



**Private Sector Engagement Policy  
(PSEP – 2021)**

**No. PASSD-2021/PSEP/  
Poverty Alleviation and Social Safety Division  
Cabinet Secretariat  
Government of Pakistan  
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**Government of Pakistan**

## **Abbreviations and acronyms**

CSR	Corporate Social Responsibility
FBR	Federal Board of Revenue
PA&SS	Poverty Alleviation and Social Safety
PPRA	Public Procurement Regulatory Authority
PPPA	Public Private Partnership Authority
PCP	Pakistan Centre for Philanthropy
PPP	Public-Private Partnership
PSE	Private Sector Engagement
PSO	Private Sector Organization

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**EHSAAS PRIVATE SECTOR ENGAGEMENT POLICY  
(EPSEP) 2021**

This policy may be called the  
*Ehsaas* Private Sector Engagement Policy – 2021 (PSEP – 2021)  
It extends to all of Pakistan

## **EHSAAS PRIVATE SECTOR ENGAGEMENT POLICY**

### **Context**

*Ehsaas* (Compassion) is about the creation of a ‘welfare state’ by countering elite capture, providing safety nets, developing human capital, and creating jobs and livelihood opportunities by leveraging 21<sup>st</sup> century tools, data, and technology. To achieve this objective, both the public and private sector needs to work together through effective engagements. Private sector engagement (PSE) is a strategic approach aligned with the *Ehsaas* objectives through which PA&SS Division will consult, collaborate, strategize, and implement with the private sector for greater scale, sustainability, and effectiveness of *Ehsaas* programs in the country.

The objective of private sector engagement policy is to engage and facilitate non-government stakeholders to leverage their technical, financial, entrepreneurship and outreach support to amplify impact of *Ehsaas*. This policy highlights the types of support, the engagement model for each type of support, and the safeguards put in place to address risks of partnerships that may form under the agreement.

This policy is applicable to five groups: private sector organizations, non-government organizations, foundations, academia, and individuals. Engagements will include technical expertise, financial contribution, entrepreneurial talent, and outreach to amplify the impact. The policy covers the engagement process, governance, and M&E mechanism for different engagement types. Over time, *Ehsaas* expects that the implementation of this policy and creation of partnerships with private sector will diversify *Ehsaas*’ partner base.

Pakistan scores very high in philanthropic giving. According to 10<sup>th</sup> Edition of World Giving Index (WGI) report published in October 2019 by Charities Aid Foundation, Pakistan ranked as the 91<sup>st</sup> most generous country out of 144 nations. According to estimates, more than 300 billion PKR is channeled to welfare, annually. However, up until now, the government and welfare organizations have worked in silos. The private sector involvement and engagement in development agenda of Pakistan, is of significance and much can be achieved through complimenting and supplementing each other’s poverty reduction and social protection agenda.

### **Scope**

As per the Rules of Business, 1973 vide clause 6 of the section 31AA, Poverty Alleviation and Social Safety (PA&SS) Division can potentially work with non-government sector to design and implement pro-poor initiatives. This gives mandate to develop the policy of devising a mechanism for private sector engagement.

## **Objective**

Engaging and facilitating the non-government stakeholders to leverage their technical, financial, entrepreneurship and outreach support to amplify impact of *Ehsaas* initiatives.

## **Target Audience**

The audience for engagement is categorized in five main groups:

- Private sector organization,
- Non-Government Organizations,
- Private Sector Foundations,
- Academia, and
- Individuals.

## **Types of engagement with Non-Government stakeholders**

*Ehsaas* envisages a range of interactions and engagement with the private sector. These fall into 10 categories which vary in the type of support provided by the private sector.

### **I. Contractual engagement**

The *Ehsaas* program will, as per the standard process for any Government of Pakistan agency, whenever goods and services are needed, follow Public Procurement Regulatory Authority (PPRA) rules and norms. PPRA also provides for pre-qualification of goods and services and the process for long-standing contracts, which provides the flexibility to continue or discontinue engagements according to changing and/or new requirements.

