areas.

VII. Penalties/Incentives:

As per the MOU/contract.

VIII. Monitoring and disbursement of funds:

Protected Area Management and Eco-development Committees based on select indicators do monitoring.

IX. Benefits/Remarks:

- (i) Improved wildlife conservation and reduction in resource dependency of local people of Protected Areas.
- (ii) Improved livelihoods options for local people.

Ministry of Rural Development Department of Rural Development

The Department has the following scheme being implemented presently through PPP, namely,

1. National Fund for Rural Development (NFRD)

I Objective & Function:

Development of physical and social infrastructure through specific proposal/project for a village.

II Client: PRIs/District Administration/State Government.

III Service Providers: Private Corporate body/NGO.

IV Contract Structure:

Public private funding with private service delivery and public-private management. Contribution has to be first made to the NFRD. The donor may recommend the Implementing Agency. The proposal shall be prepared in consultation with the State Government/ District Administration/ District Panchayat and specifies the role of various stockholders.

V Selection criteria (Competitive Bidding/Negotiation) :

Selection is based on Negotiation/Voluntary offer.

Evaluation of project proposals is done with reference to the objectives of NFRD and the expected benefits.

VI Payment Mechanism:

Private contribution, for meeting the cost of the project.

VII. Penalties/Incentives:

The contributions to NFRD are 100% deductible from taxable income of the donor.

VIII Monitoring:

Regular monitoring, which is subjected to mid-term assessment by an external evaluator.

IX Benefits/Remarks:

Participation of the private sector in rural development is encouraged. The private sector can choose the project. The projects when implemented would help the rural poor to derive benefits of rural development.

Maintenance of rural roads in three districts of Maharashtra is being done by the sugar co-operatives under PPP.

2. Proposed Schemes

The Department is examining the possibility of expanding PPP, for maintenance of rural roads and the computerization and maintenance of land records (sale and purchase deeds).

Ministry of Rural Development

Department of Drinking Water Supply

The reform initiative launched by the Government of India in the rural drinking water supply sector through the *Sector Reform Project* in 1999 and since scaled up to cover the entire country through Swajaldhara in December 2002 *is based on active community* participation in the planning, implementation, operation, maintenance and management of water supply and sanitation schemes. The local community/Gram Panchayat are empowered to take decisions in this regard which may, inter alia, also include the role for NGOs/private sector. The essential features of the Swajaldhara Scheme are highlighted below:

1. **Swajaldhara Scheme**

I Objective & Function:

Implementation of a participatory, demand-driven rural water supply programme with **partial capital cost sharing** and **full operation and maintenance costs** by the **local community/user group** with a view to institutionalize community ownership of schemes and to achieve the goal of system sustainability.

II Client:

Panchayati Raj Institutions especially Gram Panchayats through the State Governments.

III Service Providers: Gram Panchayat/Local Community.

IV Contract Structure & Duration:

Community funding with community ownership of schemes. Full ownership of drinking water assets created under Swajaldhara rests with appropriate levels of Panchayats. Most schemes under Swajaldhara are small single village schemes which are to be implemented within a period of two working seasons (24 months).

V Selection criteria (Competitive Bidding/Negotiation) :

The powers to call for bids rests with the Gram Panchayat/Village Water & Sanitation Committee (VWSC) which is a sub-committee of the Gram Panchayat. While in some states, the nodal department (PHED) circulates

the list of approved contractors with requisite technical qualifications who can bid for execution of schemes under the Swajaldhara in others it is left to the Gram Panchayat/VWSC to select the suitable contractor/agency for executing the work.

VI Payment Mechanism:

Swajaldhara Guidelines stipulate that Government of India would bear 90% of the capital cost of scheme and the local community would bear the balance 10% of the capital cost, in case of schemes with a service level of 40 lped. For schemes designed for higher service level, however, the community contribution is 20% of the estimated capital cost. Funds from Government of India are transferred to the State/district-level which in turn are transferred to the bank accounts of the Gram Panchayat/VWSC. All payments are to be made by the VWSC.

VII. Penalties/Incentives:

It is left to the Gram Panachayats/VWSC to work out a system of penalties/incentives for effective implementation of Swajaldhara. This covers not only the construction phase but also the operation & maintenance phase. In several cases, *Gram Panchayats/VWSC have devised a system of penalties/incentives for ensuring timely payment of water tariff by users.*

VIII Monitoring:

This is monitored by the community. Details of account are expected to be placed before the Gram Panchayat and the Gram Sabha.

IX Remarks:

PPP may be extended to operation & maintenance of hand-pumps/water supply schemes for a group of villages. This may also include collection of water tariff from the users.

