

Hyderabad–Badin Road Project under Public Private Partnership mode

Project Brief

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Works and
Services
Department



PPP Unit
Finance
Department

Transaction Advisors

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MM Pakistan (Pvt.) Ltd.

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Hyderabad - Badin Road Project

Disclaimer

The Project brief is provided to the recipient solely for use in preparing and submitting applications for pre-qualification of bidders to receive competitive bids for a Public Private Partnership (“PPP”) to design, build, finance, operate and transfer the Hyderabad – Badin Road (the "Project") for a term of 32 years. The road facility is 98.5km in length of which the portion from Hyderabad to Matli (approx. 51.2km) is to be dualized while the remaining portion from Matli to Badin (approx. 47.3km) is to be rehabilitated. The Government of Sindh ("GoS") expects the term to include approximately two years of design and construction followed by a 30 year operating period. The anticipated construction completion date of the project is 31 January 2014, and an anticipated contract Expiry Date of 31 January 2044. Following the end of the contract period, ownership of the Project related assets will be transferred to the GoS.

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Hyderabad - Badin Road Project

The Opportunity

Project background

The existing Hyderabad – Badin road is one of the main arterial roads connecting Southern Sindh to Upper Sindh. This road was initially constructed through the Agricultural Development Corporation West Pakistan in 1964. Later on, it was renovated in the year 1973 to 1980. Some portions of the road, were later reconstructed in the period 1987 to 1991.

The 18-24 ft wide road is single tracked on either side which generally results in a high incidence of accidents. Therefore, keeping commuters' safety and comfort in view, the GoS has planned the development of this road. Building an international standard road will contribute positively to the infrastructure development of the country and help create an environment conducive for investment.

Project description

The Project has been divided into four construction sections:

Section 1 - Hyderabad to Tando Mohammad Khan

Section 2 - Tando Mohammad Khan to Matli

Section 3 - Matli to Talhar

Section 4 - Talhar to Badin

The project scope includes dualization of Section 1 and 2 and rehabilitation of Section 3 and 4. The undualized sections 3 and 4 shall be transferred back to the GoS following which the latter two sections shall be re-tendered for dualization.

Project Objectives

The Hyderabad – Badin Road Project is expected to meet the following objectives and service needs:

- Improve the region's road network
- Address traffic congestion within the cities, other major road links and local roads
- Reduce travel time along and across the Road
- Enhance the operational efficiency of the road
- Provide easy access to all the population towards Tando Mohammad Khan, Matli Digri, and Badin and Tharparkar Districts
- Promote economic zones within the Project area
- Improve safety and reliability for the users along a key commuting road
- Attract internal and by-passable traffic by offering an alternative new and free-flowing route
- Provide employment opportunities to local inhabitants, both during construction and during operations

Public sector partner

- Works and Services Department, Government of Sindh

Project advisors

- MM Pakistan (Pvt.) Ltd. (Technical and Lead Advisor)
- KPMG Taseer Hadi & Co. (Financial Advisor)
- Mandviwalla & Zafar (Legal Advisor)

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Procurement approach

GoS intends to award a Concession Agreement for the design, build, finance, operation and transfer of a 98.5km road connecting Hyderabad to Badin through the towns of Tando Mohammad Khan, Matli and Talhar. It is currently envisaged that the contract term will be for a period of approximately 32 years. The Project (including the ownership of the Project related assets) shall be handed over to GoS at the end of the contract period.

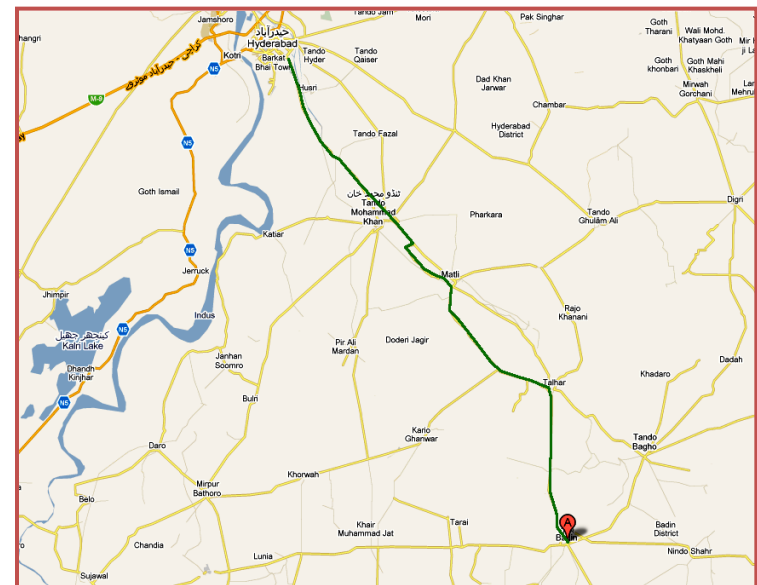
Private partner's role

The Service Provider will be responsible for the following:

