Presenter 6

Public Private Partnerships in Pakistan

Hammad Shamimi

Secretary / Head,
Ministry of Privatisation, Pakistan

P3A
PARTNERSHIPS FOR GROWTH

Public Private Partnerships in Pakistan

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

September 2026

p3a.gov.pk

1

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

250 m+
people, and one of the fastest urbanising populations in South Asia

30+ years
of private capital delivering public infrastructure

USD 35 Bn+
private investment across 154 projects since 1990s

USD 10 Bn
annual financing requirements, but at its best the federal envelop is ~3 billion USD

A programme built over three decades, sector by sector

1990s — Port terminals
Karachi Port and Port Qasim award container, chemical and oil terminals under the landlord port model

1994 — Power policy and IPPs
Independent power producers arrive on BOO and BOT, with take or pay off take and guaranteed equity returns

2004 — Telecom concessions
The mobile market opens through auction, licenses awarded as 15-year renewable concessions with revenue taken from end users

2006 — IPDF
The federal PPP unit is created to prepare projects and build capacity in implementing agencies

2013 — Roads at scale
NHA and the provinces begin tolled motorways on BOT and DBFOM, supported by subsidy

2017 — P3A Act
The Authority replaces IPDF as the federal regulator, funds mobiliser and advisor

2020s — A wider base
Health, water, aviation, economic zones, smart metering and railway land enter the pipeline

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

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

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

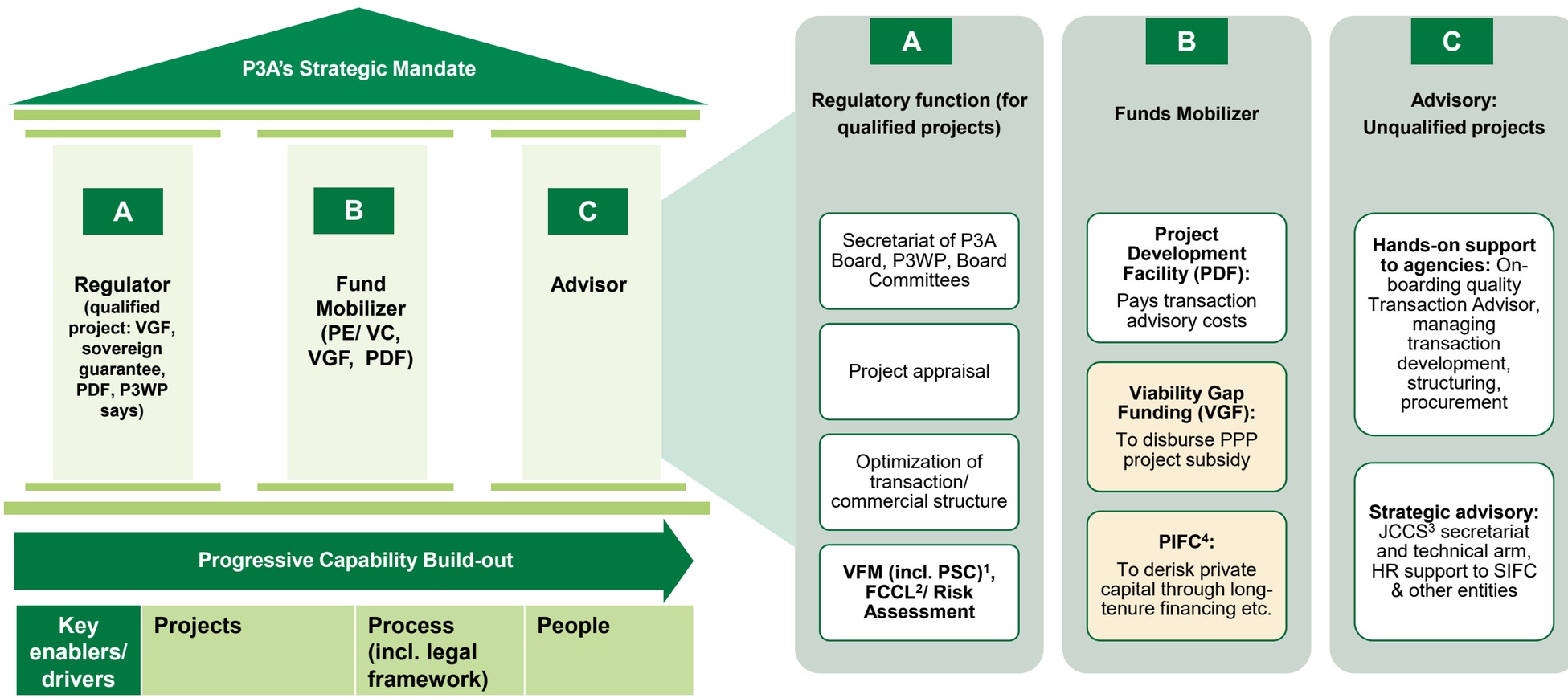
- **Punjab:** PPP Authority
- **Sindh:** PPP Unit and PPP Policy Board, with VGF and PDF both operational
- **Khyber Pakhtunkhwa:** PPP Unit with eight sector nodes, VGF and PDF both operational
- **Balochistan and Gilgit-Baltistan:** PPP Units under Planning and Development, GB constituted under its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