Ministry of Urban Development & Poverty Alleviation

The Urban Local Bodies (ULBs) in India are presently governed by municipal laws that differ from state to state in regard to functional and financial powers of municipalities. With a view to assist the State Governments in introducing the necessary amendments, the Ministry has brought out a Model Municipal Law.

The Ministry of Urban Development also circulated the *Guidelines for Sector Reform and for Successful Public-Private-Partnership* to all states for improving *the urban water supply and sanitation services* through securing private sector participation. The Guidelines include 'model contracts' for:

- (a) services,
- (b) operation and management
- (c) capital projects.

The Ministry has been also organizing dissemination workshops on water and sanitation programmes in different State capitals.

The case of PPP in urban waste management in Chennai is discussed below:

A. Urban Waste Management Scheme

- I Objective & Function:** (i) Sweeping and collection of waste;
(ii) Storing/disposal of waste
(iii) Construction and maintenance
(iv) Training

II Client: Corporation of Chennai (COS)

III Service Providers: CES –Ony X, a subsidy of CGEA Asia Holdings Ltd.

IV Contract Structure:

Public funding, private service delivery with private management (Seven Year Contract).

V Selection criteria (Competitive Bidding/Negotiation) :

Both Competitive Bidding and Direct negotiation.

VI Payment Mechanism:

Monthly disbursement on a per ton of waste collected with minimum commitment of 1000 tones per day.

VII. Penalties/Incentives:

The contract provides for penalties on unattended complaints recorded by Citizens Group, at the rate of 0.5% of monthly in-voice.

VIII. Monitoring: Monitored by the Corporation of Chennai.

IX. Benefits/Remarks:

The scheme covers 3 of Chennai's 10 zones covering 2 million inhabitants. It has also introduced mechanization in waste collection.

Ministry of Social Justice & Empowerment

The Department has the following schemes being implemented presently through PPP, namely,

1. Assistance to Voluntary Organizations for the welfare of Scheduled Castes

I. Objective & Function :

The scheme is to involve the voluntary sector and training institutions of repute to improve educational and socio-economic conditions of the target group i.e. Scheduled Castes with a view to upgrade their skills enabling them to start income generating activities on their own for gainful employment.

II. Client: Ministry of Social Justice & Empowerment.

III. Service Providers: NGOs/VOs,

IV. Contract Structure :

The Ministry releases up to 90% of the admissible cost as grant and 10% of expenditure is to be borne by NGOs, which may be raised through public/ private donations and user charges. Agreement is based on an annual basis as per the Finance Rules in force.

V. Selection Criteria: (Competitive Bidding/Negotiation):

Selection VOs/NGOs is based on direct negotiation. *Proposals of NGOs having proven capability are invited through State Governments/ UT Administrations.*

VI. Payment Mechanism:

Grant-in-aid, up to a maximum of 90% of the admissible cost of the scheme is provided in two equal installments directly to the VOs/NGOs by the Central Government on the recommendations of State/UT Administrations/any other prescribed agency by the Ministry.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the

performance report and utilization of grant released, during the year. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also put on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose the grant was released. As per the procedure laid down, inspection is carried out by the State Governments/ UT Administrations/any other prescribed agency.

IX. Benefits/Remarks:

People belonging to Scheduled Castes are the beneficiaries.

2. Scheme of Assistance to Voluntary Organizations for the welfare of Other Backward Classes

I. Objective & Function:

To involve the voluntary sector for improving the educational and socio-economic condition of the target group i.e. OBCs with a view to upgrade their skills for enabling them to start income generating activities on their own or to get gainfully employed.

II. Client :-Ministry of Social Justice & Empowerment.

III. Service Providers: NGOs/VOs.

IV. Contract Structure :

The Ministry releases up to 90% of the admissible cost as grant and 10% of expenditure is to be borne by NGOs which may be raised through public/ private donations and user charges.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection of VOs/NGOs is based on direct negotiation proposals of NGOs are invited through State Governments/ UT Administrations. The NGOs,

in turn, select only such OBCs : (a) that are per notified in the Central list of Backward Classes and (b) beneficiaries whose parents /guardians (including the income of the beneficiaries) does not exceed Rs.2.50 lakh, per annum.

VI. Payment Mechanism:

Grant-in-aid upto a maximum of 90% of the admissible cost is provided in two equal installments directly to the VOs/NGOs by the Central Government on the recommendations of State Government/UT Administration/National Commissions/Tribal Research Institute of State Governments and any other agency so designated by the Ministry.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also put on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose the grant was released. As per the procedure laid down, inspection is carried out by the State Governments/ UT Administrations/any other prescribed agency.