- Finance the Project over the concession period
- Detailed designing of the Project based on conceptual designs provided by the Contracting Authority
- Construct the Project in conformity with AASHTO standards which would entail dualization of Section 1 and 2 i.e. 51.2km and rehabilitation of Section 3 and 4 i.e. 47.3km
- Satisfy all required tests on completion of Project construction
- Operate the Project in conformity with AASHTO standards during the envisaged concession period and collect tolls
- Maintain and repair the Project in conformity with AASHTO standards during the envisaged concession period
- Obtain all applicable permits and registrations for design and construction related activities
- Administration of traffic management and safety program
- Hand over the Project to the Contracting Authority at the end of the PPP Contract period

Economic significance of project location

- 6 major junctions at Siri, Tando Mohammad Khan - Sajawal, Tando Mohammad Khan - Tando Allah Yar, Matli - Tando Ghulam Ali - Digri, Talhar and Badin Cantt
- Over 100 smaller link roads indicate mass-usage and importance of the Road
- Collects traffic from southern Sindh and connects to the N-5 National Highway towards the North
- Connects Hyderabad with many important industrial and commercial areas in the surroundings
- Tharparkar District, with vast coal reserves, is situated on the eastern side of the Project area
- Type of industries: Rice mills, sugar mills and oil mills



Hyderabad - Badin Road Project



Hyderabad District	
Area	3,198 square kilometers
Population	Approx. 1,578,367 (According to census of 1998)
Highlights	<ul style="list-style-type: none">• Second largest city of Sindh• One of the oldest cities of the sub-continent• Important commercial and industrial center• Industries in the district: Bangles, textile, sugar, cement, hosiery mills, manufacturing of glass, soap, ice, paper, and plastics• Newly developing settlements and industrial estates suggest an increase in the traffic projections• Transit point for the tours from Karachi to the Interior of Sindh• Places of interest: Olf mud fort, Sheikh Makai fort, Talpur monuments, Miana forest, Charminar, Golconda Fort, Qutub Shahi Tombs, the Falaknuma Palace, Asman Garh Palace, Shilparamam, Public Garden and Nehru Zoological Park
Badin District	
Area	6,726 square kilometers
Population	Approx. 1,136,044 (According to census of 1998)
Highlights	<ul style="list-style-type: none">• District consists of five talukas: Badin, Matli, Tando Bago, Shaheed Fazil Rahu and Talhar• An agro industrial district with six large scale units engaged in production of sugar and 12 rice husking mills• Adequacy of raw material suggests bright prospects for agro based and agro allied industry• Exploration of oil and gas in the area has opened gigantic avenues of development• Numerous shrines of the saints visited daily by hundreds of tourists

Hyderabad - Badin Road Project



Project structure

Estimated Project cost	Approx. PKR 4.7 billion
Indicative Debt to Equity ratio	70:30
- Debt level	Approx. PKR 3.3 billion
- Equity level	Approx. PKR 1.4 billion

- Project cost are given in nominal terms (i.e. takes into account the inflationary impact). The cost includes interest during construction
- The gearing ratio is for reference purpose only and the Pre-qualified Bidder may justify a different ratio for the implementation of the Project at the RFP stage
- Debt for financing the Project is assumed to consist of Commercial debt only. Arrangement and servicing of the same shall be the responsibility of Private Partner

Government support

- GoS's primary intervention shall be in the form of a **minimum revenue guarantee ("MRG")** and **availability payments**
 - The MRG may cover a certain proportion of revenue shortfall given the Concessionaire meets the minimum performance standards
 - GoS shall compensate the Private Partner for certain risks and responsibilities assumed under the Concession Agreement through periodic availability payments. These payments are subject to deductions or holdbacks in the event of failure to abide by the Concession Agreement. This compensation shall be done in the form of annuities to facilitate the bank debt repayment and support the concessionaires in meeting the pre-agreed return
- This shall ensure that both the lender and investor is protected from changes in the Demand Risk and shifts in the Political scenario

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Traffic studies

Traffic studies for the Hyderabad – Badin Road Dual Carriageway have been carried out. These studies will be made available to qualified proponents at the Invitation to Bid stage.

