Dhabeji Industrial Zone Project

Project Brief



SEZMC
Special Economic Zones Management Sindh
INVESTMENT DEPARTMENT

EY
Building a better working world

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ea
Ea Consulting Pvt Ltd

Project Details



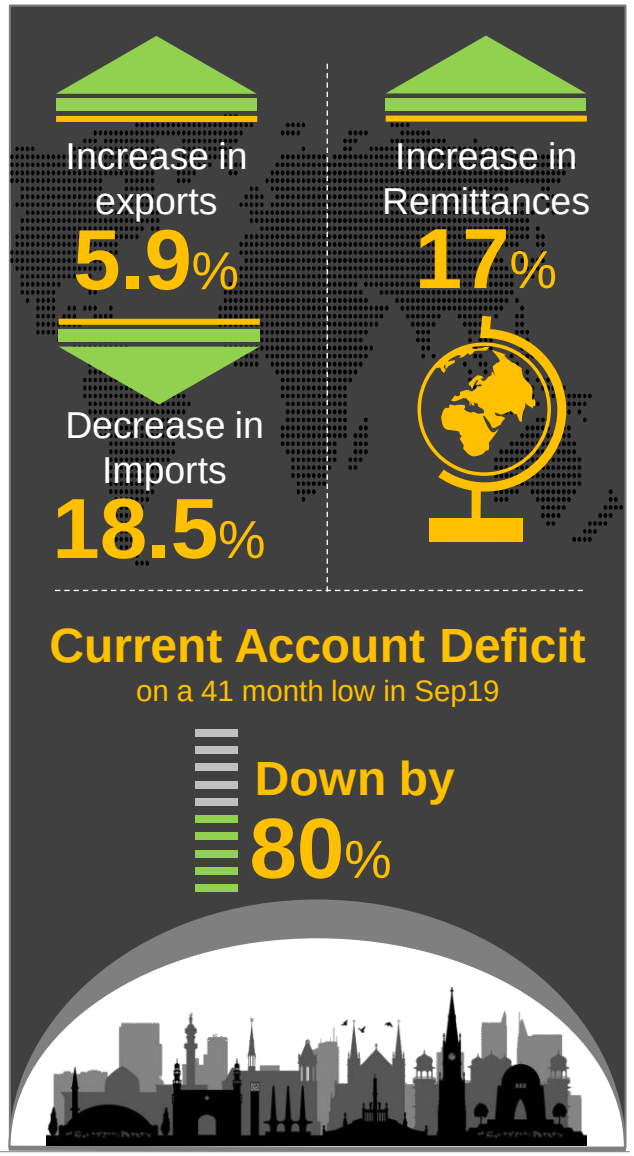
Pakistan at a glance

Pakistan has improved 28 ranks, from 136 to 108, in Ease of Doing Business rankings

- Registering property — 10 points
- Trade across border — 31 points
- Getting electricity — 44 points
- Construction permits — 54 points
- Starting a Business — 58 points
- Paying taxes — 12 points



The 2nd phase of CPEC will see greater cooperation in the Industrial sector. Various Special economic zones will be developed, and industries from China will relocate to Pakistan.

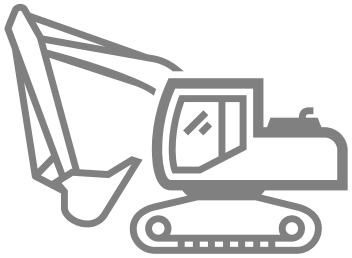


Pakistan at a glance

"Pakistan to be among the world's six fastest growing economies by 2030" HSBC

Factors contributing to strong outlook:

Rising investment – CPEC trigger;	**Part of MSCI emerging market index**	**Robust private/ domestic consumption**	**Government's expansion, modernization and privatization efforts**



The Govt. plans to set up

9 Special Economic Zones (SEZs),

out of which, 3 are listed as priority projects, including Dhabeji Industrial Zone.



Young urban population – 48% below the age of 35.

A larger working population will help increase competition for jobs and boost business profits.

