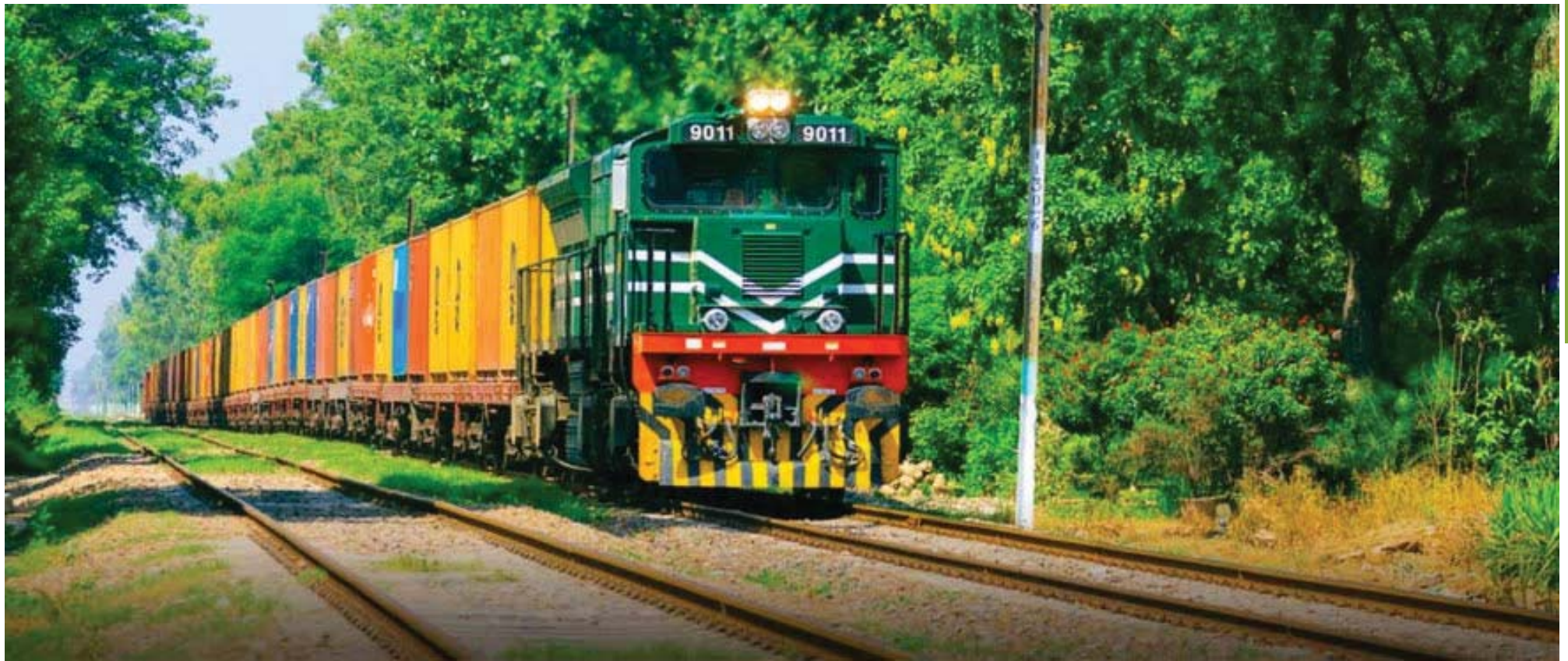




Pakistan Railways & Public Private Partnerships (PPPs)

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ABBREVIATIONS

EOI	Expression of Interest
ICB	International Competitive Bidding
IA	Implementing Agency
KPIs	key performance indicators
LOA	Letter of Award
PDF	Project Development Facility
PPP	Public Private Partnership
PPPA	Public Private Partnership Authority
PPWP	Public Private Partnership Working Party
PPA Board	Public Private Partnership Authority Board
PCP	Project Concept Proposal
PPRA	Public Procurement Regulatory Authority (Pakistan)
PQP	Project Qualification Proposal
PQD	Pre-qualification Documents
RFP	Request for Proposal
RMU	Risk Management Unit
SPV	Special Purpose Vehicle
TA	Transaction Advisor
VGF	Viability Gap Fund

PAKISTAN RAILWAYS AND PUBLIC PRIVATE PARTNERSHIPS

Pakistan Railways forms the lifeline of the country by catering to its needs for large scale movement of freight as well as passenger traffic. It not only contributes to its economic growth but also promotes national integration. Railways aims to provide a competitive, safe, reliable, market oriented, efficient, and environment-friendly mode of transport.