All *Ehsaas* implementing agencies can avail this channel of engagement.

### **II. Solution Challenge through Request for proposals**

*Ehsaas* can use the Innovation Solution Challenge approach where private sector players can be invited in specific areas and assessed on technical, management and geographical competence. The applicable methods of procurement are stated under competitive bidding of PPRA regulations. The Solution Challenges through the RFP approach can be adopted by any *Ehsaas* implementing agency.

### **III. Private sector participation in governance and technical committees**

The *Ehsaas* implementing agencies can invite and engage private sector parties to acquire diverse insights, perspectives and expertise with institutional knowledge and experience through the following two mechanisms:

*Governing bodies:* Participation will be according to respective governing framework of the entity, and Conflict of Interest Declarations will be signed at every meeting.

*Technical committees:* Participation of non-state stakeholders can be solicited in technical committees, provided:

- Conflict of Interest Declarations (Annex A) are signed at every meeting.
- Priority is given to representation from apex organizations, rather than individuals.

#### **IV. Infrastructure PPPs**

The standard infrastructure PPPs model is applicable to large infrastructure projects which entail the following: build-transfer-operate, build-own-operate-transfer, and build-own-operate. These models effectively overcome funding constraints and ensure end-to-end project completion for large projects. All applicable rules of the Government of Pakistan's Public Private Partnership Authority (PPPA) will apply, accessible at [www.pppa.gov.pk](http://www.pppa.gov.pk)

#### **V. Public-private partnerships**

*Ehsaas* may partner with the private sector and leverage their expertise, capacity to scale and funding with government facilitation. The relevant laws and policies of the government will apply. Individuals and organizations can make a pledge through the "Pledge to Ehsaas" portal. Details are outlined below. (refer to "Technical input of volunteer arrangements")

#### **VI. Technical input through volunteer arrangements**

The Ehsaas program can engage volunteers to solicit technical expertise. Expression of interest should be made through the "Pledge to Ehsaas" portal accessible at <http://pass.gov.pk/Detailded16035-febc-4590-90c0-3905c6235818>

All voluntary contributions will be publicly acknowledged by Ehsaas on its website and in its App. Individuals and organizations can make a pledge through the "Pledge to Ehsaas" portal.

#### **VII. Financial contributions**

As part of the Ehsaas program, a donor window is being established. Through this window, the private sector will be able to provide financial contributions to support the *Ehsaas* program and its various initiatives. Full transparency in the use of funds will be achieved.

The donor window will be configured in two phases:

- In the first phase, a special monitored fund will be established where all donations to Ehsaas will be received. Donors will be able to make contributions via cash deposits or bank transfers. Moreover, modes of donation will also be expanded further to include

other channels e.g. branchless banking agents. Regular reports will be published about the receipts and usage of funds to ensure transparency.

- In the second phase, a specialized “Ehsaas Donor Management Portal” will be launched enabling donors to allocate their donations to specific *Ehsaas* programs or initiatives they would like to support. The portal will also allow donors to track how their contribution was utilized. The portal will likely be piloted for “Tahafuz” – a program under Ehsaas that supports catastrophic health expenditure of poverty-struck individuals, and later expanded to cover all programs and initiatives under Ehsaas.

Details about the governing arrangements are to be determined shortly. The following conditions would apply to non-government stakeholders:

- acceptance of a contribution will not constitute an endorsement by the Ehsaas program
- will not confer any advantage or privilege
- will not influence the management or implementation of operational activities
- any contribution can be declined without further explanation

#### **VIII. In-kind Support**

Individuals and organizations may make in-kind contributions in the form of product donations and volunteering arrangements. An inventory of donations will be kept. Policies and procedures governing the provision of donations will be developed.

#### **IX. Support to NGOs**

Ehsaas provides support to selected NGOs through its grant-making bodies—e.g., Pakistan Poverty Alleviation Fund. All civil society entities partnering with PASSD and its ancillary organizations need to be certified by Pakistan Centre for Philanthropy (PCP). PCP conducts performance evaluation of Non-Profit Organizations on behalf of Federal Board of Revenue (FBR) and certifies that non-profit organizations meet with the desired requirements of certification standards (notified by FBR) in the areas of internal governance, financial management and programme delivery.

