

Government of Khyber Pakhtunkhwa Planning & Development Department



REVISED PC-I

for

“ESTABLISHMENT OF PUBLIC-PRIVATE PARTNERSHIP SUPPORT UNIT IN PLANNING & DEVELOPMENT DEPARTMENT”

ADP No. 160569 & Serial/Code No.953 (2024-25)

Total Revised Cost: Rs. 797.18 (Million)

**PPP SUPPORT UNIT, PLANNING &
DEVELOPMENT DEPARTMENT, GOVERNMENT
OF KHYBER PAKHTUNKHWA.**

PC-I FORM

1. Name of the Project	<p><i>“Establishment of Public-Private Partnership Support Unit and SIFC Cell in Planning & Development Department”</i></p> <p>ADP No. 160569 & Serial/Code No.953 (2024-25)</p>
2. Location	Planning & Development Department, Government of Khyber Pakhtunkhwa.
3. Authority Responsible for: i. Sponsoring ii. Execution iii. Operation and Maintenance iv. Concerned Federal Ministry	<p>i) Provincial Govt. of Khyber Pakhtunkhwa.</p> <p>ii) Planning & Development Department, Government of Khyber Pakhtunkhwa.</p> <p>iii) Planning & Development Department, Government of Khyber Pakhtunkhwa.</p> <p>iv) Not Applicable</p>
4. a). Plan Provision <ul style="list-style-type: none"> • If the Project is included in the medium term/five year plan, specify actual allocation. • If not included in the current Plan, what warrants its inclusion and how is it now proposed to be accommodated. • If the Project is proposed to be financed out of block provision, indicate b). Provision in the current year PSDP/ADP.	<p>The Project is reflected in ADP 2024-25 bearing ADP No. 953 & Code No. 160569 at a total cost of Rs. 220.7 million, with allocation of Rs. 50.00 million for the current financial year 2024-25.</p> <p>Included in ADP</p> <p>N/A</p> <p>The Project is reflected in ADP 2024-25 bearing ADP No. 953 & Code No. 160569 at a total cost of Rs. 220.7 million, with allocation of Rs. 50.00 million for the current financial year 2024-25.</p>
5. i) Project objectives and its relationship with	The Government of Khyber Pakhtunkhwa passed the PPP Act 2014 & 2020 for creating an enabling environment for identification and implementation of projects through the Public Private Partnership (PPP) mode. The PPP Act provides a vehicle for channelizing private investment towards those socially, economically and

	<ul style="list-style-type: none"> • Explore new opportunities for cooperation in targeted fields. • Improve the ease of doing business to attract investors. • Coordinate Pakistan Army’s assistance for objectives outlined in relevant sections. • Hold regular committee meetings—Apex, Executive, and Implementation—on a quarterly, monthly, or fortnightly basis. <p>Key sectors under SIFC</p> <p>Special Investment Facilitation Council (SIFC) will serve as a “Single Window” platform to streamline and facilitate investment and privatization in Pakistan. Furthermore, it will boost Foreign Direct Investment (FDI) and accelerate project development. The focus areas of SIFC includes, but not limited to;</p> <ul style="list-style-type: none"> • Agriculture & Livestock • Information Technology • Energy and Power • Mineral resources and mining • Tourism • Health • Industry <p>Relationship with sectoral objectives:</p> <p>The PPP Act is not sector specific. Public-Private Partnership is open to all feasible projects which the provincial government cannot undertake due to resource constraints. Participation of private sector will bring in the needed capital without which the project cannot be undertaken. The PPP arrangement will facilitate undertaking of such feasible projects at an earlier date thereby accelerating the development process</p> <p>The objectives of the revised PC-I has been evolved after incorporation of SIFC Cell under PPP Support Unit.</p>
<p>6.Description, justification and technical parameters</p>	<p>Description</p> <p>The PPP Support Unit has been established to serve as the Secretariat and technical arm of the Committee, serve as a resource center on matters relating to Public Private Partnerships and provide technical, financial, economic and or legal expertise to the Committee and liaise with any PPP Node and the Risk Management Unit established under PPP Act, 2020. The PPP Support Unit has been established to address the capacity limitations of the provincial government in ensuring the smooth, efficient, and timely processing of PPP projects. Considering that the PPP mode of project implementation is relatively new for the provincial government and that large amounts of public money will be spent on such projects, it is imperative that a dedicated, specialized unit be established for protecting and promoting the rights and interests of the provincial government.</p> <p>The PPP Support Unit and SIFC Cell will comprise of the following pool of experts who will work under the Secretary P&D Department.</p> <ul style="list-style-type: none"> ▪ PPP Specialist: 01 (Full Time)