IX. Benefits/Remarks: People belonging to OBC are the beneficiaries.

3. Scheme to Promote Voluntary Action for Persons with Disabilities

I. Objective & Function:

Effective implementation of Person With Disability Act (PWD), 1995. Ensuring equal opportunities, equity and social justice to persons with disabilities. Enhancing educational opportunities at all level and in all forms. Supporting legal literacy, including legal counseling, legal aid and analysis and evaluation of existing laws. Supporting surveys and other

forms of epidemiological studies. Supporting (a) construction and maintenance of buildings, (b) furniture and fixtures, and (c) installation and maintenance of machinery and equipment. Facilitating availability of appropriate housing, homes and hostel facilities. Establishing facilities for sport, recreation, leisure-time activities, excursions, creative and performing arts, cultural and socially inclusive activities. Promoting research in various development areas, innovative strategies and enabling technologies and support production of such devices ensuring quality control. Setting up well equipped resource centres at different levels.

II. Client : Ministry of Social Justice & Empowerment

III. Service Providers: NGOs/VOs

IV. Contract Structure:

The Ministry releases up to 90% of the admissible cost as grant and 10% of expenditure is to be borne by NGOs which may be raised through public/ private donations and user charges.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection of VOs/NGOs is based on direct negotiation.

The Ministry invites proposals of NGOs through State Governments/ UT Administrations/State Commissioners/ National Institutions/any other organization so designated.

VI. Payment Mechanism:

Grant-in-aid up to a maximum of 90% of the admissible cost is provided in two equal installments directly to the VOs/NGOs by the Central Government on the recommendations of State Government/UT Administration/National Commissions/Tribal Research Institute of State Governments and any other agency so designated by the Ministry.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme, inspection is carried out every year by State Governments/UT Administrations/any other

prescribed agency. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the *grant is withdrawn* and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose the grant was released.

IX. Benefits/Remarks:

All categories of disabled persons, namely, *visually handicapped, hearing handicapped, mentally handicapped, orthopeadically handicapped, leprosy cured persons, cerebral palsy, autism and multiple handicapped are eligible to be covered.*

4. Scheme of Assistance to Disabled Persons for purchase/fitting of Aids and Appliances (ADIP Scheme)

I. Objective & Function:

Assist needy *Physically Handicapped Persons* in procuring durable, sophisticated and scientific aids and appliances that can promote physical, social and psychological rehabilitation.

II. Client: Ministry of Social Justice & Empowerment

III. Service Providers: NGOs/VOs

IV. Contract Structure:

The Ministry releases 100% grant to the physically handicapped, through the implementing agency (VOs/NGOs).

V. Selection Criteria (Competitive Bidding/Negotiation):

The applicant (any handicapped individual) may approach the implementing agency, which will satisfy itself about the eligibility of the person concerned and give him/her necessary aids & appliances. Only those aids and appliances, which do not cost less than Rs.50/- and more

than Rs.6000/-, are covered under the scheme. Full cost of the aid is provided to individuals having a monthly income upto Rs.5000/- and 50% of the cost is reimbursed to individuals having a monthly income in the range of Rs.5001/- to Rs.8000/-.

Selection of VOs/NGOs is based on direct negotiation.

Proposals of *implementing agencies* are received through the State Governments/ UT Administrations/ National Institutes/RRTCs/DRCs/ any other agency authorized by the Ministry.

VI. Payment Mechanism:

Implementing agencies/NGOs are released grant in two installments.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme, inspection is carried out every year by the State Governments/UT Administrations/any other prescribed agency. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting of the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose the grant was released.

IX. Benefits/Remarks:

All the categories of disabled persons, namely, visually handicapped, hearing handicapped, mentally handicapped, orthopaedically handicapped, leprosy cured persons, cerebral palsy, autism and multiple handicapped are eligible to be covered.

5. **Scheme of Assistance to Homes (Shishu Greh) for Children for promoting In-country adoption**

I. Objective & Function:

- (i) to regulate adoption within the country to ensure minimum standards in care of children;
- (ii) to provide support for institutional care within the country for care and protection of infants and children up-to 6 years of age, who are either abandoned or orphaned/destitute and for their rehabilitation through in-country adoption; and
- (iii) to promote in-country adoptions.

II. Client: Ministry of Social Justice & Empowerment.

III. Service Providers: VOs/NGOs and government run institutions.

IV. Contract Structure:

Government recognized institutions are released 100% grant. In the case of NGOs, upto 90% of the admissible cost as grant is released by the Ministry and 10% of grant is to be borne by NGOs which may be raised through public/ private donations and user charges..

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection of VOs/NGOs is based on direct negotiation.

The applicants under this scheme should be Indian Social/Child Welfare Agencies engaged in adoption activities for at least 3 years and recognized by the State Governments or Government of India. The scheme is implemented through voluntary organizations and government run institutions engaged in doing in-country adoption.