In order to increase Pakistan Railway's share in the GDP, Pakistan Railways is promoting the procurement of projects in PPP mode, offering significant opportunities for growth to the private sector, while empowering the public sector to benefit from private sector resources, management efficiencies and innovation with an objective to better serve the public through partnering arrangements with the private sector.

DEFINING PUBLIC PRIVATE PARTNERSHIPS

The Public Private Partnership Authority (P3A) Act, 2017 defines "PPPs" as follows:

Public Private Partnership (PPP) means a commercial agreement between Implementing Agency (IA) and a private party pursuant to which the private party:

- a) Undertakes to perform a public function,
- b) Provides a public service or develops use of a public property,
- c) Assumes substantial financial, technical, operational, or environmental risks in connection with the performance of such a public function or provision of such public services or use of such a public property
- d) Receives a benefit for performing the IA functions.

PPP FRAMEWORK, PROCEDURE AND APPROVALS

1. LEGAL FRAMEWORK

- a) Public Private Partnership Authority (Amendment) Act, 2021

The below table summarizes how the different components of PPP frameworks are linked to benefits of PPPs and the mechanism through which they are being ensured:

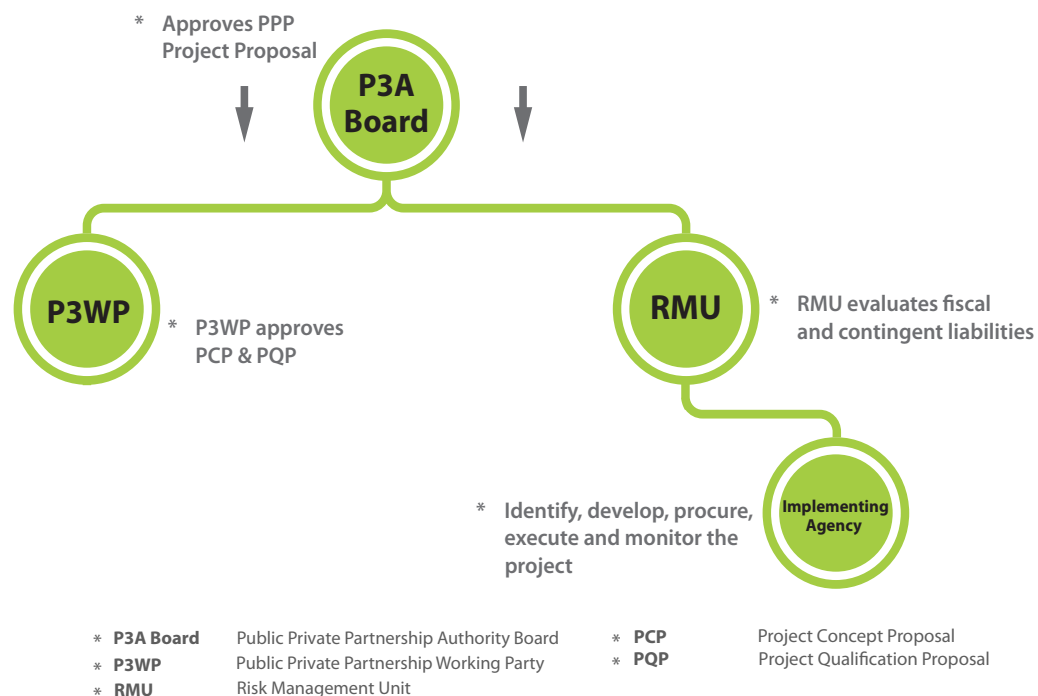
Components	Ensuring Mechanisms
Legal Certainty	Public Private Partnership Authority (Amendment) Act, 2021
Institutional Arrangement	- Public Private Partnership Authority Board - Public Private Partnership Authority - Public Private Partnership Working Party - Risk Management Unit, Finance Division - Implementing Agencies
Fairness	All projects under PPP models are advertised publicly, whereby anybody can apply / participate without any discrimination
Transparency and Competition	Ensured through open competitive bidding under PPRA Rules 2004

