



# ROAD *to* PROSPERITY





SEZ  
habeji

*Fernando Jimenez*

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# PAKISTAN POLITICAL MAP



# PAKISTAN AT A GLANCE

Pakistan is located in the South Asia, a recognized geographical region of southwestern Asia, and is situated in both the northern and eastern hemispheres. Thus, it is a gateway to the regional market with a large population, wide and diverse resources and untapped potential for trade.

Pakistan: basic facts	
Official name	Islamic Republic of Pakistan
Capital	Islamabad
Area (sq. km)	796,095 sq. km
Languages	Urdu & English (official)
Government form	Parliament
Sea ports	Karachi, Bin Qasim & Gwadar
Currency	Pakistan Rupee (PKR)

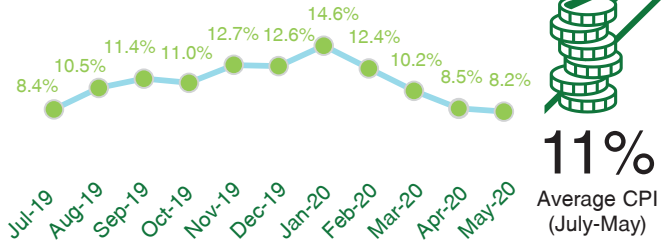
Major Import & Export	
Import	Export
Steel	Leather
Automobile	Fruits
Industrial equipment	Construction material
Chemical	Handicrafts
	Rice

## Demographics

- ▶ According to the Pakistan's latest census, the total population is estimated to be 207 million, which is growing at a rate of 2.4 per annum.
- ▶ Pakistan has a population with youth majority where the median age is 23.8 years with a 64:36 split between rural and urban residents.

# ECONOMIC SNAPSHOT

## Inflation (Year-on-Year)



## Trade deficit



July-April FY19  
USD  
~27.2bn  
July-April FY20  
USD  
~19.1 bn

## Current account deficit



July-April FY19  
USD  
~11.45 bn  
July-April FY20  
USD  
~3.34 bn

## Policy rate



The State Bank of Pakistan (SBP), has further decreased the policy rate by 100bps since April to 8.00% effective 20th May 2020.

