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KEY POINTS

- Education outcomes in Sindh are poor, especially for girls and those in rural areas. The Government of Sindh (the government) passed the Sindh Right of Children to Free and Compulsory Education Act in compliance with Article 25-A of the Constitution of Pakistan in 2013. This put renewed pressure on the government and its School Education and Literacy Department (SELD) to address the weak performance of province's education sector.
- The education management organizations (EMO) program was developed by the newly established public-private partnership (PPP) node in SELD in 2015. The EMO program is a PPP involving the private management of public schools with the key objective of improving the functioning of public schools through innovation and modernization. In addition, the program aims to reduce inefficiencies and address management gaps in public education to deliver better quality education to all.
- EMOs are selected via a transparent competitive bidding process. The government retains ownership of school land and buildings. SELD's PPP node has overall responsibility for the selection and management of EMOs, which are reputable organizations with a credible track record of providing a range of quality education services, including management of educational institutions.

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Education Management Organizations Program in Sindh, Pakistan: Public-Private Partnership Profile

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INTRODUCTION

In 2013, the Government of Sindh (the government) passed the Sindh Right of Children to Free and Compulsory Education Act, in compliance with Article 25-A of the Constitution of Pakistan. This legislation placed renewed pressure on the government and its School Education and Literacy Department (SELD) to introduce measures to address the province's weak education performance. Sindh's poor performance on key education indicators, especially for girls and those in rural areas, prompted the province's chief minister to declare an education emergency in 2016. The Sindh Education Sector Plan 2014–2018, which set out the government's education vision and strategy, included the use of public–private partnerships (PPPs) to support the government's efforts to address the significant educational challenges facing the province.¹ Under one such PPP initiative, the education management organizations (EMO) program, the SELD contracts with private sector partners to operate public schools. The key features of the Sindh school education system are in Box 1.

THE STATE OF EDUCATION IN SINDH

Sindh faces significant challenges in access to, and the quality of, school-level education. The province has one of the lowest participation rates in school education among low- and middle-income countries. The gross enrollment ratios (GERs) and net enrollment rates (NERs) are low at all levels, but especially at the secondary level. The 25% NER at the secondary level is below

¹ The School Education and Literacy Department is preparing the new Sindh Education Sector Plan 2019-2023.



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those of all other provinces in Pakistan, except Balochistan. Factors that cause low NERs include high dropout rates at the primary school level, a lack of secondary schools, cultural barriers that limit girls' enrollments, and poor quality education that discourages continued enrollment in school. There are also wide disparities in access to school education and large variations in education indicators across socioeconomic strata, geography, and gender.

Education indicators are much worse for girls than for boys. The GER at the secondary level for girls is only 30% compared with 39% for boys. For ages 15–24, the literacy rate for girls (64%) is much lower than for boys (81%). The lack of access to secondary level education especially affects girls as many are not allowed to travel long distances and are thus unable to go to school. The lack of female teachers at all levels also adversely affects girls' enrollments, especially in rural areas. Assessments and standardized tests reveal a lack of mastery of basic skills and competencies at all levels.

A key reason for poor learning levels is an inadequate teaching force. Average teacher qualifications are low and, while a merit-based system for hiring teachers has been introduced, a legacy of non-merit-based teacher appointments remains. A serious issue is the lack of subject specialist teachers, particularly in Math and Science—subjects where students fare poorly. Teaching quality is also hampered by ineffective pre- and in-service teacher training systems. Furthermore, there is weak accountability for teacher performance. An outdated secondary education examination system reinforces poor teaching practices in the classroom.

Data on the size of the private sector in education are not systematic, reliable, or comprehensive. However, evidence suggests that the private school sector is large and growing. Although fewer than 10% of preprimary and primary schools are private, this percentage jumps

to more than 60% for middle, high, and higher secondary schools. At the preprimary and primary education levels, 37% of enrollments are in private schools—similar to middle, high, and higher secondary education levels. Private education is much more common in urban areas than in rural areas due to the larger potential market and generally higher incomes. The private sector makes up around 60% of students in primary schools in urban areas and only 14% in rural areas, with enrollment in the private sector rising over time. The private school sector in Sindh comprises low-cost private schools, elite private schools, franchise schools, and schools operated by nongovernment organizations. Schools operated under the EMO program are operated by private partners, but are considered public schools.

