



# PUBLIC PRIVATE PARTNERSHIP

## A MARKED MARKET APPROACH

**T**he availability of quality based infrastructure is considered as the key attractant of investment that actually moves the wheel of development. In order to keep this wheel moving there requires consistent execution of infrastructure projects which on the one hand provide the desired level of infrastructure services to general public and on the other hand gives ample margin for leveraging government funds towards stark social needs. In this regard, the immediate prerequisite is the creation of a conducive regulatory environment to be ensured by the government that may warrant guaranteed returns to private sector sandwiched with the desired level of legal safeguards and consistent policies. In the present milieu, the importance of PPPs has increased manifold due to various critical factors e.g. shrinking fiscal space, unpredictable exchange rate fluctuations, uncertain banking environment, sagging levels of the existing infrastructure and the transparency challenges. The situation in the country demands a solid hand holding by the government to PPP regime that may restore the confidence of private sector, banks and the international sponsors to join

hands against the rapid materialization of PPP projects in the country.

In past the approach towards Public Private Partnership (PPPs) remained largely reactive, isolated and half-baked which lacked strategic management of

metropolis and towns. In this particular context, the installation of water meters in Lahore through PPP mode of development is being viewed more than mere a single project, rather an emerging PPP based water meter market in the country. In this regard, the unavailability of water meter system in other parts of the country appears as



PPPs in a proactive and consistent way. At this stage in time, what straightaway requires is to take the macro view of the anticipated development and targets which ought to be chased through unflinching grit and grip. In Punjab, the PPP Authority is following three-pronged strategy i.e. 1) Demand side measures which aim at the enhancement of the capacity of government entities towards most realistic structuring of the PPP projects, 2) Supply side measures which may target at fetching apt response from the private sector and capital markets against PPP tenders and calls and 3) Undertaking the role of key stakeholder in the PPP regime that plays the role of one stop agency towards execution of PPP projects and stands as the key guiding source for all the stakeholders. In addition to this, the Punjab PPP Authority is saddled upon the task of approaching new PPP markets through its sectorial diversification strategy. While a sufficient level of PPP projects has already been executed in Punjab, which touches the level of almost PKR 40 billion, the need of the hour is to stretch the scope of PPPs to next door sectors of economy i.e. water, energy, health, education and other urban services.

In context with its sectorial diversification plan, the PPP Authority of Punjab is following a market based approach, which primarily targets upon exploring the emerging PPP markets. For example, the recent execution of the smart water meter project in Lahore is being viewed in the broad spectrum of creating chain of similar projects in the other

potentially a huge untapped market to be explored through PPP modality. Similarly, the rapid popularization of renewable energy deployment at grass root levels combines with drastic reduction of capital costs seems another low hanging fruit. While PPP is an interdisciplinary mode of development, it can be stretched towards creating low carbon green PPPs at domestic, commercial and industrial levels. From this point of view, the renewable energy, particularly solar, wind and biomass are the sound examples of emerging PPP markets. In this regard, Punjab PPP Authority is in the process to apply PPP mode of development upon the potential new markets, which otherwise is hard to be harnessed through government resources. In a wake of exploring the fullest potential of emerging markets, the PPP Authority is also aiming at the creation of social sector PPPs in the health, education and environmental sectors. In this regard, PPP arsenal is adequately enriched with a variety of PPP modes, which looks beyond the conventional DBFOT (Design, Build, Finance, Operate and Transfer) and BOT (Build Operate Transfer) patterns. Depending upon the appropriateness and suitability, the PPPs can be created through annuity, mixed (annuity and BOT), BOO (Build Own Operate), MCs (Management Contracts) and other flexible modes. However, in order to implement this strategy, there must be flexibility and good deal of accommodation on the part of regulatory regime, so as to win its advantage in changing circumstances and

shifting market realities

In order to identify the emerging PPP markets, the PPP Authority in Punjab is following a robust strategy that targets the execution of at least one distinct project in certain sector. Once executed, it will be comparatively more convenient for the PPP Authority to replicate similar projects in other parts of province through lessons learnt from the prior experience. In this regard, it will be rather more acceptable and less risky on the part of banks and financial