#### **X. Corporate Social Responsibility**

The corporate social responsibility (CSR) is the way/ manner for private sector to contribute towards development sector and is an integral part of private sector engagement. The concept of CSR remains more attached with Corporate Philanthropy. Theoretically CSR is a self-regulatory mechanism to ensure the active participation of corporations for the betterment of

society which includes but not limited to reducing carbon footprints, improving labor policies, participating in fair trade, charitable giving, volunteering in the community, corporate policies that benefit the environment, and socially and environmentally conscious investments.

As per Pakistan Center for Philanthropy (PCP), the CSR budget ranges around rupees 252 billion. Considering this, it is imperative to delve into this resource for delivery of *Ehsaas* objectives. Accordingly, it is of the utmost importance for private and public sector organization(s) to devise a CSR policy in line with *Ehsaas* objectives. To ease the target audience in devising their CSR policies, a template is enclosed herewith as Annex B. The respective CSR policies may include efforts in addition to any support that is being extended to *Ehsaas*.

### **Pledge to Ehsaas**

Private sector organizations (PSO) and individuals can pledge to *Ehsaas* to provide financial and in-kind support. Expression of interest should be made through the Pledge to Ehsaas portal accessible at <http://pass.gov.pk/Detailed16035-febc-4590-90c0-3905c6235818>. Accordingly, a 6-step process can be followed to enable private sector engagement.

Process for engagement through Pledge to *Ehsaas* is as follows

<b>Step No.</b>	<b>Process</b>
1	PSO can commit to the <i>Ehsaas</i> program on a rolling and ongoing basis.
2	PSO submit the ' <i>Ehsaas</i> Partnership Action Pledge' form outlining their expertise and focus area.
3	Pledges are reviewed and approved against the evaluation criteria to ensure alignment with the <i>Ehsaas</i> goals
4	Approved pledges are reviewed in detail by the Independent <i>Ehsaas</i> Oversight Committee to assess robustness of action plans and impact potential.
5	Progress of pledges will be tracked on an annual basis through an evaluation mechanism
6	Selected pledges will be officially recognized and announced at major events with impact stories shared through social, digital, and print media.

Principles for selection of partners under Pledge to Ehsaas are as follows

<b>Sr. No.</b>	<b>Criteria</b>	<b>Description</b>
1	Relevance	The commitment should be aligned with one or more of the seven goals of the <i>Ehsaas</i> program and can be an existing or new initiative for PSO
2	Specific	The action steps of a commitment should be clearly defined in terms of solution, outcome, timeframe, and desired impact.

3	Measurable	The commitment should have qualitative and quantitative goals that can be monitored and tracked over a period of time.
4	Feasibility	The commitment should be economically and technically viable, with additional credibility if it is a proven intervention.
5	Sustainability	The commitment will be assessed for long-term viability while maintaining the product/service quality and delivery.

### Payment and monitoring

Expression of interest should be made through the **Pledge to Ehsaas** portal accessible at <http://pass.gov.pk/Detailded16035-febc-4590-90c0-3905c6235818>. All voluntary contributions will be publicly acknowledged by *Ehsaas* on its website and in its App.

The channeling of private funds to *Ehsaas* programs will be through a window supporting the donation and then allocating the funds to an account subject to constant monitoring and clear governance processes.

Details on the governing arrangements are being determined. These arrangements will ensure the following conditions:

- acceptance of a contribution will not constitute an endorsement by the *Ehsaas* program
- will not confer any advantage or privilege
- will not influence the management or implementation of operational activities
- any contribution can be declined without further explanation

Process of evaluation is as follows

Stage No.	Stage Description	Activity
1	Assess alignment and organization	1.1. Receive proposal,
		1.2. Assess alignment of proposal with <i>Ehsaas</i> ,
		1.3. Assess credibility of the organization,
		1.4. Redirect to relevant ministry if not aligned with <i>Ehsaas</i> ,
		1.5. Update the PSO with assessment outcome
2	Evaluation and idea refinement	2.1. Evaluate idea and provide feedback to PSO,
		2.2. PSE committee to share recommendations,
		2.3. Secretary PA& SS Division to vet recommendations.