Mutual Support and Benefit	Detailed PPP Agreement has been made part of the bidding documents detailing rights and obligations of the parties including key performance indicators (KPIs) and events of default.
Supplementary Financing Arrangements	Viability Gap Fund (VGF) Project Development Facility (PDF)

2. INSTITUTIONAL ARRANGEMENTS

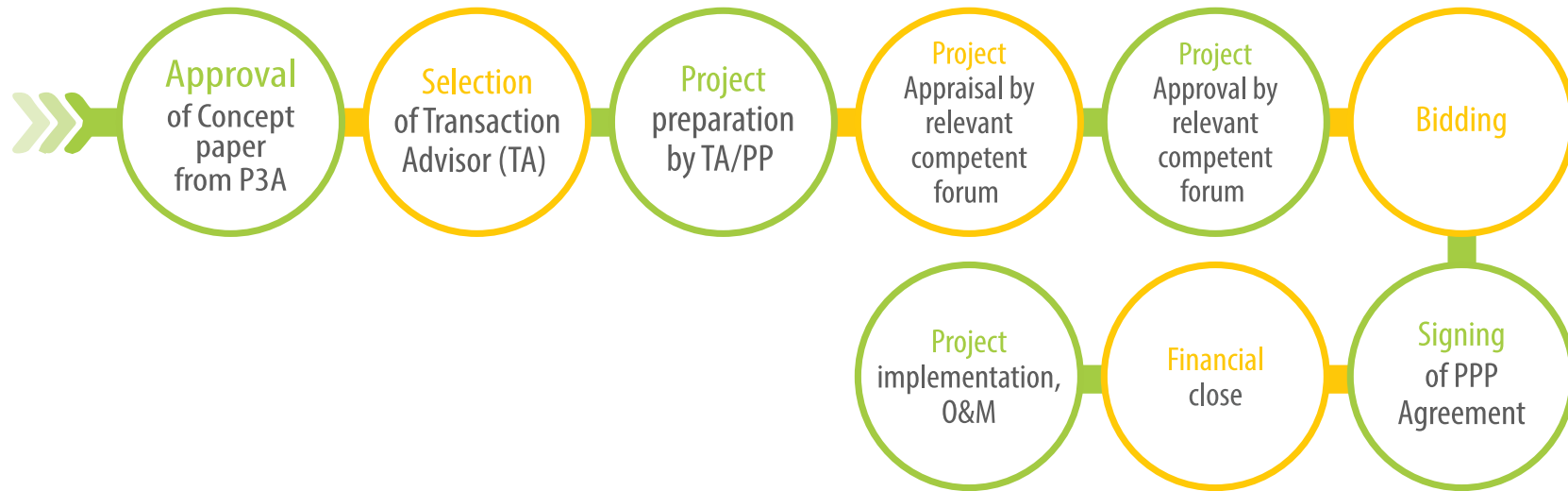
Under the P3A (Amendment) Act, 2021 the following entities are the main institutions involved in the PPP procurement and implementation process:

- i. Board of the Authority
- ii. Public Private Partnership Authority (P3A)
- iii. Risk Management Unit housed in the Finance Division
- iv. Implementing Agencies



Entity	Main Responsibilities
Board of the Authority	■ Approval of project proposals ■ Approval of Viability Gap Financing ■ Approval of public private partnership agreement to be executed by the implementing agency
P3A	■ Play the role of gatekeeper at all stages of project cycle such as planning, tendering, bidding and contract ■ advise and facilitate the implementing agency to identify, develop, structure, and procure the projects ■ Ensure value for money by conducting an analysis to evaluate project
RMU	■ Fiscal oversight and for evaluation of fiscal and contingent liability exposure for all qualified projects ■ In case any project is not qualified, each implementing agency shall provide the risk management unit all such information about such projects.
Implementing Agency (Pakistan Railways)	■ Identify, conceptualize, and develop the project ■ Undertake a feasibility study, develop RFP, and draft PPP agreement ■ Solicit approval of PQP from P3WP & project proposal from P3A Board for a qualified project ■ Procure and conduct competitive bidding of the project ■ Monitor and implement the project in accordance with PPP agreement

