



## USAID FIRMS PROJECT

# Draft Public-Private Partnership Framework for Gilgit-Baltistan

July, 2014

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# Abstract:

This report presents a draft framework for Public-Private Partnerships for Gilgit Baltistan to provide a solid foundation for promoting private investments in tourism sector in the region.

The proposed framework pertains only to tourism sector. It has been developed on the principles of risk sharing between the public and private sectors and full cost recovery for the private sector and it caters to a variety of PPP models.



# Acronyms

ADP	Annual Development Plan
BOO	Build, Own and Operate
BOS	Board of Statistics
BOT	Build, Operate and Transfer
C&W	Communication & Works Department
DoT	Department of Sports, Tourism, Youth Affairs, Archaeology & Museums
DTS	Department of Tourists Services
EPA	Environment Protection Agency
GB	Gilgit Baltistan
GDP	Gross Domestic Product
IMF	International Monetary Fund
M&E	Monitoring & Evaluation
MIS	Management Information System
NAVTEC	National Vocational and Technical Education Commission
P&D	Planning and Development
PAITHOM	Pak Austrian Institute of Tourism and Hotel Management
PIA	Pakistan International Airlines
PKR	Pak Rupees
PPP	Public Private Partnership
PTDC	Pakistan Tourism Development Corporation
SOW	Scope of Work
TA	Technical Assistance
TCKP	Tourism Corporation Khyber Pakhtunkhwa
TDC	Tourism Development Committee.
TDCP	Tourism Development Corporation of Punjab
TICs	Tourist Information Centers
VGf	Viability Gap Fund
TPPP	Tourism Public Private Partnership
USAID	United States Agency for International Development



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# Executive Summary

Despite having this immense tourism potential, the GB tourism sector has been facing a number of challenges hindering tourism growth in the region. GB is faced with serious infrastructure constraints, both in terms of core tourism facilities as well as allied infrastructure such as roads, etc. Much of these constraints are dictated by fiscal crunch faced by the region.

Besides limited public financing, the flow of private investments in the tourism sector of GB has also been limited, in the shape of small scale investments in hotels and restaurants. The government believes that in order to promote private investments in the tourism sector in the region, a public-private partnership framework is required to empower government officials and also to provide opportunities for secure investments to private sector investors. Presently, in GB, there is no such framework; which limits the execution of this option.

Public-private partnerships (PPPs) have been recognized worldwide as an essential mode of public service delivery. They attract private capital investment, increase efficiency through the profit motivation of the private sector, and help reform sectors through the reallocation of roles and risks. The proposed PPP framework for GB is a tourism-specific framework and has been developed on the principles of risk sharing between the public and private sectors and full cost recovery for the private sector and it caters to a variety of PPP models. The framework also proposes an institutional regime to implement this framework, considering that current institutional capacity for managing PPPs is limited within GB government.

There is a need to draw a careful balance between the need of providing enough flexibility to government officials to undertake tourism development and promote private financing on one hand and ensuring transparency through a thorough PPP regime on the other. The proposed PPP framework attempts at balancing between these two priorities through a customized approach differentiating between the small and large cap projects.

The proposed framework calls for promulgating a special legal regime in the region, supported by a clearly laid out Tourism PPP policy, reflecting the will of the government. Apart from the Tourism PPP policy, the framework should also cover areas like Viability Gap Funding Guidelines; Project Identification and Preparation Guidelines; Procurement and Transaction Advisory Guidelines; and Risk Management Guidelines.

International and national experience shows that even with a sound legal, policy, institutional, risk management and regulatory framework, private sector investors will come only if there are attractive PPP projects. The first step towards achieving this objective is the preparation and periodic updating of long-term tourism sector strategy and master plan, which would outline the necessary physical expansion to meet the forecast demand and would provide the portfolio of future tourism PPP projects in the region.



# 1. Background and Context

Situated in the north of the country and managed as a self-governed region, Gilgit-Baltistan (GB) has a mountainous terrain, known for its beautiful landscape, strategic location, tremendous economic potential and exotic culture. GB borders Azad Kashmir to the south, the province of Khyber Pakhtunkhwa to the west, the Wakhan Corridor of Afghanistan to the north, China to the east and northeast and the Indian-occupied Jammu and Kashmir to the southeast. Although presently GB does not play a significant role in the economy of Pakistan, it has immense untapped economic potential owing to its tourism sector, deposits of minerals and precious stones and its location creating a trade link between Pakistan and China.

GB is blessed with a unique landscape, varied biodiversity, extensive wildlife and a rich culture. GB is home to the world's most famous mountain ranges including the Himalayas, Karakoram and Hindukush. Besides being known for having K2 - world's second highest peak – GB boasts having five 8,000+ meters high mountain peaks, 101 7,000+ meters peaks, 5,100 glaciers, 2,200 sq. miles of area covered in snow and 119 Lakes. On biodiversity, GB has to its credit about 6592 sq. KM of forests, which constitutes 9.1 % of the total area. GB has four national parks, nine game reserves, 3 wildlife sanctuaries and is the home for 230 species of birds, 54 species of mammals, 20 species of fresh water fish, 23 species of reptiles and 6 species of amphibians.

GB also offers a rich cultural experience, with five ethnic groups and five languages with 36 dialects. The region has seven (7) Asia Pacific Heritage Conservation, UNESCO and British Airways Award Winning historical sites. Besides offering year-long festivals to its visitors and enchanting them with beautiful indigenous music, GB also has 23 historical forts, 75 polo grounds, 65 archeological sites and more than 39,000 rock carvings and inscriptions.

Despite having this immense tourism potential, the GB tourism sector has been facing a number of challenges hindering tourism growth in the region. Some of these challenges are cross-cutting, affecting the overall economy such as the sluggish economic growth; unclear policy and institutional regime in the wake of GB's special status as a region; poor law and order situation in the country; perception about the region's security; and sub-optimal regulatory and institutional capacity to manage private sector investments & services. Other issues that are sector-specific include unreliable air travel and link with frequent flight cancellations and poor condition of Karakoram Highway (KKH); inadequate tourism and allied infrastructure; absence of online information pool and resources to prospective tourists; limited availability of information to the government to monitor travel and tourism trends preventing planning; low quality of workforce; limited private investments in the sector; absence of standards; and sub-optimal marketing activities.

## 1.1 Need for Private Investment

GB is faced with serious infrastructure constraints, both in terms of core tourism facilities as well as allied infrastructure such as roads, etc. GB is estimated to have only about 140 hotels, those too with varying quality, summing up to an overall capacity of mere 2,450 rooms. Gilgit city alone claims about half of this capacity, while Hunza and Skardu also claim substantial part of these rooms. Besides these hotels and some other basic infrastructure, there are no other facilities available for tourists. Interviews with stakeholders also indicate that there has not been any significant increase in this capacity in recent years.