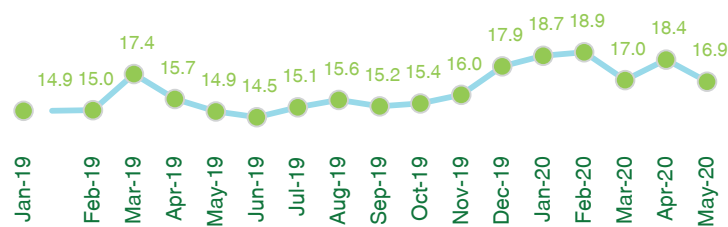
**8.00%**

## Remittances



July-April FY19  
USD  
~17.8 bn  
July-April FY20  
USD  
~18.8 bn

## Foreign Exchange Reserves



May 2020  
USD  
~16.9 bn

With SBP  
USD  
~10.4 bn

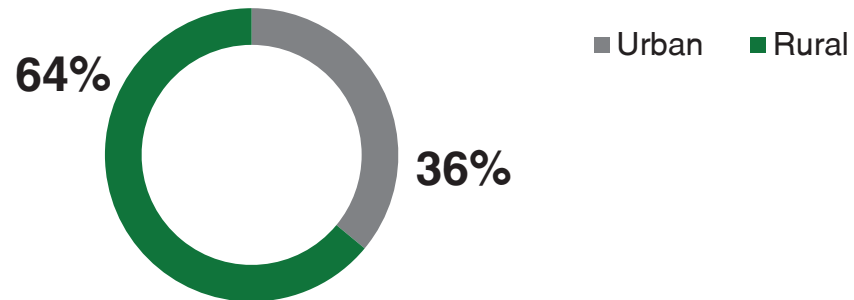
# SOCIAL INDICATORS



Population  
**212 Million**



**66 years**  
Life Expectancy

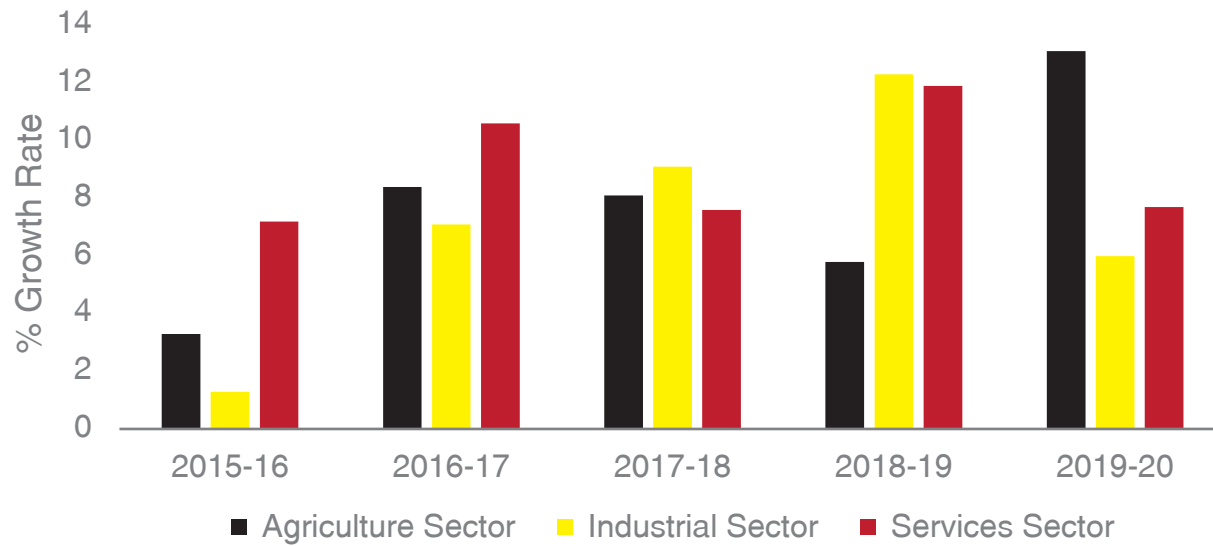


**PKR 14,000 to 15,000 per month**  
(Minimum wage rate)  
**24.3%**  
Current poverty rate

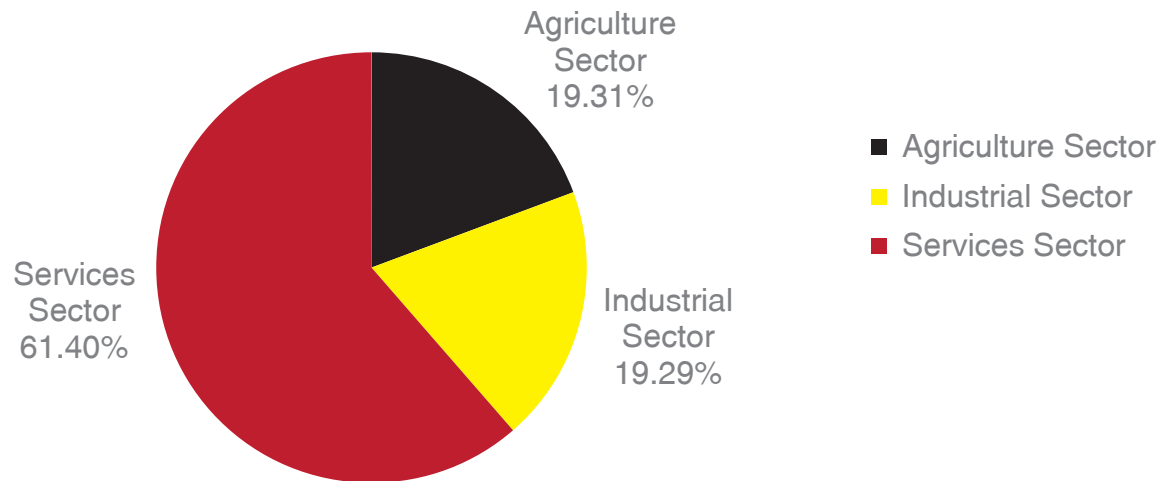


**Literacy rate**  
(%age of adult population)  
**60%**

## Sectoral Growth



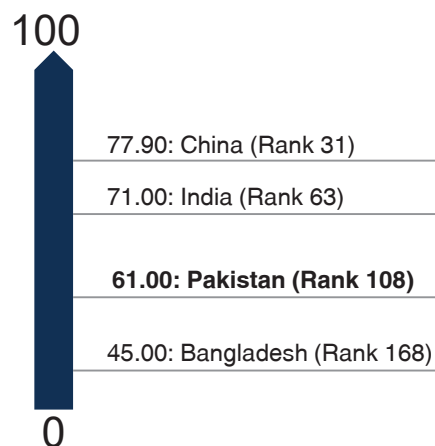
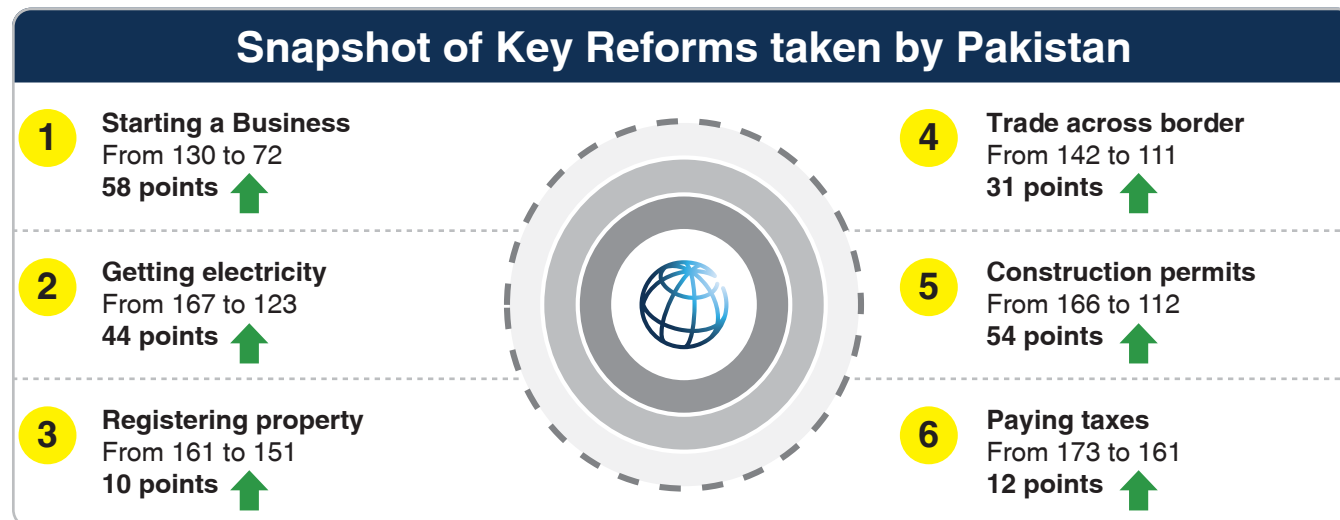
## GDP Composition in 2019-20