3	Recommendation	3.1. Minister to review recommendation to decide,
		3.2. PSE committee to share decisions with PSO,
		3.3. Desk office to arrange meeting with PSO.
4	Facilitation and M&E	4.1. PSE committee to identify appropriate facilitator,
		4.2. PSE committee to facilitate with requested govt support,
		4.3. Desk officer to assess appropriate M&E on framework and share with EDU.

Eligibility Criteria for the above are outlined below

Sr. No.	Criteria	Assessment
1	Alignment with <i>Ehsaas</i>	Relevant to <i>Ehsaas</i> goals or mandates of <i>Ehsaas</i> organizations
		Marketing pitches will be filtered at this stage
2	Credible organization	Registered with relevant regulator and tax authority
		Clear credibility check by MOI / MOFA
		Requestor from C-suite / senior management
		Audit certificated available
		Good repute in web due diligence (e.g. social media, press and diligence tools (Nexis diligence))
3	Idea impact	Alignment with at least one <i>Ehsaas</i> goal
		District / municipal level impact or impacting 10,000 beneficiaries
		Demonstrated and significant positive effect for recipient
		Clear and accelerated plan for impact, with milestones
4	Idea feasibility	Secured finding (no GoP funding required)
		At least one past project of similar scale and complexity
		Demonstrate in house capability or a plan to acquire / hire
5	Govt Support	Co-branding and alignment requests should meet <i>Ehsaas</i> guidelines.

### Risks and Safeguards

The *Ehsaas* program is subject to certain risks when engaging with the private sector, for which safeguards are being put in place to address and/or overcome risks that could negatively impact its work and image in Pakistan and internationally.

#### A. Risks

- Conflict of interest
- Undue or improper influence by a non-state actor

- Competitive advantage for non-government stakeholders and/ or serving their interests
- Negative impact on the integrity, independence, credibility, and reputation of the *Ehsaas* program
- Endorsement of the non-government stakeholder's name, brand, product, views or activity

## **B. Safeguards**

To prevent conflict of interest and effectively manage risk, all non-state actors should fully disclose their commitment activities. The *Ehsaas* program should conduct necessary due diligence and a comprehensive risk assessment to identify and address all potential risks of pledged commitments.

### **I. Conflict of interest**

A conflict of interest is a situation where *Ehsaas* primary interest may be unduly influenced by the conflicting interest of a non-state actor in a way that affects, or may reasonably be perceived to affect, the independence and objectivity of the work and program. The *Ehsaas* program will avoid allowing the conflicting interests of a non-state actor to exert, or be reasonably perceived to exert, undue influence over its decision-making process or to prevail over its interests. COI declarations and forms will be mandatory requirements for all engagements between *Ehsaas* and private sector.

### **II. Due diligence and risk assessment**

If engagements with non-state actors will be in the interest of the *Ehsaas* program and acquire information on the activities of the organization to assess and rate the level of risk. Due diligence combines a review of the information provided by the non-state actor, a search for information about the entity concerned from other sources, and an analysis of all the information obtained. This includes a screening of different public, legal and commercial sources of information, including media; the entity's website companies' analyst reports, directories, profiles; public, legal, and governmental sources.

A due diligence exercise entails the following.

- Clarify the nature and purpose of the entity proposed to engage with the *Ehsaas* program.
- Clarify the interest and objectives of the entity while engaging with *Ehsaas* and what it expects in return.
- Determine the entity's legal status, area of activities, membership, governance, sources of funding, constitution, statutes, and by-laws and affiliation.

- Define the main elements of the history and activities of the entity in terms of the following: human and labour issues, environmental, ethical and business issues, reputation and image, and financial stability.