VI. Payment Mechanism:

Grant-in-aid up to 90% of the admissible cost is given to NGOs and 100% of the admissible cost is given to government run institutions in two equal installments. The second instalment is released after receiving the recommendation from the concerned State Governments/inspecting agencies/nodal agencies such as the Voluntary Coordinating Agencies (VCAs).

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme inspection is carried out every year by the State Governments/UT Administrations/any other prescribed agency. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose the grant was released.

IX. Benefits/Remarks:

Beneficiaries are 0-6 year destitute children needing rehabilitation through adoption.

6. Integrated Programme for Street Children

I. Objective & Function:

To provide integrated *community based* non-institutional basic services for the care, protection and development of street children facing destitution, neglect, abuse and exploitation.

To reduce exploitation and abuse and facilities withdrawal of children, engaged in hazardous work, particularly children without a family.

II. Client: Ministry of Social Justice & Empowerment

III. Service Providers: NGOs and government run institutions.

IV. Contract Structure:

Year to year basis with NGOs as per agreement bond /contract according to Finance Rules in force from time to time. The Ministry releases a maximum grant of 90% of the admissible cost. The balance 10% of the

cost has to be borne by NGOs through raising funds from public/ private donations/user charges etc. In the case of UT Administrations, the Ministry releases upto 100% grant.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection of VOs/NGOs is based on direct negotiation. The Ministry invites proposals of NOGs through State Government/UT Administration/any other institution so designated.

The scheme is implemented through voluntary organizations engaged in the field of child welfare.

VI. Payment Mechanism:

Grant-in-aid is provided in two equal installments directly to the NGO/ VO by the Central Government on the recommendations of the State Governments/UT Administrations/any other designated agency.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme, inspection is carried out every year by State Governments/UT Administrations/any other prescribed agency. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring :

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose grant was released.

IX. Benefits/Remarks: Protection of street children.

7. Integrated Programme for Older Persons

I. **Objective & Function:**

To provide physical, social, emotional and economic support to the aged (60 years and above) with a view to help them to continue to be usefully active members of the community.

II. **Client:** Ministry of Social Justice & Empowerment

III. **Service Providers:** NGOs/VOs

IV. **Contract Structure:**

The Ministry releases a maximum grant up to 90% of the admissible cost and the balance 10% of the cost has to be borne by the NGOs through raising funds from public/private donations etc. Maximum grant up to 100% is given to schools, colleges and recognized youth organizations such as the Nehru Yuvak Kendra Sangathan and the National Service Scheme.

V. **Selection Criteria** (Competitive Bidding/Negotiation):

Selection of VOs/NGOs is based on direct negotiation. The Ministry invites proposals of NGOs through State Governments/UT Administration/any other institution so designed.

The scheme is implemented through voluntary organizations engaged in the field of social welfare.

VI. **Payment Mechanism:**

Grant-in-aid is provided in two equal installments directly to the NGO/VO by the Central Government on the recommendations of State Governments/UT Administrations/any other agency.

VII. **Penalties/Incentives:**

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme, every year inspection is carried out by State Governments/UT Administrations/any other prescribed agency. In case, the Inspecting Agency finds any irregularity in

implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose grant was released.

IX. Benefits/Remarks:

Beneficiaries are old/elderly persons above 60 years in age.

8. Scheme of Assistance to Voluntary Organizations in the field of Social Defence.

I. Objective & Function:

- (i) To cover a wide spectrum of programmes/areas for tackling social problems not covered by the existing grant-in-aid schemes of the Ministry.
- (ii) To support programmes rehabilitating persons affected from natural calamities such as earthquake, cyclone and militancy.

II. Client : Ministry of Social Justice & Empowerment

III. Service Providers: NGOs/VOs

IV. Contract Structure:

The Ministry releases a maximum grant up to 90% of the admissible cost and the balance 10% of the cost has to be borne by the NGOs through raising funds from public/ private donations etc.

V. Selection Criteria (Competitive Bidding/Negotiation);

Selection of VOs/NGOs is based on direct negotiation. The Ministry invites proposals of NGOs through State Governments/UT Administration/any other institution so designed.

The scheme is implemented through voluntary organizations (VOs/NGOs).

VI. Payment Mechanism:

Grant-in-aid is provided in two installments (70% first installment and 30% second installment) directly to the NGOs/VOs by the Central Government.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme, every year inspection is carried out by State Governments/UT Administrations/any other prescribed agency. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring :

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose the grant was released.

IX. Benefits/Remarks:

Beneficiaries are people of all categories affected by natural calamities, flood, militancy etc.

9. Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse

I. Objective & Function:

To provide services for awareness education on prohibition and drug abuse prevention and for identification, counseling, treatment, follow-up and rehabilitation of addicts.