Source: Survey of Pakistan, Pakistan Bureau of Statistics

# EASE OF DOING BUSINESS

- ▶ Pakistan ranked among the top 20 global economic reformers.
- ▶ Pakistan has improved 28 ranks, from 136 to 108.
- ▶ The World Bank has acknowledged Pakistan amongst top 10 economies that improved the most on the ease of doing business after implementing regulatory reforms.



Ease of doing business index:  
 Pakistan's DB score for 2020 increased to 61.00 compared to 55.31 for 2019.



Source: Survey of Pakistan, Board Of Investment (BOI) and World Bank



# SPECIAL ECONOMIC ZONES

Special Economic Zone (SEZ) is a specific area of the land used to promote industrial growth in a country by providing special exemptions and tax incentives as compare to general economic policies in a country. According to World Bank's 2008 annual report, "by some estimates, there are approximately 3,000 zones in 135 countries today, accounting for over 68 million direct jobs and over \$500 billion of direct trade-related value added within zones."



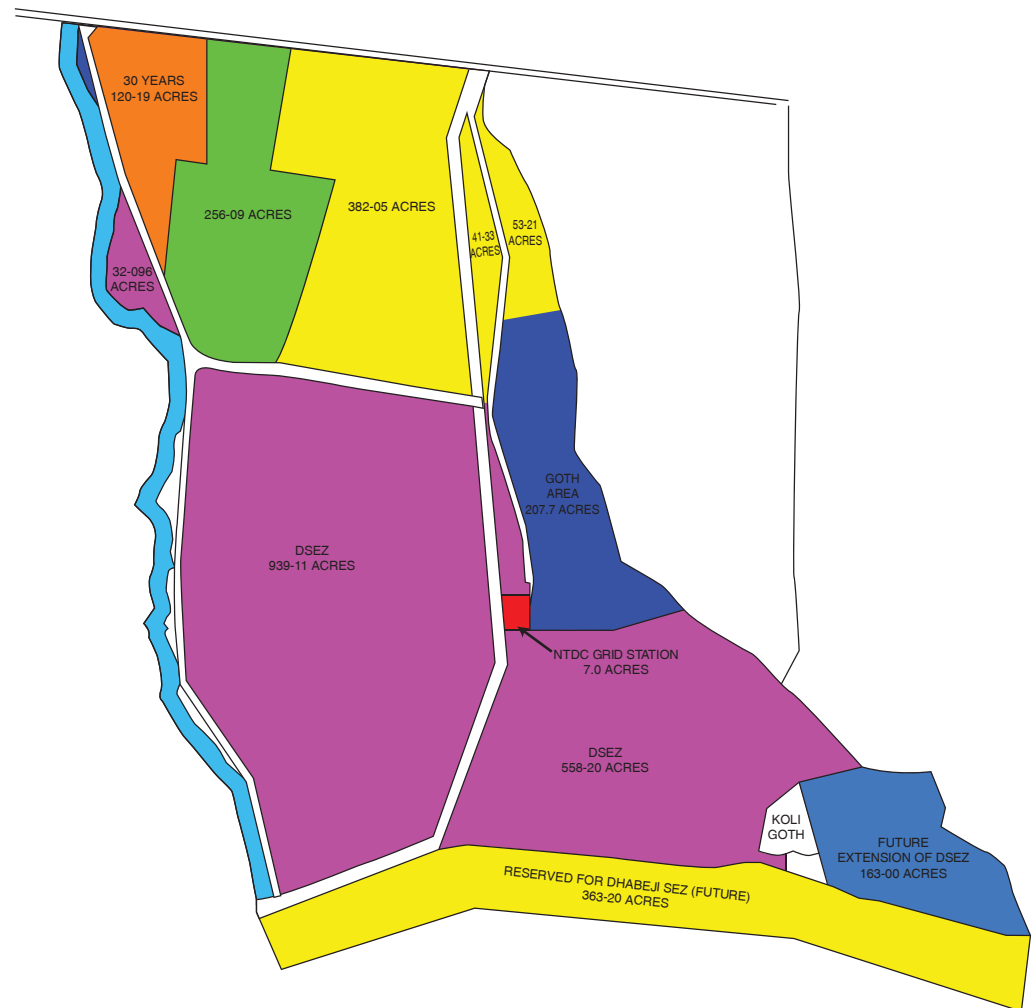
Keeping in view the great success of SEZs around the globe, the Government of Pakistan passed Special Economic Zone (SEZ) Act in 2012. It was promulgated for attracting the investments, to revive and diversify the manufacturing and exports. SEZs will enhance overall economic connectivity, integration and competitiveness, as well as investments, exports and productivity, which are keys for economic growth, job creation, poverty alleviation and socio-economic development in the region.

