Public Private Partnership Support Facility

Extract of Risk Report

September to December 2023

1. Introduction and Overview

The Public Private Partnership Support Facility (PSF) has provided a comprehensive Risk Management Report for the quarter ending December 2023. The report focuses on various projects across sectors, with a primary emphasis on education and healthcare, specifically addressing project risks, ongoing reforms, emergent issues, and financial implications. The document serves to ensure that all stakeholders are aware of the current status, potential risks, and measures being taken to mitigate these risks.

2. Project-wise Risk Analysis

Education Sector Projects:

Non-Formal Education Centers:

A feasibility study is underway to evaluate the potential for PPP mode in establishing and managing non-formal education centers for out-of-school children. PSF is involved in providing technical advice to mitigate risks associated with the project structure.

Outsourcing Public School Management:

Projects to outsource the operation of four public schools are in the pre-feasibility stage, with SELD conducting necessary studies.

Another project involves 54 schools rehabilitated under JICA assistance, with 19 schools selected for the first phase of outsourcing.

Key Issues and Challenges:

Teachers Training Institutes (TTIs):

Delays in handing over facilities and rehabilitation work have been significant, impacting project timelines and potentially increasing costs due to inflation.

Education Management Organizations (EMOs):

- Delays in submitting progress evaluation reports compromise effective monitoring and accountability.
- Persistent contract management issues due to insufficient staff, weak administrative powers, and poor record-keeping.
- Recommendations include hiring competent staff and improving the role of PPP Node in guidance and monitoring.

3. Ongoing/Emergent Issues in Sindh Education Sector

Emergent Issues Identified:

Handing Over and Rehabilitation Delays in TTIs:

- The operational risk has increased due to over a year's delay in handing over facilities.
- The delay impacts the rehabilitation work budgeted by operators, leading to potential quality issues.

Submission of Evaluation Reports by EMOs:

- Delayed reports hinder effective accountability and timely annuity payments.
- Efforts to improve this include stakeholder meetings and better coordination between PPP-N and IAs.
- Contract Management Weaknesses:

- Ineffective contract management continues to be a challenge.
- Strengthening human resources at PPP-Node is recommended to address this issue.

4. Safety and Security Services at Jinnah Post Graduate Medical Centre (JPMC)

Project Overview:

- The feasibility study recommends outsourcing safety and security services at JPMC under a PPP mode, with a proposed partnership agreement for 5.5 years.
- The total estimated cost is approximately Rs. 1.97 billion, covering both installation and operational costs.
- Key risks include fundamental changes in law, political force majeure events, and default events by GOS, with financial liabilities carefully analyzed to ensure no significant budgetary risk.

Risk Management and KPIs:

- The Concessionaire will handle design, installation, performance, and cost overruns, while the government will manage demand, revenue changes, and political force majeure events.
- Quarterly risk management reports will monitor emerging risks.
- KPIs are established to maintain high safety and security standards, with performance-linked payments.

5. Affordability and Contingent Liability of Education Sector Projects

Affordability Analysis:

- The PSF conducted an affordability analysis comparing the total bid costs of all education projects to the current fiscal year's ADP budget.
- The analysis indicates that the financial impact ranges from 0.016% to 0.516% of the provincial ADP Budget for FY 2023-24.

Contingent Liability Analysis:

- The contingent liabilities for these projects are relatively low, ranging from 0.57% to 1.22% of the provincial ADP Budget for 2023-24.
- The analysis concludes that the financial commitments are manageable within the existing budgetary framework.