Allied infrastructure is also not far behind and is in serious need of up-gradation. The GB Economic Report notes that: *"Tourist attractions and sites in GB are spread out, requiring*

*substantial travel by road, relying on a road network which has the typical characteristics of mountainous environments: most roads are not paved and become difficult in inclement weather conditions. The main road network is comprised of two arteries: the section of the KKH crossing GB in the south-north direction, from Chilas to the Khunjerab Pass, and the east-west road connecting the Ghizer district with Khaplu. The two cross each other not far from Gilgit. The trip from Skardu to Gilgit on this road takes approximately four hours, covering a distance of 220 kilometers, and more facilities are needed en route to enhance the travel experience".* This further highlights the need to make substantial infrastructure investments in the allied facilities to link these sites with each other and provide them a convenient and efficient access.

The lack of infrastructure investments is dictated primarily by limited fiscal space available to GB government. The total development allocation for GB in 2012-13 stood at merely Rs. 8.039 Billion, including both rupee and foreign exchange component. This included Rs. 7.137 Billion of ADP funding and Rs. 901 million from federal PSDP. Out of this total development budgetary outlay, the allocation for tourism sector was merely Rs. 113 million, with 14 ongoing and three new schemes.

The list of schemes with their respective dates of approval, allocations and throw forward sheds further light on the limited flow of investment in the sector.

Note: All Figures - Rs. In Million

**Table 1: List of Schemes**

Name of Scheme/Project	Date of Approval	Approved Project Cost	Allocation for 2012-13	Throw Forward Beyond June 2013
Revival of Cultural Heritage & Promotion of Tourism in NA (Rev).	21-09-04	62.770	8.803	9.397
Holding of International Silk Route Festival.	30-03-02	29.450	1.98	0
Promotion of Eco and Adventure Tourism in GB (Modified).	14-06-10	10	0.64	0
Construction of Tourism Offices/Complex including Tourist Information Centre in Gilgit	05-07-07	39	8	26.150
Estab. Of Tourist Info. Centres at Chilas (Diamer), Ghahkuch (Ghizer), Khaplu (Ghanche) and Astore	05-07-07	30	9.28	0
Promotion of community based tourism through public private partnership in GB.	10-01-11	55	8	43.8
Dev. Of record of Built Heritage of Gilgit-Baltistan	14-06-10	16	7	4
PTDC TFC at Gilgit, Gilgit-Baltistan		25.588	12.588	0
Construction of Youth Development Centre at Gilgit.		38.488	8	13.418
<b>NEW</b>				
Branding of Gilgit-Baltistan as Jewel of Pakistan.	Unapproved	55	2	53
Feasibility study for infrastructure development of Tourism, Sports, Culture, Youth Affairs, Archeology and Museum sectors in GB.	Unapproved	10	5	5

Name of Scheme/Project	Date of Approval	Approved Project Cost	Allocation for 2012-13	Throw Forward Beyond June 2013
<b>DISTRICT GILGIT</b>				
Const. of road from Harkoos to Gasho Pahote Lake Sai Bala Gilgit	28-08-06	20	0.34	0
Const. of 8 KM Jeep able shingle road from Jut to Majinay Kargah	28-08-06	18	2.04	0
<b>DISTRICT SKARDU</b>				
Establishment of Mountaineering Institute at Skardu	12-02-09	99.99	10	88.49
<b>DISTRICT DIAMER</b>				
Const. of Jeep able shingle road from Satil to Seven Natural Lakes Pai Nullah in Tangir	11-11-06	12	6.23	0
Const. of 20 KM Shingle Road from KKH to Fairy Meadow	30-09-06	46.9	21.370	0
<b>DISTRICT HUNZA-NAGAR (NEW)</b>				
Const. of Tourism office including TIC at Hunza/Nagar	Unapproved	42	2	40

In terms of travel and tourism government expenditure, Pakistan was ranked 101<sup>st</sup> in the World Travel and Tourism Competitiveness Report, highlighting that while GB's tourism sector is faced with fiscal constraints due to resource crunch, even at the national level, tourism sector has not been given that priority, which it deserves.

In the absence of requisite flow of finances and investments, there is a need to beef up public sector support to the sector and mobilize private investment to stimulate growth in the sector. Such investment should not only be limited to core tourism facilities but should also be directed towards allied infrastructure such as roads and transport.

Such private investment can support the tourism sector through:

- Bridging the financing gap in the sector and bringing in much needed flow of funds;
- Enhancing efficiency and quality of tourism and travel services in the region through use of private sector expertise;
- More effective use of available resources and facilities; and
- Reallocation of roles, risks and incentives, creating a robust and efficient investment and service delivery model.

## 1.2 How to promote private investments in GB?

Much of the existing investment in GB's tourism sector is small scale, scattered and in informal sector. There has been no significant example in the recent past, where there has been a structured sizable investment in the sector from outside the region. Stimulating investment interest in the region is not going to be an easy task, considering the law and order situation of the country and security perceptions as well as the unreliable and difficult access. However, through a consistent and focused strategy, this can be done over the next three to five years.

Essential parts of such strategy should include:

- Creation of viable investment opportunities by the government in tourism sector
- Translating these opportunities into bankable projects
- Ensuring appropriate rate of returns for potential investors
- Promoting investment potential of the region through investment roadshows and other means
- Providing appropriate guarantees to investors
- Putting in place a public private partnership framework in place to facilitate such investments
- Building sufficient institutional capacity in the government to execute such transactions
- Undertaking model PPP transactions to build confidence in this investment regime

While all the above pieces are required to mobilize private investments in the sector, the current assignment focuses on only one of these elements i.e. creating a PPP framework, which would set the foundation for such investments, through empowering government officials and providing opportunities for secure investments to private sector investors in the tourism sector. Presently, in GB, there is no such framework in place.

## 2. Public-Private Partnership

PPPs are mostly long-term contractual arrangements between the public sector and a private sector company for the provision of an infrastructure service with a fair allocation of risks between the two parties.

Public-private partnerships (PPPs) have been recognized worldwide as an essential mode of public service delivery. They attract private capital investment, increase efficiency through the profit motivation of the private sector, and help reform sectors through the reallocation of roles and risks. Although the term PPP is frequently used in various government departments and agencies, there is a widespread confusion about what it exactly means. In this interpretation, classical PPP modalities like Build, Operate and Transfer (BOT) and Build, Own and Operate (BOO) are treated as purely private sector projects. One also comes across a wide variety of models perceived as PPPs in sectors like infrastructure, education and health. However, adhering to a more rigorous interpretation of PPP, many of these models do not qualify as true PPP projects. This applies, for example, to government-owned companies such as industrial estates that have a board of management consisting of private sector persons, or to schools with private sector representatives on the board of governors. The confusion about PPPs is not particular to Pakistan or GB and in fact, there is no universally accepted definition of PPPs as well. The need for a clear definition of the term PPP, as well as of standard PPP modalities, is evident.