EDUCATION MANAGEMENT ORGANIZATIONS PROGRAM OBJECTIVES

The rationale for the EMO program was to develop partnerships with the private sector to increase access to quality education across Sindh. The program, developed by the SELD in 2015, recognizes that the government lacks the capacity to meet the growing demand for schooling and improve education outcomes. It also recognizes the significant governance and management challenges facing public education in the province. The EMO program is an education PPP where the roles of purchaser and provider are split, with the government purchasing education services delivered by the private sector.² Based on the PPP types identified in the Asian Development Bank's PPP Operational Plan 2012–2020, the EMO program represents a form of management contract involving both operational (i.e., delivery of education) and facilities management (see figure).

Box 1: The Sindh School Education System

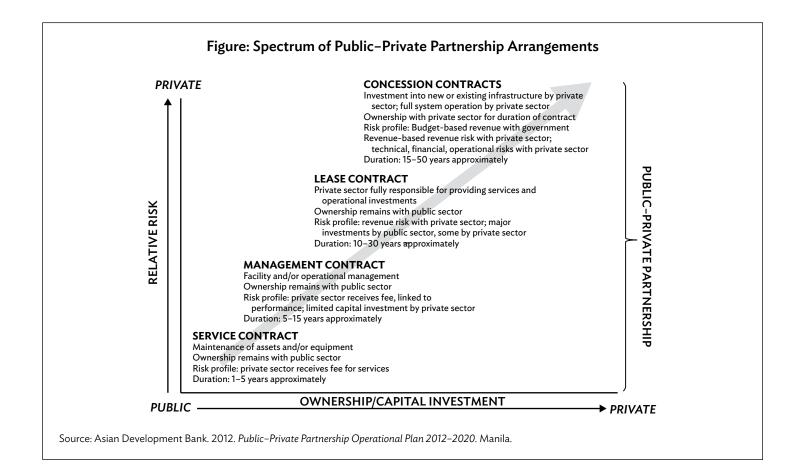
The 18th Constitutional Amendment of 2010 in Pakistan devolved to provincial governments the responsibility for 17 sectors including education. The reform introduced a new education policy framework for provincial governments, including requiring the state to provide free and compulsory quality education to those aged from 5 to 16.

The school education system is structured as follows: primary school (grades 1–5), middle school (grades 6–8), lower secondary school (grades 9–10), and higher secondary school (grades 11–12). The key agencies governing school education in Sindh are (i) the School Education and Literacy Department (SELD) which manages the education system for preprimary education and for school education up to grade 10 and (ii) the Bureaus of Intermediate and Secondary Education which manage the public examination system in the province. Students take public examinations after grades 8 and 9, and grades 11 and 12. For the most part, the Department of College Education oversees higher secondary school.

In 2014, the SELD approved the Sindh Education Sector Plan 2014-2018, which set out strategies to improve education sector performance, including expanding educational access in underserved areas, recruiting qualified teachers, improving the public examination system, and developing better school infrastructure. Approximately 20% of the provincial government budget is spent on education.

Source: Asian Development Bank. Forthcoming. Pakistan School Education Sector Assessment. Manila.

² N. LaRocque and S. Lee. 2011. Non-State Providers and Public-Private Partnerships in Education for the Poor. Manila and Bangkok: Asian Development Bank and UNICEF.



The key objectives of the EMO program include: (i) improving public sector schools by innovating and modernizing the education system; (ii) reducing inefficiencies and addressing management gaps in public education; (iii) delivering better quality education; and (iv) encouraging greater private sector investment in education, especially in rural and less developed areas of the province.

