

# Assessing the Impact of Public-Private Partnerships in the Global South

*The Case of the Kasur Tanneries  
Pollution Control Project*

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## Acronyms

<b>AIDS</b>	acquired immunodeficiency syndrome
<b>CBS</b>	Copenhagen Business School
<b>CSR</b>	corporate social responsibility
<b>CSSR</b>	Collective for Social Science Research
<b>DANIDA</b>	Danish International Development Agency
<b>HIV</b>	human immunodeficiency virus
<b>ILO</b>	International Labour Organization
<b>IUCN</b>	World Conservation Union
<b>KTPCP</b>	Kasur Tanneries Pollution Control Project
<b>KTWMA</b>	Kasur Tanneries Waste Management Agency
<b>NEC</b>	National Environmental Consultants
<b>NGO</b>	non-governmental organization
<b>NEQS</b>	National Environmental Quality Standards
<b>NORAD</b>	Norwegian Agency for Development Cooperation
<b>OHS</b>	occupational health and safety
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OECD–DAC</b>	Development Assistance Committee of the OECD
<b>PPP</b>	public private partnership
<b>ReNED</b>	Research Network for Environment and Development
<b>Rs.</b>	Rupees
<b>TB</b>	Tuberculosis
<b>UN</b>	United Nations
<b>UNCSD</b>	United Nations Commission on Sustainable Development
<b>UNICEF</b>	United Nations Children’s Fund
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNDP</b>	United Nations Development Programme
<b>UNRISD</b>	United Nations Research Institute for Social Development
<b>WSSD</b>	World Summit for Sustainable Development

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## Summary/Résumé/Resumen

### **Summary**

An increased role for public-private partnerships (PPPs) in the developing world was one of the most novel outcomes of the World Summit on Sustainable Development in Johannesburg in 2002. The United Nations (UN) Global Compact encourages companies to participate in partnership projects with UN agencies and civil society organizations. While the number of PPPs and intergovernmental backing for these initiatives are significant, we still need to know more about their effects in the last five years. This paper makes a contribution to the ongoing debate about the potential and limitations of PPPs in developing countries, and whether their effects can be empirically assessed, and if so, how.

This paper examines some of the key assumptions underlying the current debate on PPP impact assessment, arguing that (i) different stakeholders may not want to know about the effects of PPPs in developing countries; (ii) there is no objective “truth” about these effects that can be discovered through the use of impact assessment methodologies; and (iii) insights generated through impact assessments may be used as a learning resource, but cannot necessarily be transferred from one context to another, since what works in one particular setting may not work in another.

The paper then investigates what can actually be known about a PPP’s impacts through the use of impact assessment methodologies. It does this by testing a pilot framework to assess the impacts of PPPs based on the standard criteria for aid evaluation formulated by the Organisation for Economic Co-operation and Development (OECD). As a case study, the paper looks at a PPP in Pakistan between 237 leather tanneries, local government agencies, the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO), which aimed to reduce environmental pollution in the city of Kasur.

The paper shows that impact assessment methodology may be helpful in generating insights into the relevance, effectiveness, efficiency, impact and sustainability of PPPs in developing countries. However, it is less useful in explaining *why* the PPP has – or has not – been relevant, effective and efficient, or if it had (un)intended consequences or was sustainable.

At the same time, win-win and win-lose outcomes may exist simultaneously, even for the same stakeholder affected by a PPP, depending upon which aspect of the PPP is assessed. In designing, implementing and assessing the impact of PPPs, it should therefore be recognized that important trade-offs may exist between different aspects of a PPP – for example, its efficiency and sustainability – instead of assuming that all PPP stakeholders benefit or lose, in all places, all of the time.

The paper also highlights some of the inherent limitations associated with tools-oriented approaches in assessing the impact of PPPs. In fact, the current emphasis on PPP impact assessment appears to turn complex questions of economic, social and environmental justice into technical problems that can be solved through the use of policy approaches such as PPPs, and the subsequent employment of various managerial tools, such as impact assessment methods, to measure their effects.

It is important to remember that most social and environmental problems in the developing world are not caused primarily by policy or management failures, but are instead to be understood against the background of politics and power relations that link the developed and developing worlds. While not denying the role of ensuring proper design, monitoring and so on of PPPs, we must understand their effects as an outcome of the struggle between a variety of actors over the distribution of social and environmental hazards associated with the broader processes of economic development and industrialization.

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## **Résumé**

L'un des résultats les plus originaux du Sommet mondial sur le développement durable, tenu à Johannesburg en 2002, a été la place plus grande accordée aux partenariats public-privé (PPP) dans le monde en développement. Le Pacte mondial de l'Organisation des Nations Unies (ONU) encourage des sociétés à participer à des projets de partenariat aux côtés d'institutions des Nations Unies et d'organisations de la société civile. Si ces PPP sont assez nombreux et jouissent d'un large soutien intergouvernemental, il est nécessaire d'en savoir plus sur leurs effets au cours des cinq dernières années. Ce document contribue au débat en cours sur le potentiel et les limites des PPP dans les pays en développement et sur la question de savoir si l'on peut en évaluer les effets de manière empirique et, si oui, de quelle façon?

L'auteur de ce document examine quelques-unes des hypothèses sur lesquelles repose le débat actuel sur l'évaluation des effets des PPP, faisant valoir que (i) diverses parties peuvent ne pas vouloir connaître les effets des PPP dans les pays en développement; (ii) on ne peut pas découvrir de "vérité" objective sur ces effets en employant des méthodes d'évaluation d'impact; et (iii) ce que révèlent les évaluations d'impact peut être utilisé comme un savoir, mais pas forcément être transposé ailleurs, car ce qui fonctionne dans un contexte peut ne pas fonctionner dans un autre.

L'auteur cherche ensuite à déterminer ce que l'emploi des techniques d'évaluation d'impact a révélé sur les effets des PPP. Il le fait en testant une grille d'évaluation pilote qui utilise les mêmes critères types que ceux établis par l'Organisation de coopération et de développement économiques (OCDE) pour l'évaluation de l'aide. Le cas qu'il étudie est celui d'un PPP conclu au Pakistan entre 237 tanneries, des institutions gouvernementales locales, le Programme des Nations Unies pour le développement (PNUD) et l'Organisation des Nations Unies pour le développement industriel (ONUDI), dans le but de réduire la pollution environnementale dans la ville de Kasur.

L'auteur montre que la méthode d'évaluation d'impact peut livrer des renseignements utiles sur la pertinence, l'efficacité, la performance, l'impact et la viabilité des PPP dans le pays en développement mais qu'elle est moins utile lorsqu'il s'agit d'expliquer *pourquoi* le PPP a été ou n'a pas été pertinent, efficace et performant comme s'il a eu des conséquences (in)attendues ou s'il était viable.

En même temps, on peut découvrir que, selon l'aspect du PPP évalué, le même partenaire touché par le PPP peut être gagnant sur tous les tableaux ou gagner et perdre tout à la fois. Lors de la conception des PPP, de leur mise en œuvre et de l'évaluation de leur impact, il faut donc savoir qu'il peut y avoir un équilibre délicat à trouver entre différents aspects d'un même PPP—par exemple, entre efficacité et viabilité—et ne pas supposer que tous les partenaires y gagnent ou y perdent partout et tout le temps.

L'auteur fait aussi ressortir quelques-unes des limites inhérentes aux outils utilisés. En fait, l'accent mis actuellement sur l'évaluation de l'impact des PPP semble transformer des questions complexes de justice économique, sociale et environnementale en problèmes techniques que l'on peut régler en recourant à des approches politiques tels que les PPP et en employant divers outils de gestion tels que les méthodes d'évaluation d'impact, pour en mesurer les effets.

Il importe de se rappeler que la plupart des problèmes sociaux et environnementaux du monde en développement n'ont pas pour cause première des politiques inadaptées ou des carences en gestion mais tiennent plutôt aux politiques et rapports de force entre le monde développé et le monde en développement. Sans nier la nécessité de bien concevoir les PPP et d'en suivre

l'évolution, il faut en comprendre les effets et voir en eux le résultat de la lutte que se livrent divers acteurs pour répartir les dangers sociaux et environnementaux liés au développement économique et à l'industrialisation.

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### **Resumen**

Un papel cada vez más importante para las asociaciones público-privadas (APP) en el mundo en desarrollo fue uno de los resultados más novedosos de la Cumbre Mundial sobre el Desarrollo Sostenible celebrada en Johannesburgo en 2002. El Pacto Mundial de las Naciones Unidas alienta a las compañías a participar en proyectos de asociación con organismos de la propia organización y organizaciones de la sociedad civil. Si bien el número de APP y el respaldo intergubernamental para estas iniciativas son considerables, todavía debemos conocer más sobre los efectos que han tenido en los últimos cinco años. Este documento contribuye al debate actual sobre el potencial y las limitaciones de las APP en los países en desarrollo, y analiza si pueden evaluarse empíricamente sus repercusiones y, de ser posible esa evaluación, explorar la manera de hacerlo.

Este documento examina algunos de los supuestos clave presentes en el debate actual sobre la evaluación de impacto de las APP, y en él se argumenta lo siguiente: (i) quizás no todas las partes interesadas quieren conocer los efectos de las APP en los países en desarrollo, (ii) no existe una "verdad" objetiva sobre estos efectos que pueda descubrirse mediante el uso de metodologías de la evaluación de impacto y (iii) las perspectivas obtenidas mediante la evaluación de impacto podrían utilizarse como recursos de aprendizaje, pero no necesariamente pueden transferirse de un contexto a otro, dado que lo que funciona para un determinado entorno podría no servir en otro.

Seguidamente se investiga en este trabajo lo que realmente puede saberse sobre las repercusiones de las APP mediante el uso de metodologías de la evaluación de impacto. Se procedió a ensayar un marco piloto para evaluar los efectos de las APP a partir de criterios estándar para la evaluación de la asistencia formulados por la Organización para la Cooperación y el Desarrollo Económicos (OCDE). En el documento se toma, como caso de estudio, una APP establecida en Pakistán entre 237 curtidurías, organismos del gobierno local, el Programa de las Naciones Unidas para el Desarrollo (PNUD) y la Organización de las Naciones Unidas para el Desarrollo Industrial (ONUDI), cuyo objetivo era reducir la contaminación ambiental en la ciudad de Kasur.

El documento muestra que la metodología de la evaluación de impacto puede resultar de utilidad para generar información valiosa sobre la pertinencia, eficacia, eficiencia, repercusión y sostenibilidad de las APP en los países en desarrollo. No obstante, resulta menos útil para explicar *por qué* la APP ha sido—o no—pertinente, eficaz y eficiente, o si ha tenido consecuencias intencionales (o no intencionales) o si era sostenible.

Al mismo tiempo pueden obtenerse resultados "ganar-ganar" y "ganar-perder", de forma simultánea, incluso para una misma parte interesada afectada por una APP, dependiendo del elemento de la asociación que se evalúe. Por lo tanto, a la hora de concebir, ejecutar y evaluar el impacto de las APP, es menester reconocer que puede darse el caso que se tiene que renunciar a algunos de los aspectos de una asociación por ganar a otros (por ejemplo, su eficiencia y sostenibilidad), en lugar de suponer que todas las partes interesadas de una APP se benefician o pierden todo el tiempo y en cualquier situación.

El documento destaca además algunas de las limitaciones inherentes a los criterios de evaluación del impacto de las APP que están orientados hacia la concepción de herramientas.

En efecto, el énfasis actual en la evaluación del impacto de las APP parecería convertir aspectos complejos de justicia económica, social y ambiental en problemas técnicos que pueden resolverse con el uso de enfoques de política como las APP y el subsecuente empleo de diversas herramientas de gestión, como los métodos de evaluación del impacto, para medir sus efectos.

Es importante recordar que la mayoría de los problemas sociales y ambientales del mundo en desarrollo no tienen su origen primordialmente en el fracaso de las políticas o la gestión; tales problemas deben analizarse más bien a la luz de las relaciones políticas y de poder que vinculan al mundo desarrollado con el mundo en desarrollo. Si bien no ha de negarse la importancia de velar por un diseño apropiado, un seguimiento adecuado y otros aspectos de las APP, debemos comprender sus efectos como resultado de la lucha entre una variedad de actores en torno a la distribución de los peligros sociales y ambientales relacionados con los procesos más amplios de desarrollo económico e industrialización.