### **III. Risk management**

It is a mechanism to assess the starting of a commitment, continuation of commitments, commitments with measures to mitigate risks, non-engagement, or disengagement from an existing or planned commitment with non-state actors. A dedicated function of the *Ehsaas* program will review potential engagements to assess if the direct and/or indirect benefits outweigh the risks, in which case the commitment is undertaken and/or continued.

### **IV. Transparency**

The non-state actors will be required to provide information on their name, membership, legal status, objective, governance structure, composition of main decision-making bodies, assets, annual income and funding sources, main relevant affiliations, webpage, and one or more focal points for the *Ehsaas* program. Furthermore, a handbook to guide non-State actors in their interaction with the *Ehsaas* program in line with this framework should be provided.

### **V. Publicity**

The name and acronym of *Ehsaas* cannot be used by non-state actors for any commercial, promotional marketing and advertisements purposes.

### **VI. Specific provisions**

The *Ehsaas* program will not engage with non-state actors that fall outside the scope of the 7 goals.

### **VII. Association with *Ehsaas***

*Ehsaas's* name, acronym and emblem shall not be used for or in conjunction with commercial, promotional marketing and advertisement purposes.

### **VIII. Secondments**

*Ehsaas* program will not accept secondments from private sector entities.

### **IX. Oversight of commitments**

A Committee will oversee the implementation of commitment agreements with non-state actors and review any revisions in the framework of commitments with non-state actors. An advisory committee will support PA&SS Division through their knowledge and skills to guide

engagements with non-state actors. The advisory committee will serve to make recommendations and/or provide key information and materials by providing a fresh perspective. Furthermore, this committee may evaluate the performance of a commitment, review/monitor/assess a specific commitment, serve as advocate of the *Ehsaas* program to the community it serves, provide feedback from the community, provide technical expertise, provide an independent/unbiased sounding board, and assist staff in determining important activities.

**Annexes**

**Annex A: Conflict of Interest – Disclosure Form**

Organization’s Name: \_\_\_\_\_

Focal Person Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Address: \_\_\_\_\_

Contact No: \_\_\_\_\_

Describe the private interests that have the potential to impact your ability to carry out your duties and contributions to the Ehsaas program: (Describe your private interests and/or associations)

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The conflict of interest has been identified as: (Please select one of the following)

- Non-pecuniary interest
- A real conflict of interest
- An apparent conflict of interest
- A potential conflict of interest
- Pecuniary interest

*Organization Declaration:*

I declare that the above details of our organization’s private interests are correct to the best of my knowledge and am aware of my responsibility to take reasonable steps to avoid any real or apparent conflict of interest in connection with our work with the Ehsaas program. The partnership is in accordance with all applicable rules and regulations of the private entity which are applicable on the concerned person.

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_

*Action by Ehsaas Program:*

Describe the actions proposed to mitigate the real or perceived conflict(s) which have been disclosed and the reasons for the decisions:

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The above action(s) have been discussed with the organization and are appropriate to resolve the real or apparent conflict of interest disclosed above.

Signature of Ehsaas Focal Person: \_\_\_\_\_ Date: \_\_\_\_\_

Organization Endorsement: \_\_\_\_\_ Date: \_\_\_\_\_

## **Annex B: Template – Private Sector Organization’s CSR Policy**

### **Template’s Objectives**

The purpose of this template is to enable private or public sector organization(s) to devise a CSR policy in line with *Ehsaas* objectives. The CSR policy may include efforts in addition to any support that is being extended to *Ehsaas*.

#### **A. Introduction**

Corporate Social Responsibility (CSR) is defined as the way in which an organization integrates social & environmental concerns in its routine operations & interactions with stakeholders. CSR contributions can be monetary where organizations provide financial, in-kind, or technical supports.

#### **B. About the partner organization**

*This section will include details of your organization including its Vision, Mission and objectives.*

#### **C. CSR Guidelines**

In 2013, the Securities and Exchange Commission of Pakistan (SECP) published a set of voluntary guidelines for CSR in the interest of promoting responsible business conduct that supports community growth. Based on these guidelines, the <organization name> has developed its CSR policy to support the vision of *Ehsaas*.