3. PPP PROJECT CYCLE



4. TYPES OF PPP PROJECT PROPOSALS

a) Solicited Project Proposal:

Project proposal prepared by Implementing Agency itself or by hiring services of a transaction advisor is termed as Solicited Project Proposal.

b) Unsolicited Project Proposal:

An unsolicited proposal may be submitted to a Implementing Agency at a person's own initiative to secure a PPP agreement for a new and creative PPP project and is not in response to a request for a proposal/ invitation to bid by any Government Agency.

5. QUALIFIED PROJECT

PPP Authority (Amendment) Act, 2021; Definitions (v); defines qualified project as a project where:

- Support is required in the form of funding from any facility established by the Government including Viability Gap Fund (VGF);
- A sovereign guarantee is required; and
- Project received funding through Project Development Facility (PDF) fund.

Projects not meeting the above-mentioned criteria will be categorized as **non-qualified Projects** in terms of P3A (Amendment) Act, 2021.

Pakistan Railways has constituted an **Executive Committee** and **Pakistan Railways PPP Steering Committee** for appraisal and approval of PPP Projects which don not fall under the definition of qualified project.

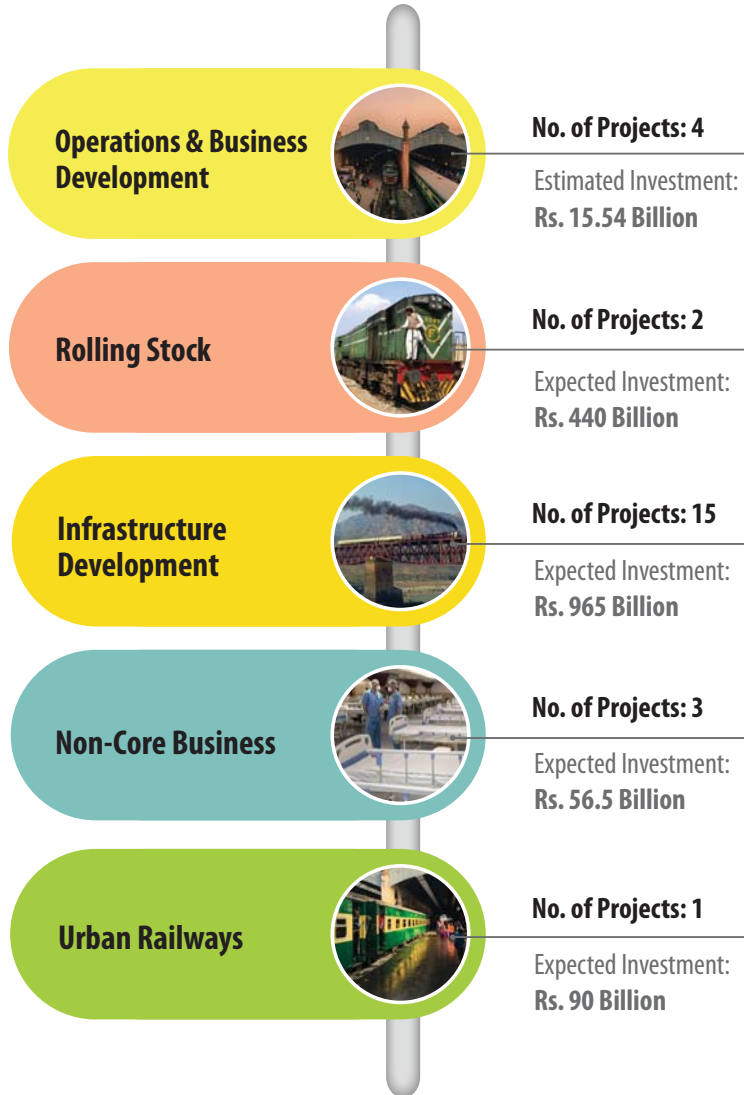
6. TYPES OF PPP ARRANGEMENTS

- | | |
|--------------------------------------|--|
| 1. Build-and-Transfer (BT) | 8. Develop-Operate-and-Transfer (DOT) |
