

Presenter 6

Public Private Partnerships in Pakistan

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Is PPP a Good Tool for Responding to Socio-Economic Infrastructure Demand?



P3A
**PARTNERSHIPS FOR
GROWTH**

Public Private Partnerships in Pakistan

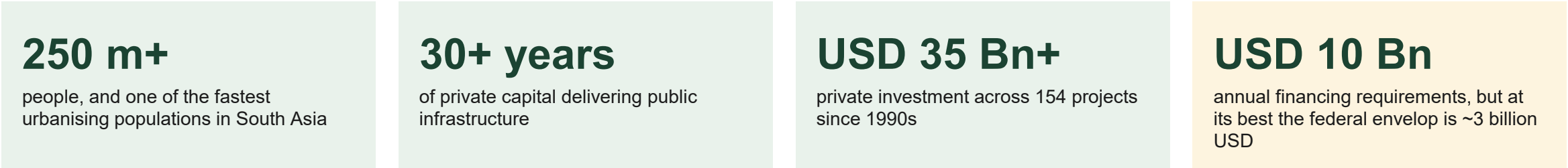
Three decades of private investment, the ecosystem behind it, and the pipeline ahead

September 2026

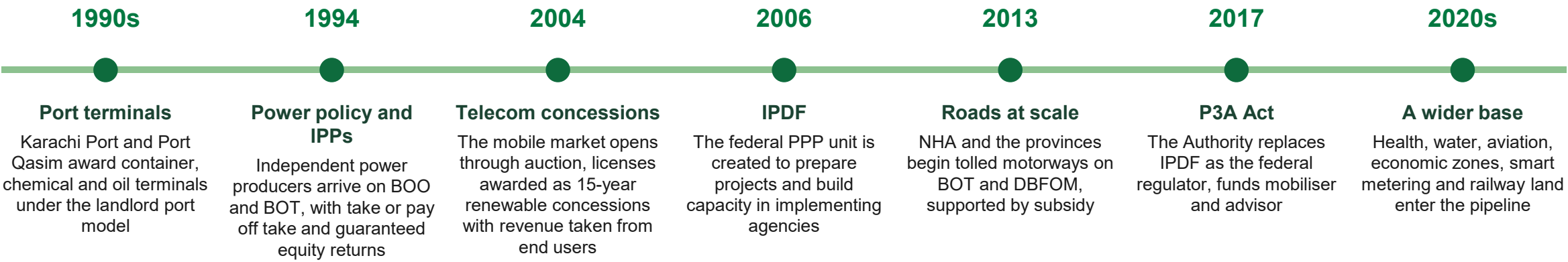
Is PPP a Good Tool for Responding to Socio-Economic Infrastructure Demand?



Why Pakistan does PPPs | The natural response to a widening infrastructure gap



A programme built over three decades, sector by sector



The decision to use PPPs was never ideological. It was the natural response to development spending that could not keep pace with what the country needed built

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The track record | Four sectors, four models, over USD 30 Bn of private investment

	Power	Roads	Telecommunications	Ports and terminals
Model	Independent power producers on BOO and BOT	BOT and DBFOM, greenfield and brownfield	Licence concessions to mobile operators	Landlord port model, terminals on BOT, BOO and concession
Tenure	20 to 25 years	20 to 25 years	15 years, renewable by mutual consent	20 to 30 years
Revenue source	Off take contracts with the power purchaser	Tolls, topped up by subsidy where traffic does not cover cost	Charges paid directly by end users	Terminal, cargo and berth handling charges
Government support	Guaranteed equity return, sovereign guarantees, fuel supply arrangements and implementation agreements	Capital and operational subsidy, guarantees for subsidy payment obligations, land and right of way	Spectrum and licensing framework, regulatory certainty, renewal at term	Public investment in basic port infrastructure, long lease of port land, dredging and access
Where it stands	About 50% of 41,557 MW of installed capacity sits in private hands, with a further 11,612 MW in the pipeline	Over PKR 500 Bn invested in motorways and expressways by the private sector, about USD 1.8 Bn at current rates	Three operators following the Telenor and Ufone merger in July 2026, near universal coverage; and 480 MHz of 5G spectrum auctioned in March 2026 for about USD 510 Mn	Nine terminals across Karachi Port and Port Qasim, spanning container, oil, chemical, coal and LNG facilities