## Currently Pakistan has 9 Priority SEZs (Proposed):

1. **Dhabeji, Thatta**
2. Rashakai Economic Zone
3. Port Qasim, Karachi
4. ICT Model Industrial Zone
5. Allama Iqbal Industrial City
6. Moqpondass SEZ, GB
7. Mirpur SEZ
8. Bostan Industrial Zone
9. Momand Marble City

# DHABEJI SEZ - PROJECT BACKGROUND

- ▶ The Government of Sindh has allotted 1530 acres of land to be developed as Dhabeji Special Economic Zone (DSEZ) in Thatta, a Priority Project under China-Pakistan Economic Corridor (CPEC).
- ▶ The project will facilitate potential investors of China, Japan and other countries to establish new enterprises or transfer their facilities to Dhabeji SEZ in Pakistan.
- ▶ DSEZ will offer state of the art infrastructure, utilities and other amenities at the doorsteps of the enterprises.
- ▶ DSEZ will provide a gateway to Central Asia, South Asia, Middle East and Africa.



# IDEAL LOCATION FOR AN ECONOMIC ZONE

## Project Land

1,530 acres  
 Flat, non-mountainous,  
 Balanced chemistry.

## Location & Connectivity

- ▶ Karachi - 50 km
- ▶ National Highway - 0.5 km
- ▶ Karachi-Hyderabad M9 - 35 km
- ▶ Port Qasim - 22 km - *A direct access road connecting Port Qasim to Dhabeji Zone being developed by GoS, to be completed by 2022.*
- ▶ Landhi Industrial Area - 20 km
- ▶ Hyderabad - 140 km
- ▶ Thatta - 40 km
- ▶ Gwadar - 700 km

## Commercial Hub Proximity

Access to:  
 Karachi - 20 million people |  
 Hyderabad - 7 million | Thatta - 3 million



## Strategic Industry Clusters

Foundries — Steel | Building Material | Petrochemical  
 Automotive & Allied | Light Engineering | Textile & Garments  
 FMCGs Logistics | Warehousing





# INCENTIVES FOR DEVELOPERS

- ▶ One time exemption from all custom duties and taxes for all capital goods imported into Pakistan for the establishment of an SEZ.
- ▶ Exemption from all taxes on income accruable in relation to the development and operation of the SEZ for a period of five (5) years starting from the date of signing of the Development Agreement.

# INCENTIVES FOR ZONE ENTERPRISES

- ▶ One time exemption from custom duties and taxes on imports of capital goods into the SEZ for installation.
- ▶ Zone enterprises, shall be exempted from income tax for the next ten years

# ROADS & CONNECTIVITY

- ▶ A direct access road (8km) connecting Port Qasim to Dhabeji Zone is being developed by GoS.
- ▶ A dedicated cargo deck connecting the zone with ML-1 from Dhabeji Junction.
- ▶ A Jetty to connect Port Qasim alongside Dhabeji zone from creek side is envisaged to facilitate export oriented industries.

# UTILITIES

It shall be the obligation of SEZMC to provide gas, electricity and water at the zero point of the project site.

The Developer shall also have a right to procure gas and electricity through its private arrangements.



The federal government has already approved funds of ~ PKR 4.3 billion to construct a dedicated grid for the SEZ which will provide up to 250 MWs of power at zero point of the project, to be completed by 2023.



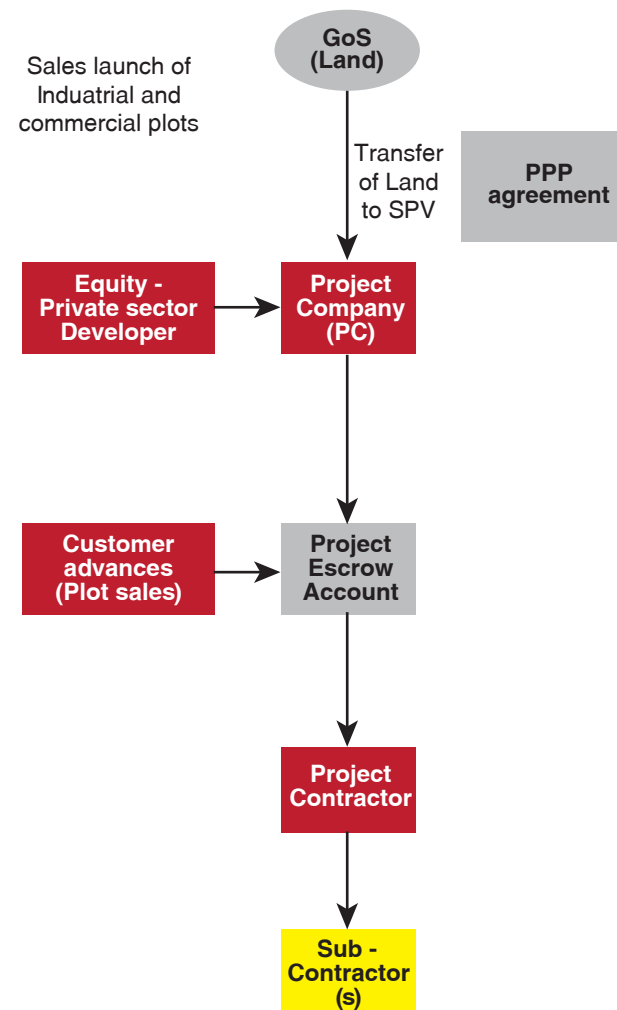
The federal government has approved funds of ~ PKR 429 million for SSGC to supply up to 15 MMCFD at doorstep of the project, to be completed by Dec 2021.