| 2. Build-Lease-and-Transfer (BLT) | 9. Rehabilitate-Operate-and-Transfer (ROT) |
| 3. Build-Operate-and-Transfer (BOT) | 10. Rehabilitate-Own-and-Operate (ROO) |
| 4. Build-Own-and-Operate (BOO) | 11. Management Contract (MC) |
| 5. Build-Own-Operate-Transfer (BOOT) | 12. Service Contract (SC) |
| 6. Build-Transfer-and-Operate (BTO) | 13. Joint Venture (JV) |
| 7. Contract-Add-and-Operate (CAO) | |

7. INDICATIVE TIMELINE OF PPP PROJECTS

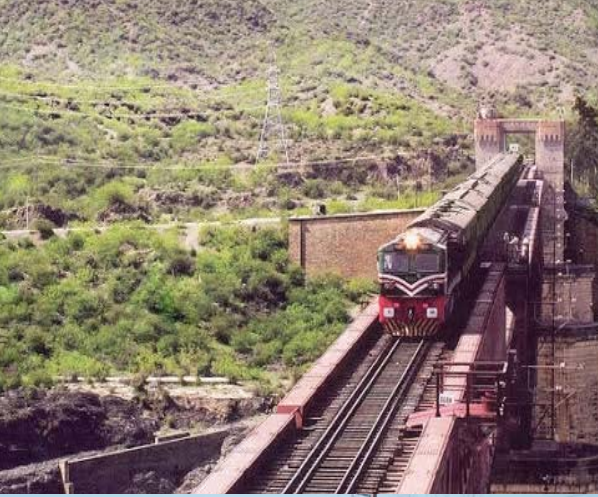
S. #	Description/Milestone	Days
Hiring of Transaction Advisor in Process		
1.	Solicitation of EOIs	National 15, ICB 30
2.	Prequalification of transaction advisory	15
3.	Receipt of RFP	30
4.	Evaluation by Pakistan Railways	20
5.	Selection of transaction advisor	30
Project Preparation		
6.	Feasibility study	45
7.	PPP project proposal including feasibility study, financial model, and bidding documents	15
8.	Submission of PPP project proposal to competent approving forum	7
9.	Approval of PPP project proposal	30
Selection of Private Party through Competitive Bidding		
10.	Solicitation of EOIs for PQDs	National 15, ICB 30
11.	Prequalification by Pakistan Railways	As per PPRA rules 2004 (as not yet defined in P3A (Amendment), Act 2021)
12.	Issuance of RFPs to pre-qualified parties	
13.	Evaluation of bids	
14.	Announcement of bidding results & Notice for execution of PPP agreement	
15.	Return of bid security to all unsuccessful bidders	
Signing of PPP Agreement		
16.	Signing of PPP Agreement	