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



p3a.gov.pk

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

To be activated 5

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
A pipeline of investable opportunities

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)

Supply side
Financing mechanisms and long tenor finance

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.

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

25 projects, FY 2028 and beyond
about USD 5.6 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**

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

What else got in the way | Macro shock, and a public sector still learning to use PPPs

The macro shock of 2022

Four transactions worth over PKR 600 Bn, roughly USD 2 Bn at current rates, had been approved in 2021 and 2022: major greenfield road PPPs, and a mass transit project in Karachi

Three went to abortive procurement. One was saved, and only by restructuring the transaction

Between 2021 and 2023	Before	After
Policy rate	**9.75%**	**22%**
Inflation	**7%**	**38% (peaked)**

No amount of contractual structuring survives a move of that size in the discount rate, which is precisely why the supply-side matters

And underneath the shock, three constraints that are cultural rather than financial

Agencies still reach for the budget

- Implementing agencies remain reluctant to take projects to market in PPP mode, preferring the public development programme or government to government arrangements
- The habit is deep enough that it has a name inside government: **PSDP addiction**

Fear of audit and accountability

- PPPs are often seen as personal exposure rather than a delivery route
- That fear slows decisions at exactly the points in a transaction where speed matters most, and it holds back the growth of the programme

No audit standard fits a PPP

- Audit and accountability bodies assess PPP and private equity style investments against rules written for procurement
- Capacity building for those bodies, and PPP specific audit standards allowing an apples-to-apples analysis, are both overdue

Contracts can be restructured. Changing habits takes longer, and that work is under way

The way forward | One window for investors, and real support behind the agencies

What is being done, and what it answers

1 One window for investors
P3A is being integrated into the Privatization Commission, giving investors a single federal interface for both privatization and PPP opportunities instead of two doors into the same government

2 Standing behind the implementing agencies
Project Development Facility money for preparation, Viability Gap Funding where a project is economically sound but not yet financially viable, and P3A advisory remains available throughout to financial close

3 Closing the financing gap
Operationalizing the long tenor financing answer through PIFC, and building the guarantee capacity that sits alongside it

4 Accountability that fits the instrument
Capacity building for audit and accountability agencies, and PPP specific audit standards, so that a concession is judged as a concession

5 Pipeline discipline
Sector prioritisation, honest readiness bands, and taking projects to market only when they are genuinely ready for it.

Where Korean partners fit

Sponsors and operators
Roads, rail, aviation, water and urban assets are all in the pipeline now, in structures Korean sponsors and their EPC and operations partners already know

Financing institutions
Long tenor finance is the gap in this market. Korean policy finance and export credit, alongside PIFC, would close it faster than either could alone

Knowledge partnership
Korea built its guarantee capacity, its appraisal capability and its standard contracts over forty years. That road map matters more to us than any single transaction

Pakistan is not asking for a leap of faith. It is asking partners to look at a pipeline that is now real, and at the one gap it is working to close

Thank You

Public Private Partnership Authority

Partnerships for Growth

10