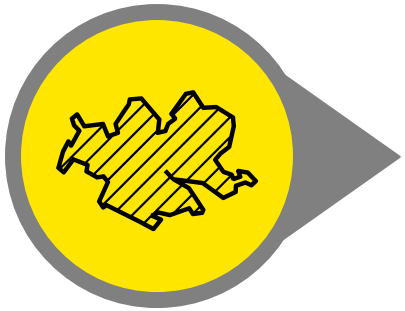
Introduction

- Currently, there are 9 Special Economic Zones (SEZs) proposed under China Pakistan Economic Corridor (CPEC).
- Government of Pakistan (GOP) has prioritized the following three SEZs to be developed in Public Private Partnership (PPP) mode:
  - Dhabeji Industrial Zone (**Transaction stage**)
  - Rashakai Economic Zone (**Development stage**)
  - Allama Iqbal Industrial City (**Development stage**)
- Dhabeji project is a designated priority SEZ project, and has been approved in the CPEC Joint Cooperation Committee (JCC) meetings held in Pakistan and Beijing.



Dhabeji industrial zone will be subsequently converted into a **Special Economic Zone** after complying with all requirements of the SEZ Act, 2012

Key features



Project Land

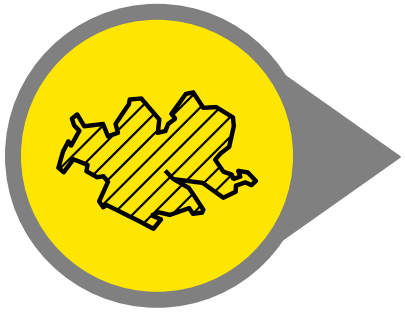
1,530 acres

Flat, non-mountainous, Balanced chemistry.



Location & Connectivity

- Karachi - 50 km
- National Highway - 0.5 km
- Karachi-Hyderabad M9 - 35 km
- Port Qasim - 22 km
- Landhi Industrial Area - 20 km
- Hyderabad - 140 km
- Thatta - 40 km
- Gwadar - 700 km

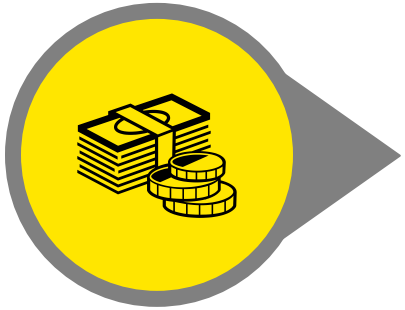


Commercial Hub Proximity

Access to:

Karachi - 20 million people | Hyderabad - 7 million | Thatta - 3 million

Key features



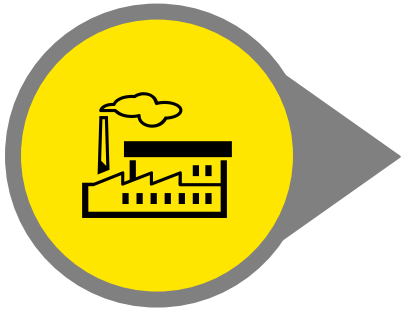
Project Development Cost and Time

PKR 13 billion (Approx.)