Up to 10 MGD water supply connection shall be arranged by GoS through Karachi Water & Sewerage Board (KW&SB).

# TRANSACTION STRUCTURE

- ▶ As per Sindh Public Procurement Rule no. 15(2)(a) the procurement process for Developers' will be conducted through International Competitive Bidding, Single stage — two envelope procedure.
- ▶ The Developer(s) will be required to design, construct, finance, develop, operate and maintain the Project on build, own, operate and transfer basis. Developer(s) shall be responsible for inter alia procuring financial and commercial arrangements for the design, construction, operations and maintenance work.
- ▶ Dhabeji Industrial Zone has been proposed to be constructed in 2 phases comprising of 750 acres for Phase I and 780 acres for Phase II.
- ▶ Total Concession term for the Project is 20 years of which 5 years are for construction of the zone and remaining 15 years are for the O&M.
- ▶ Project/SPV will be transferred at a nominal cost at the end of concession term through a buy-back option.





# PROJECT IMPLEMENTATION STRATEGY

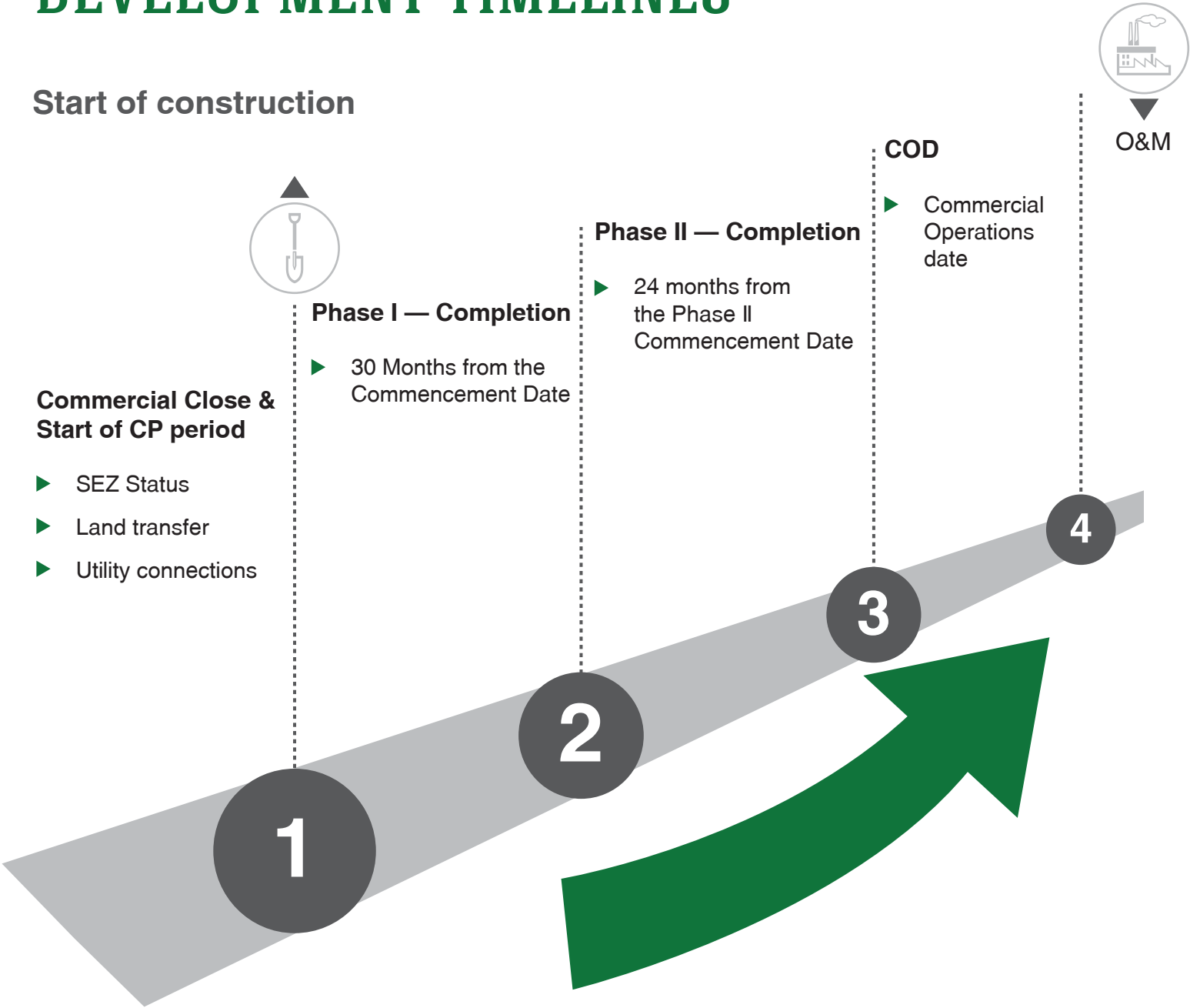
- ▶ The project is structured on revenue model. The Developer will be entitled to and shall be responsible to collect revenues through sub-leasing of the plots to zone enterprises in accordance with the PPP Agreement.
- ▶ Developer will be required to share a percentage of their revenue during the construction phase of the project and from sale (upfront lease rent) proceeds. The minimum PV of this revenue share shall not be less than the base price of PKR 1.725 Billion.
- ▶ The Project shall be financed by a combination of customer advances, Developer's finances.

