PUBLIC PRIVATE PARTNERSHIPS PROGRAM OF PAKISTAN

Excellencies, Distinguished Participants and Ladies and Gentlemen:

It is indeed a great honor for to address you on this auspicious occasion of the Asia Pacific Ministerial Conference on PPPs for Infrastructure Development. These past few days have been very informative for all of us and have given us a chance to hear experts from around the region sharing their experiences on the barriers faced by Public Private Partnerships in different countries We also learnt of innovative ideas on building Asia's infrastructure and the need for establishing PPP Centers for Project Marketing and capacity building.

I would like to take this opportunity to let you know briefly about Pakistan's PPP Program, the work we are doing and the challenges being faced by us in taking this Program further.

PPPs and Pakistan

Since the early 1990's, PPPs in Pakistan have played a vital role in providing public infrastructure in the power, telecom and ports sectors of the economy in an informal manner. Many of these PPP projects have been successful with a few also facing difficulties. Despite this mixed experience, PPP is an effective and an efficient means to provide not only quality public services but also reduce the government's financial burden pertaining to the development of infrastructure.

Pakistan as per World Economic Forum Survey is ranked 67th in basic infrastructure out of 125 countries and it needs heavy investment in physical infrastructure approximately to the tune of US$ 110 billion over the next 5 years to improve the delivery of services and to enhance its internal and global competitiveness. Last year, Pakistan's Public Sector Development Program on Infrastructure was only about US$ 5 billion. Thus private sector investment is critical for development of new and maintenance of existing infrastructure.

Keeping in view its increasing infrastructure needs and tightening fiscal space coupled with competing demands, the Government of Pakistan has embarked upon a progressive and structured PPP program to facilitate private sector participation in the development of infrastructure.
Pakistan's PPP Program is a well-designed and interactive structure comprising of all relevant stakeholders and a natural response to its rising infrastructure requirements and decreasing fiscal space.

It is a home grown solution based on international best practices coupled with multilateral & international assistance and endorsement of the framework.

**Structure of Pakistan's PPP Program:**

Some of the strengths of Pakistan's PPP program are that substantial ground work has already done. Framework and Guidelines have been prepared, in-house capacity at Infrastructure Project Development Facility (IPDF) - the national PPP Centre has been developed. There is a growing project pipeline and support of the multilaterals - World Bank and Asian Development Bank.

The overall structure of Pakistan's PPP program comprises of the PPP Policy, Viability Gap Fund, Risk Management Framework, a Financing Facility and IPDF.

The PPP policy is the overall platform of the program which was first approved in November 2007 with a revised version approved by the Cabinet in January 2010.

The Objectives of the 2010 PPP Policy are:

- More, better, affordable & timely services, faster project implementation, leveraging public funds, accountability & shift in public sector management

- The Policy is in line with deregulation & liberalization reforms of Government

- It Communicates the Program structure to all the stakeholders based on international best practice & national experience

- It Provides a focal point and a structured approach for infrastructure development and does not infringes upon Provincial & Local Governments autonomy
• It Provides eligibility criteria for Federal assistance to PPP Projects

• Work is also in progress on a national PPP Law and we hope to send a draft to Parliament this year. Here, I would like to state that two Provinces -Punjab and Sindh have already passed their PPP Laws.

IPDF

As stated before, IPDF is the central PPP Unit of Pakistan working under the Ministry of Finance. It was started in 2007 to act as a bridge between public and private sector by facilitating the public sector institutions in the development and implementation of infrastructure projects through Public Private Partnerships. IPDF assists the implementing agencies from the inception of a project to structuring the project and leading it to financial close.

A PPP enabling framework comprising of project guidelines, standardized PPP provisions, and a well defined PPP project development life cycle is already in place along with a growing project pipeline. IPDF has followed a demand driven strategy for the development of its project pipeline and taking on certain projects identified by various agencies, organizations and institutions themselves either in response to IPDF efforts or otherwise.

At present IPDF is working on about 13 projects in different sectors and at various stages of completion. The value of these projects is approx. Pak Rs.230 billion (US$ 2.70 billion).

Mandate of IPDF includes the following sectors:

• Transport and logistics
• Mass Urban Public Transport
• Municipal Services -including water supply and sanitation; and solid waste management; low cost housing
• Hydro Power Projects and Small Scale Energy Projects
• Social Infrastructure; including health and education
Challenges and the Way Forward

To make Pakistan's PPP Program a success, we are working on the following areas:

- Support and Ownership at Highest levels in the Government: both the Prime Minister and the President are showing keen interest and support to PPPs
- Enactment of PPP Law -As stated this is in process and would give further comfort to private investors, which is necessary in developing countries
- Setting up of a Viability Gap Fund and Project Development Fund -work is in process with the assistance of the World Bank and is in finalization stages
- Setting up of Financing Facility -Work is in process with the assistance of IFC and Asian Development Bank
- Lastly, we are also thinking of establishing a "Cabinet Committee on Infrastructure" so that the approval and support for PPP projects comes from the highest level so as to ensure the cooperation of the bureaucracy and their success.

Lastly, I would like to extend my deepest gratitude to the Government of Indonesia and UNESCAP for holding this excellent Conference which has given us all fresh ideas to take back to our countries.

Thank you.