### **PUBLIC PRIVATE PARTNERSHIPS**

The federal PPP policy issued by Infrastructure Project Development Facility (IPDF) in November 2007 provided the following more detailed description, which also captures well the main PPP features:

*“PPPs have been adopted around the world as a service delivery tool. Instead of the public sector procuring a public asset and providing a public service, the private sector creates the asset through a dedicated standalone business (usually designed, financed, built, maintained and operated by the private sector) and then delivers a service to a public sector entity/consumer, in return for payment that is linked to performance. PPPs permit the public sector to redirect its capital expenditures to meet urgent social needs and convert the infrastructure costs into affordable operating expenditure spread over time. PPPs allow each partner to concentrate on activities that best suit their skills. For the public sector that would mean focusing on developing policies and identifying service needs, while for the private sector the key is to deliver those services efficiently and effectively”.*

Developing a comprehensive PPP framework for GB is not a simple task. As such a framework should encompass all aspects of PPP projects ranging from project identification and preparation to procurement and financing. While this report presents the overall PPP framework with a proposed policy/legal foundation, other aspects of the framework should be developed gradually over time. However, the following schematic presents what would or should eventually be a part of a comprehensive PPP framework for GB.

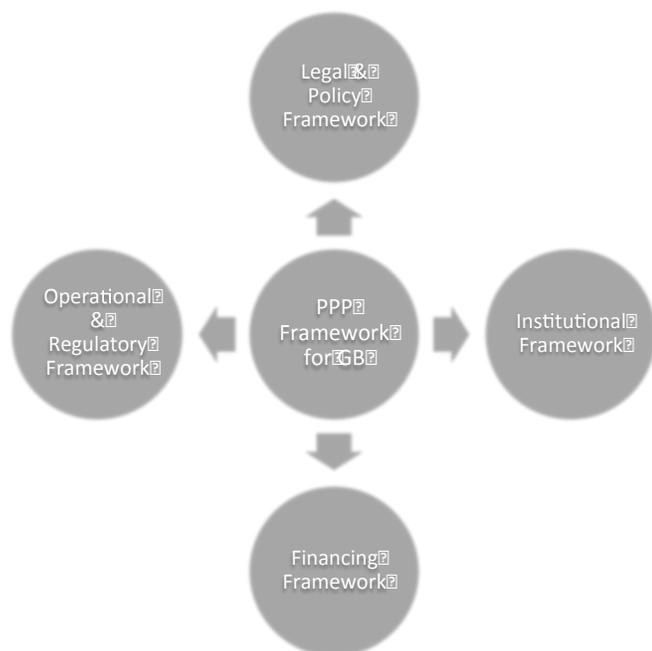


Figure 1: Architecture of GB PPP Framework

## 2.1 Choice of PPP Models

PPP models include a wide variety and range from service contracts to management contracts to lease contracts to concessions to BOT and BOO projects, with the role of the private sector gradually increasing along this range. Depending on the PPP modality, the infrastructure service is delivered with or without the provision of an infrastructure facility. The emphasis on service is important in this context as it distinguishes PPPs from traditional public projects where private companies may be involved in engineering, procurement and construction, but do not finance such projects, nor do they operate and maintain them after commissioning. The following matrix presents some of the key PPP models:

Table 2: Key PPP models

Modality	Ownership	Investment	O&M	Commercial Risk	Duration (Years)	Typical Example
<b>Service Contracts</b>	Public	Public	Public/ <b>private</b>	Public	1-3	Meter reading and billing, or road maintenance outsourcing
<b>Management Contracts</b>	Public	Public	<b>Private</b>	Public	2-5	Power utility management
<b>Lease Contracts</b>	Public	Public/ <b>private</b>	<b>Private</b>	Public/ <b>private</b>	10-15	Airport terminal operation
<b>Concessions</b>	Public/ private	<b>Private</b>	<b>Private</b>	<b>Private</b>	25-30	Water supply concession
<b>Build-Operate-Transfer or Build-Own-Operate</b>	Public/ private	<b>Private</b>	<b>Private</b>	<b>Private</b>	20-30	Independent power producers, or toll road companies

Source: Public-Private Partnership Handbook, ADB, Manila, 2008

The last two categories may seem similar, however, they are quite different. In case of concessions, the customer is the end user and the private sector thus bears the tariff collection risk whereas in BOT/BOO contracts, the customer is a government department that provides the service to the end users so that the public sector bears the tariff collection risk. BOT/BOO projects are mostly Greenfield projects, while concessions cover both existing and new facilities within the service area. The high-grade PPP modalities such as BOT, BOO, etc. frequently involve complementary investments from the public and private sector.

**Divestures** - Some of the other definitions of PPPs also consider divestiture (sale of ownership or shares in a company owned by the public sector) as a PPP. However, divestures should generally fall under privatization.

**Joint Ventures** - JVs are an alternative to full privatization in which a company is co-owned and operated by the public and private sector partners. While they may be suitable for economic sectors such as manufacturing and agriculture, JVs in infrastructure sectors pose several problems. The government's dual role as the regulator and a part owner can lead to conflicts of interests. A clear risk allocation, which is a major advantage of PPPs, is blurred by JVs.



## 3. Review of Existing PPP Legal Regime at GB

### **Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009**

Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009 governs the region of Gilgit Baltistan. Article 47 of the said Order provides the legislative powers and gives both the GB Council and the Assembly the power to make laws. However, the Council shall have exclusive power to make laws with respect to any matter in the Council Legislative List set out in the Third Schedule while the Assembly has exclusive power to make laws with respect to any matter enumerated in the Fourth Schedule. The Third Schedule puts 'tourism' and 'forests', under the mandate of GB Council, whereas the Fourth Schedule empowers Assembly to exclusively legislate in areas like 'compulsory acquisition or requisitioning of property'; 'libraries, museums and ancient and historical monuments'; 'theaters; cinemas; sports; entertainments and amusements'; 'protection of wild animals and birds'; 'taxes on goods and passengers carried by road or on inland waterways' and 'on vehicles, whether mechanically propelled or not, suitable for use on a road' and 'on boats, launches and steamers on inland water; on tram cars'; 'taxes on luxuries, including entertainments and amusements' and last but not the least 'tolls'. While tourism itself would be a subject of GB Council, all these allied matters would also have to be reviewed, which fall under the domain of Legislative Assembly.