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## Introduction

Voluntary, multistakeholder partnerships for sustainable development proved to be an important outcome of the United Nations (UN) World Summit for Sustainable Development (WSSD), held in Johannesburg, South Africa, in 2002 (UNCSD 2005). The Johannesburg Plan of Implementation recognized the potential contribution of partnerships to agreed commitments, and called upon international institutions to “encourage partnership initiatives for implementation by all relevant actors to support the outcomes” of the WSSD.<sup>1</sup> In early February 2006, 319 such partnerships had been registered with the secretariat of the UN Commission on Sustainable Development (UNCSD 2006). At the same time, multilateral and bilateral aid agencies, such as the United Nations Development Program (UNDP) and the Danish International Development Agency (Danida), have initiated new partnership programmes as part of the follow-up process to the WSSD (UNDP Commission on the Private Sector and Development 2004; Danida 2004).

Multistakeholder partnerships between the private sector and public/non-profit institutions are often portrayed as “win-win” partnerships with measurable benefits and results (WEF 2006:41) that accrue to all actors involved, while the principle of additionality means – in the language of Danida – that a partnership leads to an improved “contribution to poverty reduction and sustainable development” (Danida 2004:4). In a similar vein, the UNDP Commission for Private Sector Development has argued that public-private partnerships (PPPs) can facilitate access to broader financing options, assist skill and knowledge development, and make possible the sustainable delivery of basic services, particularly energy and water (UNDP Commission on the Private Sector and Development 2004). UN-business partnerships, in particular, are said to bring about a range of benefits. PPPs may offer an opportunity for the UN to adjust to the current era of globalization by reaching out to civil society and business stakeholders that can assist the organization accomplish its goals (Kell 2005). They can help advance a particular cause or place it on the global agenda, develop codes of conduct or other norms that structure the behaviour of companies operating in the global economy, and provide market access in the North for individual entrepreneurs and businesses in developing countries (Witte and Reinicke 2005). In summing up the potential benefits of partnerships, Brinkerhoff (2002) suggests that partnerships may (i) increase effectiveness as actors gain access to crucial resources such as expertise and relationships; (ii) lower transaction costs and improve access to information; (iii) enhance efficiency through the identification and exploitation of comparative advantages; (iv) facilitate creative problem-solving through the joint efforts of partners with different perspectives and expertise; and (v) reduce conflict over time, as actors realize that the costs associated with ongoing tension between stakeholders (for example, between non-governmental organizations/NGOs and firms) become too high and therefore decide to cooperate.

Whereas an international aid consensus on the desirability of PPPs seems to be developing,<sup>2</sup> several questions remain unanswered from an academic point of view. First, it is unclear what the PPP concept covers. Activities as diverse as corporate philanthropy, research collaboration between private sector enterprises and universities, co-regulatory arrangements to implement voluntary codes of conduct, corporate social responsibility (CSR) projects, and contracting out of public services – for example, water supplies – are all lumped together under the heading of PPPs (Richter 2004). A pertinent question is therefore whose interests and objectives are being promoted in the name of PPPs (Kaul 2006)?

A second important question relates to the actual impact of PPPs on sustainable development. Whereas the donor discourse emphasizes the potentials of PPPs to create win-win situations, it has largely ignored insights from previous academic work in this area (Utting 2000) that attempted to examine when, how, where and why PPPs are likely to support or undermine

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<sup>1</sup> [www.un.org/esa/sustdev/documents/WSSD\\_POI\\_PD/English/POIToc.htm](http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POIToc.htm), accessed in August 2006.

<sup>2</sup> See, for example, UNDP (2004); Witte and Reinicke (2005); Kaul (2006).

public policy goals. More critical academic work has emphasized the limitations of PPPs in relation to possible co-optation of NGOs, the state and UN agencies; a weakening of efforts to hold transnational corporations accountable for their actions; the development of an internal culture of censorship in non-profit and UN organizations; and the lack of effective monitoring and enforcement mechanisms to ensure that PPPs promote public, and not just private, interests.<sup>3</sup> In academic terms, our knowledge of the potentials, limitations and actual impacts of partnerships in the post-WSSD period is still limited. As pointed out by Bendell and Murphy (1999:60),

Those who wish to prosecute business can present a catalogue of environmental disasters, human rights abuses, worker health and safety violations etc. Those who wish to defend the role of partnership can present a growing array of policy statements, environmental and social projects, civil regulation schemes and other fledgling initiatives...we cannot deliver a fair verdict at this time and there is a need to collect more evidence for a fair trial.

Thus, Witte and Reinicke (2005:85) sums up our current state of knowledge about the potential, limitations and effectiveness of PPPs as follows:

Current research on partnerships suffers from a lack of comparable case studies and other data. Resources should be made available to facilitate such applied research work in order to improve the systematic understanding of where, when and under what circumstances partnerships are likely to deliver.

In particular, there seems to be an emerging academic and policy consensus on the need to develop more rigorous methodologies for assessing the impacts of PPPs on service delivery, poverty reduction and political participation.<sup>4</sup> Impact assessments are seen as necessary for guiding policy makers, stakeholders and PPP analysts in determining whether a PPP “is indeed always an appropriate solution, under which conditions such partnerships shine, and in which areas they have failed” (Plummer 2002:1). For example, it is claimed that hundreds of companies, and labour and civil society organizations throughout the world are working together to advance ten universal principles in the areas of human rights, labour, the environment and anti-corruption under the banner of the UN’s Global Compact.<sup>5</sup> However, the head of the Global Compact acknowledged that no systematic effort had been made in evaluating the net impact of initiatives undertaken within the compact.<sup>6</sup> In the absence of hard evidence, we are thus asked to stay cheerful and trust the good intentions of others (Blowfield 2006).

Against the background of the current enthusiasm for the development of PPP impact assessment methods, this paper makes a contribution to ongoing debates on the potential and limitations of PPPs in developing countries, particularly whether it is possible to evaluate a PPP’s effects through the use of such methodologies? First, I review what we actually know about the potential, limitations and actual effects of PPPs in developing countries by examining some of the many empirical PPP case studies undertaken in the last five years. I argue that it is very difficult to generalize the findings of these studies due to the diverse nature of the topics, types of partnerships, research questions and geographical areas covered. Second, I argue that (i) different stakeholders may not want to know about the effects of PPPs in developing countries; (ii) there is no objective “truth” about these effects that can be discovered through the use of impact assessment methodologies; and (iii) insights generated through impact assessments may be used as a learning resource, but cannot necessarily be transferred from one context to another, as what works in one particular setting may not work in another.

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<sup>3</sup> Zammit 2003; Richter 2004; Morgera 2006.

<sup>4</sup> Brinkerhoff 2002; Kell 2005; OECD 2006; UNDP 2006.

<sup>5</sup> [www.unglobalcompact.org/AboutTheGC/index.html](http://www.unglobalcompact.org/AboutTheGC/index.html), accessed on 4 August 2006.

<sup>6</sup> Mostly due to the high costs of gathering and analysing this kind of information which related to different levels of aggregation (Kell 2005:73).

The paper then seeks to illustrate the potential and limitations of the more technically oriented PPP impact assessment methods by testing a self-designed framework that builds on some of the key principles for aid and PPP evaluation recommended by the Organisation for Economic Co-operation and Development (OECD). This is done using a case study of a PPP in Pakistan between 237 leather tanneries, local government agencies, UNDP and the United Nations Industrial Development Organization (UNIDO) that aimed to reduce environmental pollution in the city of Kasur.

The conclusion highlights the fact that PPP impact assessment methods might provide an indication of the relevance, effectiveness, efficiency, impact and sustainability of PPPs: in other words, how well a project has fared. However, if we want to understand *why* a project has turned out the way it has, we have to incorporate the role of politics and power struggles between different actors in local settings into our analysis. More technically oriented PPP impact assessments may not take these factors into account.

## **What We Know, What We Don't and What We Need to Know about PPPs**

At this junction, it is important to note that many studies of PPPs have already been undertaken in the developing world. For example, studies have been undertaken of PPPs in country contexts such as Afghanistan, Bangladesh, Bolivia, China, India, Jordan, Malawi, Lebanon, Nepal, South Africa and Yemen,<sup>7</sup> as well as in regions such as Africa (Fourie 2004) and Latin America (Clarke et al. 2004) as a whole. These studies address different types of partnerships. For instance, some studies focus on PPPs for improved service delivery,<sup>8</sup> while others concentrate on partnerships with a specific CSR component.<sup>9</sup> The latter deal with very different issue areas such as child labour (Nielsen 2005), tuberculosis (TB) control (Newell et al. 2005), energy and biodiversity conservation (Tully 2004), and HIV/Aids (Fourie 2004). The PPP studies undertaken in the last five years also cover different industries such as mining (Hamann 2004, Pongsiri 2004), water and energy (Hall and Lobina 2004), and relate to very different sizes of enterprises ranging from large multinationals (Diara et al. 2004) to township-village enterprises (Li 2005). Finally, they address different research questions with some studies being concerned with the outcome of PPPs, such as its implications for service delivery to poor people,<sup>10</sup> while others are more concerned with the process of interaction between the different partners.<sup>11</sup>

What do these studies really tell us? On the one hand, it may be difficult to reach firm conclusions at this stage about where, when, how, why and for whom partnerships work. The studies are diverse in terms of research questions, types of partnerships, issue areas, industries, firms and contexts covered, which could limit the extent to which their findings may be generalized. On the other hand, the PPP discourse has only risen to prominence in recent years. With time a broader consensus may arise as to what characterizes different types of PPPs, while a sufficiently sound factual basis for generalization may develop as more studies are carried out within broadly similar – for example, national – contexts.

Thus, it would appear that we lack (i) appropriate methodologies and indicators that could allow for a more systematic approach to comparing the potential, limitations and impact of PPPs in developing countries; (ii) studies that compare similar types of partnerships undertaken within the same country; (iii) studies of PPPs involving several companies that operate within

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<sup>7</sup> See Ridde (2005); Nielsen (2005); Lambert et al. (2005); Li (2005); Ananth (2005); Abu-Shams and Rabadi (2003); Kambalame and De Cleene (2006); Jamali (2004); Newell et al (2005); Hamann (2004); Sahoo (2003).

<sup>8</sup> See Sahoo (2003); Abu-Shams and Rabadi (2003).

<sup>9</sup> See Kambalame and De Cleene (2006); Nielsen (2005).

<sup>10</sup> See Lambert et al. (2005).

<sup>11</sup> See Newell et al. (2005).

the same industry; and (iv) research into how PPPs involving the same company is operationalized in different country contexts.

### ***Impact assessments—What do they tell us?***

The intention in this section is not to say that PPP impact assessments are not going to serve a purpose in relation to improving our knowledge of the effects of PPPs in the developing world. As I argue later in this paper, they may provide an indication of the relevance, effectiveness, efficiency, impact and sustainability of such undertakings.

What is important to recall is that impact assessment tools—like any other management approaches—have their potential and limitations. Thus, it is necessary to have a clear understanding of not only what they can and cannot tell us about the effects of PPPs in developing countries. It is also necessary to be aware of the political implications of using such tools for the intended beneficiaries of PPPs in these countries.

Given the attention paid to PPP impact assessment by international donors and UN agencies, it is important to take a critical look at some of the key assumptions underlying the almost universal consensus in the recent PPP literature on the need for more and better impact assessment. These are, that

- (a) all stakeholders involved in PPPs in developing countries share an interest in knowing more about the effects of PPPs;
- (b) the truth about the impact of PPPs is somehow out there waiting to be discovered;
- (c) this truth can be discovered by developing more appropriate impact assessment methodologies; and
- (d) these impact assessments will in turn help generate more comparative evidence of where, how, when and why PPPs are likely to deliver.