## FINANCIAL BID

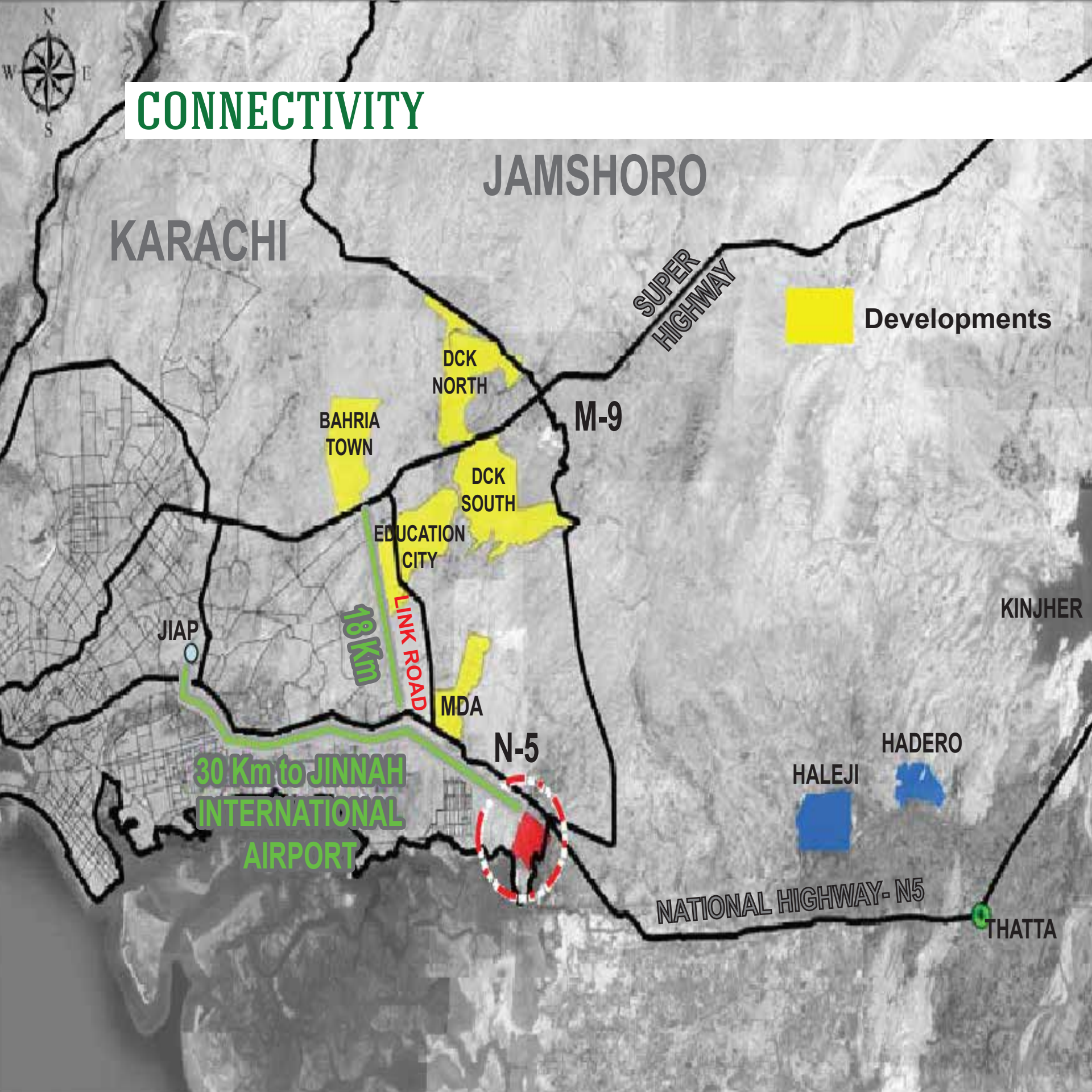
- ▶ Bidder who quotes the highest present value ("PV") of revenue share using a fixed percentage share of revenue for each phase will be considered as the Preferred Bidder.
- ▶ This PV shall be computed at a discount rate of 10% over a period of 7 years (phase 1: 3 years plus phase 2: 4 years) on the revenue arising from sales / sub-lease of industrial and commercial plots.
- ▶ The minimum PV amount of any Bidder shall be above PKR 1.725 Billion. The bidder is required to share at least PKR 500 Million of revenue in Phase 1 in PV terms.