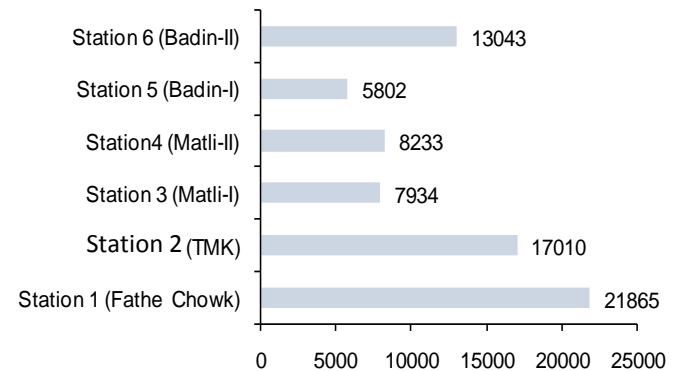
Traffic flow

The project level existing traffic flow summary is presented in the table below. It shows the average weekly traffic at all six traffic count stations. The major trafficked areas as observed is Fathe Chowk (i.e. 21,865 vehicles per day) seconded by Tando Mohammad Khan (i.e. 17,010 vehicles per day) and thirdly Badin-II station (i.e. 13,043 vehicles per day), which is near Allah Wala chowk. The difference of traffic at Badin-I and Badin-II shows the traffic of Khoshki road (i.e. towards Thar).

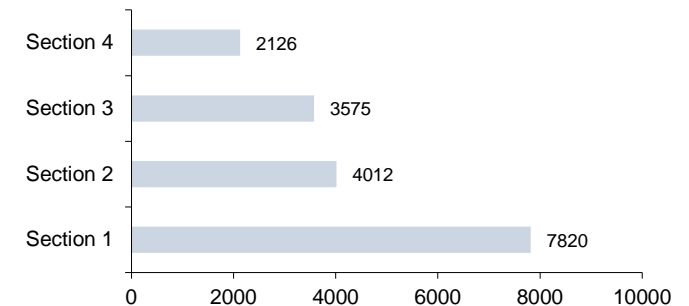
Note: Qualified Proponents will use their resources to verify above results for the bidding process



Summary of Average Weekly Traffic



Traffic Volume (Vehicles per day)



Source: Traffic analysis report provided by MM Pakistan, June 2010

Hyderabad - Badin Road Project

Topographic survey findings

- Actual total length: 98.5 km

Road length (in km)	
Section 1 - Hyderabad to Tando Mohammad Khan	30.625
Section 2 - Tando Mohammad Khan to Matli	15.725
Tando Mohammad Khan bypass	5
Section 3 - Matli to Talhar	17.5
Matli bypass	5
Section 4 - Talhar to Badin	24.672

- Curve radii along the road alignment needs to be improved
- Coordinates & invert levels for culverts, bridges and other permanent structures have been taken

Construction material survey findings

- Borrow material of A4 quality is available all along the road
- Subbase of good quality usually borrowed from Petaro 20km from start point
- Coarse aggregate is abundantly available near Jamshoro-Petaro
- Fine aggregate quarries are established in Nooriabad & Bolari
- Cement, bitumen and steel are available from following factories
 - Cement: Lucky Cement, Pakland Cement, Dewan Cement, Falcon Cement and DG Khan cement
 - Bitumen: National Refinery Limited, Karachi and Attock Refinery Limited
 - Steel: Amerali Steel, Razzak Steel, Quality Steel, Metropolitan Steel

Initial Environmental Examination (IEE) findings

- Soil contamination by asphalt and other obnoxious materials spread should be minimized
- 2,300 trees that fall within the Right of Way (“ROW”) shall be replaced with 45,000 trees during Operation Phase
- Provision of alternative places to the affectees prior to their disruption
- Minimum land acquisition is required
- PPP Operator shall develop an Environmental Plan before mobilization

Environmental Management Plan (EMP)

A comprehensive Environmental Management Plan (EMP) has been developed for the proposed Hyderabad – Badin Road Project. An Environmental Mitigation Matrix (EMM) has also been prepared considering impacts on different components of the physical, ecological and socio-cultural environment. In addition, a comprehensive monitoring plan is also proposed for the Project.

The EMP includes review of regulatory requirements and applicable standards, EMM institutional arrangements for implementation of EMP, roles and responsibilities of different agencies, Environmental Monitoring plan, change management plan, communication and documentation, traffic management plan, plantation plan and environmental monitoring cost.

Note: Qualified Proponents will use their resources to verify above results for the bidding process

Hyderabad - Badin Road Project

An indicative timeline for the selection process



25 August 2011

Issuance of Expression of Interest (“EOI”), Request for Qualification (“RFQ”) and Project Brief

15 September 2011

Deadline for submission of queries on EOI, RFQ and Project Brief

10 October 2011

Deadline for submission of EOI and qualification documents

October 2011

Issuance of Request for Proposal (“RFP”) and Draft Concession Agreement to short listed bidders

November 2011

Pre-bid conference for queries and clarifications

December 2011

Submission of proposals

January 2012

Selection of Preferred Bidder/PPP Operator and signing of Concession Agreement

CONTACT INFORMATION

Parties interested in pre-qualifying may contact:

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