- Contract / Legal Specialist: 01 (Need basis)
- Financial Specialist: 01 (Full Time)
- Sector Specialists: 05 (Need Basis)
- Business Development Analyst: 01 (Full Time)
- Research Analysts: 06 (Full Time)

The aforementioned pool of subject experts will be aided by administrative support staff in the performance of their duties.

The PPP Support Unit and SIFC Cell will facilitate the PPP Committee, PPP Unit and departmental PPP Nodes in engaging private investors for the purpose of attracting private investment in needed projects which the provincial government can otherwise not undertake from its own resources. In addition to exploring new avenues for PPP projects, the PPP Support Unit will also be required to ensure that projects selected for being implemented through the PPP mode are legally, technically and financially feasible and that interests of the provincial government vis-à-vis the concessionaire are duly protected. Moreover, the SIFC cell will facilitate the Chairman SIFC-KP.

Main functions of the PPP Support Unit shall be:

- Advise the PPP Committee, PPP Unit and departmental PPP Nodes on different aspects of PPP projects.
- Explore, recommend and develop new sectors for PPP projects
- Evaluate proposals / feasibility studies / project designs related to PPP projects.
- Ensure protection of rights and interests of the provincial government in PPP projects.
- Ensure all PPP projects being undertaken in conformity with the PPP Act.
- Ensure procurement for PPP projects being in line with KPPRA Rules.
- Ensure that PPP projects are legally, technically and financially feasible.
- Recommend improvements to the PPP Act on ongoing basis.
- Build capacity of departmental PPP Nodes on PPP projects.
- Build capacity of relevant stakeholders on the PPP Act.

Moreover, the SIFC cell will facilitate the Chairman SIFC-KP. Main functions of the SIFC Cell shall be;

- To Overseeing overall SIFC related activities
- Act as primary liaison between the provincial government/relevant departments and the SIFC
- Project pipeline management

- Planning for SIFC engagement
- Managing coordination and communication related to SIFC
- Organizing meetings, maintaining records
- Tracking project progress
- Engaging regularly with stakeholders, including KP BOIT, the business community and general public

Background of revision

The scheme was originally approved at a cost of PJR 102 million by PDWP in its meeting held on 16-02-2017. the scheme was later on revised 1st time at a cost of PKR. 147 M on 05-05-2017. the scheme was revised for 2nd time at a cost of PKR 260.417 M up to June 2021. the PPP Section revised the PC-I within the approved cost of 259.38M up to June, 2022. The scheme was revised with approved cost of 346.5 M Up to June 2027. Due to integrating of SIFC under the PPPU, now the scheme is proposed for revision at cost of PKRs. 797.18 M for 3 years up to June 2027.

Justification (for revision)