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institution to finance any such projects confidently. The fundamental risk on the parts of banks and private sector has been the absence of any sound precedence, which will be addressed through pilot projects. At the next stage, the pilot projects will be used as the key references for the onward harnessing of that particular emerging PPP market. However, the identification and harnessing of emerging of such PPP markets requires a shared vision that should be thoroughly understood and adopted by the government agencies, private sponsors, banks and other relevant stakeholders.

In the above situation, the Punjab PPP Authority is following a broad based approach of PPP development. This include the execution of less complex projects in the beginning and the systematic configuration of a robust and most realistic pipeline of projects. Further to this, the anticipated plans are to be shared at all levels within the government and private sector, so as to refine these concepts through feedback and comments from the stakeholders. This on the other hand may motivate the market forces to come up with the newer, creative and diversified concepts of projects through the submission of unsolicited proposals with the PPP Authority. Throughout this marked market approach, presently being followed by Punjab PPP Authority, this is safely augured that PPP mode of project development will be applied in a strategic and planned way, which has largely been missing since the very inception of PPP dynamics. In this regard, the underlying challenge is to ensure a tridimensional win-win scenario to government, private sector and public lines, which may rebuild the trust in favor of PPPs across the board. ..



# PUNJAB PUBLIC PRIVATE PARTNERSHIP AUTHORITY

## AGREEMENT SIGNED WITH CHINESE CONSORTIUM FOR SMART WATER METERING PROJECT IN LAHORE

A Concession Agreement was signed between Government of the Punjab and consortium of 3 Chinese companies (M/s. Wenling Younio Water Meter Co. Ltd, M/s. Jiangsu Xinlang Environmental Company (Private) Ltd., and M/s. China Energy Engineering Group Jiangsu No.3 Electric Power Construction Co. Ltd.) through “XINLANG Lahore Water Metering (SMC-Private) Limited” a Special Purpose Vehicle created for this project.

Addressing at the event, Chief Minister Punjab stated that this project is forerunner initiative under PPP mode in Pakistan taken by Government of Punjab and will be replicated in provincial metropolis after successful implementation in Lahore. He acknowledged the efforts of Planning and Development Board, WASA Lahore, Punjab PPP Authority and allied departments adding that despite rupee

dollar parity, the pace of work continued to make this project successful. As per details, total cost of the project is PKR 9.3 billion while 711,265 water meters (93% domestic and 7% commercial) will be installed in Lahore. The establishment of local manufacturing unit to assemble water meters will create employment generation for the residents.

Chairman Planning and Development Board declared the project as a revolutionary plan and first of its kind to be launched in Pakistan in collaboration with private partners. He said that signing ceremony will boost the confidence of the private sector and will pave the way for the successful implementation of mega road sector PPP projects which are currently under bidding.

Managing Director WASA Lahore informed that presently WASA is sending bills based on the size of the consumers' houses, but after meter installation they would be charged for their actual usage, and no one would have to pay extra bill. Replying to a query, he said meters

installation would minimize wastage of water and maintain its quality as people would be conscious about any leakage and report it. It would also stop the practice of extracting more ground water and help maintain its level.

Mr. Amjad Ali Awan Chief Executive Officer Punjab PPP Authority congratulated the citizens of Lahore and highlighted that every consumer of Lahore, either domestic or commercial, will benefit from the initiative. He informed the media that signing ceremony is a major milestone achieved and declared that in this context completion of projects under public-private partnership is the best course of action. He claimed that under the leadership of current government, Punjab PPP Authority will increase the development portfolio of Punjab by executing PPPs across multiple sectors.