In relation to (a), a basic question is, whose interests would CSR impact assessments really serve if they were undertaken on a more regular basis? Blowfield (2006) points out that it may not really be in the interest of companies, auditors and civil society watchdogs to discover what the impact of CSR (including PPPs) initiatives are. On the one hand, PPP enthusiasts including many UN agencies, bilateral donors and multinational companies may not be interested in impact assessment findings that conclude that PPPs cause more harm than good. On the other hand, PPP sceptics might not welcome impact assessments that demonstrate that PPPs bring about win-win outcomes where poverty is reduced and all stakeholders benefit.

A good example of this is a recent partnership established between UNDP and the multinational Finnish forestry company Stora Enso, in which UNDP helps Stora Enso to “build up essential dialogues with stakeholders, and improve transparency and accountability as part of corporate responsibility” in Brazil and China.<sup>12</sup> For example, in Brazil, Stora Enso requested that UNDP, “as a credible and independent third party”, should undertake a socioeconomic impact assessment of Stora Enso’s investments in Veracel’s<sup>13</sup> pulp mill and plantation operations in southern part of the state of Bahia.<sup>14</sup> The objective was to collect baseline information on local social and economic conditions to provide valuable input for local development plans. A broad coalition of local activists opposed Stora Enso’s investment, arguing that “Over the past years, Veracel has generated a track record of environmental

<sup>12</sup> [www.storaenso.com/CDAvgn/main/0,,1\\_EN-6922-15536-,00.html](http://www.storaenso.com/CDAvgn/main/0,,1_EN-6922-15536-,00.html), accessed on 1 January 2007.

<sup>13</sup> Veracel is a joint venture between Stora Enso Oyj and Aracruz Celulose S.A. Both companies have a 50 per cent stake in the \$870 million investment. Aracruz Celulose is the world’s largest producer of bleached eucalyptus kraft market pulp. Stora Enso is a global market leader in the manufacture of integrated forest products. [www.pulpandpaper-technology.com/projects/veracel](http://www.pulpandpaper-technology.com/projects/veracel), accessed on 1 January 2007.

<sup>14</sup> [www.storaenso.com/CDAvgn/main/0,,1\\_EN-6922-15536-,00.html](http://www.storaenso.com/CDAvgn/main/0,,1_EN-6922-15536-,00.html), accessed on 1 January 2007.

degradation, concentration of land, eviction of thousands of workers from the rural areas to the outskirts of cities, causing significant social and environmental disruptions".<sup>15</sup>

The question is whose interests are served by UNDP undertaking such an impact assessment? Does it serve the interests of local communities and farmers by ensuring that Stora Enso's investment is socially and environmentally sound? Or does it help Stora Enso legitimize and secure an investment that is socially and environmentally unsustainable? At present, we simply don't know the answer to this question. However, it is difficult to imagine that UNDP can simply be regarded as a neutral party in this conflict, as the agency can either help legitimize corporate responsibility or irresponsibility.

So why is there so much enthusiasm behind the idea of devising technically oriented PPP impact assessment tools using tools-oriented methodologies? I would argue that this is not only related to a stated desire on the part of some UN agencies, bilateral donors, business organizations and NGOs to know more about the effects of PPPs. It also reflects their modus operandi that often turn complex questions of economic, social and environmental justice into technical problem-solving exercises that could be rendered manageable by policy makers and corporate executives by devising new kinds of policies, such as partnerships. The effects of PPPs can subsequently be measured by the same practitioners through the process of perfecting impact assessment tools. What this ignores is that (i) fundamental conflicts of interest may exist between PPP participants (and others who are not part of the PPP); (ii) that unequal power relationships may be institutionalized between participants and non-participants in partnerships (for example, between companies and communities); and that (iii) impact assessment processes are often highly politicized.

This relates to (b), the question of whether it would be possible to be able to discover the "truth" about the impact of a given PPP. While specific methodologies aimed at assessing the impact of PPP initiatives are still in the early process of being developed, Philips and Edwards (2000) have already argued in the context of development aid interventions that impact assessment can never achieve the objectivity that development practitioners seek. The truth is not something "out there" waiting to be documented, but rather a story to be written by those performing the assessment. Moreover, the resistance and negotiation strategies used by both the assessors and those being assessed can have a profound influence on what is known about a project and its impacts.

Recent experiences with company sustainability reporting reveal that these questions are not only academic in nature, but that there is a real risk that the current interest in PPP impact assessment methodologies will simply reproduce some of the existing inadequacies of measurement tools used in CSR. According to Association of Chartered Certified Accountants, serious concerns have arisen about (i) the limited issues addressed in sustainability reporting, (ii) the question of who identifies these issues,<sup>16</sup> (iii) the failure to identify a company's key impacts, (iv) the widespread falsification of information with elaborate book-keeping systems in place in countries such as China, (v) the question of who verifies the information—doubts have arisen about the competence and inadequacy of inspection bodies—and (vi) the focus on economic benefits generated through CSR policies and opposed to benefits generated by the intended beneficiaries of CSR: firms, workers and communities in the developing world.

The third assumption, whether the problem could be solved by simply developing more appropriate impact assessment methodologies, leads to the issue of whose voices and concerns are actually incorporated in these methodologies. Paraphrasing Blowfield (2004), who discusses the role of partnerships in ethical sourcing, one could say that impact assessment methodologies are often portrayed as neutral devices that do not influence what is actually known about the impacts of PPPs. However, in quantitative approaches to impact assessment

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<sup>15</sup> [www.wrm.org.uy/bulletin/110/viewpoint.html#Stora](http://www.wrm.org.uy/bulletin/110/viewpoint.html#Stora), accessed on 30 December 2006.

<sup>16</sup> Here the lack of stakeholder involvement, particularly in developing countries, is significant.

(see Bamberger 2006), an issue—for example, worker conditions—has to be quantifiable, experienced by an individual, secular in nature and comparable across PPP sites in order for it to be recognized. Drawing upon Blowfield (2004), one could say that the use of such impact assessment methodologies may serve to include or exclude particular actors or issues from consideration. He points out that some indigenous communities define well-being in communal, cultural and religious terms which may not be possible to recognize in tools-oriented impact assessments. This means that greater attention should be paid to whose voices and concerns, as well as which issues, are taken into consideration or overlooked in PPP impact assessments.

As far as (d) is concerned, it is highly questionable whether comparable evidence would actually be generated across the sites where PPPs are being implemented through the use of impact assessment methods. As Rein et al. (2005:125) put it,

There is a real danger, when replicating partnership models and projects, that certain factors may not be taken into account. What has proven successful in one context can be valuable both as a learned resource and as an inspiration, but cannot necessarily be transferred directly, in the same form, to a new context, without a thorough and a locally-informed analysis of the new environment.<sup>17</sup>

This also relates to a broader point made by Newell (2006) who argues<sup>18</sup> that such initiatives may work for some firms, workers and communities, in some places, in addressing some issues, some of the time. In fact, rather than seeking win-win solutions that apply across all settings, all of the time, the challenge is to explore the potential and limitations of CSR (and PPPs) in specific settings. What works in one situation may well not work elsewhere.

However, if we accept that impact assessment methodologies may be able to give us an indication of how a PPP has been able to deliver, the question arises, how should PPP impacts be assessed?

### ***A review of impact assessment approaches***

When reviewing many of the recent publications calling for more and better impact assessment of PPPs, the reader is sometimes left with the impression that impact assessment is an entirely new field. For example, in its recently published PPP guidelines, Danida employs a new set of ex ante criteria for impact assessment that the donor agency will use to determine which PPPs are worthy of its support. These largely correspond to the criteria of relevance in the OECD standard criteria for aid evaluation that Danida has already been using for a number of years. In other words, there is a significant risk of re-inventing the wheel in the PPP impact assessment debate.

A good starting point could be, instead, to undertake a thorough review of impact assessment methods used in related fields. For example, in the field of international development aid, there are several approaches to impact assessment.<sup>19</sup> Below I discuss the strengths and weaknesses of three of these—classical effect evaluations, realist approaches to evaluation, and participatory impact assessment methods—in assessing the effects of PPPs.

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<sup>17</sup> To this they add, that “replication need not necessarily imply the copying of activities, but rather the copying of successful process and understanding—in other words, it is the learning that is transferred from one situation to another” (Rein et al. 2005:125).

<sup>18</sup> Strictly speaking, Newell (2006) makes this point about CSR initiatives in the developing world. However, it also applies in the case of PPPs undertaken in the context of developing countries.

<sup>19</sup> In this paper, I use the OECD’s definitions of impact assessment: an assessment of the “positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended” ([www.oecd.org/document/22/0,2340,en\\_21571361\\_34047972\\_2086550\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/22/0,2340,en_21571361_34047972_2086550_1_1_1_1,00.html), accessed on 12 August 2006), and evaluation: “an assessment, as systematic and objective as possible, of an on-going or completed project, programme or policy, its design, implementation, and results” (OECD-DAC 1991:5).

### Classical effect evaluations

Classical effect evaluations tend to be based on a positivist methodology and receive their inspiration from natural or medical sciences. They often use a quasi-experimental survey design in order to provide an objective explanation of the relationship between intervention and effect. The premise of “all other things being equal” is frequently used to analytically isolate the effects of the intervention (Folke and Nielsen 2006). Classical effect evaluations are often advocated by the World Bank. In its view, a quality impact evaluation needs to (i) establish a set of indicators that can meaningfully measure project inputs, implementation processes, outputs, outcomes and impacts<sup>20</sup>; (ii) “develop a logically sound counterfactual” (Bamberger 2006:2) that involves the use of a pre-test, post-test control group in order to establish what would have happened if the project population had not been influenced by the intervention; and (iii) determine statistically whether a project has benefited a significant proportion of the target population and reached the intended objectives. Finally, it is also possible to assess the distribution of benefits between groups, identify the factors that affect the size and distribution of impacts, as well as determining their sustainability over time (Bamberger 2006).

The strength of classical effect evaluations is that they aim at identifying a clear set of indicators that can measure inputs, implementation processes, outputs, outcomes and impacts across a variety of contexts. This could be relevant if we assume that it is possible to generate comparative lessons about the potential, limitations and actual impacts of PPPs in relation to the achievement of broader development objectives (such as the Millennium Development Goals).<sup>21</sup> However, in the view of the World Bank itself, classical effect evaluations also tend to be very expensive and time-consuming, may be less useful when decision makers require information quickly, and it is not always possible to identify an appropriate counterfactual (OED undated).<sup>22</sup> In fact, while the impact assessment “gives priority to coverage and quantitative aspects, it may be rather superficial” (Folke and Nielsen 2006: 13).

### Realist approaches

A second approach to assessing the impact of a given PPP is realist<sup>23</sup> evaluation. Realist approaches to evaluation share the basic concern of some writers on PPPs (Plummer 2002; Witte and Reinicke 2005) about the need to formulate a theory on what works for whom in what circumstances in a given intervention (called programme). Such a theory should be based upon an understanding of the interrelations of the context in which a partnership takes place, various mechanisms and different outcome patterns. Here the context is understood as the conditions within which mechanisms operate (for example, the economic, social and environmental governance context of a developing country), while mechanisms refer to the ways in which particular effects are brought about in a given intervention (such as the influence of the PPP, international industry trends, the media or other factors). Outcomes are then considered to be the effects of mechanisms operating within given contexts (increased employment, reduced pollution, improved workers’ conditions and so on) (Pawson and Tilley 1997).

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<sup>20</sup> In this paper, I define outputs as the immediate, tangible or intangible, products generated as a result of a PPP. Outcomes refer to the short-term positive and negative changes produced by a PPP intervention, directly or indirectly, intended or unintended. The same definition applies to impact except that the time horizon for impacts is longer—usually five years or more.

<sup>21</sup> All 191 United Nations Member States made a commitment to the Millennium Development Goals in 2000, with an aim to achieve them by 2015. They are: (i) eradicate extreme poverty and hunger, (ii) achieve universal primary education, (iii) promote gender equality and empower women, (iv) reduce child mortality, (v) improve maternal health, (vi) combat HIV and AIDS, malaria and other diseases, (vii) ensure environmental sustainability and (viii) develop a global partnership for development. [www.eu2005.gov.uk/servlet/Front](http://www.eu2005.gov.uk/servlet/Front), accessed on 29 December 2006.