# DEVELOPMENT TIMELINES

Start of construction



# CONNECTIVITY



KARACHI

JAMSHORO

SUPER HIGHWAY



Developments

DCK NORTH

M-9

BAHRIA TOWN

DCK SOUTH

EDUCATION CITY

KINJHER

JIAP

18 Km  
LINK ROAD

MDA

N-5

30 Km to JINNAH INTERNATIONAL AIRPORT

HADERO

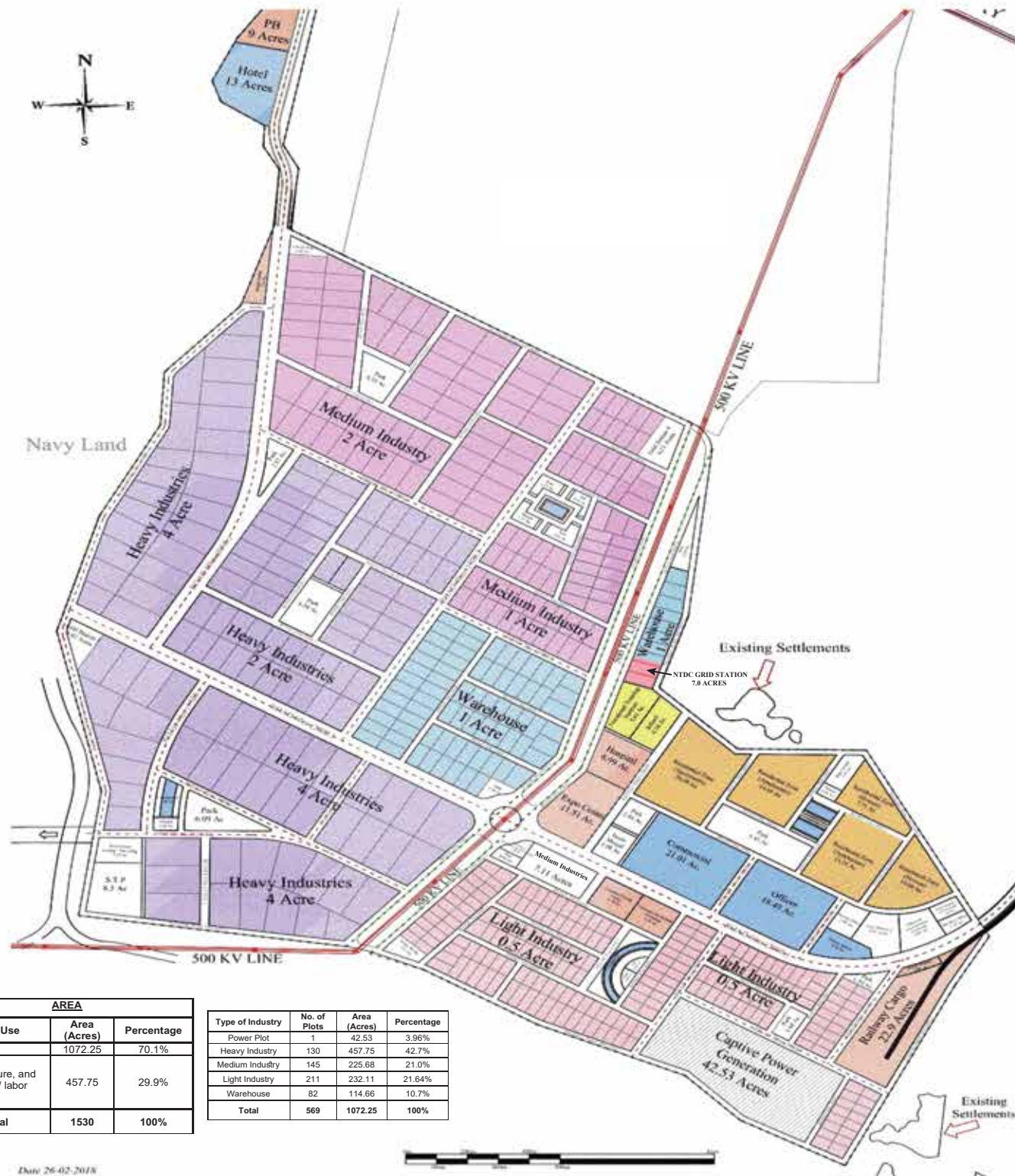
HALEJI

NATIONAL HIGHWAY-N5

THATTA



# CONCEPTUAL MASTER PLAN DHABEJI SEZ



# PUBLIC PRIVATE PARTNERSHIP (PPP) IN SINDH

PPP Unit Sindh global standing & Completed Projects & Projects in Pipeline

## Accomplishments

- ▶ The Economist Magazine's Intelligence Unit's Report. "Introscope 2018", PPP Unit Sindh was ranked as 6th Best Performer in Asia.
- ▶ The rating only considers countries. However, owing to exceptional performance Sindh PPP Units has have been evaluated separately.