### 3.1 Public Private Partnership Law

There is no Public Private Partnership (PPP) law in Gilgit Baltistan similar to the one in Punjab<sup>1</sup> or Khyber Pakhtunkhwa, which means that there is no specialized legal framework for processing, approving and/or regulating public private partnership arrangements in the special territory. While the absence of such a framework does not mean that government or government agencies cannot or do not enter into PPP arrangements it does imply inconsistent processing, lack of due diligence requirements, inadequate risk assessment and reduced transparency.

Currently some government agencies may have entered into PPP arrangements by using their contractual power. Ordinary procurement and processing procedures are used to finalize such PPP arrangements.

The power to issue a public private law depends on whether it is a law of general applicability or related to a particular sector. Since the subject 'contracts and/or public private partnership' does not appear in any of the legislative lists a PPP law of general applicability will have to be issued by the Federal Government. On the other hand a PPP law focusing on the Tourism sector can be issued by the Gilgit Baltistan Council since Tourism is a Council Subject<sup>2</sup>.

### 3.2 Scope of PPP provisions in existing legislation

#### 3.2.1 Public Procurement Rules

The Public Procurement Regulatory Authority Ordinance, 2002 is applicable in GB. This Act and rules made there under regulates the procurement of both goods and services.

<sup>1</sup> Punjab Public Private Partnership for Infrastructure Act, 2010`

<sup>2</sup> Item No 39, Schedule 3, Article 47(2)(a), Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009

While Public procurement rules regulate the process of entering into contracts they are unsuited to deal with partnering arrangements where investments are tied to revenues or vice versa. Further the level of technical and financial inquiries are very different for ordinary public procurements and complex PPP contracts. The difficulty in determining actual costs can be illustrated by the fact that it was only in 2011 that a cross –party Treasury Select Committee in UK found that the long term expense of Private Finance Initiative (PFI) deals - where the private sector shoulders the upfront cost – were much higher than conventional forms of borrowing<sup>3</sup>.

### **3.2.2 Power to enter into PPP contracts as a consequence of legal personality**

While all PPP contracts are a consequence of general contractual powers of government or government agencies (being an incidental power of legal personality), contracting powers of government agencies may themselves be limited for statutory and public policy reasons. Known as the principle of *ultra vires*, this means that a government agency may not do things, which are not sanctioned by its establishing statute or incorporating instrument. The same principle applies to companies, who may not act beyond the terms of their articles.

### **3.2.3 Tourism laws**

There are no sub national tourism related laws in GB. The only national tourism-related law applicable in GB is the Pakistan Hotels and Restaurants Act, 1976<sup>4</sup>. The other major tourism related national laws – the Pakistan Tourist Guides Act, 1976 and the Travel Agencies Act, 1976, have not been extended to GB.

In addition to the above there are Rules and Regulations for undertaking mountaineering and trekking expeditions in GB. These Rules/regulations are however not issued as statutory instruments and are in the nature of executive orders.

None of these laws have any provisions relating to PPP.

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<sup>3</sup> See [www.bbc.co.uk/news/uk-politics-14574059](http://www.bbc.co.uk/news/uk-politics-14574059)

<sup>4</sup> No. LA. Comm-9(7)/90 dated 15<sup>th</sup> April, 1990

A summary of these laws is as follows:

**Table 3: Summary of the Laws**

Title	Status	Applicability	Regulator/ Agency responsible for administration	Objectives
Pakistan Hotel and Restaurants Act, 1976	Federal Act	Hotels and Restaurants	Controller for Hotels and Restaurants/ Department of Tourism Services	Regulates standards of Health, hygiene and comfort. Also regulates prices <sup>5</sup>
Pakistan Tourist Guides Act, 1976	Federal Act	Tourist Guides	Tourist Guides Regulatory Committee	Regulation of standards; Approval of rates; Maintenance of record
Travel Agencies Act, 1976	Federal Act	Travel Agents (being persons who make travel and lodging arrangements or have authority to undertake sales for airlines)	Travel Agencies Regulatory Committee	Regulation of standards; Approval of rates
Mountaineering Rules and Regulations	Issuing Authority unclear	Foreign mountaineering expeditions	Gilgit Balistan Council Tourism Division Deputy Commissioner	Regulation of mountaineering expeditions
Trekking Rules and Regulations	Issuing Authority unclear	Foreign trekking expeditions	Gilgit Balistan Council Tourism Division Deputy Commissioner	Regulation of trekking expeditions

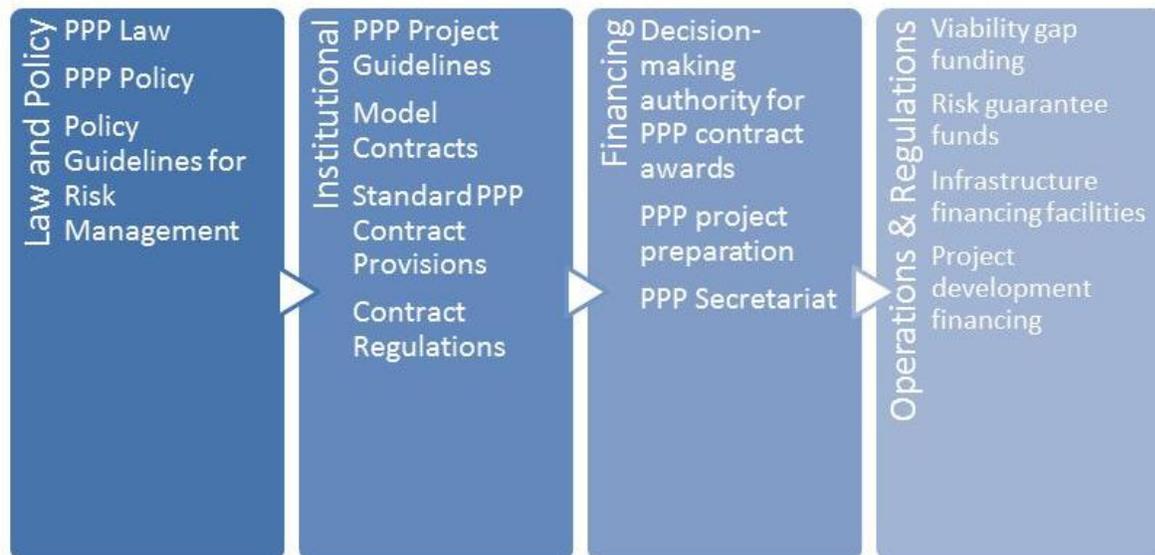
<sup>5</sup> Registration, licensing and other legal requirements to establish a restaurant in Pakistan, SMEDA, March 10, 2006



## 4. Need for PPP Framework

The proposed PPP framework will set the foundation for promoting private investment into GB tourism through:

- Providing policy and legal certainty to investors;
- Introducing effective institutional arrangements for PPPs;
- Ensuring fair risk sharing between the public and private sector;
- Strengthening regulatory arrangements, including effective mechanisms for dispute resolution; and
- Introducing tariff regimes that are based on full cost recovery.



