

Sector Study

Road Infrastructure (Tolling)

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March 2017

Pakistan | Road Infrastructure¹



Road Infrastructure of Pakistan (Kms)

Years	Punjab	Sindh	KP	Balochistan	GB & AJK	Aggregate
FY16	107,718	81,624	42,945	29,490	1,579	263,356
FY15	107,992	81,543	43,072	29,742	1,593	263,942
FY14	107,973	81,493	43,035	29,692	1,592	263,785
FY13	107,805	81,385	42,980	29,655	1,590	263,415

National Highway Authority | Tolling²

NHA Network	39 National Highways, Motorways, expressways and strategic Road
Length of Network	12,131 Kms
On-going Projects	26
Cost of on-going Projects	PKR 393bln

Road Rehabilitated/Constructed by NHA (Kms)						PSDP Allocation (PKR bln)
Years	Punjab	Sindh	KP	Balochistan	Aggregate	
FY16	814	295	605	468	2,182	177
FY15	308	100	198	147	753	109
FY14	286	114	218	218	836	71
FY13	221	81	189	104	595	50

NHA has planned to develop approximately 2,395 km long China-Pak Economic Corridor (CPEC) connecting Gwadar to Kashghar (China) and Karachi - Lahore Motorway (KLM) 6-lane controlled access.

Motorways | Pakistan⁴

Sr. #	Motorway	Length (Km)	Status	Cost (PKR bln)
1	Islamabad-Peshawar (M-1)	154	Operational	11.9
2	Lahore-Islamabad (M-2)	357	Operational	36.7
3	Pindi Bhattian-Faisalabad (M-3)	52	Operational	7.2
4	Faisalabad-Multan (M-4)	243	Under construction	20.0
5	Gawadar-Ratodero (M-8)	859	Under construction	23.2
6	Karachi-Hyderabad (M-9)	136	Under construction	44.2
7	Multan-DG Khan (M-5)	84	Planned	11.5
8	DG Khan-Ratodero (M-6)	467	Planned	45.0
9	Kakkar-Dureji-Karachi (M-7)	280	Planned	13.0
10	Karachi Northern Bypass (M-10)	64	Planned	1.0
11	Sialkot-Lahore Motorway (SLM)	92	Announced	-
12	Karachi-Lahore Motorway (KLM)	1147	Announced	-

Road Rehabilitation | PPP/BOT

The Public Private Partnership (PPP) or Build, Operate & Transfer (BOT) are arrangements between Government (NHA) and the private sector with following procedure;

- **Competitive Bidding:** successful bidder from the private sector incorporates a Project Company – Special Purpose Vehicle (SPV)
- **Concession Agreement** between NHA-SPV: includes, inter alia, the accepted bid parameters, scope of work, concession period and other detail necessary which deemed for implementing the project under PPP/BOT arrangement
- **Financing arrangements:** SPV
- **Design, Construction, Operation and Maintenance:** SPV
- **Right on Toll/other revenue for a certain period of the project:** SPV (which is long enough to recover its investment with reasonable profit)
- **Transfer back** to NHA at the end of concession period

Risk factors | BOT Arrangements

- ◆ **Execution Risk** | Delays in securing lands/related approvals | in case of new roads
- ◆ **Completion Risk** | Ensuring timely delivery of project | EPC Contractor profile | Regular Monitoring
- ◆ **Operations & Maintenance Risk** | O&M Operator | Adherence to performance parameters
- ◆ **Revenue Risk** | Traffic volume and Toll rates
- ◆ **Sponsor Risk** | Financial muscle and Reputation | Profile and Past record

BOT | Key projects⁴

Sr. #	Project	Cost (PKR mln)	Status
1	Lakpass tunnel (N-25)	679	Operational
2	Habibabad bridge (N-5)	831	Operational
3	Overlay & modernization of Lahore-Islamabad (M-2)	36,700	Operational
4	Two Main-Service Areas at River Indus (M-1)	689	Under construction
5	Karachi-Hyderabad motorway (M-9)	44,251	Under Construction
6	Two Mini-Service Areas at River Haro (M-1)	260	Financial close

Bibliography:

1. Pakistan Economic Survey 2015-2016, issued by Finance Division of Pakistan – Chapter 13-Transport, Page 215
2. Pakistan Economic Survey 2015-2016, issued by Finance Division of Pakistan – Chapter 13-Transport, Page 216
3. National Highway Authority website_ Map/Road network
4. PACRA’s in-house research and database

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