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PUNJAB PUBLIC PRIVATE PARTNERSHIP AUTHORITY

**BRINGING TOGETHER THE PUBLIC
& PRIVATE SECTORS IN A
PROFITABLE & FLOURISHING WAY**

Balochistan government for the first time in the history of the province launched Public-Private Partnership Policy (PPP) to ensure the participation of private sector in the development of the province. Addressing the launching ceremony, Balochistan Provincial Minister for Planning and Development Mir Zahoor Ahmed Buledi said that there is an immense potential for economic growth and socio-economic development in Balochistan and government is committed to utilize all available resources in order to move the province on the path of sustainable development. The policy was funded by the Multi Donor Trust Fund (MDTF), administered by the World Bank and implemented through the Governance and Policy Project.

Mr. Amjad Ali Awan, Chief Executive Officer, Punjab PPP Authority was invited as a Key Note Speaker at the said event. During his address Mr. Awan discussed various aspects commented that policy making in Pakistan related to PPPs is in transitional phase and Balochistan has taken lead in policy formulation which would be helpful to establish mutual partnership with the private sector on a sustainable basis. He further highlighted that geographical significance of Balochistan has made it an important region and huge

availability of land assets may enhance development portfolio for both infrastructure development and social sector services.

While sharing his experience Mr. Awan maintained that PPPs being an alternate mode of development is now adopted by all the Provinces and Balochistan government may take advantage to replicate successful models and apply best practices/ lessons learned. He viewed that productive approach has been adopted in policy formulation as it is aligned with SDGs which provides self-explanatory areas of development on sustainable basis. For example cross-cutting SDG goal 7 & 11, 'Affordable and Clean Energy' and 'Sustainable cities & communities' focused

on energy crises and urban development and PPPs may provide promising future of development in these areas through its effective and innovative approach.

Mr. Awan expressed that the financial crisis in wake of Covid- 19 onwards renewed interest in PPP in both developed and developing countries. Facing constraints on public resources and fiscal space, while recognizing the importance of investment in infrastructure to help their economies grow, governments are increasingly turning to the private sector as an alternative additional source of funding to meet the growing gap. He further added that infrastructure development through PPPs will provide space to government to execute social sector projects. "In particular, it will always help in the overall improvement and promotion of other sectors, including the provision of public infrastructure and facilities". He viewed that Balochistan is the largest

Province in terms of land area with low population density, however, keeping in view the scale of economy, land area may be taken as opportunity to be utilized under PPP mode. He emphasized that identification of doable PPP projects is important and cumbersome task for which defining priority sectors along with need based analysis should be done before initiating 'Green Field' projects.

While highlighting the potential of PPPs in Balochistan, he indicated that development of inter-city roads have great impact for which mapping of road sector may be developed in consultation with concerned department to assess the commercial & financial viability along with available land. Development of road infrastructure gives boost to industry and generate employment opportunities for the residents. Being Ex-CEO Alternate Energy Development Board, he found huge

potential to produce energy in the entire province, however, lack of transmission infrastructure and rural electrification is a bottleneck for the development and thus, micro grid based rural electrification with collaborative efforts of the public and private stakeholders. Solid Waste Management and mining are other key areas of development to be explored with private sector investments.

Mr. Awan opined that developing regulatory mechanism is one of the uphill task which Balochistan government has already done and need is to create appetite within public sector to address capacity issues to understand the complex procedure involved in PPP life cycle. He further highlighted that PPPs market is still a micro market, therefore, confidence of the investors to bid for PPP projects involves proper marketing strategy. Capital market should also be developed in parallel in order to streamline PPP processes. Structural changes in the institutional mechanism in terms of developing Balochistan PPP Authority itself shows seriousness of the government towards PPPs. While briefing about the institutional framework of Punjab, he explained that it consists of five entities, Punjab PPP Authority, Executive Committee of Punjab PPP Authority, PPP Policy & Monitoring Board, PPP Cell & RMU, Finance Department. Punjab PPP Authority is also working with financial institutions for provision of technical assistance in developing PPP project for which an MoU has been signed with ADB Manila to develop one healthcare project proposal and successful model will be replicated in other districts of Punjab. He commented that transaction structure of PPP project is of immense importance as weak proposal will be screened multiple times causing delay in meeting timelines.