**Figure 2: Structure for a Comprehensive PPP Framework in GB**



# 5. PPP Framework

Developing a tourism specific PPP framework for GB is not a simple task, considering limited institutional capacity of government in GB and the fact that all other provinces in Pakistan have developed (or developing) cross-sectoral PPP frameworks. Any PPP framework should encompass all aspects of PPP projects ranging from project identification and preparation to procurement and financing. Considering that the proposed framework is just meant for tourism sector alone, as per the needs identified by the Government of GB, an effort has been made to keep the structure lean and affordable.

## 5.1 Key Principles for PPP Framework

To reduce uncertainties for investors, the PPP projects should be thoroughly prepared before the selection of private sector partners by undertaking feasibility studies, acquiring the necessary land, and obtaining the necessary permits and approvals. There is ample evidence that shifting the responsibility for these preparatory activities to the private sector results in (i) land speculation; (ii) weak competition as each bidder has to prepare its own feasibility study; (iii) high bid prices as bidders include significant risk margins; and (iv) major delays in contract negotiations and financial closure as there are too many uncertainties and issues left open in the tender documents.

Selection of the private sector partner should start only after the PPP project has been thoroughly prepared. It should be a transparent process consisting of prequalification and bidding. Direct negotiations should not be allowed as without competition, government will not know whether GB is getting the best value for its money. For major PPP projects, use of international transaction advisors should be the norm. To facilitate the selection process, model tender documents for different types of PPP projects should be developed.

Moreover, there is a need to draw a careful balance between the need of providing enough flexibility to Tourism Department to undertake tourism development and promote private financing on one hand and ensuring transparency through a thorough PPP regime on the other. The proposed PPP framework attempts at balancing between these two priorities through a customized approach differentiating between the small and large cap projects.

## 5.2 Large and Small Cap Tourism PPP Projects

It is proposed to follow a different approach for large cap PPP projects over the size of a certain threshold.

### Large Cap Projects

There is a need to institute a comprehensive and thorough procurement regime for larger PPP projects to attract private investment for sizeable opportunities in accommodation and resort development and other areas. Such projects would require substantial private investment and would typically be greater than PKR 100 million estimated project cost. Such projects would have sizable turnover, relatively high project risks, and will have suitably long contract periods. Therefore, there is a need to have a robust mechanism in place to cater for adequate due diligence and preparation for such projects. The purpose is to make the PPP opportunities attractive to both parties and, at the same time provide protection to them.

### Small Cap Projects

The business opportunities targeted for these PPPs will be characterized by relatively small capital investments of less than PKR 100 million, fewer employees, and relatively low turnover,

typically activity-based or making use of existing infrastructure or requiring relatively small infrastructure investments. The PPP feasibility and procurement mechanisms are therefore simplified, quick and appropriate, and the standard PPP agreement terms should be tailored specifically for smaller enterprises. The purpose is to make these opportunities both attractive and easy to pursue.

### **5.3 Institutional Framework**

The following institutional arrangements are proposed as an integral part of the PPP framework:

- Notifying a Tourism Public Private Partnership (TPPP) Committee to take all key decisions;
- Establishing a Tourism Public Private Partnership (TPPP) Cell to lead all tourism PPP projects and to provide support to the TPPP Committee;
- Institutionalizing a risk management function – This could be a single expert located at Finance Department. If the PPP framework later on expands to other sectors, this risk management function could be beefed up.

### **5.4 TPPP Committee**

The TPPP Committee should preferably be a high-level body. Following membership structure is proposed for the TPPP Committee:

- Governor Gilgit Baltistan/ Vice Chairman of GB Council (Chairman);
- Secretary Kashmir Affairs and Gilgit Baltistan (Vice Chair);
- Secretary Tourism, Sports, Culture & Youth Department (Secretary);
- Secretary Finance Department (Member);
- Secretary Law & Prosecution Department (Member);
- Secretary Planning & Development Department (Member);
- Secretary Forest, Wildlife & Environment Department; (Member);
- Secretary Works Department (Member); and
- Joint Secretary GB Council (Member)

The TPPP Committee may invite or co-opt other ministers and senior government officials as members in its meetings as necessary.

### **Proposed Functions of TPPP Committee**

The TPPP Committee will have the following responsibilities:

- Formulate the Tourism PPP policy and put forward to Gilgit Baltistan Council for approval;
- Supervise and coordinate implementation of this policy by GB Tourism Department;
- Approve/reject PPP project proposals submitted by Tourism Department;
- Approve/reject recommendations on contract award to the selected private sector partners submitted by Tourism Department; and
- Help solve major problems impeding PPP project preparation and implementation.

## **5.5 TPPP Cell**

The Tourism, Sports, Culture & Youth Department will have to assume multitude of responsibilities relating to PPP projects, including project identification, project preparation, tendering, monitoring of project implementation, contract enforcement during operation, etc. The Tourism Department will also need to provide technical support to the TPPP Committee. Presently, the Tourism Department does not have any technical capacity to undertake complex PPP projects. The frequent transfers of government officers, especially in the management cadre, pose a further challenge for effective policy implementation. Therefore, there is a need to build some permanent capacity in Tourism Department to sustainably perform PPP related functions.

It is proposed to establish a Tourism Public Private Partnership (TPPP) Cell in the Department, which will have the following main responsibilities:

- Identify suitable PPP projects in tourism sector and prioritize them;
- Recruit transaction advisors for project preparation and tendering for large cap projects;
- Supervise the preparation of feasibility and pre-feasibility studies and if their outcome is positive, submit the PPP project proposals to the TPPP Committee;
- Evaluate the type and amount of government support sought for the large cap PPP projects in close cooperation with the Risk Management Advisor and Finance Department;
- Conduct a competitive tendering process consisting of pre-qualification and bidding;
- Carry out bid evaluation and submit recommendations on contract award to the TPPP Committee; and
- Monitor implementation and operation of tourism PPP projects.
- Prepare a pipeline of tourism PPP projects

The TPPP Cell should act as the driving force to promote and facilitate PPP development in the tourism sector in Gilgit Baltistan. To fulfill this mandate, the TPPP Cell should have strong public private partnership capacity and perform the roles of a PPP catalyst and advocate, knowledge manager, policy advisor as well as project manager. During the next few years, the TPPP Cell is expected to become a center of excellence for PPP regime in the region and providing a model for other sectors and departments to follow suit.