<sup>22</sup> For example, in the case study of the Kasur Tanneries Pollution Control Project (KTPCP) used in this paper, it is not possible to identify an appropriate counterfactual. That is, it is impossible to find another cluster of tanneries in Pakistan which has not been the object of a PPP that aimed to reduce pollution from the tanneries.

<sup>23</sup> “Realism” here refers to the philosophy of critical realism associated with the work of British philosopher Roy Bhaskar. Critical realism refers to any position that maintains that there exists an objectively knowable, mind-independent reality, while acknowledging the roles of perception and cognition ([http://en.wikipedia.org/wiki/Critical\\_realism](http://en.wikipedia.org/wiki/Critical_realism), accessed on 1 January 2007). This approach should not be confused with realism as understood in international relations theory that focuses on the “variety of theories and approaches, all of which share a belief that states are primarily motivated by the desire for military and economic power or security, rather than ideals or ethics” ([http://en.wikipedia.org/wiki/Realism\\_in\\_international\\_relations](http://en.wikipedia.org/wiki/Realism_in_international_relations), accessed on 1 January 2007).

It is important to recognize that not all outcome patterns may be explained by the initial theory about what works for whom in what circumstances. Hence, it is necessary to engage in a continuous process of making multiple comparisons between different theories. Eventually, it should be possible to identify the model which provides the most satisfactory explanation for complex programme outcomes. This enables the researcher to conclude whether patterns of success or failure can be ascribed to demographic, personal, temporal, spatial or biological factors in the broader context.

The realist approach to evaluation does not rely upon a single research design, but is open to a variety of quantitative and qualitative approaches as well as data collection methods. These include qualitative and quantitative data, documentary evidence, official records, surveys, interviews, observation, focus groups, tests and so on (Pawson and Tilley 1997).

In relation to impact assessment of PPPs, realist approaches have the advantage of emphasizing the need to acquire an in-depth understanding of the context in which PPPs are implemented. It is important to “contextualize what we know, because general principles and rules need to be understood in specific settings” (Stern 2004:37). At the same time, the realist approach highlights the need for investigating and refining a variety of programme theories in order to achieve the best possible fit between the theory and the postulated effects generated through the PPP in question. However, what realist approaches gain in contextual depth and theoretical refinement, they may lose in terms of their ability to generalize findings about the impact of PPPs across a variety of national settings. If national contexts are unique and should be understood in their own right, then how do we meet present concerns with undertaking “applied research in order to improve the systematic understanding of where, when and under what circumstances partnerships are likely to deliver” (Witte and Reinicke 2005:85) across a variety of contexts?

### Participatory approaches

As an alternative to conventional effect studies and realist approaches to evaluation,<sup>24</sup> participatory approaches emphasize the need to include poor women and men in deciding the priorities and identifying strategies for undertaking impact assessment processes (Mayoux and Mosedale 2005). This involves the use of new questions, methods and processes in relation to identifying local priorities, differences between low-income groups, and questions about causality and attribution that can bring about pro-poor changes as part of development interventions. At the heart of participatory approaches is thus also a democratization of development interventions themselves – that is, that poor women and men have an equal voice in the design, monitoring, evaluation and impact assessment of the interventions that they are supposed to benefit from (Mayoux and Chambers 2005).

The strength of participatory approaches to PPP impact assessment is that they focus on the views of the intended beneficiaries who – at least in theory – are in the best possible situation to determine whether a given intervention has benefited them or not. The main weakness is that beneficiaries may be considered subjective,<sup>25</sup> and that they are difficult to establish and aggregate. At the same time, the views expressed by low-income groups to those conducting the assessment may not reflect their genuine views but instead what they believe the assessors would like to hear (Folke and Nielsen 2006). For low-income groups, it may be more important to provide assessors with information that can help them prove the effectiveness of

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<sup>24</sup> Although it should be noted that critical realist approaches to evaluation may also include participatory approaches to impact assessment.

<sup>25</sup> By this I mean that a rather naive assumption is sometimes made in the literature on participation: namely, that poor, marginalized community members are “always right”. However, there may be instances where community members believe something is in their best interest although this may not be entirely right. In the case of the KTPCP, an informant told me that a civil society activist had entered a village near the Kasur Tanneries in the mid-1990s and started to raise a lot of awareness locally and internationally about the plight of poor community members in the village. However, initially some of the villagers were not happy with the involvement of the civil society activist because they thought that his campaign activities might result in some of the villagers losing their jobs as tannery workers. It was only at a later point when a water treatment plant had been installed in the tannery cluster that the villagers understood that his involvement would actually benefit the community.



participatory approaches and thus ensure continued support for interventions rather than reflecting on what they genuinely think of a given intervention. At a more general level, individual participation is dependent upon various factors such as age, gender, wealth, education and whether an individual is interested in using his/her capacity to act. This often places poorer groups at a disadvantage and subjects participatory interventions to elite capture so that what is presented as a community's views are in fact the opinions of a few, self-selected community gatekeepers (Botes and Rensburg 2000; Toner and Cleaver 2005).

## **Toward an Integrated Framework for Assessing the Impact of PPPs**

Returning to the central aim of this paper—what can actually be known about a PPP's impacts through the use of impact assessment methodologies—let us now develop a pilot framework for assessing the impacts of PPPs. We shall do this by following what must be assumed to be state-of-the-art principles in this field and subsequently test the pilot framework on the case of the Kasur Tanneries Pollution Control Project (KTPCP) in order to assess the potential and limitations of such PPP impact assessment frameworks. In doing so, we shall try to combine the strengths of each of the classical, realist and participatory approaches in relation to assessing the impact of PPPs.

We can build on the insight from conventional effect studies that it is necessary to find a set of established indicators that can be used to evaluate PPPs across settings. In fact, the OECD (2006: 13) argues that the "DAC Principles for Evaluation of Development Assistance provide a useful reference for evaluating partnerships, particularly partnerships with a strong development component". The OECD-DAC serves as forum for the coordination of donors' aid policies. In 1991, in its aid evaluation principles, the OECD-DAC suggested that five standard criteria could be used to assess aid projects. These criteria—which still constitute an international benchmark for donor evaluations—are the relevance, effectiveness, impact, efficiency and sustainability of interventions (OECD-DAC 1991) (see appendix).

We can also learn from the emphasis on understanding the context of a given PPP intervention in realist evaluation approaches and the emphasis on the need to compare various theories that might explain PPP outcomes. However, the OECD's standard principles for evaluation do not appear well-suited to obtain such an in-depth understanding of the context in which a given PPP takes place. Hence, to investigate a given PPP's impact (that is, one of the standard OECD principles), it makes sense to investigate a variety of factors that may explain observed changes in the PPP. In other words, instead of simply assuming that changes should be attributed to the PPP in question, it is necessary to ask which contextual factors—apart from the PPP itself—might have contributed to producing the changes observed.

Finally, drawing upon participatory impact assessment approaches, it is important to include the views and priorities of marginalized groupings—often the intended beneficiaries—in relation to assessing the impact of PPPs. This involves soliciting a diversity of views within the communities that are either participating in or are affected by PPPs, taking into account factors such as age, gender, occupation, income, differences in religion or caste .

It should be noted, though, that the OECD criteria for evaluating aid interventions are not in themselves enough for assessing the impact of PPPs. Previous work on PPPs<sup>26</sup> have also highlighted the need for assessing the process of interaction between the partners, clarifying whether the PPP generates more intangible benefits than costs: in other words, whether PPP adds to or takes away value from an organization's activities. At the same time, recent critiques of CSR interventions in developing countries have argued that attention must be paid to the issues, concerns and voices that are taken for granted, not incorporated or perhaps ignored in the design, implementation and evaluation of such interventions (such as PPPs) (Blowfield and

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<sup>26</sup> Brinkerhoff 2002; Stern 2004; Klitgaard 2004.

Frynas 2005; Lund-Thomsen et al. 2006). I therefore suggest that two criteria—*participation* and *accountability*—be added to OECD’s standard aid evaluation criteria in order to create an integrated framework for assessing the impact of PPPs. This framework is outlined in the section below.

### ***An integrated framework for assessing PPPs***

In relation to PPPs, the *relevance* criterion is helpful in relation to evaluating whether clear objectives have been established for a given PPP, and whether these objectives are in line with those of partner organizations and intended beneficiaries. While this may seem a basic criterion for evaluation, it is surprising how private sector interventions are often initiated without having a clearly stated objective and without consideration of whether the intended objective is in line with the interests of an intervention’s intended beneficiaries. Thus, assessing a PPP’s relevance is not only necessary in order to ensure that the priorities of the PPP’s intended beneficiaries are taken into consideration in the assessment of interventions, but also in relation to improving the PPP’s design, because community members often have a better understanding of local conditions than government bureaucrats or corporate executives that rarely venture into poor communities.

The *effectiveness* criterion draws our attention to whether PPPs are capable of meeting the stated objectives: for example, whether PPPs can help secure employment for marginalized groups, reduce environmental pollution and eliminate child labour. Assessing effectiveness is also central to assessing whether the claims made in the name of PPPs can be matched by real, as opposed to postulated, effects “on the ground” in developing countries.

The *impact* criterion is helpful when in considering not only whether a PPP has relevant objectives, whether these are achieved and how efficiently, but also whether PPPs have unintended consequences for their partners and other stakeholders. This criterion relates to the theoretical critique of PPPs, including whether partners are co-opted, regulatory efforts undermined, an internal culture of censorship developed and where there is a lack of effective monitoring and enforcement.

The *efficiency* criterion is useful in considering whether the PPP has used its resources efficiently in order to achieve its intended objectives. This criterion includes time-efficiency—that is, whether the PPP has been implemented within a reasonable timeframe, taking into account the number and the nature of the activities to be undertaken. The efficiency criterion is important in assessing whether PPPs are more effective than, for example, government agencies or the full-scale privatization of a given area of service delivery in producing the desired outcomes.

The *sustainability* criterion helps assess whether the benefits generated through PPPs can be sustained over time, whether the PPP can financially sustain itself and whether the organizational structures created through the PPP will continue to exist once the initial source of funding runs out (whether this originates from public or private sources).

The *participation* criterion facilitates an investigation into whether the intended beneficiaries of PPPs have had any influence on the design, implementation, monitoring and evaluation of PPP initiatives. Participation here is defined as “the process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services”.<sup>27</sup>

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<sup>27</sup> This is the standard World Bank definition of participation. <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20507658~hPK:1279660~menuPK:1278231~pagePK:148956~piPK:216618~theSitePK:410306,00.html>, accessed on 26 December 2006. While this can be seen as a top-down approach to participation where an external agent involves local beneficiaries in a participatory process, it is nevertheless useful in the context of this study that investigates the KTCP. The Pollution Control Project, implemented by the Kasur Tanneries Waste Management Agency (KTWMA), could—at least in theory—make substantial room for public inputs into the design, monitoring, implementation and evaluation of the project.

Finally, as far as the question of *accountability* is concerned, it is necessary to understand whether there are any internal checks and balances in the PPP that can be used to guide the conduct of its participants and enforce agreed-upon rules. Here accountability relates to “how to keep power under control.....how to prevent its abuse, how to subject it to certain procedures and rules of conduct” (Schedler 1999:13). This understanding of accountability can be subdivided into the concepts of answerability or “an obligation to provide an account of one’s actions and inactions, and ‘enforceability’, namely, mechanisms for realizing that obligation and sanctioning its nonfulfilment where necessary” (Newell and Garvey 2005:391).

## The Kasur Tanneries Pollution Control Project

I will now assess whether this framework can help us gain a better understanding of where, when, how, why and for whom PPPs work. In doing so, I will test the framework on a PPP known as the Kasur Tanneries Pollution Control project. KTPCP aimed at reducing the environmental pollution caused by 237 tanneries located in a large industrial cluster at the outskirts of the city of Kasur in the province of Punjab, Pakistan. In this connection, it is worthwhile noting that the leather industry is Pakistan’s second largest export industry, and therefore important in terms of its capacity to generate foreign currency earnings and provide jobs for poor groups.