KEY FEATURES OF THE EDUCATION MANAGEMENT ORGANIZATIONS PROGRAM

Under the EMO program, the government builds schools using traditional procurement methods but contracts out their operation to private partners through concession agreements.³ EMOs are selected via a transparent competitive bidding process following government procurement laws. The government retains ownership of school land and buildings while the private partners are responsible for all aspects of school operation, including delivery of the curriculum, human resource management, and management and maintenance

of school facilities. The PPP node of the SELD is responsible for the bidding and procurement process used to select EMOs that must be reputable organizations with a credible track record of providing quality education services, including management of educational institutions. EMOs can be for-profit or not-for-profit and must have strong management capability. The EMO program is similar in design to the *Colegios en Concesión* (Concession Schools) program in Colombia (Box 2).

Schools operated by EMOs are privately managed, but they are like traditional SELD-managed public schools in many respects, including that students do not pay any tuition or other fees. Admission to EMO schools is strictly nondiscriminatory; schools managed by EMOs must deliver the Sindh curriculum and students are assessed through the same public examination boards as students in regular government schools. The teaching staff is a mixture of government teachers are paid significantly more than those hired directly by EMOs. EMOs cannot fire government teachers; but the SELD can transfer nonperforming government teachers to other schools once their nonperformance is confirmed by the EMO's independent experts.

A concession agreement is a negotiated contract between a company and a government that gives the company the right to operate a specific business within the government's jurisdiction, subject to certain conditions. Investopedia. 2018. https://www.investopedia.com/terms/c/concessionagreement.asp.

Box 2: Concession Schools Program in Bogotá, Colombia

Under the *Colegios en Concesión* (Concession Schools) program, the management of some public schools is handed over to private entities with track records of delivering high quality education. The model was developed in the late 1990s and the first schools began operating in 2000. During its initial phase, 25 schools (serving over 26,000 students) were operated by private managers under the program. The program was expected to grow to cover approximately 45,000 students in 51 schools (about 5% of public school coverage in Bogotá). However, a change in the mayoralty stopped this expansion. The program was reportedly revived in 2016, with 15 more schools (serving around 15,000 students) planned for development.

The program is designed to overcome many of the traditional problems public schools face, including weak leadership, the inability of schools to select their own personnel, the lack of labor flexibility, inadequate equipment and supplies, bureaucratic red tape, and the politicization or unionization of the education sector. Private schools or education organizations bid in a competitive process for management contracts of newly-built schools in poor Bogotá neighborhoods. Contractors may manage one school or a group of schools. All schools must provide educational services to poor children. Payments are based on enrollments. The per-student subsidy is reportedly considerably below the average cost of that in public schools, where students attend school for only a half day. Management contracts are for 15 years, demonstrating both long-term commitment to educational improvement and continuity in supply.

Contracts with providers set clear standards, including hours of instruction, the quality of nutrition provided, and establishing single shifts. The provider has full autonomy over school management and is evaluated on results. Contracts are performance based and failure to meet outcome targets in areas like standardized test scores and dropout rates for 2 consecutive years can result in contract cancellation. A private firm carries out inspections to monitor the maintenance of school facilities and property. Additionally, the Ministry of Education carries out ongoing reviews of pedagogical standards and norms and finances an independent evaluation to determine whether academic objectives were met.

Source: N. LaRocque. 2008. Public-Private Partnerships in Basic Education: An International Review. CFBT Education Trust. Reading.

POLICY AND LEGAL FRAMEWORK

The EMO program was established under and is governed by the Sindh PPP Act 2010. It is also governed by the Sindh Public Procurement Rules 2010. The government has established several entities to support the implementation of PPP projects, including a PPP Policy Board that develops cross-sector PPP policy, a PPP unit in the Finance Department, and PPP nodes in some line departments including the SELD. Some of these PPP nodes—such as the one in the SELD—lack human resources and technical capacity. The SEF also operates voucher-type PPP programs that provide student-based subsidies to private schools to enroll students. However, these programs are not established under, or governed by, the Sindh PPP Act 2010.