Another important responsibility of the TPPP Cell will be to ensure adequate information on private sector participation in tourism sector among the various stakeholders. That would include, on the supply side, enhancing the awareness of Government of GB's policies and strategies among investors, and serving as a conduit for conveying investor concerns. On the demand side, provide an opportunity to NGOs and general public for being informed and express their concerns about private sector participation in tourism development and the delivery of allied infrastructure services. To disseminate among all stakeholders the relevant information, including a pipeline of potential tourism PPP projects and status reports on the more advanced ones, the TPPP Cell should develop and maintain a tourism PPP website.

Considering that it is just the beginning of a formal process to develop a tourism PPP framework in GB, it is difficult to define all functions and responsibilities of the TPPP Cell at this stage. Furthermore, in a cross-sector setting a number of institutions would be involved, but in case of a tourism-specific structure, TPPP Cell would have to perform a number of roles. Therefore, a great deal of flexibility in the scope of its operations is essential in the first few years, with the tasks listed in above modified or new tasks added, as needed.

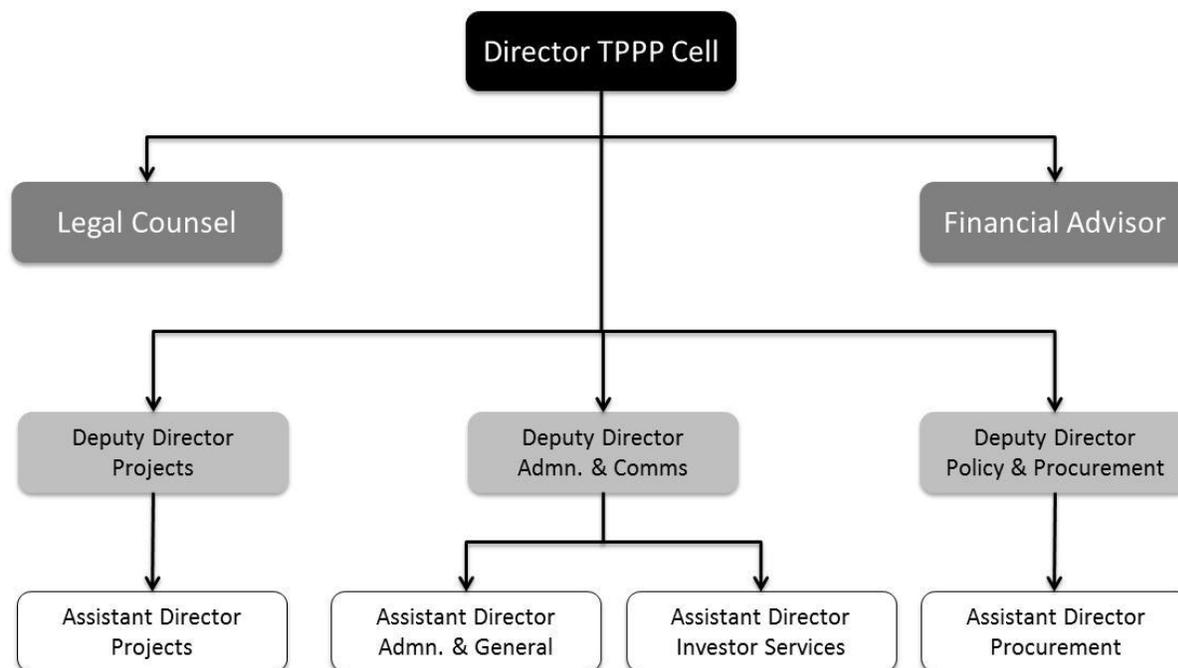
The TPPP Cell should be headed by a dedicated head (Director), who will be responsible for overseeing its day-to-day operations. The Director TPPP Cell should also assist the Secretary Tourism, Sports, Culture & Youth Department in managing the activities and functions of TPPP Committee. The number of professional staff in the TPPP Cell should initially be kept relatively small to minimize costs and avoid excessive bureaucracy. Instead, the TPPP Cell should rather make use of external consultants in areas requiring specific expertise. However, if the number of PPP projects increases in the future, additional staff positions should be added on needs basis.

The following 12 professional staff positions are recommended:

- Director TPPP Cell (Head);
- Deputy Director (Administration & Communications);
- Deputy Director (Policy & Procurement);
- Deputy Director (Projects);
- Legal Advisor;
- Financial Advisor;
- Four Assistant Directors – Administration & General Services; Investor Services; Procurement; and Projects.

The TPPP Cell should be staffed through competitive process from the public and private sectors. To attract candidates from the private sector, the salary scale should be adjusted accordingly.

All efforts should be made to recruit staff with relevant PPP skills but considering that its relatively a new area, it may be difficult to find such resources. Government of GB should therefore focus on capacity development of TPPP Cell staff, once they are on board. This could be done through overseas and local training courses and workshops, as well as a more sustained on-the-job support by consultants during the first year of operation. Funding for the capacity-building program should be sought from both multilateral development institutions such as USAID, ADB, IFC and the World Bank, and bilateral donors. There are good prospects for gaining access to such funding opportunities, as private sector participation in infrastructure development, in particular through PPPs, has been high on the donor agenda.



**Figure 3: Organizational Structure of TPPP Cell**

## 5.6 Risk Management Function

As much as that is a preferable option, not all tourism projects are expected to have full cost recovery potential by users. Some of the tourism PPP projects therefore, will require direct support from Government of GB to close the viability gap, while others would only need contingent support in the form of guarantees. A third category may need both types of support. Given the likely magnitude of such direct and contingent liabilities, it is recommended to set up a risk management function in Finance Department (FD), which has traditionally been performing the role of fiscal guardian for public sector projects. Such function initially could merely be a well-qualified Risk Management Advisor. In case other departments also want to get into PPP arrangements, the same Advisor can also assist them. The Risk Management Advisor will have the following main tasks:

- Develop a risk management policy and standard operating procedures for PPP projects;
- Examine whether requests for government support and the proposed risk sharing arrangements are consistent with this policy and fiscally sustainable;
- Ensure the inclusion of approved government support in annual development plan; and
- Monitor Government of GB's direct and contingent liabilities related to PPP projects.

## 5.7 Organizational Responsibilities

The following table summarizes the principal responsibilities within the tourism PPP institutional framework. The demarcation reflects the crucial role played by the TPPP Cell in the identification, preparation, tendering and monitoring of tourism PPP projects; the fiscal guardian's role played by the Risk Management Advisor with regard to government support; and the approving authority exercised by the TPPP Committee after the project preparation and tendering phases, respectively.