PRIORITY AREAS OF PPPs IN PAKISTAN RAILWAYS



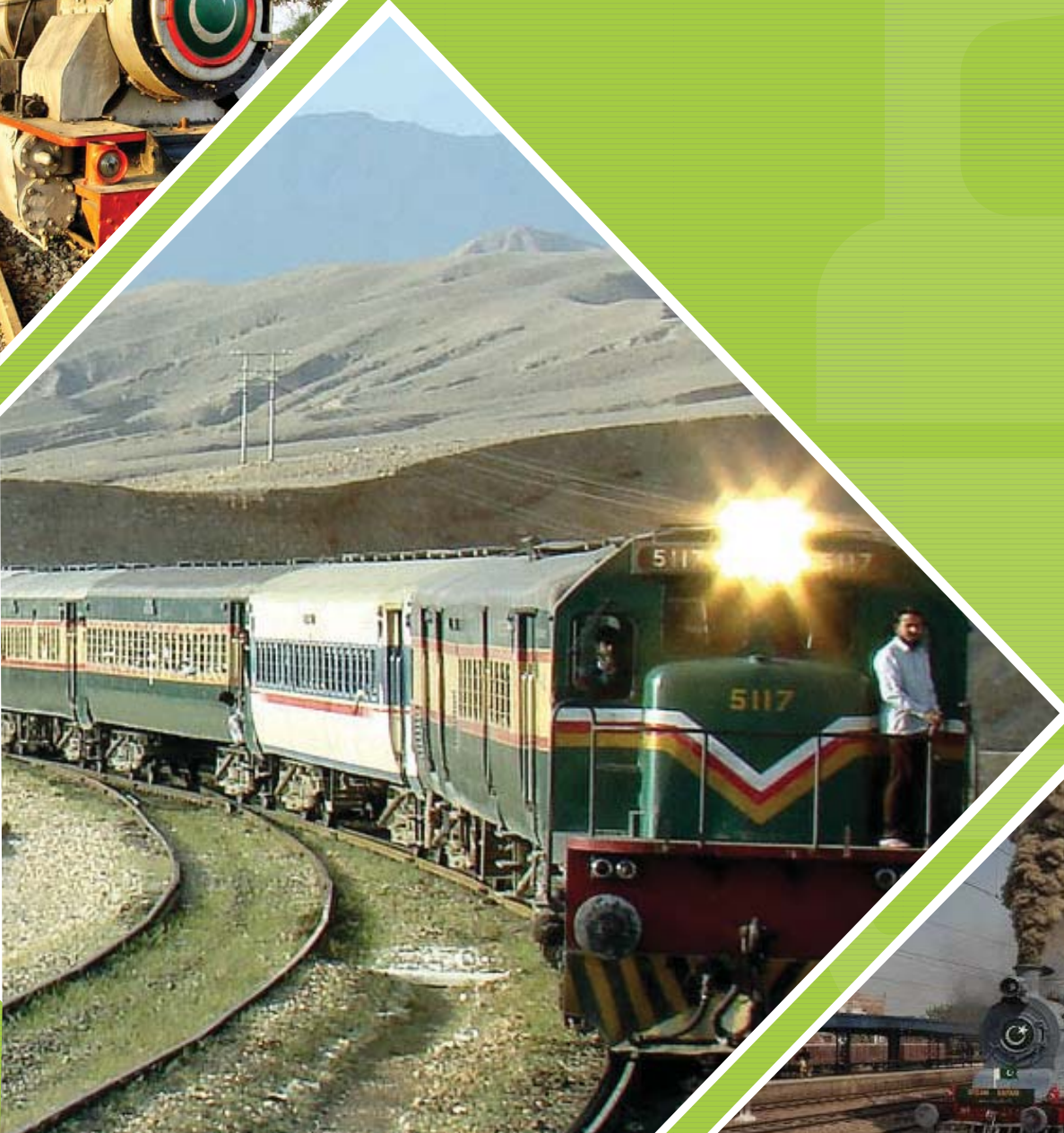
POTENTIAL PPP PROJECTS IN PAKISTAN RAILWAYS

Sr. #	Project Title	Cost (Billion, PKR)	Current Status	Expected EOI
1	Railway Automated Booking and Travel Assistant (RABTA)	1.00	Hiring of private party in process	----
2	Restructuring of Railway hospitals	21.69	Project advertised for selection of private party	----
3	KPT-Pipri Dedicated Freight Corridor & Model Rail Terminal	70.00	Project under preparation	August 2021
4	Thar Coal field rail connectivity (105 Kms)	32.00	Project under preparation	August 2021
5	Restructuring of Railway Schools and Colleges	3.00	Project under preparation	September 2021
6	Develop KCR – a modern urban rail-based mass transit system	90.00	Project under preparation	September 2021
7	PIBT at Port Qasim to ML-1 (9 km)	4.50	Project under preparation	October 2021
8	Induction of 1000 Passenger Coaches	90.00	Project under preparation	November 2021
9	Induction of 5000 Freight Wagons	350.00	Project under preparation	November 2021
10	Rehabilitation of Track ML-2 (1254 Kms)	100.00	Project under preparation	December 2021
11	Rehabilitation of Track ML-3 (545 kms)	50.00	Project under preparation	December 2021
12	Development of Railway Lands for commercial exploitation	50.00	Hiring of Transaction Advisory Services under process	December 2021
13	Development of Railway Stations as commercial hub	2.00	Hiring of Transaction Advisory Services under process	December 2021



Pakistan Railways & Public Private Partnerships (PPPs)





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