Cumulative private investment across these four sectors is over USD 30 Bn, delivered under concession structures already familiar to international sponsors and lenders

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Pakistan's PPP ecosystem | the institutions at both tiers, and the framework behind them

Institutions

Federal

- **Public Private Partnership Authority:** regulator for qualified projects, mobiliser of PDF, VGF and private capital, and advisor to implementing agencies
- **PPP nodes:** National Highway Authority, Capital Development Authority, Pakistan Airports Authority (PAA)
- **Approval chain:** P3A Board and the PPP Working Party, then CDWP and ECNEC

Provincial

- **Punjab:** PPP Authority
- **Sindh:** PPP Unit and PPP Policy Board, with VGF and PDF both operational
- **Khyber Pakhtunkhwa:** PPP Unit with eight sector nodes, VGF and PDF both operational
- **Balochistan and Gilgit-Baltistan:** PPP Units under Planning and Development, GB constituted under its 2019 Act

The two tiers developed independently of each other, which is why the strength of the framework differs so much from one government to the next.

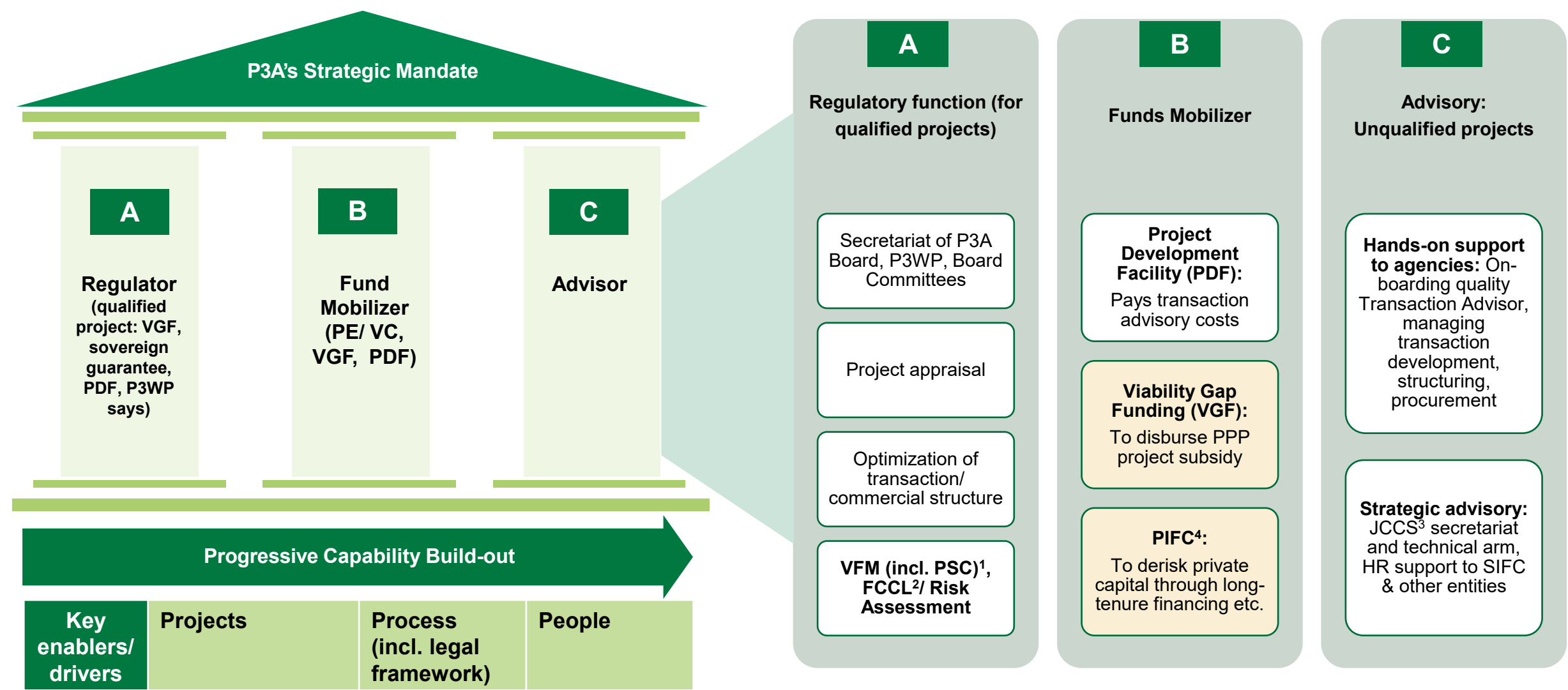
Framework components: what exists, and what does not