**Table 4: Main Responsibilities for Tourism PPP Projects**

Entity	Proposed Location	Project-Related Responsibility
TPPP Committee	-	<ul style="list-style-type: none"> <li>Approval/rejection of PPP project proposals</li> <li>Approval/rejection of contract award recommendations</li> <li>Decision-making on major tourism PPP policy and implementation issues</li> </ul>
TPPP Cell	Tourism Department	<ul style="list-style-type: none"> <li>Project identification</li> <li>Preparation (feasibility study)</li> <li>Selection of private sector partners (tendering)</li> <li>Monitoring of implementation and operation</li> <li>Technical support to the TPPP Committee</li> </ul>
Risk Management Advisor	Finance Department	<ul style="list-style-type: none"> <li>Review of justification and eligibility for government support</li> <li>Fiscal sustainability</li> </ul>

## 5.8 Flow of Project-Related Activities

The sequence of activities, during main phases of the project cycle, comprises preparation, transaction, execution, implementation and operation. The TPPP Cell will identify and conceptualize potential PPP projects from its ADP and other planning documents. It should also manage preparation of the PPP projects. In case of large cap projects, it should include a feasibility study, environmental impact assessment, risk analysis, assessment of the need for government support, stakeholder consultations, determination of the PPP modality (project structuring), and preparation of tender documents including the draft contract. In case of small cap projects, only a pre-feasibility would be required.

Subsequently, the TPPP Cell will prioritize the identified PPP projects, using criteria such as supply and demand gaps, social and economic benefits, financial attractiveness, risks and uncertainties involved, and readiness for implementation. The prioritized PPP project proposals will be submitted to the TPPP Committee. The approved PPP projects will be widely publicized.

Requests for government support will be an integral part of the PPP project proposals submitted by the TPPP Cell. Such support should only be involved for large cap PPP projects. The TPPP Cell will also consult the Risk Management Advisor, for assessing budgetary implications, who will review their justification and eligibility, and analyze the fiscal impact of the related direct and contingent liabilities. Based on this review and analysis, the Risk Management Advisor, through Secretary Finance, will make a recommendation to the TPPP Committee on approval/rejection of the requested government support. If approved, the Risk Management Advisor will coordinate with relevant sections in Finance Department to make the necessary arrangements for including such support in the provincial budget.

Private partners for all PPP projects will be selected through transparent and competitive tendering, using a two-stage process of pre-qualification and bidding for large cap PPP project. For small cap projects, the government would have the flexibility to go for single stage process. Direct negotiations to select private partners will not be allowed. After obtaining approval for the PPP project and government support, if any, from the TPPP Committee, the TPPP Cell will publish a notice inviting private companies and consortia to pre-qualify and allowing a minimum

of **30 days** for the preparation of pre-qualification applications for large cap PPP projects. Although the pre-qualification is not mandatory for small cap projects, but even if the government decides to do that, no minimum time limit for preparation of pre-qualification is prescribed. However, depending upon the nature of the project, adequate time should be given to prospective bidders.

Based on appropriate pre-defined criteria such as legal requirements, technical capability as documented by previous experience with similar projects, and financial capability, the TPPP Cell will evaluate all pre-qualification applications within maximum of **30 days** to determine which among the companies and consortia meet these criteria. If less than three applicants are pre-qualified for a large cap PPP project, the TPPP Cell will analyze the reasons for the low interest in the PPP project, improve its structuring, and re-open the pre-qualification to additional participants.

**Large Cap PPP Projects:** For large cap projects, once at least three prospective private partners have been pre-qualified, the TPPP Cell will issue a request for proposals (RFP) to them with an invitation to submit bids within a minimum of **90 days**. The TPPP Cell will conduct a pre-bid conference at least **60 days** before the bid submission date and will issue supplemental notices, as necessary. If only one valid bid is received on the specified date, the TPPP Cell will undertake market sounding to determine reasons for the weak competition, restructure the PPP project and government support accordingly, and conduct re-bidding. If only one valid bid is received after the re-bidding, the TPPP Cell will evaluate it. Depending on results of the evaluation, the TPPP Cell will recommend to the TPPP Committee whether to negotiate the contract with the sole bidder or withdraw the PPP project from the market and undertake it in the traditional way by the public sector.

**Small Cap PPP Projects:** For small cap projects, after the optional pre-qualification round, the TPPP Cell will issue a request for proposals (RFP) to them with an invitation to submit bids within a minimum of **30 days**. The TPPP Cell will conduct a pre-bid conference at least **15 days** before the bid submission date and will issue supplemental notices, as necessary. If only one valid bid is received on the specified date, the TPPP Cell will consider conducting re-bidding. If the TPPP Cell decides not to conduct re-bidding, it would need TPPP Committee's approval for direct negotiations with the only successful bidder.

Bid evaluation by the TPPP Cell will be carried out in two phases within maximum of **45 days**. First, the technical, operational, environmental and commercial soundness of the bids received will be assessed vis-à-vis the requirements, criteria, minimum standards, and basic parameters specified in the tender documents, and non-compliant bids will be rejected. The responsive bids will be evaluated in the second phase from the financial viewpoint. The evaluation will be based on a single parameter specified in the tender documents, depending on the type of the PPP project.

After the completion of the bid evaluation, the TPPP Cell will submit to the TPPP Committee a bid evaluation report, including a recommendation on award of the contract. The TPPP Committee will decide on the award within **10 days** from the submission of the bid evaluation report. The TPPP Cell will announce results of the bidding and issue a notice of award to the selected private partner within **10 days** of the TPPP Committee's decision.

Contract negotiations between the TPPP Cell and its private partner will last no more than **30 days**. They will focus on terms and conditions not specified in the tender documents. No post-bid changes will be allowed during contract negotiations in those terms and conditions, which have been described in the tender documents as binding and have formed part of the bid evaluation.

The TPPP Cell will be responsible for monitoring and supervising the PPP project during its implementation and operation to ensure its conformity with the plans, specifications, performance standards, and tariffs in the contract. The TPPP Cell will submit annual reports on the PPP projects to the TPPP Committee.

## 6. Legal Framework

For the private investments in the tourism sector to materialize, a comprehensive and consistent legal framework is required that establishes a clear and predictable environment within which investors will operate. Apart from specifying PPP modalities covered, the legal framework should outline the institutional arrangements for PPPs, specifically mandating the TPPP Cell and Tourism Department to act as the public sector partners, and assign the responsibility for PPP project identification and preparation. Equally important, the framework should stipulate the rules, procedures and responsibility for the selection of the private sector partners and describe the procedure for handling unsolicited PPP project proposals from private investors. Finally, types of support provided by Government of GB, and cost recovery and risk-sharing principles should be outlined.