Established in 1992 and with most of its programs at the elementary school level, the SEF is a semiautonomous government body mandated to support education in the province. The bulk of its programs, such as the SEF Assisted Schools Program and the Promoting Private Schools in Rural Sindh Program, support increased access to schooling for the poor by providing student-based subsidies to low-fee private schools to enroll students at no cost to the student. The SEF also supports improvements in the quality of education through professional development and capacity building for its partner schools. In 2018, there were more than 550,000 students enrolled in over 2,300 SEF schools. The PPP node of the SELD is mandated to identify, initiate, and implement education projects in Sindh. It can recruit transaction advisers for project preparation and to assist in the tendering process; but the PPP node is responsible for conducting the tendering process, including prequalifying suitable contractors and selecting the most competitive bidders. The PPP node is also mandated to determine the feasibility of projects and ensure that projects meet social, gender, and environmental requirements before submitting project proposals to the PPP Policy Board. The PPP node negotiates agreements with private sector partners and these are signed by the SELD Secretary. The PPP node has limited capacity due to inadequate human resources, and the government plans to hire several more staff members and consultants. Table 1 shows the responsibilities of the PPP Policy Board, the PPP unit in the Department of Finance, and the PPP node in the SELD.

SELECTION AND ACCOUNTABILITY OF EDUCATION MANAGEMENT ORGANIZATIONS

EMOs are hired through a competitive and transparent process involving public advertisements, requests for proposals, and a rigorous bid evaluation process. Bids must include information on experience, proposed methodology and work plan, professional staff qualifications

Entity	Location	Main Responsibilities
PPP Policy Board	Chief Minister's House/Secretariat	 Interdepartmental coordination Approving or rejecting PPP project proposals Approving or rejecting contract award recommendations Approving or rejecting requests for financial assistance from the viability gap fund and project development fund Decisions on major PPP policy and implementation issues
PPP Unit	Finance Department	 Preparing projects assigned by the PPP Policy Board Quality control (review of PPP project proposals for completeness and viability) Cross-sector prioritization Providing technical support and secretariat services to the PPP Policy Board Reviewing the rationale and eligibility for government support Fiscal sustainability Risk management Preparing and regularly updating a pipeline of projects
PPP Node	School Education and Literacy Department	 Identifying projects Preparing projects Selecting private sector partners (tendering or procurement) Evaluating bids Negotiating and finalizing the terms and conditions of concession agreements Monitoring and evaluation

Table 1: Institutional Responsibilities for Public-Private Partnerships in Sindh

PPP = public-private partnership.

Source: Government of Sindh, School Education and Literacy Department. 2017. Public Private Partnership (PPP) Guide and Toolkit. Karachi.

and competence, strategies to meet key performance indicators (KPIs), and strategies to address inefficiencies and address management gaps in public education as well as any other information required by the request for proposal. The SELD sets strict technical evaluation criteria for proposals, with bidders evaluated first on technical merit. Technical criteria include the private partner's experience in school management, proposed methodology and work plan for taking over the management of the school, qualifications of key professional staff members who will manage the school, strategies for achieving KPIs, strategies to improve the efficiency and functioning of the school, and an exit strategy to ensure sustainability. Only if the bidder qualifies in the technical evaluation phase do they become eligible to enter the financial evaluation phase. Finally, the bidder with the lowest financial bid is selected.

EMOs enter into a concession agreement with the SELD which lasts ten years and are paid a management fee for operating the school. They are reimbursed for budgeted costs as stipulated and agreed upon in their financial proposals. Payments to EMOs are made quarterly and are contingent on them meeting their KPIs. These KPIs (Table 2) cover a range of areas, including school management, teacher attendance, student enrollment, curriculum delivery, staff professional development, student assessment, maintenance of school facilities, community engagement, and health and hygiene. Each KPI is accompanied by measurable progress indicators. The attainment of KPIs is assessed quarterly by experts hired by the EMOs to independently monitor and evaluate performance.

The quarterly management fee payable to EMOs is adjusted based on assessed performance. For example, EMOs whose quarterly performance is assessed at 95% are paid 95% of the quarterly management fee. Payments to EMOs are only made once they have been authorized by an independent auditor based on quarterly reports received from experts hired by the EMOs. Contracts with EMOs are for 10 years, subject to the EMO meeting performance targets. The contracts of EMOs that do not meet performance targets can be terminated.