The city of Kasur is also an interesting location for the study of the impacts of PPPs. First, the city has the largest concentration of leather tanneries in Pakistan. Second, since the leather tanning industry’s expansion during the 1980s, workers and local residents have been exposed to life-threatening substances as a result of tannery pollution. Third, local residents and NGOs have been actively protesting against the impact of the industry since the early 1980s. Fourth, the industry has been the subject of a large-scale PPP (KTPCP) that consisted of occupational health and safety (OHS) training of workers, in-house pollution mitigation measures and the end of pipe treatment of polluted wastewater. The partnership was initiated with support from UNDP and the United Nations Industrial Development Organization (UNIDO). This support was phased out at the end of 2005, while a cost-sharing mechanism for the continuation of the project had already been operational between various tiers of the government (50 per cent) and Kasur Tanneries Association (50 per cent) since 2002. Finally, environmental and social upgrading within the industry could facilitate increased access to export markets.

At the same time, Pakistan constitutes a challenging case in relation to investigating the potentials and limitations of PPPs. According to Albertyn and Watkins (2002), the effectiveness of voluntary initiatives will—in part—depend upon high degrees of social and environmental awareness, the presence of an active civil society, and government commitment and capacity to enforce existing regulations. Whereas countries such as Bangladesh, Brazil, India, Mexico and South Africa<sup>28</sup> have witnessed the emergence of national or regional social movements, communities in Pakistan are generally not well-organized. This prevents them from exerting continued pressure on companies (NEC 2004). Trade unions have been subjected to severe government repression. Recent data indicate that only 3 per cent of the Pakistani workforce is unionized, which has severely undermined the effectiveness of labour rights in Pakistan (NEC 2004:5). Meanwhile the non-profit sector is often seen as promoting the Western agenda of its foreign donors. The government prioritizes export promotion over environmental protection and lacks the capacity to enforce existing regulations (NEC 2004). The implementation of national environmental quality standards (NEQS) relies heavily upon industry self-monitoring and reporting. In these circumstances, most voluntary initiatives would appear to be severely constrained. However, the experiences of the soccer ball industry, oil and gas, and the surgical instruments industry indicate that such initiatives may still have significant impacts.

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<sup>28</sup> Bangladesh has the Bangladeshi Rural Advancement Committee, Brazil is home to the landless labourers movement, India has several movements including the Chipko Movement, Mexico has become famous for the work of the Zapatistas in Chiapas, and South Africa has witnessed the development of a nation-wide movement for environmental justice.

In the soccer ball industry, a PPP between United Nations Children's Fund (UNICEF), the International Labour Organization (ILO), NGOs, multinational companies and Pakistani manufacturers largely succeeded in eliminating child labour from the industry. However, the project also generated unintended consequences, including a reduction of income for some women as they were squeezed out of the supply chain, increased sexual harassment against women working inside stitching centres or on their way to and from work, and Pakistani soccer ball producers becoming less competitive as soccer ball production shifted elsewhere (Husselbee 2000; Schrage 2004). PPPs are also important in the oil and gas sector. In spite of the frequent non-implementation of environmental and social laws in Pakistan, CSR has been a focused agenda for oil and gas companies who by law are required to invest in communities and stakeholders in the area of their operations.

Moreover, Pakistani newspapers have frequently reported environmental and social problems, Pakistanis have filed complaints against polluting companies at local courts, and the military government is increasing cooperation with NGOs. These factors make Pakistan a challenging case for determining the effectiveness of PPP initiatives in an authoritarian context dominated by rapid industrialization.

### ***Applying the integrated framework for PPP impact assessment— The case of the KTPCP***

#### **Relevance**

Let us first assess the relevance of the KTPCP's overall objective. This objective, called the project development objective, was:

to control the indiscriminate discharge of potentially harmful solid waste and heavily polluted waste waters and improve the working and living conditions in Kasur, thus ensuring an environmentally sustainable social and economic development of the area.<sup>29</sup>

This objective appears to be relevant given the situation facing Kasur before the KTPCP was initiated in 1996. According to Malik (2002:116), sanitary conditions inside and outside Kasur's tanneries were poor. Approximately 9,000 cubic meters of highly polluted waste water were discharged without any treatment on a daily basis, resulting in the formation of stagnant pools of waste water covering an area of approximately 400 acres of land. Large amounts of solid waste were generated and disposed of inside the tannery cluster due to the absence of a well-functioning solid waste management system. Often the waste was burned, creating soil and water pollution as well as an unbearable smell in the area. The city's underground water was contaminated and unfit for human and animal consumption. In addition, the lack of proper training and protective gear for workers who handled hazardous chemicals meant that tannery owners, workers and residents in the area were disproportionately exposed to diseases such as skin infection, respiratory disorders and stomach-related diseases (Malik 2002). In other words, controlling the discharge of solid waste and water pollution in Kasur was necessary to improve living conditions within the city.

So did the KTPCP partners and intended beneficiaries perceive the overall project objectives as being in line with their own interests? As far as UNDP and UNIDO are concerned, the KTPCP is clearly in line with their overall policies on environmental protection (UNDP) and the promotion of sustainable industrial development (UNIDO). In addition, the various tiers of the local government responsible for service delivery in Kasur and Punjab seem to be satisfied with the focus on improving environmental conditions in Kasur, although in the 1990s they had disagreed among themselves about which agency should be responsible for implementing the project, and how much each agency should contribute financially to its realization.

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<sup>29</sup> Project document. [www.soc.titech.ac.jp/~sakano/atiq/kasur/ktwma.html](http://www.soc.titech.ac.jp/~sakano/atiq/kasur/ktwma.html), accessed on 1 October 2007.

The Kasur Tanneries Association is also interested in cleaning up the industry, albeit for different reasons. Its commitment to the overall project objective stems from a desire to improve the public image of the industry in the eyes of the local residents, or Kasuris, and other national and international stakeholders in order to secure its survival. This can be seen as an attempt to pre-empt tougher forms of regulation (closure of tanneries) and also to ease tensions between the tanners and other local residents.

Whereas UNDP and UNIDO identify Kasur's tanners as among the project's main beneficiaries, the tanners themselves are concerned about how much the KTPCP is costing them. They feel that they are already paying taxes to the local government, but are not provided with any services in return. In addition, since they have had to incur greater expenditure than their counterparts in the rest of the tannery clusters of Pakistan (mainly Karachi and Sialkot) by paying part of the recurrent costs of running the water treatment plant, they worry that they might be losing orders to other tanneries in Pakistan and Asia that can sell their products at lower prices.

Environmental civil society organizations, such as the Civil Society Network in Kasur, also favour the overall project objective. However, the KTPCP is only seen as a first step in a broader, long-term effort aimed at cleaning up the city. For example, the Civil Society Network often points out that the common effluent treatment plant installed as part of the KTPCP is a *pre-treatment plant*, emphasizing that the existing facility does not include secondary treatment of polluted tannery water. In other words, it is necessary to upgrade and expand the existing plant in order to ensure that the water is cleansed to such an extent that its pollution contents are within the limits required by Pakistan's NEQS.

Finally, communities residing in the vicinity of the tanneries also tend to be supportive of the project objectives. Reducing pollution from the tanneries has clearly been important, both in improving the sanitary conditions in their villages and minimizing the risk of hazardous exposure and subsequent illness. However, apart from environmental issues, these communities are also confronting a series of additional interrelated problems which are not reflected in the overall objective of the KTPCP. These include improving the communities' material standard of living, securing people's livelihoods through jobs in times of very high unemployment (even if this involves hazardous exposure in the tanneries), and providing access to educational opportunities and health facilities that are not available in most villages.

In evaluating its relevance, the KTPCP's overall objective appears to be highly relevant, given the environmental challenges faced by the Kasuris. This overall objective is also broadly supported by a variety of stakeholders, although their support is based upon a diversity of interests. Most important, it appears that the overall project objective has not addressed the important economic and social concerns of tanners and communities in Kasur. It does not address the tanners' concern about remaining competitive with the other tannery clusters in Pakistan and abroad, nor does it incorporate, as an overall priority, the interests of communities related to the broader social goals such as income generation, and access to health and education. This points to the need for ensuring greater policy coherence in the design of PPPs in order to guarantee that they do not have unintended negative consequences—such as the loss of competitiveness and jobs—and meet the perceived needs of stakeholders, even if there are limits to how many competing objectives can be addressed through the same intervention.

### Effectiveness

I will now consider the extent to which the formally stated—and more specific—objectives of the KTPCP have been achieved. A project evaluation report from February 2006 was produced by the Kasur Tanneries Waste Management Agency (KTWMA) manager in cooperation with two external consultants. This approach to project evaluation might be effective if it is intended to generate internal learning within an organization such as the KTWMA with the assistance of external consultants to facilitate the process. However, as the report appears to have the status

of an official evaluation to be submitted to UNDP and UNIDO, it is questionable whether it really provides an independent assessment of the KTPCP.

In fact, the report falls short of meeting the internationally agreed criteria for aid evaluation laid down by the OECD-DAC in two ways. First, the basic OECD definition of an evaluation is that it must give an assessment which is “as objective as possible”. As the OECD-DAC (1991:6) puts it,

The evaluation process should be impartial and independent in its function from the process concerned with the policy-making, the delivery and the management of development assistance. ... Impartiality and independence will best be achieved by separating the evaluation function from the line management responsible for planning and managing development assistance.

However, in the case of the KTPCP, the line management was not separate from the evaluation function. In fact, the general manager of KTWMA was part of the assessment team that produced the evaluation report for UNDP. To a certain extent, therefore, the KTWMA was evaluating itself, or at least was in a strong position to influence the outcome of the assessment.

The second reason for the evaluation report falling short of meeting the minimum benchmarks for aid evaluation established by OECD-DAC has been that it does not use the criteria of relevance, efficiency, effectiveness, impact and sustainability to assess the PPP's outcome. Of course, it could be argued that it might have been just as relevant to employ other forms of evaluation such as critical, realist or participatory approaches. However, the report does not provide any detailed explanation of the methodological approach.

A more balanced view of the project's achievements could be obtained by looking at whether the intended outputs have been produced to see how these activities have contributed toward achieving the project development objective. The intended outputs included (i) the evacuation of tannery effluents and the establishment and maintenance of a tannery effluent and draining collection system; (ii) a common effluent treatment plant; (iii) a solid waste disposal system; (iv) the installation of a chrome recovery pilot plant; (v) the introduction and demonstration of low waste leather processing methods; (vi) the collection of baseline data and introduction of measures to improve OHS of workers; and (vii) the introduction of polluter pays principle.

#### *Evacuation of tannery effluent pools and the establishment of a draining system*

In 2006, more than 163 hectares of stagnant tannery effluents have been evacuated from the agricultural areas surrounding Kasur. This has reduced the direct exposure of the inhabitants in nearby villages to the harmful substances contained in the tannery waste water. Previously inundated agricultural land has now been reclaimed, and its use has resulted in increased yields for local farmers. Nevertheless, it is not clear whether toxic substances are still present in the soil and are finding their way into the crops and vegetables grown on these lands, highlighting the need for further research on whether these substances eventually wind up in the human food chain.

Instead the tannery effluents are now gathered at two pumping stations in the cluster. They are then pumped into an open channel and flow down to the Common Effluent Pretreatment Plant with the help of gravity. Once pretreated, the water travels through 8.4 kilometres of outfall sewer, which has been constructed as part of the project until it is finally discharged into a local river—the Sutlej. Hence, while the stagnant pools have now been evacuated, the water discharged into the Sutlej is still hazardous for human health, emphasizing the need to upgrade the existing treatment plant.

#### *Establishment of a common effluent pretreatment plant*

A common effluent pretreatment plant has been established and been in operation since 2001. The 2006 KTWMA evaluation report describes the efficiency of the treatment plant as follows (see table 1).