*Ehsaas* is Government of Pakistan’s flagship program for poverty alleviation, housing initiatives derived from the concepts of safety nets, human capital development, jobs & livelihood, & pro-poor governance. The program is led by the Poverty Alleviation & Social Safety Division, as part of the Cabinet Secretariat, overlooked directly by the Prime Minister.

The <organization name> CSR policy will be aligned with *Ehsaas*’ vision of poverty alleviation in the country and will actively contribute towards *Ehsaas* goals of extending safety nets and providing livelihood opportunities to poor households, ensuring financial & digital inclusion of individuals, and improving access to and utilization of healthcare and education.

The <organization name> CSR policy will be pro-poor and target all key *Ehsaas* beneficiaries including, but not limited to, widows, homeless, orphans, extremely poor, people at risk of medical impoverishment, laborers, poor elderly citizens, poor women, students from low-income backgrounds, under-nourished, poor farmers, the differently abled & the jobless.

Additionally, CSR activities designed under the CSR policy of the Ministry will focus on the following themes, within or outside of *Ehsaas*:

- *Please list the themes of the CSR policy, ensuring this is in line with Ehsaas goals. Examples may include (Healthcare, education, hunger, poverty & malnutrition, sanitation & safe drinking water, gender equality & women empowerment, and shelter homes)*

Following are the key elements of CSR policy of the <organization name>:

#### **I. CSR Governance**

To ensure commitment towards CSR, <organization name> will develop a CSR policy, which will be endorsed by its board of directors. The CSR policy will be aligned with <organization name's> vision, whereas CSR objectives & targets will be incorporated into the organization's annual strategy. Furthermore, CSR updates will be included in board's meetings to enable the board members to be updated on CSR activities.

#### **II. Consultative Committee**

A consultative committee, comprising of members with experience in implementing CSR activities will be formed at <organization name> to ensure focused effort towards CSR. The committee will set up a periodic cadence to update the higher management of the organization.

The committee will be responsible to negotiate CSR budgets within <organization name> and will earmark specific quantified resources or a percentage of annual profit for chosen CSR initiatives.

The committee will ensure that the CSR policy takes into consideration existence of, or development of, methodology/ institutional arrangement that considers mechanism for stakeholder engagement at all stages of the CSR activity, monitoring & evaluation (M&E) of the CSR activity, disclosure & reporting of CSR outcomes & learnings, & incorporating improvements in future CSR activities of the private sector organization.

The CSR policy developed by the committee will also clearly determine priority areas for all current & future CSR activities.

#### **D. Implementation and Evaluation**

The implementation of CSR activity will allow for periodic monitoring of progress made on targets, and the role and extent of engagement with internal & external stakeholders. The implementation plan will include the business plan, working model, resources earmarked, terms of references of participating organizations, periodic M&E mechanism, & reporting of progress as components of the implementation plan.

The <organization name> will develop concise impact reports of its CSR activities, which may include the intended goals, working model used, impact created, challenges faced & working partners leveraged. The reports will also include disclosure about future CSR activities or priority areas, along with source of funding. These reports will be made publicly available on the <organization name's> website and as part of annual reports.

The <organization name> will hire external entities, groups, or individuals that can evaluate CSR activities of the organization, from an independent perspective. The external partner will assess whether the organization's CSR report is a reasonable presentation of its actual CSR performance.

#### **E. CSR interventions / activities**

*This section will include the details of the organization's CSR activities. This can include internal and external activities. Internal activities may include activities like providing equal employment opportunities to women and differently abled, Assess physical, emotional and mental wellbeing of members of the company, assessing carbon footprint of the company and implement environment friendly policies. External activities may include allocation of a certain % of CSR budget / profit for free trainings and employment opportunities, providing sustenance opportunities, partnering with NGOs, public and private programs and invest in their initiatives e.g., Ehsaas.*

#### **F. Collaborating with Ehsaas**

*This section will include details of the organization's engagement with Ehsaas, including the program(s) they are engaging with, how it ties with the organization's CSR mission, and the process for engagement.*

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