II. Client: Ministry of Social Justice & Empowerment

III. Service Providers: NGOs/VOs

IV. Contract Structure :

The Ministry releases a maximum grant up to 90% of the admissible cost

and the balance 10% of the cost has to be borne by the NGOs through raising funds from public/ private donations etc.

V. Selection Criteria (Competitive Bidding/Negotiation):

Selection of VOs/NGOs is based on direct negotiation. The Ministry invites proposals of NGOs through State Governments/UT Administration/any other institution so designed.

The scheme will be implemented through voluntary organizations engaged in the field of child welfare.

VI. Payment Mechanism:

Grant-in-aid provided in two equal installments directly to the NGOs/VOs by the Central Government on the recommendations of State/UT Governments.

VII. Penalties/Incentives:

Voluntary organizations are required to submit periodically the performance report and utilization of grant released during the year. As per procedure laid down under the scheme, every year inspection is carried out by State Governments/UT Administrations/any other prescribed agency. In case, the Inspecting Agency finds any irregularity in implementation of the programme as per the objectives of the scheme and/or any financial irregularity/mis-appropriation of grant released, the grant is withdrawn and the Ministry takes appropriate action to the extent of blacklisting the organization. Name of the blacklisted organization is also placed on the website of the Ministry.

VIII. Monitoring:

Monitoring of NGOs is done on the basis of performance reports and utilization of fund for the purpose grant was released.

IX. Benefits/Remarks: Prevention of drug abuse.

CHAPTER-4

PPP and Voluntary Sector

The voluntary sector in India refers to bodies/institutions set up under *the Societies Registration Act, the Indian Trust Act, the Religious and the Charitable Societies Act*, non-profit making companies under *the Companies Act* as well as under any other legislation that may be recognized by the State Government. The voluntary sector also includes *Community Based Organizations (CBO), Self-Help Groups (SHGs)*, which are generally informal or unregistered bodies. It does not, however, include all co-operative societies.

The voluntary sector may be broadly classified as *traditional, community based and government sponsored*. Traditional sector comprises the various religious and charitable trusts dedicated to spread education, health care, orphanages and rehabilitation homes etc.. The Community based Organizations (CBOs) comprise societies for relief from natural disasters, neighborhood societies, micro-Credit societies, women's associations, wild life protection committees etc.. Government sponsored voluntary sector comprises agencies engaged in welfare programmes such as rural development, afforestation programmes, watershed management, health and education services as well as those engaged in research and evaluation.

According to one study, the voluntary sector in India can be grouped in five categories based on their main areas of activity as follows:

- (a). Religious (26.5%)
- (b). Cultural (18.04%)
- (c). Community Service (21.3%)
- (d). Education (20.4%)
- (e). Health (6.6%).

Religious and cultural societies put together have a clear edge over other forms of voluntary sectors in India. Government sponsored voluntary sector in India in the areas of social sector, such as health and education etc. may, however, soon come to have a larger share.

In regard to mobilization of resources, moreover, it is stated that half of all

sources of receipts (51%) is self-generated through fees/charges for the services rendered. This is followed by grants and donations (29%). Amongst the various sources of raising funds, donations and charity are mostly ad hoc and irregular. Private fund raising is, furthermore, more time consuming. Similarly, while collection of funds from fees and user charges are market determined, grants-in-aid are rule bound and more dependable.

Characterizing the government sponsored voluntary sector in USA, it was observed, *'usually, the organizations have only a brief existence before they begin receiving government funds, and often they are founded only after they receive assurances of a grant award'*.^{*} The introduction of contracting out public services to voluntary organizations in USA prompted many traditional voluntary agencies to branch out to 'social service contract'.

Advantage of implementing programmes through VOs :

Some of the advantages of implementing PPP programmes through VOs in preferences to in-house government agency, especially in the social sector could be mentioned as follows:

- (a). VOs are closer to the disadvantaged sections of the society;
- (b). Staff of VOs are normally more motivated;
- (c). VOs are more successful in ensuring people's participation;
- (d). VOs are more flexible and quick in decision making.

Disadvantages of implementing programmes through VOs :

- (a) while the government may switch over to PPP to ensure cheaper services, services may no more be *universally* available. Provision of services would thus be linked to *the ability to pay*, and to that extent broader entitlement would get submerged and forgotten.
- (b) VOs may soon come to resemble profit *organizations*,
- (c) it undermines the accountability of government to the citizens;
- (d) VOs loose their autonomy and independence, as they cannot afford to go against their sponsors.

^{*} Smith, S.R. (1995), *The New Politics of Contracting: Citizenship and the Nonprofit Role* in Public Policy for Democracy ed. by Helen Ingram Frank bros & Company, NOIDA, India.