Total development cost

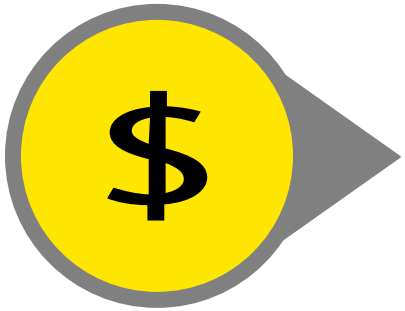
5 years

Construction time



Strategic Industry Clusters

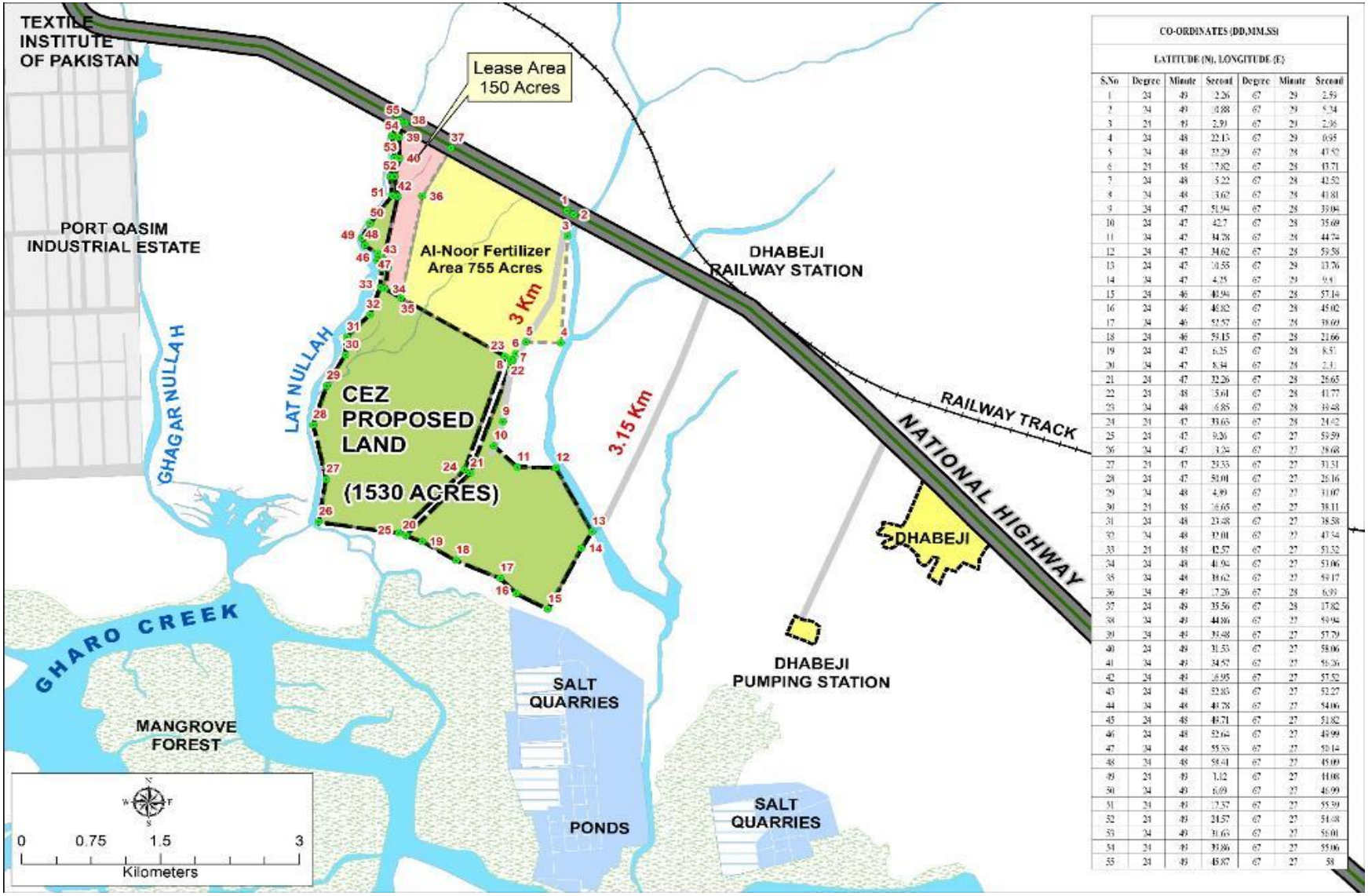
Steel | Building Materials | Petrochemical | Automotive & Allied | Light Engineering | Textile & Garments | FMCGs Logistics | Warehousing



Key Incentives for Special Economic Zones

- 5-10 year tax holiday of income tax
- Duty free imports of plant and machinery
- Utility provision

Project Location



CO-ORDINATES (DD,MM,SS)

LATITUDE (N), LONGITUDE (E)