## Accomplishments

- Hyderabad Mirpurkhas dual carriageway (HMDC)  
PKR 6.8 billion



- Jhirk Mullah Katiyar road & bridge (JMK)  
PKR 4.5 billion

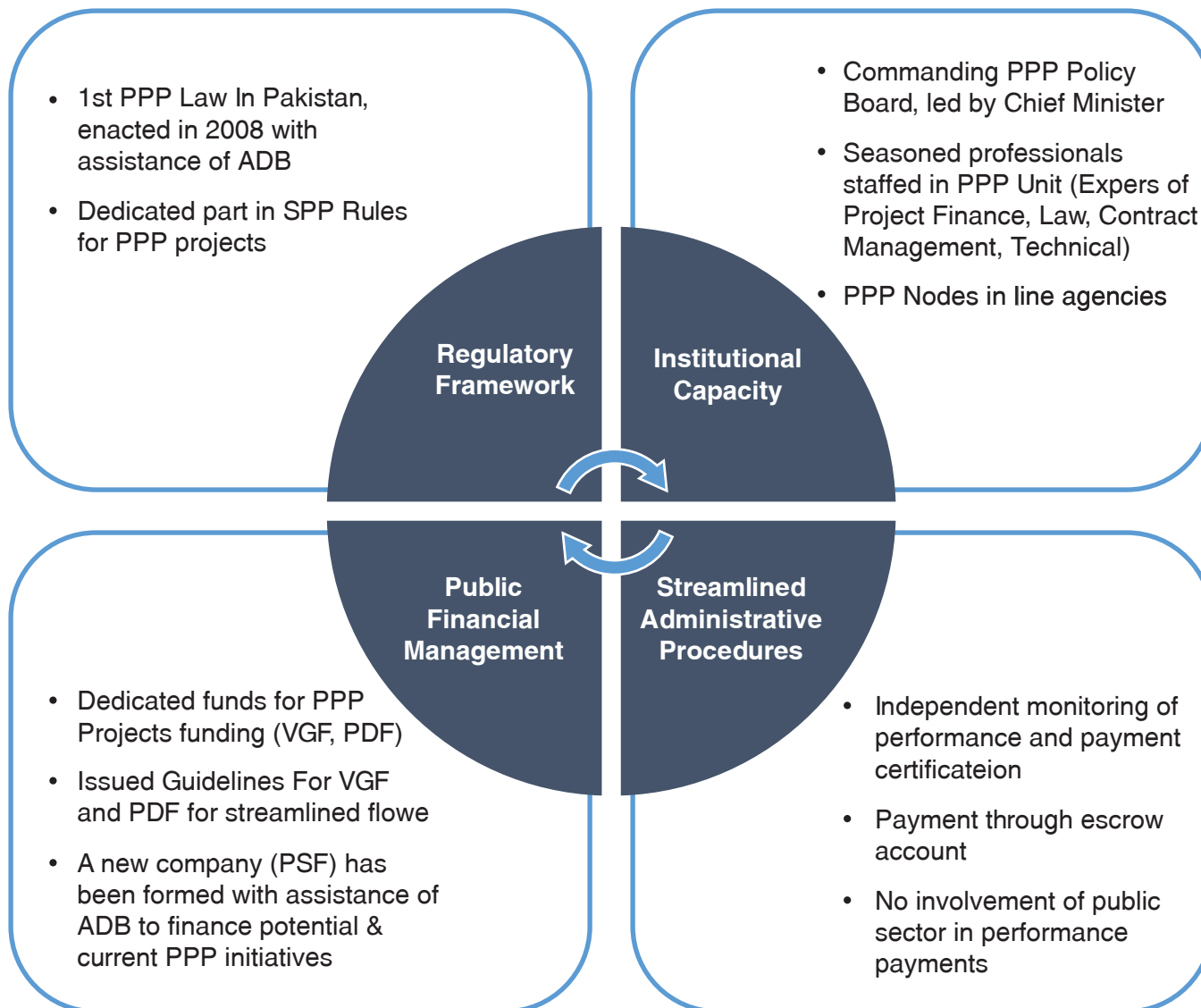


- Karachi Thatta dual carriageway (KTDC)  
PKR 8.8 billion



The Economist		Intelligence Unit
<b>Overall Scores Asia Infrascope 2018</b>		
Rank		Score/100
1	Thailand	83
2	Philippines	81
3	PRC	80
4	India	77
5	Gujarat State	75
6	Sindh Province	67
=7	Banglades	66
=7	Vier Nam	66
=9	Indonesia	61
=9	Kyrgyz Republic	61
=9	Pakistan	61
12	Kazakhstan	58
13	Mongolia	54
14	Georgia	48
=15	Armenia	45
=15	Sir Lanka	45
17	Timor-Leste	44
18	Tajikistan	41
19	Papua New Guinea	28

# ENABLING ENVIRONMENT FOR PPPs IN SINDH





# ADVERTISEMENTS

**WORLD**

**Highway helps build careers and countries**

Work on \$650 link between China and Laos puts opportunities on fast track

**Vaccine rollout gets underway in UK**

**800,000**

**TWO GIRLS BACK HOME FROM INDIA**

**STAFFERS SUSPENDED OVER DEATHS OF PATIENTS**

**5,794,342**

**420,224**

**356,342**

**5,614**

**3,796**

**27**

**8,398**

**9.7%**

**REQUEST FOR PROPOSAL**

**DHABEJI INDUSTRIAL ZONE PROJECT**

**Under CHINA PAKISTAN ECONOMIC CORRIDOR**

**Deputy Managing Director / Chief Financial Officer**

**REQUEST FOR PROPOSAL**

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**Under CHINA PAKISTAN ECONOMIC CORRIDOR**

**Surge deepens strains on Japan hospitals**

**Mobile CPEC**

**SHORTS**

**Record single-day cases**

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Epaper Date: 2020-12-06

FOUNDED BY QUADIR AZAM MOHAMMAD ALI JINNAH

**DAWN**

**REQUEST FOR PROPOSAL**

**DHABEJI INDUSTRIAL ZONE PROJECT**

**Under CHINA PAKISTAN ECONOMIC CORRIDOR**

**Mobile CPEC**

**THE EXPRESS TRIBUNE**

**REQUEST FOR PROPOSAL**

**DHABEJI INDUSTRIAL ZONE PROJECT**

**Under CHINA PAKISTAN ECONOMIC CORRIDOR**

**Mobile CPEC**





## A Priority Project under China Pakistan Economic Corridor



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