**Table 1: Operational efficiency of the Kasur plant**

Parameter	Incoming effluent (mg/l)	After treatment (mg/l)	Reduction (per cent)	NEQS (mg/l)
Suspended solids	2,800	100	96.5	200
BOD5	1,500	600	73.0	80
COD	2,800	1,100	61.0	150
Cr+3	30	1	97.0	1
S-2	150	60	87.0	1
TDS	10,000	10,000	0.0	3,500
SO4	2,000	900	55.0	600
C1	5,000	5,000	0.0	1,000

**Source:** KTWMA project evaluation report, January 2006.

However, in practice, interviews undertaken with two internationally leading experts on waste water treatment in 2007 indicate that it is not possible to achieve such high levels of operational efficiency in a primary waste water treatment plant for tanneries. In fact, some of the above numbers would only be consistent with the operational efficiency achieved after secondary treatment. This is by no means surprising as many common effluent treatment plants are not used to their full capacity in the developing world, mainly due to the high electricity costs of running them. At the same time, public authorities may indeed be keen on showing that they are providing value for tax payers' money.

#### *Solid waste disposal system*

Approximately 70–80 tons of solid waste is generated by the Kasur tanneries each day. This waste is collected by tractors provided as part of the project and transported three kilometres away to a landfill site, which is located at the southern side of the common effluent pre-treatment plant. In addition, screenings from the plan and dumping stations are also deposited at the landfill. The waste is subsequently placed in layers which are compacted by bulldozers. A layer of clay and a leachate collection tank have been provided below the landfill. It is envisaged that the landfill could meet the needs of the tanneries for the next 30 years. In practice, however, there are a number of problems confronting the running of the disposal site. During a field visit in March/April 2007, it was obvious that the site was not fenced off, meaning that farmers could let their animals cross and graze unhindered at the site. While the site has been provided with a clay layer at the bottom, there is no such layer on its sides, which means that toxic substances might seep into nearby fields.

#### *Installation of a chrome recovery pilot plant*

A pilot recovery chrome recovery plant has been in operation since September 2000, catering for the needs of 30–40 tanneries. The exhausted chrome solution is collected by donkey-cart operatives hired by KTWMA, and tanners are then paid in accordance with the chrome content determined by KTWMA. The plant then recovers the chrome, which is pH adjusted until it is ready for reuse by the tanners.

#### *Collection of baseline measures and improvement of OHS*

As far as the collection of baseline data are concerned, this has only been achieved to a limited extent. Hard and more easily quantifiable data have been gathered to some extent regarding the pollution content of tannery effluents, stagnant tannery pools and the solid waste generated. These types of data can easily be quantified by professionals with an engineering background. However, soft data regarding the living conditions of community and the OHS of workers do not appear to have been generated at the beginning of the project. These types of data are often more qualitative in nature and require social science skills which appear to have been largely

absent—both among staff at the KTWMA and also among the three specialists that evaluated the project in early 2006.<sup>30</sup>

It is difficult to assess whether improvements in the OHS of tannery workers have taken place as a result of the KTPCP, because of the absence of baseline OHS data from 1996 when the project started. Instead it is necessary to rely on a combination of data sources that are indicative of what appears to have happened. On the one hand, a course on OHS was organized by KTWMA in the office of the Tanners Association. The use of OHS equipment including masks, goggles, eye wash, gloves, long boots and first-aid boxes was also demonstrated, and the gear was distributed to tannery workers free of charge. On the other hand, while these measures were well-intended, were they adequate in light of the scale and the complexity of the OHS challenges found in the Kasur cluster?

One can get a sense of the OHS conditions found in the Kasur cluster before the KTPCP was initiated by looking at a 1995 review of environmental practices in the tanneries of Punjab (of which Kasur is part) (Khan et al. 1995). Khan et al. found that hazardous chemicals were handled carelessly in the tanneries. While some tanneries provided their workers with gloves, aprons, goggles and masks, workers tended not to use them, because of ignorance of the harmful effects of the chemicals. Information about OHS regulations was often not posted in the tanneries. Empty bags of chemicals, excess lime-sulphide paste, salt and so on were frequently dumped, and the loading and unloading of skins and hides was carried out without the use of protective gloves or clothing. Finally, pits were not provided with railing or covering, drums not shielded from the gear drive, and the floors generally wet (Khan et al. 1995:27).

Eight years later, in 2003, a rapid assessment was undertaken of the working conditions within the Kasur cluster itself (CSSR et al. 2004). Although a different methodology was employed than in the 1995 study,<sup>31</sup> a broadly similar picture emerged. When the research team visited a number of tanneries, they observed that—in five out of six key hazardous work processes—tannery workers did not use gloves, masks, long boots or goggles. For example, in the *wagar/palti* process, hides are soaked in open ditches filled with chemicals. A line of several ditches with different processing chemicals are used in a specified sequence, and the hides need to be immersed in one ditch after the other until the process has been completed. The Collective for Social Science Research (CSSR et al. 2004:34) observed that tannery workers were standing inside the ditches handling the hides and chemicals, thus being directly exposed to harmful chemical substances that cause various types of skin diseases. Similarly, once the hides have been dried, a process of “de-wooling”, known as *khawai*, is undertaken. During this process, workers are exposed to high dosages of chemical dust that is released when the hair is pulled out manually. *Khawai* is known to be the cause of respiratory disorders including coughs, asthma and even tuberculosis.

Such findings were corroborated by my own initial fieldwork in Kasur in early 2006 when I interviewed five tannery workers. While some of the tannery workers related that they used protective gear such as tubes or gum shoes, the gear often leaked, bringing their bodies into direct contact with the chemicals. Three of them had suffered chemical burns on their arm, leg or stomach and had spent time recovering from these burns. One worker also showed how his arm and hands were affected by skin diseases. In late April 2006, the lack of attention paid to OHS was highlighted by the death of three workers at the Common Effluent Treatment Plant established as part of the KTPCP. A worker at the plant entered a well at the plant in order to remove a plastic shopping bag which was slowing down the flow of water. The worker lost consciousness as he came into contact with toxic gas emitted from the water and fell into the well. In order to save him, another worker entered the well while a third worker followed to

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<sup>30</sup> The evaluators all had an engineering background.

<sup>31</sup> Khan et al. (1995) conducted a survey of environmental practices in tannery clusters of the Punjab province and then formulated a project design for the Introduction of Cleaner Technologies in Tannery Clusters of Punjab. CSSR (2004)—using a rapid assessment methodology—investigated the extent to which bonded labour was found in five sectors in Pakistan—glass bangles, tanneries, construction, domestic work and begging.



save the first two. All of them were affected by the toxic gasses emitted by the polluted water flowing through the plant. None of them used any proper protective equipment. Eventually, they were all pulled out. Two of them died on the spot while another died on the way to the hospital. Apart from the unnecessary loss of life, the incident points to the lack of attention given to OHS as part of the KTPCP. If the agency which was—in part—supposed to impart OHS training to tannery workers was not capable of educating their own workers and effectively monitoring their OHS performance, it seems doubtful that any significant improvement have taken place in the cluster as a whole.

At the same time, a major obstacle to the improvement of occupational health and safety of tannery workers within the cluster appears to be the informalization of work where the majority of tannery workers are employed on a piece-rate basis. They obtain their daily work through a network of subcontractors, do not have any official contract, and many shift between working at different tanneries. In some instances, a tannery worker may be told to carry out a particular task at one tannery in the morning, and asked by the subcontractor to work at different tannery in the afternoon. The OHS training provided to tannery workers is thus likely to have been undermined by the high turnover rate among the workers in most tanneries.

If substantial improvements in OHS are to be achieved within the cluster, two issues need to be addressed. First, it is important to introduce a more formalized work structure, allowing for continuity in the OHS training and management of workers. Second, a much larger and sustained effort is required. This involves long-term on-the-job OHS training of supervisors (in particular) and workers (more generally) in the tanneries, combined with frequent, unannounced inspection visits by qualified KTWMA staff and external consultants to monitor progress. Hence, it is clear that OHS needs to be a major concern if the KTPCP is to be expanded.

### Impact

In terms of unintended consequences of the project, a key question is whether the Kasur tanners' investments in environmental improvements have placed them at a competitive disadvantage vis-à-vis other tannery clusters in Pakistan and Asia. Nationally, the Kasur tanners might have been placed at a competitive disadvantage in the short term, because the Kasur cluster was the first in Pakistan to invest in the establishment of a common effluent treatment plant, and the Kasur tanners thus faced an increased production costs related to paying for the operational maintenance of the plant. However, common effluent treatment plants are now being established in both the Sialkot and Korangi (Karachi) clusters, while some of the larger tanneries in Pakistan located outside these clusters have started to invest in primary and secondary treatment plants at their own cost. At the same time, a large number of common effluent treatment plants have already been established in India and are in the process of being established in Bangladesh and China. In other words, it does not appear as if the tanneries in the Kasur cluster will be placed at a substantial cost disadvantage in the longer term through their contribution to the running of the common effluent treatment plant. It appears as if the general trend in tanning clusters throughout Asia is that investments in environmental improvements is becoming a necessary, but not sufficient, condition for maintaining international competitiveness. In other words, in spite of fears of an environmental race-to-the-bottom happening within the international tanning industry, it appears as if tannery clusters throughout Asia are upgrading their environmental profile.

### Efficiency

The KTPCP was originally estimated to cost Rs. 263 million<sup>32</sup> in 1995 and was later revised to Rs. 424.476 rupees in 2002.<sup>33</sup> In other words, it appears as if the 1995 estimate was either much

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<sup>32</sup> In 1995, \$1 was approximately Rs. 34. In September 2007, \$1 was equal to Rs. 60 approximately.

<sup>33</sup> KTWMA project evaluation report, 2006.

too low or the project implemented in a highly cost-inefficient manner. This increase in costs also has to be seen in relation to the time it took to implement the project.

To evaluate whether KTPCP's objectives were achieved on time, it is important to not only look at whether the project was implemented within a reasonable time period, but also to assess how long it actually took to formulate the project itself. It appears as if the water pollution problems were already felt by villagers near the Kasur tannery cluster in the early 1980s. At the same time, the idea of establishing a water treatment plant in Kasur can be traced to 1986 (if not earlier). However, it took almost 10 years before a project—the KTPCP—that could deal with the problem (even if only partially) was actually launched in 1996.

When the design for KTPCP was ready in 1995, the project was envisaged to last three and a half years, finishing at the end of 1998. In reality, some of the components of the KTPCP were only completed by mid-2005, although the water treatment plant was operation from September 2001 onward. In other words, both the processes of formulating and implementing the project appear to have been highly time-inefficient.

Why did it take so many years before there was effective action to deal with the water pollution problem that threatened the lives of many Kasuris?

At the end of the 1980s, it was becoming increasingly clear to the Tanneries Association of Kasur that the survival of the industry could be threatened unless action was taken to control the spread of pollution in Kasur. Therefore, it started to explore the options for constructing a water treatment plant. At the same time, a number of concerned citizens in Kasur, environment NGOs such as IUCN Pakistan, and international agencies such as UNIDO, UNDP and the Norwegian Agency for Development Cooperation (NORAD) were increasingly getting involved in finding a solution to the pollution problems of the city.

However, from 1986 until 1995, the process appeared to be delayed, because of a disagreement about which actor (if any) should pay the recurrent costs of operating the treatment plant.<sup>34</sup> The problem was that the donors—from previous experience—did not want to finance a project that might not be financially sustainable because of the lack of financing to cover operational costs.<sup>35</sup> The Environmental Protection Agency of Punjab wanted the tanners to pay, due to its commitment to the polluted pays principle. While the tanners appeared to be interested in co-financing the establishment and running a water treatment plant, they were facing difficulties among themselves in terms of how they should divide this contribution internally. On the one hand, the small tanners association, representing some 150 tanneries, argued that the bigger ones should pay more. On the other hand, a similar association consisting of approximately 90 owners of relatively larger tanneries felt that the smaller tanneries collectively contributed the bulk of the pollution and should therefore pay more.<sup>36</sup>

From 1996 onward, bureaucratic inertia and the challenges related to coordinating a large-scale project involving several agencies played a vital role in further delaying the project. First, government “red-tapism” and intradepartmental turf struggles over which agency should implement the project led to a two-year delay between 1996 and 1998 before the overall responsibility for the management of the project was handed over to the newly established KTWMA in 1998.<sup>37</sup> Second, the KTWMA was a new institution created as a PPP between several tiers of the Pakistan government, international donors and the Kasur Tanneries Association. The process of building the capacity of the KTWMA was in itself a challenge which—along with the complexity of getting the different agencies to a way of working

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<sup>34</sup> “Toxic waste threatens Kasur”, *Muslim*, 4 August 1989.

