

Public-Private Partnership Projects in Punjab

Paving the road to success.

The Government of Punjab is turning a corner in Public Private Partnership projects as it announces a new era of bankable public-private partnership project structures along the lines of the projects developed by the Government of Sindh.

Introduction

At a recent investor conference, the Government of Punjab's Communications and Works Department (C&W) announced that it plans to tender several new road infrastructure projects under the public-private partnership (PPP) mode.

Background

C&W's future plans are informed by lessons learned from the first PPP project of the C&W Department, Government of Punjab (GoPb), namely the dualisation of the 43-kilometer Sheikhupura-Gujranwala road, developed by Shajar Roads Limited (the Project). Our team, led by Pakistan Partner Adil Tirmizey, acted as project counsel for Shajar Roads in this landmark project.

Lessons Learnt

In response to the case study on challenges faced by the Project presented by Shajar Roads' financial advisor, IQ Capital, C&W responded with the following solutions.

Cost Escalation Support: One of the critical issues faced in the Sheikhupura-Gujranwala project was cost overruns due to delays in obtaining the project site. To mitigate such risks in future projects, the GoPb will bear the costs of post-bid price escalations for essential raw materials like cement, steel, and bitumen and may also backstop unforeseeable hikes in interest rates.

Minimum Revenue Guarantees: The GoPB will provide minimum revenue guarantees to address the financial viability of projects with low traffic volumes. This ensures that concessionaires are protected against shortfalls in expected toll revenue.

Provincial Guarantee with Debit Authority: The GoPB will offer a provincial guarantee with a debit authority over its account maintained with the State Bank of Pakistan. Commercial banks now expect this security measure. It will enhance project bankability by providing a reliable backstop for the Government's termination payment obligations and avoiding project sponsors having to create security over non-project assets.

Amended PPP Law: Additionally, the existing Public-Private Partnership Act 2019 was identified as overly complex, with multiple bodies involved in project conception and execution, leading to delays and inefficiencies. Amendments are being proposed to streamline the process of implementing PPPs, drawing inspiration from the more efficient Sindh PPP law.

Implications and Next Steps

These developments signal a more stable and predictable environment for developers, investors, and lenders to invest in infrastructure projects in Punjab. Introducing cost escalation support and minimum revenue guarantees reduces financial risks, making these projects more attractive to private investors.

The amended PPP law is expected to simplify the regulatory framework, reduce bureaucratic hurdles, and expedite project timelines. This will likely lead to increased participation from both local and international investors, fostering a more competitive and dynamic market.

Businesses interested in participating in these projects should closely monitor the upcoming investor conferences for detailed roadmaps and tendering timelines.

Looking Ahead

The future of PPP projects in Punjab looks promising, with the GoPB's proactive measures addressing past challenges and setting the stage for more successful collaborations. In the coming months, we anticipate further refinements to the PPP framework and additional investor-friendly policies. We look forward to the next investor conference, at which C&W has promised to provide a roadmap for tendering new projects.

For more information on public-private partnership projects in Punjab or elsewhere in Pakistan, please contact Pakistan Partner [Adil Tirmizey](#).

This article is not legal advice; it provides information of general interest about current legal issues.



RIAA Barker Gillette is Pakistan's premier law firm, with an on-the-ground presence in four major cities in Pakistan: Karachi, Islamabad, Lahore, and Peshawar, and affiliated offices in Dubai (DIFC) and London.


The firm practices in all areas of corporate, commercial and dispute resolution law. Leading international legal directories consistently recognize the firm as a top-tier law firm in Pakistan.

LexMundi Member

RIAA Barker Gillette is the exclusive member firm in Pakistan for Lex Mundi, the world's leading network of independent law firms with in-depth experience in over 125 countries worldwide.

More News/Insight

By expertise  By year 

By type  [Search](#)

Links

[Download page as PDF](#) 

[Send link to PDF](#) 

[Share link](#) 

Contacts

Adil Khalid Tirmizey

+92 (42) 37881402-4

+92 (302) 8244468

[Full profile](#)



[Email](#)

[Download V.card](#)

Stay in touch

Subscribe to our newsletter

Name *

Email *

[Submit](#)

News/Insight

Lahore High Court recognises international arbitration award

Successful defence of SIAC award against invalidity, incapacity and public policy challenges

The Lahore High Court recently recognized a foreign arbitral a

[Read more](#)



What clients say...

Chambers Asia Pacific 2022

"We find them to be extremely professional and responsive. They are meticulous in raising all the right legal points but at the same time are very solution-oriented in helping to structure the transactions in the right way to fully protect our legal rights." – **Chambers Asia Pacific 2022**



[Read more](#)

Our practices

[Banking and finance](#)
[Capital markets](#)
[Commercial](#)
[Corporate and M&A](#)
[Dispute resolution](#)
[Employment, labour and benefits](#)
[Projects and infrastructure](#)
[Property and real estate](#)
[Trade remedies and international trade](#)

Our industries

[Clean energy](#)
[e-Commerce and retail](#)
[Financial services](#)
[Mining and minerals](#)
[Oil and gas](#)
[Pharmaceutical, healthcare and life sciences](#)
[Power](#)
[Real estate and construction](#)
[Technology, media and communications](#)

Quick links

[About us](#)
[Alliance](#)
[Contact](#)
[Legal Notice](#)
[Lex Mundi](#)
[News/Insight](#)
[Our expertise](#)
[Site search](#)

Around the world

[Pakistan](#)
[United Arab Emirates](#)
[United Kingdom](#)



LexMundi
Member

© Copyright 2024 RIAA Barker Gillette Legal notice

[Call us now](#)