Component	Federal	Punjab	Sindh	KP	Balochistan
PPP law	Yes	Yes	Yes	Yes	Yes
PPP policy	Yes	Yes	Yes	No	No
Standardised contractual provisions	Part	Yes	Yes	Yes	Yes
Project Development Fund	Yes	Yes	Yes	Yes	No
Viability Gap Fund	Yes	Yes	Yes	Yes	No
Risk management and guarantee framework	Yes	Yes	Part	Part	No
Long tenor financing facility	Concept	No	No	No	No

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What P3A (federal PPP office of Pakistan) does | 3 main responsibilities



1. VFM = Value for money, including running Public Sector Comparator
2. FCCL = Fiscal Commitments & Contingent Liabilities
3. JCCS = Joint Committee on Consulting Support
4. Pakistan Infrastructure Finance Company

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The two structural challenges | An investable pipeline, and long tenor finance

A PPP programme needs both halves of the market to work. Pakistan had a problem on each side.

Demand side	Supply side
A pipeline of investable opportunities	Financing mechanisms and long tenor finance
The problem • Projects identified by agencies, not shaped by the market • Feasibilities, structures and risk allocation often not investor ready • No single credible view of what the country was offering What was done • International consulting firms engaged to run sector diagnosis and build an addressable pipeline • Priority sectors identified, opportunities screened and sized, projects sequenced by readiness • A single federal pipeline, with defined bands of market readiness Status: Addressed (identified 160+ opportunities across 9-10 priority sectors)	The problem • The market lends at five to eight years; a concession runs twenty-five • Government borrowing crowds out the bank capacity that does exist • No bond market of depth, and no dedicated infrastructure lender What was done • Financing mechanisms designed alongside the pipeline work, with PIFC as the central instrument • PIFC to provide long tenor rupee finance and de risk private capital, with government as the anchor vehicle • Project development and viability gap support designed to sit alongside it Status: Designed, not yet operational

Solving other half of the equation will help de-risk private capital through provision of long-term tenure financing, credit enhancement support etc.

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The federal pipeline today | 48 projects, USD 14 Bn, with 23 going to market in FY 2026-27

48 projects in the federal pipeline · about USD 14.0 Bn

23 projects going to market in FY 2026-27
about USD 8.4 Bn

The 23, by sector

Projects

USD Bn

Roads (M-12, M-13, M-6, M-10)

4

3.9

Railways (ML-1, Rohri to Multan)

1

1.5

Energy and power (smart metering, solarisation)

3

1.4

IT, special economic zones and industry

3

0.7

Aviation (Skardu Airport)

1

0.4

Health and water

5

0.3

Real estate and hotels

6

0.3

Total

23

8.4

25 projects, FY 2028 and beyond
about USD 5.6 Bn

Where the 23 stand today

Investors have seen them
3 projects · USD 300 Mn
In tender, or at commercial close

To be launched within 6 months
9 projects · USD 3.9 Bn
In feasibility or transaction advisory underway

To be launched by June 2027
11 projects · USD 4.3 Bn
Targeted for float by June 2027