- PPP in wake of tightening fiscal space is becoming all the more relevant for development of public infrastructure and provision of public services. Therefore, the existing PPP portfolio is expected to expand manifolds.
- PPP Unit, being technical arm of the PPP Committee, is expected to have requisite technical resources to inform the decisions of the latter. Therefore, acquiring and retaining technical staff as provisioned in the PC-I is necessary.
- The subject project shall conclude in June 2024 as per the approved revised PC-I. However, in view of the aforementioned justification, revision of the PC-I is required till June 2027.
- Moreover, the given pay package provisioned in the existing PC-I is not adequate to acquire and retain technical staff/consultants on market-based rates (Market base rate is the candidate selected current salary with a negotiation of up to 40% over and above). Despite previous attempts for hiring of staff, the PPP Unit has not succeeded on account of very high qualification and experience requirements mentioned in the PC-I.
- There is empirical evidence of the success of this project and revision thereof is being recommended on the following grounds;
- Under the auspices of PPP Unit, a number of mega projects (112.75 Billion PKR) have been completed and made operational i.e. Swat Expressway-I (34.17B PKR), Rashakai Special Economic Zone (USD 126 million, equivalent to 35.28 Billion PKR), and under-construction Swat Expressway-II (43.3 Billion PKR).
- The PPP Support Unit is monitoring the development of another 29 projects, worth 408 Billion PKR in different sectors. 20 Projects in feasibility study stage are in various sector i.e. education, energy & power,

health, industries, information technology, motorways (roads) and tourism sector.

- Requirements to evaluate the financial models of the PPP projects and appraisal of long-duration concession/PPP agreements and its subordinate agreements like Financing Agreement, Equity Funding Agreements, Shareholder Agreements, EPC Agreements, Independent Auditor Agreement and Provincial Support Agreements appraisal makes the extension of PC-1 inevitable.
- Requirement to evaluate tender process in conformity with the PPP Model needs a complex, detailed and careful appraisal for which the services of PPPSU needs to be continued.
- Last and not the least, the investment cost has been rationalized and brought at par with realistic cost for optimal utilization of the public resources. Investment cost in consultancy, transaction advisory services and feasibility studies with huge quantum of funds are utilized.

Justification for integrating SIFC Cell with PPP Support Unit

1. **Shared Objective of Investment Mobilization:** Both the Special Investment Facilitation Council (SIFC) and the Public Private Partnership (PPP) Unit aim to attract private capital to support public projects and initiatives. By combining their efforts, they can create a more robust mechanism to bring in investments that drive economic growth.
2. **Complementary Focus on Economic Development:** SIFC's mandate to spur economic growth aligns closely with PPP objectives of delivering infrastructure and services through private sector involvement. Integrating the two entities ensures a cohesive approach to national development priorities.
3. **Streamlined Project Facilitation:** SIFC's "single-window" approach for investors dovetails with the PPP Unit's responsibility for coordinating public-private engagements. Merging or aligning these processes reduces bureaucratic hurdles and makes it easier for investors to navigate project proposals and approvals.
4. **Unified Policy and Regulatory Framework:** Both entities work under similar legal and regulatory contexts that encourage private sector participation in public ventures. Consolidating their frameworks can strengthen and standardize policies, reducing confusion for investors and stakeholders.
5. **Optimized Resource Utilization:** By leveraging shared resources—such as technical expertise, data, and networks—SIFC and the PPP Unit can avoid duplication of efforts, ensuring more efficient use of public funds and specialized personnel.
6. **Enhanced Transparency and Accountability:** A single, consolidated structure for investment facilitation and public-private partnership can offer clearer oversight and governance. This can improve transparency in project evaluation, contract negotiation, and risk allocation.
7. **Greater Stakeholder Confidence:** Bringing SIFC into the PPP framework sends a strong signal to international and domestic investors about the

government's commitment to collaborative and streamlined development. This can foster greater trust and confidence among potential partners.

8. **Synergy in Sector Prioritization:** Both SIFC and PPP Units often prioritize similar sectors—such as infrastructure, energy, agriculture, and technology. Working together under one umbrella can help ensure that investments and partnerships in these key sectors receive coordinated support.
9. **Holistic Long-Term Planning:** A unified approach to public-private collaboration under the PPP Unit allows for cohesive long-term strategic planning. SIFC is focused on Long Term Strategic Planning and Development while PPP projects are long term (Usually 10 for service sector or more than 10 years for infrastructure) investment of private partner in public sector projects. SIFC's mandate to prepare roadmaps for growth and investment can seamlessly integrate with the PPP Unit's planning for large-scale infrastructure and service projects.
10. **Accelerated Socio-Economic Outcomes:** By combining efforts, SIFC and the PPP Unit can expedite project implementation, leading to faster job creation, technology transfer, and capacity-building. This, in turn, delivers more immediate benefits to the economy and society as a whole.