Direct Vs. Master Contract

Proliferation of non-profit/for-profit voluntary service agencies in the USA created serious *management problems* for the administrators. The Department of Child Welfare Services in New Jersey and Massachusetts, thus replaced direct contracts *with a large contract with a third party agency*. In other words, contracts may be contracted out to a master contract. The '*master contract*' in turn handles all dealings with a number of local agents/vendors who deliver the services directly.

According to some studies involvement of voluntary organization in implementation of social service programmes has led to the followings:

- Creation of new associations, interest groups of non-profit/for profit agencies.
- Emergence of *bargaining arrangements* between governments and non-profit agencies that represent corporate politics;
- Efforts by the government *to restrict* the political role of non-profit organizations.

CHAPTER –5

Conclusion

Association of voluntary organizations and non-profit service agencies in implementation of government programmes in India is a decade old practice. Various schemes in the *social sector* are implemented by the State Governments in collaboration with VOs/NGOs and the local community. The Government of India has been extending the requisite *grants-in-aid* for its Centrally Sponsored Schemes, which are routed through the State Governments. The public-private-partnership (PPP) brings in greater *professionalism* to bear on this association through introducing meaningful concepts. There is, nevertheless, scope of further expanding its coverage and *also involve the private corporate sector* in this endeavour. This may sometimes require legal and regulatory reforms in select sectors. Any amendment/reform in legislation is, however, possible when the essential features of PPP are well understood.

One of the persuasive arguments in favour of PPP is the promise of *better quality of service* through clear customer focus. It is also argued that introduction of PPP would reverse the years of chronic under-investment *through mobilizing public and private capital*. Although experience, in this regard, shows that it did not open the floodgates to private sector participation. Perhaps, there is a need for *greater public participation* in PPP projects through *'risk sharing'* to assure the private sector of the necessary 'comfort' they may look for.

A closer look at the poor performance of *public utilities and social services*, in general, also shows that the disease lies in the 'monopoly' characteristic of such activities. Since there is no alternative to the existing (*in-house*) service providers, the citizens are left with no option other than that of *"take it or leave it"*. The executives/ bureaucracy (low & high) may thus take the liberty to indulge in lethargy, corruption and high handedness. It has, therefore, been commented that the important distinction is not public versus private *rather it is monopoly versus competition*. In this respect, PPP may be looked at as a measure towards administrative reforms.

Competitive bidding or *competitive negotiation* in selection of the developer/ service provider gives 'competition' a chance. After the selection has been made the monopoly like situation of a public utility or social service is kept under check through the process of monitoring and evaluation. This can be further supplemented through putting in place *'independent regulatory systems'* to protect the consumer's interests. Equally important is to ensure 'transparency' at all levels in all activities being

implemented through public-private partnership. Since '*competitive negotiation*' is less transparent than '*competitive bidding*', it has been suggested that the 'contract' and its content could be brought under the purview of the *government auditor*.

PPP agreements also provide room for (ex-post) *evaluation*. On the expiry of the contract or even during implementation of the scheme, if it is felt there is scope for improvement, the 'contract' can be modified. Evaluation helps improve both 'efficiency' and 'effectiveness' in programme implementation. It may be reiterated that the objective of the government in introducing PPP is to choose a (private) partner with *skills, experience and resources*. The government, moreover, retains the safeguards in the form of *step-in rights* for appointing another operator in case the first operator fails to perform.

Model Contract Between SCOVA and Marwari Hospital, Guwahati

This DEED OF AGREEMENT is made on the 16th day of February, 2002 between *the State Health and Family Welfare Society for Voluntary Sector (SCOVA)* which will act on behalf of the State Health & Family Welfare Sector Reform Cell (SRC), Department of Health & Family Welfare, Government of Assam, (hereinafter called the First Party) of the one part and *the Secretary, Marwari Maternity Hospital, S.J. Road, Athagaon, Guwahati* in the district of Kamrup Assam (hereinafter called the Second Party of the other part).

AND WHEREAS the said FIRST PARTY is willing to approve Private Medical Hospital/Trust as an agent for the implementation of the Health and Family Welfare Sector Investment Programme supported by the European Commission for the improvement of the maternal and child health within the territory of Guwahati city specially of slum dwellers, and the SECOND PARTY the said Charitable Hospital desires to undertake and perform such medical programme under the FIRST PARTY on the term and conditions as agreed hereunder

Duties and Responsibilities of the Second Party

- 1 The maternal and child health services shall be provided in the selected wards of the Guwahati Municipal Corporation as annexed.
- 2 The Survey of the selected wards for identifying the beneficiaries for various component of RCH services shall be done quarterly and SERVICE CARD will be issued accordingly.
- 3 The following services in the selected wards/sites as well as hospital services, as necessary, shall be provided.
 - (a) Vaccination of the children
 - (b) Routine Ante-natal care to all pregnant women
 - (c) Basic laboratory services (Blood, Urine & Stool examination for ante-natal mothers)
 - (d) Delivery of pregnant mothers in hospital for these wards at prescribed rates as decided.