<sup>35</sup> In fact, it took so long to agree on a cost-sharing model that NORAD and the Royal Dutch Embassy eventually withdrew their offers to co-finance the establishment of the KTPCP.

<sup>36</sup> “Greed turns Kasur into a living nightmare”, *Dawn*, 23 January 1995.

<sup>37</sup> “Pollution project price up by rupees 210 million”, *News*, 6 March 1998.

together – meant that common effluent treatment plant only became functional in 2001.<sup>38</sup> This lack of capacity was both related to securing sufficient staffing in the KTWMA and transferring technologies on the scale required to make the project work. Finally, the status of the proposed site of the common effluent treatment plant which covered some 50 acres of land, was in question. While this originally belonged to the railways, the area had been encroached by squatters. The question of acquiring the land and rehabilitating the squatters was also a time-consuming exercise.<sup>39</sup>

What are the implications of the lack of efficiency – both in terms of time and resource expenditures in the project?

There is hardly any doubt that the delay in setting up the treatment plant had economic, environmental and social consequences. While the farm land around Kasur was still inundated, the yield per hectare was severely reduced, making it difficult for already poor farmers to make ends meet. Another consequence was the loss of productivity caused by the tannery pollution as tannery workers and farmers fell ill or died. At the same time, large parts of the Kasur and surrounding villages continued to be in a highly unhygienic state. For example, some residents told me that the unbearable smell from the polluted water used to scare their guests away. Finally, the social fabric of Kasur and its surrounding villages was literally coming apart, because a tense relationship was allowed to endure between the tanners and other citizens of Kasur.

### Sustainability

The project's *financial sustainability* seems to be in jeopardy. Although it took more than a decade to reach a cost-sharing model in the project that satisfied all parties, it appears as if the tanners of Kasur have only bought into the idea of having the sole responsibility for financing the running of the waste water pretreatment plant to a limited extent. Officially, the plant is presently run on the basis of a cost-sharing mechanism between the voluntary contributions of the tanneries (50 per cent) the government of Punjab (20 per cent), the district government of Kasur (15 per cent), and the Tehsil government of Kasur (15 per cent). However, in practice, the tanners have paid less than the 50 per cent that they had signed up for during the first five-year period, which makes it highly unlikely that they will be able to pay the full cost of running the common effluent treatment plant by the end of 2007. This problem is compounded by a lack of transparency regarding which tanneries have paid how much to the running of the plant. At present, the KTWMA does not publicly share this information. The financial sustainability of the project is thus closely linked to its *benefit sustainability*.

It appears as if the benefits generated through the project have continued to exist after UNDP and UNIDO withdrew their funding, due to the willingness of different tiers of the Pakistani government to finance the recurrent costs of the project, covering for the shortfall in the payments to have been made by the tanners. Based upon the experience of the last five years, it is highly questionable whether the treatment plant will continue to operate if the management of the plant is transferred to the tanners association at present. Nevertheless, the KTWMA has brought about a partial reduction in water pollution, the establishment of a collection and disposal system for solid waste, and the construction of a landfill site adjacent to the waste water treatment plant. Living conditions have also improved for citizens in Kasur and surrounding villages, and their agricultural land is no longer covered with polluted waste water. Clearly, this implies less direct exposure to hazardous substances and an increase in the agricultural yield for farmers.

In terms of *organizational sustainability*, it is doubtful whether the new structure – the KTWMA – will continue to function as it has done in the last couple of years without continued

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<sup>38</sup> KTWMA project evaluation report, 2006.

<sup>39</sup> KTWMA project evaluation report, 2006.

government financing. However, the question is whether the KTWMA will retain its current capacity, given the fact that the Tanneries Association will be taking over the running of the plant from 2007. It is not yet clear whether the Tanneries Association will be willing to pay the relatively high salary—by Pakistani standards—of the project manager of the KTWMA. A number of senior members of the Tanneries Association are currently finishing their masters degrees in environmental engineering, which could help prepare the association for taking full responsibility for running the plant. However, environmental NGOs operating in the area, the Civil Society Network of Kasur in particular, are concerned as to what will happen once the plant is fully transferred to the association. Their fear—which seems to be justified—is whether the tanneries will be able to effectively police their own behaviour. The current financing mechanism has to a large extent depended upon a set of procedural rules that allowed the KTMWA to adopt sanctions against free-riders (that is, tanneries which did not pay their share of the recurrent costs related to running the plant). In practice, these sanctions have rarely, if ever, been used. At present, it is not clear exactly whether these rules will continue to apply when the plant is fully handed over to the association.

Finally, *sustainability as learning* indicates that the public sector agencies, donors and the Tanneries Association in particular have undergone a learning process which has helped in developing the capacity of both the KTWMA and the tanneries in handling the implementation and maintenance of a large-scale environmental project. However, while it is possible to induce private sector actors—even those of medium and smaller scale—to accept responsibility for their wider impact on the environment, the lack of payments from tanners to finance the plant's operational costs indicate that free-rider problems may severely hamper such initiatives.

A particular lesson learned from the KTPCP is that a trade-off may exist between the efficiency of a PPP and its sustainability. In relation to efficiency, the project has been less successful if we consider the fact that it took almost 16 years—from 1986 until 2002—before a functioning pretreatment plant was installed in Kasur. At the same time, it should be remembered that Kasur still awaits the construction of secondary treatment plant that can ensure that the water is cleansed to the point of meeting Pakistan's NEQS. However, given the experience of implementing a large-scale environmental project, the institutional structures established in the form of the KTWMA, and the Tanneries Association having committed—at least in theory—to financing its operational costs, it appears that, all other things being equal, the foundation has been laid for a more rapid implementation of a new phase of the project which would enable the tanneries to comply with the country's NEQS.

### Participation

If we consider the question of *participation*, it is clear that KTPCP has included a limited number of stakeholders in the design, monitoring and evaluation of the project. In terms of the design of the treatment plant, the project relied—at least in part—on the expertise of UNIDO's consultants, based on the assumption that there were not many Pakistanis with sufficient experience in designing waste water treatment plants. Other actors that have played a significant role in the financing and running of the project include other donors (UNDP and UNIDO), various tiers of the Pakistani government, and the Tanneries Association of Kasur.

First, there has been no formal consultative mechanism involving NGOs, trade union representatives or community members in periodic dialogue or complaints procedures. This has clearly created a situation in which the stakeholders—tannery workers and communities in and around Kasur—that have suffered the worst effects of environmental pollution and hazardous workplace conditions in the tanneries have had the least say in formulating a solution to their problems. The result has been a lack of effective political voice for marginalized actors who are both dependent on the industry for jobs and are also negatively affected by its environmental impact.

In a sense, the project thus reinforced an elitist approach to policy making that exists in Pakistan, where poorer segments of the population are systematically excluded from meaningful participation in the policy processes that have a direct bearing on their well-being. In fact, while various government agencies were fighting over turf in the project in the mid-1990s, many Kasuris were left to die a slow death.

Second, in terms of *issues*, environmental concerns related to reducing waste water pollution, evacuating stagnant ponds and establishing and maintaining a solid waste disposal system were mostly addressed in the project. The project largely seemed to overlook the need for a more effective approach to improving the OHS of tannery workers. Even when OHS was a concern, it was largely confined to what was happening immediately inside or outside the physical location of the tanneries. Few, if any, attempts were made at following the leather tanning production chain leading into the communities where tannery workers resided. For example, female stitchers who produced leather products deal with occupational hazards such as severe cuts on hands and arms. At the same time, hardly any attention was given to providing or paying for medical treatment for workers suffering from chemical burns. In fact, the nearest hospital is located several miles away from the tannery cluster. Similarly, due to its narrow environmental focus, the project did not seem to take social issues – such as improving the living conditions of tannery owners, workers and communities in Kasur – into consideration (Blowfield and Frynas 2005).

Third, in terms of the *independence* of the project partners, it does not appear as if the organizational identities of any of the partners have been undermined as a result of the project. However, it is obvious that the organizational mission of the Tanneries Association has evolved over the last two decades in response to the new challenges faced by the association. First, it appears as if the association has now accepted the polluter pays principle to the extent that it has taken it upon itself to fully finance the running of the treatment plant from 2007 onward. Second, the association's main activities are now centred on improving environmental management within the cluster and preparing to take over the responsibility of running the plant in less than a year's time. While the academic literature on PPPs seems to assume that PPP partners should retain their core identity throughout a project, the KTPCP is an example of a PPP where the evolution of a project partner's organizational identity has contributed to furthering broader public goals.

#### Accountability

If one looks at the question of “answerability”, or the obligation of key actors within the KTPCP to provide an account of their actions and inactions, the responsibility for the day-to-day running of the project lies with the KTWMA general manager who refers to the district coordination officer of the Kasur local government, who acts as the executive director of the KTWMA. Responsibility for decision making in the KTWMA lies with a management committee that comprises the district coordination officer, the general manager of the KTWMA, four members of the Dingarh Tanneries Association, and two members of the Small Tanneries Association of Kasur. In other words, the decision-making authority is shared between the local government and the two local tannery associations in Kasur.

In terms of “enforceability”, the mechanisms for enforcing agreed-upon rules and sanctioning non-compliance, the KTPCP represents an interesting co-governance model where the management committee is responsible for the operation, maintenance and development of the plant, levying tariffs and penalties, recovery and collection of charges, and approving and implementing the rules and regulations. However, in terms of monitoring and ensuring compliance in paying charges, and levying tariffs and penalties, the managing director and the general manager of KTWMA are empowered to impose fines on tanneries that fail to comply with the regulations. In case of repeated non-compliance by a given tannery, these fines are gradually increased and, in extreme cases, a tannery must be closed down and legal proceedings initiated against the owner. It appears that the current general manager is strictly

enforcing these rules. In a few instances, tannery owners who have repeatedly failed to pay their dues have had to spend the night in prison on the basis of a recommendation made by the KTWMA.

What is remarkable about these rules is that both tannery associations have voluntarily signed up to them. In other words, the associations have accepted the need for strict enforcement of the rules and regulations of KTWMA among their own members. This experience in the KTPCP seems to be an exception in Pakistan where non-compliance with, and non-implementation of, the NEQS by most industries appear to be the rule. The reason the tannery associations of Kasur signed up to these rules may be explained by the constant vigilance of civil society organizations in and around Kasur. They have continuously applied pressure on not only the tannery associations but also the KTWMA and local politicians in order to ensure that environmental conditions improved within the city.

### ***Discussion and implications***

So what are then the implications of having developed and used an integrated framework for assessing the impacts of PPPs in the developing world? What does it tell us about the potential and limitations of using PPP impact assessment methodologies?

The framework was useful in relation to analyzing some of KTPCP's unintended consequences, and how relevant, effective, efficient and sustainable the project was, but could not help explain *why* this was so, or why things were the way they were in the KTPCP.

Thornton et al. (2003) outline a useful approach that can help explain the status quo in the KTPCP. In their view, corporate managers in closely watched industries (such as the tanning industry) operate within a multistranded "license to operate". Each part of this license to operate reflects the demands of various stakeholders that police and enforce compliance. First, Thornton et al. identify what they call the *legal* part of a company's license to operate: that is, a company's regulatory permits and statutory obligations reflect the pressures of regulators, legislators and judges on the company. Second, the *social* part of a company's license to operate has to do with the demands of local and national environmental activists, local community groups and, more broadly, the general public. The pressures originating from these groups are enforced through the threat of adverse publicity and complaints to local government and regulators. These pressures may sometimes be more acute than those that come from more remote legal actors. Finally, there is the *economic* part of a company's license to operate. This is directly related to the demands of top management, lenders and investors for cost-cutting and profitability. This economic license can operate as a double-edged sword. On the one hand, it may place a limit on environmental investment. On the other hand, markets may also compel firms that receive negative publicity through mechanisms of regulatory or social enforcement actions such as consumer boycotts. If the legal, social and economic parts of a company's license to operate are combined, the "license model" would suggest that the relative "tightness" of its regulatory, social and economic aspects of a company's license to operate determine its environmental performance.