S.No	Degree	Minute	Second	Degree	Minute	Second
1	24	49	2.26	67	29	2.59
2	24	49	0.88	67	29	5.24
3	24	49	2.39	67	29	2.06
4	24	48	22.13	67	29	0.95
5	24	48	23.29	67	28	47.52
6	24	48	7.82	67	28	43.71
7	24	48	5.22	67	28	42.52
8	24	48	3.62	67	28	41.81
9	24	47	51.94	67	28	39.04
10	24	47	42.7	67	28	35.69
11	24	47	34.78	67	28	44.74
12	24	47	34.62	67	28	59.58
13	24	47	30.55	67	29	13.76
14	24	47	4.25	67	29	9.4
15	24	46	40.94	67	28	57.14
16	24	46	40.82	67	28	45.02
17	24	46	52.57	67	28	38.69
18	24	46	59.15	67	28	21.66
19	24	47	6.25	67	28	8.51
20	24	47	8.34	67	28	2.31
21	24	47	32.26	67	28	26.65
22	24	48	5.61	67	28	41.77
23	24	48	6.85	67	28	39.48
24	24	47	33.65	67	28	24.92
25	24	47	9.26	67	27	59.59
26	24	47	3.24	67	27	28.68
27	24	47	24.53	67	27	31.51
28	24	47	50.01	67	27	26.16
29	24	48	4.89	67	27	31.07
30	24	48	16.65	67	27	38.11
31	24	48	23.48	67	27	38.58
32	24	48	32.01	67	27	47.54
33	24	48	42.57	67	27	51.52
34	24	48	40.94	67	27	53.06
35	24	48	38.62	67	27	59.17
36	24	49	7.26	67	28	6.39
37	24	49	35.56	67	28	17.82
38	24	49	44.86	67	27	59.98
39	24	49	39.48	67	27	57.29
40	24	49	31.53	67	27	58.06
41	24	49	34.57	67	27	56.36
42	24	49	36.95	67	27	57.52
43	24	48	52.83	67	27	52.27
44	24	48	48.78	67	27	54.06
45	24	48	48.71	67	27	51.82
46	24	48	52.64	67	27	48.99
47	24	48	55.55	67	27	50.14
48	24	48	58.41	67	27	45.09
49	24	49	1.12	67	27	44.08
50	24	49	6.09	67	27	46.99
51	24	49	12.57	67	27	55.39
52	24	49	24.57	67	27	54.08
53	24	49	31.65	67	27	56.01
54	24	49	39.86	67	27	55.06
55	24	49	45.87	67	27	58

Concept Master Plan



1,530 Acres of Land

70% — **1,072 Acres of Saleable Land**

30% — **458 Acres of Non-Saleable Land**

Connectivity:

ML1 Railway link adjacent to Zone

National Highway:	1.5 km
Karachi-Hyd M-9:	35 km
Port Qasim:	22 km
Landhi Industrial Area:	20 km
Hyderabad:	140 km
Thatta:	40 km

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Concept Master Plan – Land allocation

Areas in acres and the percentages for different land uses

Land-use	Area (Acres)	Percentage
Industrial	869.48	56.98%
Commercial	61.97	4.06%
Public Buildings / Amenities	125.93	8.25%
Parks & Open Spaces	45.47	2.98%
Residential / Apartments	68.44	4.48%
Roads / Parking	354.71	23.24%