While acknowledging the efforts of Balochistan government, he added that PPP life cycle is based on stage wise milestone





and no shortcut is there to skip any stage, however, effort should be made to remain consistent and on track till completion. He commented that always ensure transparent mechanism during competitive bidding process because adverse effect may impact the success of other projects. At the end he thanked everyone and said that PPPs domain is somehow different and may play pivotal role in national development agenda, therefore, all provinces may share best practices and lessons learned. He assured that Punjab PPP Authority will provide necessary facilitation to Balochistan Government as and when required. At the end of the event, experts and investors from the private sector shared their suggestions/ views and termed this policy as a major milestone towards achievement of development goals of the Balochistan Government.

MODE OF ENGAGEMENT WITH PUNJAB PPP AUTHORITY

PPPs is a forerunner for a new wave of private investments from investors from Pakistan and abroad, which in turn will pave the way for sustainable and affordable infrastructure facilities and services. The PPPs help in attracting private capital investment, increasing efficiency through the profit motivation of the private sector, and helping reform the selected sectors through the reallocation of roles and risks. The government has carried out a holistic review of the PPP ecosystem in Punjab and has implemented a new PPP framework through PPP Act, 2019. Under this new legal dispensation, the Punjab PPP Authority has been established as one window solution for provision of public infrastructure and services. The Authority has the mandate for identification & execution of PPP projects, facilitating debt markets and international financial institutions to encourage private sector participation in development activities. By doing so, numerous opportunities have been created in Punjab in parallel for

investment in various sectors including roads, industries, urban development, health, water supply & sanitation and local government. The Government hopes that the establishment of Punjab PPP Authority with reallocation of responsibilities will alter the development discourse, exploring new avenues for partnership will add new dimensions in PPPs governance and help in transforming the Punjab into an economically vibrant and socially sustainable Province.

If we talk about the procedural formalities involved in processing PPP project proposals, one should clearly understand the requirements in line with the PPP Act, 2019 under which two modes of engagement 'Solicited' and 'Unsolicited' are available for submission of PPP project proposals. The mode basically define the way to proceed for a PPP project and requisites of both are somehow different which needs to be understand carefully.

A brief description is appended as below:

SOLICITED PROJECT PROPOSAL

The solicited project proposal is identified/conceptualized by Punjab PPP Authority/Government Agency and project proposal is developed by Punjab PPP Authority/Government Agency by itself or through hiring of Transaction Advisory Services (TAS). As per PPP Act, 2019, a solicited PPP project proposal shall consist of, amongst other things, an analysis of feasibility and sustainability of the project including detailed business case and financial model, risk analysis, environmental impact assessment, need for Government support, determination of PPP modality and bid documents including a draft PPP agreement. The project proposal should clearly describe technical features, design parameters, PPP suitability in relation to the public sector's general policies, main economic impact factors and socio-economic benefits of the project. In addition, description of potential interest

from private investors/promoters and potential appetite of the private sector (in case of solicited project) should also be done in preparing information memorandum. A window of Project Development Facility (PDF) funding can be utilized by Punjab PPP Authority/Government Agency to hire TAS for the development of PPP project proposal.

UNSOLICITED PROJECT PROPOSAL

A project proposal submitted by a person as its own initiative to the Punjab PPP Authority/Government Agency for a project, together with a written confirmation that it is economically viable, shall be considered as an unsolicited proposal. All unsolicited proposals are treated on a case-by-case basis and limited to projects that demonstrate genuine and substantial innovation and are supportive of public policy. The unsolicited project proposal will be developed with same requisites as in case of solicited project proposal except the bidding documents which will be prepared by Punjab PPP Authority/Government Agency. The unsolicited project proposal shall be considered from all aspects including technical, environmental and financial, and in case of requirement of additional information, the Punjab PPP Authority/Government Agency may request for submission of an amended or modified proposal from the private party. It is pertinent to mention that PDF funding shall not be provided to any person/private party for developing the unsolicited project proposal. In case of approval of the unsolicited project proposal, bidding process will be initiated by Punjab PPP Authority/Government Agency and private party/person will have advantages like already prequalified (In case of prequalification), 5% additional weightage in technical scoring, first right to match or improve the best bid received and reimbursement of the cost of project development in case the bid fails to match.

Government envisioned that with the establishment of Punjab PPP Authority mega projects in infrastructure and social sector will be taken in PPP mode and augment public resources. The Punjab PPP Authority will open new avenues for various projects in multiple sectors and will create win-win situation both for the government and private sector. The successful implementation of a PPP project proposal depends on many factors, however, development of the project proposal is very important either in 'Solicited' or 'Unsolicited' mode as a strong project proposal addressing the requirements of PPP Act, 2019 can successfully complete the lifecycle of PPP project proposal.