Initially, concession agreements with EMOs applied only to the operation of one school. Hence, EMOs operating five schools would have had five separate concession agreements. However, this was recently changed so that EMO concession agreements cover multiple schools. The KPIs are the same for each school covered under a concession agreement and an independent expert is hired to evaluate the implementation of the agreement in each school. KPIs for each school are examined separately and reported as the independent expert provides individual reports for each school.

Area		Key Performance Indicator	Action Plan/Measurement Criteria	Weight (%)
Management and organization: Planning, implementation, and evaluation	1	School Management Plan	 Annual management plan Implementation framework Development and operation of education management information system 	17
	2	Improved Staff Availability and Attendance	Improvement in staff attendance and functional attendance management	8
	3	Improved Student Enrollment, Attendance, and Retention	 Student enrollment, attendance management, and retention plan Improvements in student enrollment, attendance, and retention rates benchmarked 	10
Learning and teaching: Curriculum and assessment/ teaching pedagogy	4	Lesson Planning and Student Assessment System	 Annual scheme of studies Lesson planning system Improved student learning and achievement 	25
	5	Continuous Professional Development	 Training needs assessment Continuous professional development training 	15
School environment and community engagement	6	School Repair and Maintenance, and Improved Community Engagement	 Repair and maintenance plan Meetings and engagement with school management committees Improved community outreach Parent-teacher meetings 	15
	7	Improved Health and Hygiene Practices, and Sporting Activities	 Health and hygiene practice plan Demonstrated healthy practices of students Sports and games facilities, and events plan 	10

Table 2: Key Performance Indicators for Education Management Organizations

Source: Government of Sindh, School Education and Literacy Department. 2017. Public Private Partnership (PPP) Guide and Toolkit. Karachi.



Government High School Dodanko, District Sukkur, Sindh. Built as part of the United States Agency for International Development's Sindh Basic Education Program (SBEP) and operated under the Government of Sindh's Education Management Organizations program (photo by SBEP).

Contracts for EMO-managed schools have been let to nongovernment organizations and for-profit education providers including Sukkur IBA, Charter for Compassion (Box 3), the Indus Resource Center, The Citizens Foundation, Health and Nutrition Development Society, Sindh Rural Support Organization, and Beaconhouse Schools.

IMPLEMENTATION OF THE EDUCATION MANAGEMENT ORGANIZATIONS PROGRAM

EMOs are responsible for all aspects of school operation. As outlined in the SELD's PPP toolkit, they are expected to undertake several management functions including, but not limited to, the following:

• applying a comprehensive management model to meet KPIs and improve student enrollment, retention, learning levels, and graduation rates;

Box 3: Education Management Organization Profile: Charter for Compassion

Charter for Compassion (CFC) Pakistan is a nongovernment organization, which has been involved in school education since 2011. CFC's mission emphasizes the creation of "a vibrant, peaceful, and compassionate society through the creation of innovative programs, education, and training on compassionate thought and action." It is affiliated with the international arm of CFC established in 2008.

CFC's education projects include setting up its own schools in underserved areas, partnering with government to improve the quality of schools, and working with privileged schools to inculcate compassion toward those from poor households. CFC has partnered with the government since February 2016 and currently manages nine schools in the Khairpur and Sukkur districts in northern Sindh, all constructed under the Sindh Basic Education Program of the United States Agency for International Development. CFC aims to continue to work as an education management organization (EMO) in other districts in the future. It is also partnering with the government by taking over some Sindh Education Foundation (SEF) schools.

CFC focuses on improving the quality of service delivery in EMO schools through various initiatives and inputs, which includes providing supplementary learning materials, conducting SEF Assisted Schools Program and the Promoting Private Schools in Rural Sindh Program teacher training sessions, improving health and hygiene by employing school nurses, introducing sports, and providing science laboratory equipment and materials, among others.

Source: Compiled by the authors.