Project & Transaction Structure



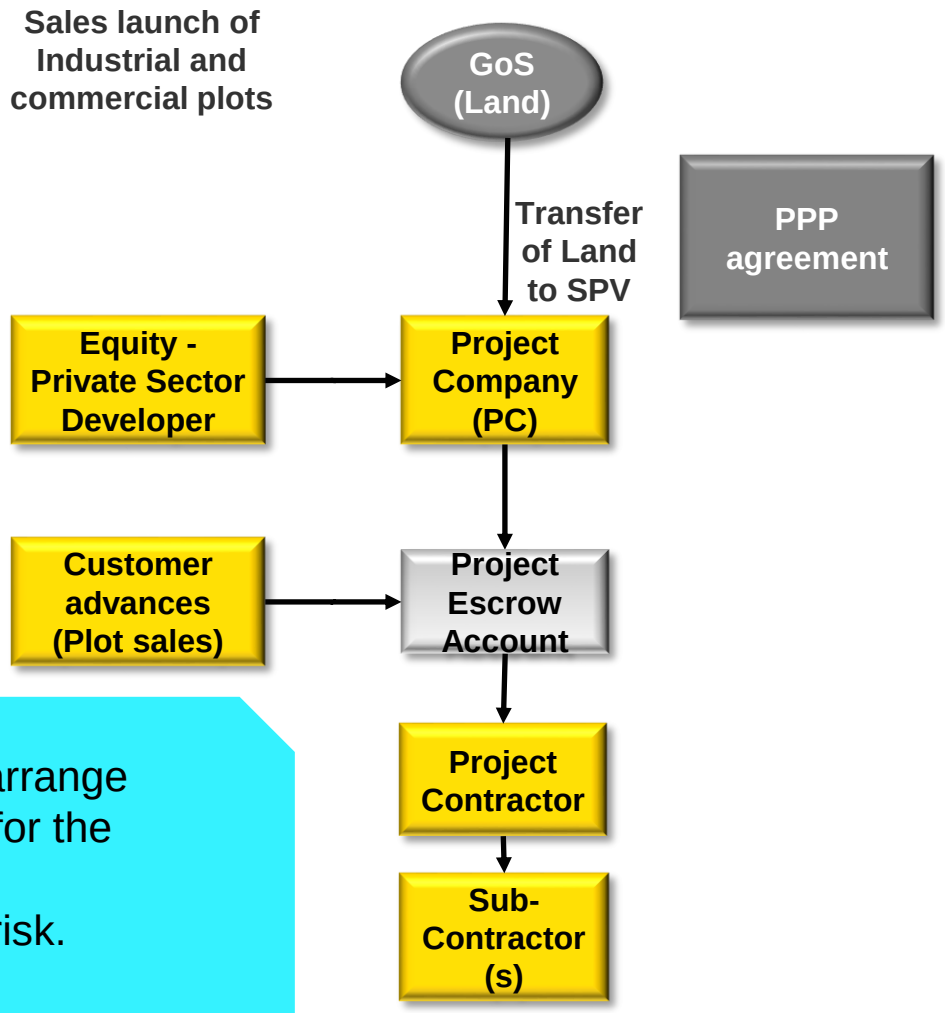
Project & transaction structure

- As per Sindh Public Procurement Rule no. 15 (2) (a), the procurement process will be conducted through ICB, Single stage – two envelope procedure.
- 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.
- GoS(BoR) shall enter into a master lease agreement for **50 years** with the Developer / SPV to lease land for phase 1, and an agreement to lease land for phase 2 upon completion of milestones.
- Project/SPV will be transferred at a nominal cost at the end of concession term through a buy-back option.
- The Developer shall be responsible to procure financing for the Project.
- The GoS shall not provide any financial support or sovereign guarantees for financing the project.
- Developer will collect revenues through sub-leasing of the plots to zone enterprises and through O&M and other value added services.

Project & transaction structure

- Developer will be required to **share a percentage of revenue**, from sale proceeds, with GoS with a minimum floor of [PKR 1.5 bn].
- The Developer shall carry out detailed design and master plan for the Project.
- The Developer shall develop internal infrastructure and related facilities for the Project.
- The Developer shall carry out O&M of the zone infrastructure and facilities.
- Developer will be required to procure **Industrial Commitments** as part of the bidding package.
- GoS shall provide utilities including water, gas and electricity at zero point of the Project Site.
- The Developer shall also have a right to procure gas and electricity through its private arrangements.