- (e) Family planning services, e.g. OC Pill, Condom, IUD insertion and Permanent sterilization for female and MTP services for safe abortion at the hospital premises regularly.
- 4 The aforesaid services mentioned in clause 3 will be provided in the slum areas of the selected wards at Camp/clinics every fortnight and regularly in the Hospital premises.
 - 5 The cases needing Hospital care of these slums related to the RCH shall be treated in the MM hospital.
 - 6 The hospital authority shall keep separate information for each service for services mentioned in Clause 3.
 - 7 Maintenance and servicing of hospital equipment.
 - 8 Construction, repair and maintenance of Hospital building.
 - 9 Monthly reporting of performance for RCH services of the selected wards to the District health authority.
 - 10 Submission of expenditure statement with utilization certificate after utilizing 75% of outstanding advance with supporting vouchers in full before requesting for release of subsequent advance.
 - 11 To follow all Govt. norms/rules as applicable in each Health Programme.
 - 12 Production of records of services and statement of Expenditure for verification by Officials of Govt. of Assam, Health Dept./Govt. of India/ECTA representative from time to time or as necessary.
 - 13 Increasing the coverage of the Fully Immunized Children by 25% after 6 months of starting the Programme and by 50% by the one year of service in selected slum as specified/
 - 14 Any other duties as may be mutually agreed upon.

Duties and Responsibilities of the First Party

The funds received for the implementation of the Sector Investment Programme activities supported by the European Commission from the Dept. of Family Welfare, Govt. of India shall be deposited to the SCOVA account under separate head of Sector Reform Fund. Account for this purpose shall be maintained separately and funds

shall be released to the Second Party with the following conditions:

- 1 The expenditure for the activities performed for rendering services as mentioned in Clause 3 shall be borne as per State Action Plan.
- 2 First advance shall be released against specific activities as mentioned in the State Action Plan approved by the Govt. of Assam and Govt. of India.
- 3 The second and subsequent advances shall be released on submission of utilization of 75% of the outstanding advance and after verification report of achievement of activities by the ECTA members/SRC members/Health & Family Welfare dept. officials.
- 4 Release of advance shall be made within two weeks after submission of report of achievement and fund requirement request.
- 5 Vaccines, contraceptives and other RCH drugs shall be supplied as per requirement of the hospital.
- 6 Capital support as approved in action plan for procuring necessary hospital Equipment/furniture shall be released from time to time depending on satisfactory service provided by the second party.
- 7 The services as required under this agreement to be provided by the second party shall be monitored by the official of the Health & Family Welfare Dept./ECTA from time to time.

These terms of Contract shall remain in force for a period of one year from the date of signing the agreement. The agreement shall be reviewed after the end of first year and may be extended further with or without modification on approval of Govt. of Assam, Health & Family Welfare Dept.

In case of any dispute between interpretation of any clause/clauses of this agreement the decision of the Health & Family Welfare Dept. will be binding on both parties.

**PPP Best Practice Internationally
in the
Social Sector**

Annexure 2.1 PPP in Education in Pakistan

Annexure 2.2 PPP in Health Services in Cambodia

PPP In Educational Sector (Pakistan)

Asia Foundation is a US based international NGO that operates in 22 Asian countries. One of the main activities of the foundation in the recent years has been Pakistan Initiative (PNI). One of the PPP initiatives undertaken under the PNI is detailed below.

PIEDAR Schools in Rural Punjab

PIEDAR is an 'action-research' organization that took up the challenge of proving that even poor rural communities *are willing to pay for quality education for their girls*. The Asia Foundation Pakistan (TAFP) partnered with PIEDAR for the establishment of private fee-paying schools in Kabirwala, District Khanewal in Punjab. Eighteen schools were started in 1995, and there was a slow and painstaking process of motivating parents, especially *mothers* to get involved. Teachers were identified from within the local community, some of them with secondary schooling while others had studied up to the primary level only. The key feature of these schools is continuous interaction with a *Learning Coordinator* who visits each school at least once a week. The teachers have a strong sense of ownership of the school, but also a sense of working alongside a larger team around the Learning Coordinator. The schools started with a monthly fee of 5 rupees, then raised it to 15, and are planning to raise it further to 25 rupees. The idea is that once the initial trust between the school and the community is established, *parents are willing and able to contribute fully towards the running of the school*. Raising the fees to the level that the school becomes self-sustaining is the ultimate objective, and teachers and Learning Coordinators are optimistic about reaching that objective. At present there are over 700 children in PIEDAR schools including about 70 boys. All 18 schools are in different stages of becoming independent and self-sustaining. Two have upgraded themselves to middle level (up to grade 8) from primary. *Nine schools function in unused government school buildings and seven in spaces provided by the community*. School uniforms have been instituted in some schools as a result of a joint decision by parents and teachers. There has been a strong impact of these schools on mothers' aspirations for their daughters. This change is particularly noticeable in the case of mothers who are themselves illiterate. The schools disprove many common myths about schooling in Pakistan. Even the poor are willing to pay fees for good quality education. It is possible for boys and girls to study together. And it is possible to maintain high and regular attendance if the school calendar adapts to the agricultural calendar.