Box 4: Public-Private Partnerships for Better Service Delivery in Sindh Government Schools

A study undertaken as part of the Sindh Capacity Development Project, under the Sindh Basic Education Program of the United States Agency for International Development (USAID), examined the early implementation of the education management organizations (EMO) program. The study examined the successes and challenges of the EMO program's ability to build ample evidence to inform policy and practice. The study used a qualitative approach involving focus group discussions, the observation of key processes, interviews with key stakeholders, a literature review, and document analyses.

Among the study's findings were that enrollments increased in schools managed by EMOs, although further efforts were needed to increase enrollment among girls. It was also found that stakeholders felt the good physical facilities in these schools had a positive impact on the learning environment and that the classroom teaching-learning environment was quite participatory and democratic. It concluded that the model seemed to be replicable given that it had legal backing and political commitment.

The study also outlined challenges for the EMO program, and recommended strategies for the future, including that the School Education and Literacy Department develop a strategy for the future of EMOs beyond the concession period, monitor and evaluate performance in a less mechanical fashion, strengthen the partnership between the public and private sectors, develop a platform for private sector partners to contribute to policy and regulation discussions, and ensure that EMO schools have a positive spillover effect on the Sindh education system.

Source: Sindh Capacity Development Project. 2018. Public-Private Partnerships for Better Service Delivery in Government Schools of Sindh. Karachi: USAID.

- ensuring the adequate availability and attendance of teachers (government and contract teachers, if any);
- providing adequate professional development opportunities for teaching and non-teaching staff;
- encouraging the use of student data on an ongoing basis, using high-quality formative and summative assessments to inform teaching and learning and differentiated pedagogical approaches for students of varying abilities;
- implementing the government-approved curriculum and syllabus;
- acting as custodian of the school infrastructure, equipment, and facilities, including ensuring the safety, cleanliness, security, and the adequate repair and maintenance of the school;
- working with parents and community stakeholders to develop and implement a comprehensive school improvement plan by engaging the school management committee to have regular quarterly meetings;
- working and coordinating with district and provincial government education officers to ensure quality control;
- reaching out to the private sector to provide in-kind support to the school;
- managing the day-to-day operations of the school, including supporting the principal and teachers in administrative and instructional matters; and
- transparently managing the accounting, audit, and timely disbursement of expenditures.

FUND FLOWS TO EDUCATION MANAGEMENT ORGANIZATIONS

Payments to the EMOs are included in the SELD budget and are routed through a viability gap fund with an account set up in the Finance Department. The funding structure to EMOs is governed by the Sindh PPP Act 2010. A special account is opened for PPP projects in a commercial bank so dedicated funds for such projects do not lapse even if they are unused by the end of the financial year like regular government budget funds. An independent accounting firm jointly selected by the government and the EMOs provides due diligence.

An escrow account is managed by a commercial bank in accordance with a tripartite agreement among the government, the EMOs, and the escrow bank. The government transfers funds from the PPP account to the escrow accounts as needed. Once the independent expert and the independent auditor submit their reports, the selected escrow bank releases the funds to the EMOs. These fund-flow mechanisms ensure better predictability and timely fund releases as compared to the existing government processes for releasing funds to contractors, which often encounter bureaucratic hurdles and delays.

PROGRESS AND EVOLUTION OF THE EDUCATION MANAGEMENT ORGANIZATIONS PROGRAM

The EMO program was introduced as part of the Sindh Basic Education Program (SBEP) of the United States Agency for International Development (USAID), under which 118 schools are being constructed in Sindh and then operated by EMOs. USAID recently financed a review of the EMO program's early implementation (Box 4). The EMO program may be expanded. A similar model is also being implemented for government teacher training colleges in Sindh. As of March 2019, four EMO tenders have been conducted and EMOs are operating 43 SBEP schools and managing a further 25 cluster schools.

The program is continually evolving in response to changing circumstances and lessons learned from its implementation, as evidenced by the shift toward district-wide concession agreements. Possible modifications to the program's key features include the hiring of teachers specific to schools, more flexibility in contracts, revised and simplified contracting and performance assessment processes, affiliation with the Aga Khan University-Examination Board, and the acquisition of new textbooks aligned with the Sindh curriculum.

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