Project & transaction structure

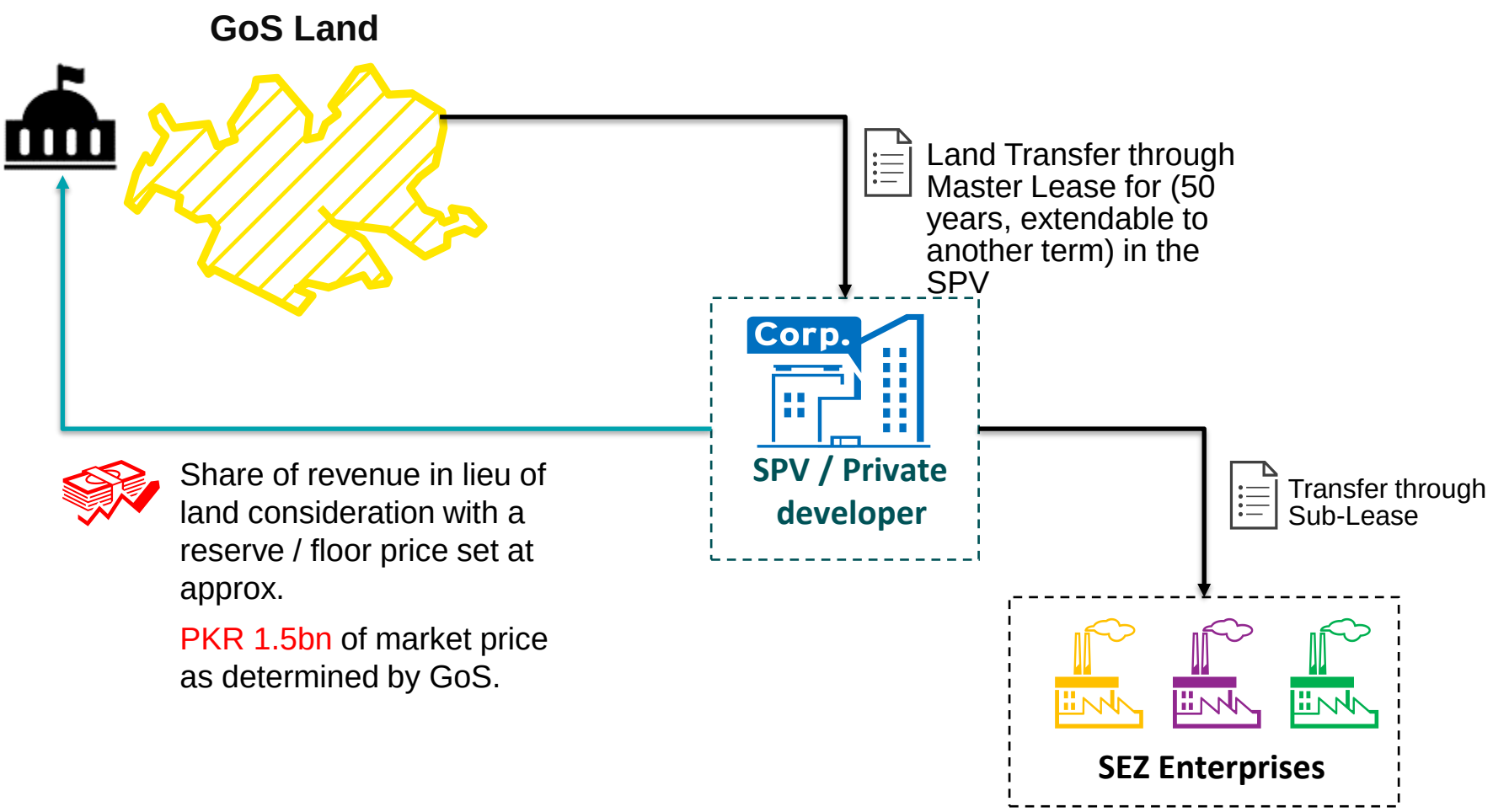


The developer to arrange the entire funding for the development, and manage Demand risk.

Land Transfer Mechanism



Land Transfer Mechanism



Utilities Provision



Utilities Provision

- GoS shall provide water, gas and electricity at zero point of the Project Site.
- The Developer shall enter into separate agreements with Utility providers.

 Electricity		Availability of **250 MWs** of power shall be arranged by GoP/GoS through K-Electric at zero point of the project. **PC 1 (of approx. PKR 4 billion)** has been prepared in coordination with KE, approved by Power Division, and submitted to Planning Commission
 Gas	SSGC Sui Southern Gas Company Limited	Availability of **15 MMCFD**, shall be arranged by GoP/GoS through SSGC, at door step of the project.
 Water	KARACHI WATER AND SEWERAGE BOARD	Water supply connection to the project area shall be arranged by GoS through Karachi Water & Sewerage Board (KW&SB). The preliminary water demand is estimated as **10 MGD**.

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