PPP In Health Services (Cambodia)

The Government of Cambodia contracted with non-governmental entities in 1998 to provide health services in the districts. Intervention and control areas consisted of randomly selected rural districts, each with 100,000 to 200,000 people. Contractors were chosen through a *competitive process* based on the quality of their technical proposal and their price. Three approaches for providing health services were used:

- *Contracting in*- Contractors provided only management support to civil service health staff, and recurrent operating costs were provided by the government through normal government channels (three districts)

- *Contracting out*– Contractors had full responsibility for the delivery of specified services in the district, directly employed their staff, and had full management control (two districts)

- *Control areas*– The usual government provisions was retained (four districts)

Health facility surveys were conducted in 1997 before the experiment. No district had more than 20 per cent of its planned health facilities functioning. All had very poor health service coverage. Annual per capita recurrent spending by donors and government was higher in the contracted-out districts: \$2.80 in the contracted in districts, \$4.50 in contracted out districts compared to \$2.90 in control districts.

All districts improved service coverage in a short time. After only 2.5 years of the four-year experiment, *all districts had achieved their contractual obligations for the most of the evaluation indicators*. The use of health services among the poorest half of the populace increased by nearly 30 percentage points in the contracted out district. One possible explanation is that the contracted out districts did not charge official user fees; they also discouraged health care workers from taking “unofficial” user fees by paying significantly higher salaries to providers than in the other types of districts. The contracted out districts often outperformed contracted-in districts which outperformed control districts.

Composition of the PPP Sub-Group

The PPP Sub-Group on Social Sector was notified on 13th October 2003. The compositions and terms of reference of the Sub-Group are as follows: -

Secretary, Planning Commission Sansad Marg, New Delhi – 110001	Chairman
1. Secretary, Department of Rural Development, Krishi Bhavan, New Delhi.	Member
2. Secretary, Department of Elementary Education & Literacy, Shastri Bhavan, New Delhi.	Member
3. Secretary, Department of Urban Development Nirman Bhavan, New Delhi.	Member
4. Secretary, Department of Agriculture & Cooperation Krishi Bhavan, New Delhi.	Member
5. Secretary, Department of Health, Nirman Bhavan, New Delhi.	Member
6. Secretary, Ministry of Social Justice and Empowerment Shastri Bhavan, New Delhi.	Member
7. Secretary, Ministry of Culture, Shastri Bhavan, New Delhi	Member
8. Secretary, Ministry of Environment & Forests, Paryavaran Bhavan, CGO Complex New Delhi.	Member

- 9 Adviser (Development Policy)
Planning Commission,
Convener
Sansad Marg,
New Delhi

Terms of Reference

- (a) To identify sectors/programmes to be brought under PPP based on consideration of cost effectiveness and efficiency;
- (b) To ensure participation of State Governments and local bodies (PRIs) in implementation of programmes/schemes through the PPP mode and to encourage legal reforms wherever necessary.
- (c) To decide the form of public sector collaboration with private partner that is, as a buyer of services, as a funding agency, or as a coordinator;
- (d) To identify the payment (compensation) mechanism for services rendered, e.g. payment of user charges by the Government, capital grants (matching grant/block grant), land grant, permission to levy user charges on consumers with/without subsidy.
- (e) To ensure transparency in the selection procedure of the service provider through competitive bidding
- (f) To ensure transparency in monitoring and to recommend incentives and penalties in implementation of projects and programmes.

A few more members were later included into the group as it was realized these departments also have programmes, which are being implemented through the PPP mode. In continuation of Planning Commission's earlier order the following additional members were included in the Sub-Group on 27th February, 2004:

- (i) Secretary, Department of Expenditure,
- (ii) Secretary, Department of Women & Child Development,
- (iii) Secretary, Department of Secondary & Higher Education,
- (iv) Secretary, Department of Family Welfare,
- (v) Secretary, Department of Drinking Water Supply,
- (vi) Secretary, Department of Animal Husbandry & Dairying,
- (vii) Adviser, Voluntary Action Cell, Planning Commission.