## PRESS CONFERENCE BY SPOKESPERSON PUNJAB GOVERNMENT HASSAN KHAWAR AT THE OFFICE OF PUNJAB PPP AUTHORITY

In a media talk arranged at the office of Punjab Public Private Partnership Authority on 15th March 2022, Punjab Government Spokesperson Mr. Hassan Khawar said that the installation of the meters under PPP mode with a consortium of three Chinese firms would help reduce the rapid decline of the water table while also economically benefitting the consumers and WASA Lahore. The move will result in reduction of bills for consumers, containment of leakage and saving about Rs 460 million in WASA's





visit was follow up of the Punjab PPP Authority's official tour to Dubai Expo on 22nd November 2021 wherein Mr. Amjad Ali Awan Chief Executive Officer Punjab PPP Authority met His Highness Sheikh Ahmed Bin Dalmook Al Maktoum and briefed them about the investment opportunities under PPP mode in Punjab.

annual electricity bills. Mr. Amjad Ali Awan Chief Executive Officer Punjab Public Private Partnership Authority, Sheikh Imtiaz Vice Chairman WASA, Lahore, Member Provincial Assembly Mrs. Sabrina Javaid Kayani and Mr. Majid Iqbal Member (PPP) P&D Board were also present on the occasion. While addressing to the participants Mr. Hassan Khawar acknowledged the efforts of Punjab PPP Authority led by Mr. Amjad Ali Awan, WASA Lahore and Planning Development Board to make this flagship project successful. "We are committed to completing public welfare projects through private investment while spending resources only where they are needed the most", he added. He further said that several projects worth 191 million including roads, urban development, health and energy in PPP mode are in pipeline and will be implemented soon. He said that under the leadership of Punjab Chief Minister Sardar Usman Buzdar, the government has introduced measures to facilitate private investors in Punjab through an Investment Facilitation Cell, Special Economic Zones and zero-NOC regime, which were previously thought of only in developed countries.

## WINDOW OF INVESTMENT OPPORTUNITIES IN PUNJAB SHOWCASED TO UAE DELEGATION

A six member's foreign delegation representing the Office of His Highness Sheikh Ahmed Dalmook Al Maktoum from UAE visited Lahore from 7-8th February, 2022 to carry out a series of meetings with officials of the government of Punjab. The



The delegation had its first meeting on 7th February 2022 with Mr. Amjad Ali Awan Chief Executive Officer Punjab Public Private Partnership Authority along with representatives from Punjab Information Technology Board (PITB) and Punjab Board of Investment (PBIT) to explore the available opportunities in all areas of common interest. The participants were briefed about ecosystem of PPPs in Punjab and the discussion explored mutual areas of collaboration specifically to be taken under PPP mode.

In another joint meeting held on 8th February 2022 chaired by Dr. Salman Shah Advisor to Chief Minister Punjab, Mr. Mustafa Ahmed Advisor to the Private



Office of His Highness Sheikh Ahmed Dalmook Al Maktoum gave an overview of Injazat one of the top UAE IT managed services state owned company for digitalization mainly in the sector of health, education and transport for provision of smart solution and interested for the same areas to be explored with Pakistan. Secretary Planning & Development Board, Government of the Punjab encouraged them to pitch innovation solution through PPPs for digitization of healthcare

insurance system in Punjab.

The overall PPP framework of Punjab, current footprints, pipeline envisaged under the business plan, mode of engagements with Punjab PPP Authority and project requisites were presented by Mr. Amjad Ali Awan. The delegation also visited the office of PITB to understand the IT services and solutions and showed keen interest to transform digital ecosystem of Punjab. Chairman PITB informed that a project 'Citizen Facilitation Centers in Punjab under PPP mode' is in pipeline for which bidding will be initiated after completing procedural formalities as per PPP Act, 2019. Dr Salman Shah Advisor to Chief Minister Punjab appreciated initiatives taken by the company in UAE and iterated that government of Punjab welcomes smart & digital solutions for its economy and appreciated their interest in PPPs. He suggested that delegation may come up with business strategy to engage with government of Punjab under PPP, B2B or G2G mode and assured full support from all the entities of Government of Punjab in providing data and requisite information.