Technical parameters, inputs & outputs

The PPP Support Unit works under the Secretary, Planning & Development Department who also is the Chairman of the PPP Unit. The PPP Support Unit also has an in-house advisory body with a pool of experts that guides the provincial government in efficient selection and implementation of PPP projects.

Broad inputs and outputs of the project are presented in the following framework.

S. No	Input	Output	Outcomes		Means of verification	Targeted Impact
			Baseline indicators	Targets after completion of the projects		
1	<ul style="list-style-type: none"> - Financial resources - Operational supplies - HR - Offices/ space - Organizational & administrative arrangement - Technical expertise 	PPPSU established and made functional	Number of PPP Business Plans Finalized	At least one project finalized in PPP mode by at least 50% of Departmental Nodes in every two quarters	<p>PPP Committee meeting minutes</p> <p>Departmental PPP Node Minutes</p> <p>Official Note sheets</p>	<ul style="list-style-type: none"> - Streamlining PPP process in the province - Coordination between PPP Node, PPP Committee and allied stakeholders regarding PPP enhanced. - Evolution of PPPs in KP
4	<ul style="list-style-type: none"> - Training budget - Travel and accommodation - Trainers and experts - Administrative staff 	Capacity of the PPP Committee Enhanced	Number of PPP Committee members given exposure visits to model PPP projects	Members of the PPP Committee will be given exposure visits to successful model PPP Projects. PPP Unit, PPP Cell & PPP Nodes staff will also be provided with trainings	<p>Training Completion Reports</p> <p>photographs etc.</p> <p>Training participants' lists</p> <p>Itinerary records</p>	<ul style="list-style-type: none"> - Capacity building of PPP Committee, PPP Unit, PPP Cell, and PPP Nodes to effectively and efficiently

		- Training programs & modules			and exposure visits		undertake PPP Projects
	5	- Materials and supplies for training & visits	Capacity of the PPP Unit & Cell enhanced	Number of PPP Unit & Cell officials given trainings and exposure visits to model PPP projects	Members of the Committee will be given exposure visits to successful PPP Projects	Itinerary records Visit Reports	- Enhanced capacities of KP PPP stakeholders
	6		Capacity of PPP Nodes enhanced	Number of PPP Nodes officials given trainings	All relevant staff will be given trainings and exposure visits to successful/model PPP Projects	Training Completion Reports / photographs etc. Training participant's lists Itinerary records	- No time and cost overruns, as evidenced in normal public sector projects
	7	- Financial inputs for identification - Funding for showcasing - Project team & experts - Operational and development supplies	Potential PPP model projects identified	Number of PPP model projects identified and prioritized	None of PPP model projects identified	Nodes, PPP Unit and PPP Committee meeting minutes Pilot Project documents / proposals	- More efficient utilization of government resources
	8	- Technical expertise - Stakeholder engagement & partnership - Media & communication	PPP model projects developed & approved	Number of PPP model projects developed & approved by competent forum	None of the pilot/model PPP projects approved	Nodes meeting minutes Project documents	- Potential pilot business plans developed and showcased to attract private sector investment
	9		Approved Model Project showcased and implementation facilitated	Number of PPP model projects showcased	None of the pilot/model PPP projects showcased	Newspapers Department website P&D Department website Brochures and Project Documents	- Early materialization of needed social sector projects
							- Increased private sector investment in KP
							- Enhanced fiscal space in lieu of private sector investment

7. Capital Cost estimates	<p style="text-align: center;"> Local Cost=Rs.797.18million FEC= NIL Total Cost= Rs. 797.18million <i>Give break-down of capital cost year wise covering the whole of the investment period as indicated below:-</i> Year-Wise Financial Breakup (PKR in millions) </p>
---------------------------	---