In the case of the KTPCP, the *legal* part of a Kasur tanneries license to operate is reflected in the 1997 Environmental Protection Act of Pakistan. Among other things, the act refers to the establishment of NEQS that are intended to limit the discharge or emission of water effluents, waste, air or noise pollutants. The act also makes possible the establishment of National Environment Tribunals that are intended to deal with possible non-compliance with the principles set out in the act.

While compliance with the NEQS only became mandatory in early 2006 and although the KTPCP did not fully enable the tanneries to comply the NEQS,<sup>40</sup> these mandatory pollution

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<sup>40</sup> To the best of my knowledge, very few—if any—pollution-intensive production units in Pakistan meet the NEQS yet.

limits constitute an important benchmark that guides future environmental efforts among the tanneries. In fact, the KTPCP was only envisaged to be the first part of a larger Kasur Environmental Improvement Plan—whose second phase is now about to begin—with the aim of enabling the tanneries to fully comply with the NEQS. More importantly, the NEQS provide the Civil Society Network of Kasur with a set of objectively identifiable criteria that the network can and does use in relation to holding the tanneries accountable for their actions. It continuously points out that the tanneries do not yet meet the national and legally binding levels for pollution emission.

Although the environmental protection agency of Punjab did not appear to impose heavy sanctions on tanneries that did not comply with Pakistan's NEQS, several court cases were initiated by affected citizens in Kasur. In fact, one of my respondents reported that some of the tanners were getting tired of constantly having to attend court proceedings. This seems to have been a major factor in pressurizing the tanners into taking environmental concerns seriously.

As far as the *social* part of the tanneries' license to operate is concerned, continuous pressure coming from civil society groups and local media was a major motivating factor for the tanneries, local authorities and national legislators to take the tannery pollution issue seriously. For example, in the early 1990s, various newspaper and NGO reports highlighted the struggle of the village of Bangla-Kamboos whose inhabitants employed direct action methods to stop polluted tannery water from overflowing their village. The high rates of cancer and a number of serious diseases among the villagers focused attention on the severity of the problem.

On the NGO side, the Civil Society Network of Kasur has played an active role in raising environmental awareness among local government decision makers and the broader public in Kasur. While the Civil Society Network is not formally represented in the management structures of the, the network frequently meets informally with local politicians, the KTWMA general manager, and (although less often) with the tanners themselves. At the same time, the Civil Society Network has connections with a number of universities in Japan that have played an active role in arranging workshops on the situation in Kasur, and carrying out studies documenting the health impacts on the tannery industry on local citizens. There is little doubt that such continued pressure has played a vital role in securing the implementation of the KTPCP in spite of the various bureaucratic obstacles that the project has faced. In fact, as part of the broader Kasur Environmental Improvement Project, the establishment of a secondary water treatment facility and additional measures that did not form part of the KTPCP are expected to be initiated in the near future.

Finally, regarding the *economic* aspect of the tanneries' license to operate, there is hardly any doubt that this placed limitations on the environmental investments that the Kasur tanners were willing to make in the late 1980s and 1990s, as the tanners feared that they would be placed at a competitive disadvantage as a result of their rising costs of production. This can—along with turf struggles between various tiers of the Pakistani government—account for the long delay in the project's implementation.

At the same time, it also seems as if the tanners—particularly in the new millennium—believe that their economic license to operate has been threatened as the regulatory and social aspects of their license to operate became relatively tighter. Their ability to respond to this threat has been facilitated by their collective action facilitated by the Kasur Tanneries Dingarh Association and the interest that international donors such as UNDP and UNIDO took in the situation in Kasur. These donors not only helped in terms of bringing technical expertise and know-how to the project, but also played a vital part in the initial financing of its design and implementation. This was particularly important in the light of the initial problems related to finding a viable cost-sharing model.

To sum up this section, it was primarily the gradual tightening of the tanneries' legal and social license to operate that brought about environmental changes in Kasur. This was reinforced by

the tanners' changed perception of the threat to their economic license to operate and the collective action undertaken by the tanneries supported by external donor support. In other words, the KTPCP was primarily implemented and—in the end—better managed because of continued civil society pressure supported by the enactment of a national environmental policy framework.

## **Conclusion**

This article has taken a critical look at current debates about the need for measuring and assessing the outcome of PPPs in the developing world. My intention is not to say that PPPs cannot make a potential contribution to improved working conditions and the reduction of environmental pollution in the developing world. In fact, adopting a critical perspective on PPPs does not necessarily reject the role of business sector in this regard but merely seeks to deflate some of the unfounded ideological assumptions underlying the current debate and thus set a more realistic tone for the assessing the potential, limitations and actual impacts of PPPs.

In this article, I have argued that different stakeholders may not want to know the effects on PPPs in developing countries or they would at least prefer accounts of the project that reflect their particular version of the story. As such, there is no objective “truth” about the impact of the project that can be discovered through the use of methodologies such as the integrated framework for PPP impact assessment outlined in this paper. I have personally experienced how the line management of the KTWMA, the tanners themselves and the Civil Society Network of Kasur have tried to influence what could be known about the project, often with good reason, as press reports have not always attempted to provide a balanced account of the situation in Kasur.

While insights generated through impact assessments may be used as a learning resource, they cannot necessarily be transferred from one context to another. In the Kasur cluster of tanneries—as opposed to the cluster in Korangi in Karachi—the pollution problem has been severe because of the relative flatness of the landscape; in Karachi the polluted tannery water could more easily be drained away into the Indian ocean. In Kasur, the tannery cluster consisted mainly of small and medium-sized tanneries that produce for the domestic market, while the larger tanneries in Korangi were more export-oriented. In Kasur, there appeared to have been greater civil society mobilization in response to the pollution problem than has been the case in Korangi. Hence, even in countries that share the same national legal, social and environmental governance context, regional and local contextual differences will have to be taken into account when explaining how a PPP has fared.

What do PPP impact assessments then tell us? Their potential strength lies in their ability to provide an indication of relevance, effectiveness, efficiency, sustainability and impact of a given PPP, although individual methodologies will differ in their use of these and other assessment criteria. In one way, the KTPCP represents a win-win situation that confirms many of the optimistic predictions about PPPs. For UNDP and UNIDO, the project represented a situation in which they could reach out to a non-state actor—the Tanneries Association—in order to promote their goals of improved environmental protection and sustainable industrial development, spreading these norms to the corporate actors (the tanneries) in Pakistan. The Tanneries Association secured their own survival, or at least managed to pre-empt tougher forms of regulation. The KTPCP also facilitated access to international and local financing options that enabled the Kasur tanneries to invest in environmental improvements within their cluster. Moreover, the KTPCP helped local government agencies improve the delivery of basic services—waste water cleansing—which had previously not been available. The communities living in the vicinity of the tanneries also benefited from reduced exposure to hazardous substances and increased agricultural yields for farmers.



In another way, the KTPCP can be seen as a win-lose situation. The project overlooked important economic concerns, for example, that the larger tanneries in the Kasur cluster are better capable of shouldering the costs of co-financing the running of the treatment plant. This is a factor which is reinforced by a tendency toward concentration in the Pakistani tanning industry, which appears to have too many players. The larger tanneries control more than 90 per cent of Pakistan's leather exports where the profit margins are higher, leaving a large number of smaller tanneries stuck in a vicious form of price competition. In fact, the KTPCP may have added to the risk that smaller tanneries in Kasur may be forced to close down with subsequent loss of income and jobs for lower-income groups. At the same time, the project also reinforced an elitist approach to policy making that systematically excludes poorer segments of the population from meaningful participation in the policy processes that have a direct bearing on their well-being.

What the KTPCP illustrates is that win-win and win-lose outcomes may exist simultaneously, even for the same stakeholder, depending upon which aspect of the PPP is assessed. In designing, implementing and evaluating PPPs, it is therefore important to recognize that important trade-offs may exist between different aspects of a PPP—for example, its efficiency and sustainability—instead of assuming that all PPP stakeholders benefit or lose, in all places, all of the time.

Moreover, the KTPCP highlighted that civil society organizations and communities may play an important role outside of partnerships by exerting significant pressure on both public sector agencies and private companies to solve collective action problems through their constant monitoring of ongoing events in the PPP. Thus, in some instances, partnerships may help secure environmental improvements, exactly because some civil society actors may be better positioned to monitor and hold PPP participants to account from the outside, rather than assisting them in the implementation process on the inside.

Perhaps the most important point highlighted in this paper has been the inherent limitations associated with the tools-oriented approaches to assessing the impact of PPPs. Paraphrasing what I have argued elsewhere in relation to the CSR discourse,<sup>41</sup> the current emphasis on PPP impact assessment appears to be an attempt at perceiving complex questions of economic, social and environmental justice into technical problems that can be solved through the use of policy approaches such as PPPs and the subsequent employment of various managerial tools such as impact assessment methods to measure their effects. Here there is a real danger of missing the forest for the trees.

It is important to remember that most social and environmental problems in the developing world are not caused primarily by policy or management failures, but are instead to be understood against the background of politics and power relations that link the developed and developing worlds. While not denying the role of ensuring proper design, monitoring and so on of PPPs, the social and environmental challenges faced by the developing world today are mainly rooted in the spread of global capitalism and local histories of inequality in terms of access to income, productive resources and political voice. In order to explain the effects of PPPs—such as the KTPCP—it is necessary, therefore, to understand the status quo as an outcome of the struggle between a variety of actors over the distribution of social and environmental hazards associated with the broader processes of economic development and industrialization.

The policy implications are that attention must be paid to strengthening the positions of those actors in struggles that have the potential to secure a fairer distribution of the economic, social and environmental benefits and risks arising from industrialization processes. As the KTPCP illustrates, this can be done through assistance to small and medium-sized producers by strengthening their potential for undertaking collective action to deal with social and

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<sup>41</sup> See Lund-Thomsen (2004:107–109).

environmental hazards and providing a national governance framework that civil society organizations can use to hold these enterprises to account for their actions. Improving working conditions, particularly occupational health and safety, within the cluster is not only a technical question of providing more and better training of supervision of workers, but it is also a political question relating to introducing a more formalized work structure and reducing the use of casual labour.

## Appendix: The OECD–DAC Principles for Evaluation of Development Assistance<sup>42</sup>

### **Relevance**

Relevance relates to whether the intervention is suited to the priorities of the target group, the recipient and the donor. When evaluating the relevance of a partnership, it is important to consider whether (i) its stated objectives are relevant, (ii) its activities and outputs are going to contribute to the attainment of these objectives, and (iii) its activities and outputs will generate the intended effects.

### **Effectiveness**

Effectiveness measures the degree to which the intended objectives have been reached. Here it is important to consider which factors influence the achievement or non-achievement of the stated objectives.

### **Efficiency**

Efficiency measures the outputs—qualitative and quantitative—in relation to the inputs. In other words, it measures how efficient has resource usage been in reaching the stated objectives. Ideally, the least costly means should be employed. For example, it is useful to consider whether the same outputs could have been produced using other approaches or processes. Thus, we need to consider whether (i) the activities were cost-efficient, and (ii) the objectives achieved on time.

### **Impact**

Impact refers to the positive and negative changes produced by a development intervention, whether these are positive or negative, intended or unintended. In comparison with the effectiveness criteria, impact not only considers whether the officially stated objectives have been met, but also whether the intervention has had unintended consequences. The analysis of impacts is also concerned with the positive and negative influence of factors external to the project such as changes in terms of trade and financial conditions.

### **Sustainability**

There are four different types of sustainability. *Benefit sustainability* refers to whether or not the benefits derived through project are likely to continue once external funding has expired. *Organizational sustainability* means whether the organizational structures created through the project are likely to function after the project has ended. *Financial sustainability* means whether finances exist to carry on project activities. Finally, *sustainability as learning* considers whether the participants in the intervention have become more capable of learning and managing the structures created once external support comes to a halt.

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<sup>42</sup> Source: [www.oecd.org/document/22/0,2340,en\\_21571361\\_34047972\\_2086550\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/22/0,2340,en_21571361_34047972_2086550_1_1_1_1,00.html), accessed 26 July 2006.

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