# 7. Other Components of GB's Tourism PPP Framework

## 7.1 PPP Policy and Guidelines

While the PPP law will provide legal certainty to investors, it is also necessary to formulate the government policy on PPPs and issue guidelines on how this policy is to be implemented.

Apart from the Tourism PPP policy, four sets of project guidelines should be issued:

- Viability Gap Funding Guidelines
- Project Identification and Preparation Guidelines
- Procurement and Transaction Advisory Guidelines
- Risk Management Guidelines

Other provinces have done a lot of work on these areas and similar guidelines can be adopted in GB after some improvisation.

Initially these guidelines can be developed just to support tourism PPP projects and later on can be adopted for all the other sectors as well.

## 7.2 Risk Management

To ensure that the desired level of private investments materializes, adequate risk mitigation and fair risk sharing between the public and private sectors are essential. A sound investment climate would be the best risk mitigation mechanism. This would entail continuous and sustained policy reforms that lead to a stable macroeconomic environment, well-functioning judicial system, independent and technically sound regulation, full cost recovery (or a well-targeted output-based subsidy where the full cost recovery would make such services unaffordable), and open access in the infrastructure sectors. During the transition period before these ideal conditions are achieved and confidence is built up, investors will ask for government guarantees to help mitigate risks that are not under their control.

What is necessary is to identify the various types of risks in each project, and to allocate them to the party that can best control them. There is no universal solution applicable to all situations, and the range of possible solutions is wide, depending on the specific circumstances of each case. The other important lesson is that while the risk allocation should be clearly laid out for each project, the overall risk allocation principles should not be cast in stone. Instead, there should be a gradual transfer of risks from the public sector to private investors as the conditions improve, until the stage is reached when market instruments rather than government guarantees can be used for risk hedging.

As a part of the enabling tourism PPP framework, Government of GB should develop a risk management policy for the tourism sector as an instrument for assessing, pricing, monitoring and managing the contingent liabilities that arise from selective guarantees for PPP projects against risks related to policies and performance of provincial government and its agencies. In view of the links to its existing budgeting, fiscal accounting and debt management systems, Finance Department should play a key role in developing and implementing the policy through the Risk Management Advisor, with the view to ensuring that risks of individual PPP projects are

appropriately allocated between the public and private sector, and that government's overall exposure is well managed.

The Risk Management Policy should aim at supporting tourism development while maintaining fiscal sustainability of the provincial budget. It should describe

- The types of risks to be borne by Government of GB (the so-called political risks such as changes in policy, delay of agreed tariff adjustments, and expropriation);
- Those to be borne by the private sector (commercial risks such as construction cost overruns and delays, and failure to perform according to specifications);
- Those to be assigned on a case-by-case basis such as force majeure, inability of government agency to pay for tourism services (the so-called credit risk), and demand risk;
- The main principles for providing government support such as (a) legality; (b) PPP project quality in terms of technical, economic and financial feasibility; (c) fiscal prudence in terms of total exposure and annual budget; and (d) transparency in terms of deciding about government support before bidding; and
- Review and approval procedures for government support.

### **7.3 Regulatory Arrangements**

Regulation by contract should play an important role for the first few PPP projects and later on Government of GB can consider establishing a regulatory authority, if enough momentum is generated within tourism PPPs. The same approach has been adopted in other provinces as well. This however underlines the need for developing good model contracts for various projects.

To ensure strong private sector participation in tourism development, there must be a gradual shift in the role of the government from service provider to policy maker, planner, coordinator and facilitator. In line with this shift, the regulatory functions should be devolved in the medium term to newly created independent regulatory authority mentioned above to govern qualities of tourism services, with the Tourism Department keeping the responsibility for policy-making and sector planning for this purpose. This separation of responsibilities will enhance the credibility of economic regulation and give confidence to investors that tariff and user fees matters are handled without political interference.

The regulator will have the following functions:

- Setting (approving) tariffs and other service charges;
- Establishing standards for the terms and conditions of providing tourism services;
- Making and enforcing market rules for the tourism sector;
- Monitoring economic and management performance of any SPVs made for PPP arrangements;
- Issuing, reviewing and canceling licenses (with respect to the viability of commercial arrangements);
- Reviewing concession agreements; and
- Arbitrating disputes.

## 7.4 Cost Recovery

Private investors will come to Gilgit Baltistan only if they can fully recover their cost and earn an adequate rate of return. Presently the willingness-to-pay amongst users of tourism services seem low, which in effect is also a function of poor quality of existing services. Overcoming these constraints and achieving full cost recovery requires better quality services and quality infrastructure.

If however, for some reason the tariff and users fee cannot be set at a level to ensure full cost recovery, the gap should be bridged through payments from a Viability Gap Fund (VGF) company to the service provider to compensate it for the cost of the service to ensure that the government is cognizant of the cost of such services and a sound institutional structure is in place to ensure regular payments.

## 7.5 Pipeline of PPP Projects

International and national experience shows that even with a sound legal, policy, institutional, risk management and regulatory framework, private sector investors will come only if there are attractive PPP projects. The first step towards achieving this objective is the preparation and periodic updating of long-term sector strategy and master plan, which would outline the necessary physical expansion to meet the forecast demand for tourism services. Such a plan will lay out the pool of PPP opportunities in the tourism sector for the next few years. This would further augment private sector interest in the tourism sector in GB.

## 7.6 Swiss Challenge Approach for Unsolicited Proposals

With increase in private sector participation in tourism development, government will be increasingly approached by investors presenting their own PPP project proposals. The following principles are recommended for the treatment of such unsolicited proposals:

- Do not encourage such proposals, but do not reject them outright either if they are innovative and sound from the technical, economic, financial and environmental viewpoint;
- Do not enter direct negotiations with the private sector sponsors; and
- Instead, conduct competitive bidding in which the contribution of the sponsors is recognized by giving them the opportunity to match the lowest bid, if any.



# 8. Action Plan

## 8.1 Enabling PPP Framework

GB can benefit from the work done by IPDF at the federal level and by Punjab, Sindh and Khyber Pakhtunkhwa by adapting some of the components to its needs and circumstances. The following actions are recommended to develop the PPP framework for tourism sector in GB:

- Put in place a legal regime to support PPP tourism development;
- Develop and approve a tourism PPP policy;
- Develop PPP project guidelines;
- Develop VGF;
- Develop PPP Risk Framework;
- Adopt the Standard Contract Provisions for PPP projects;
- Develop standard bidding documents including model contracts for the relevant projects through pilot PPP projects;
- Establish the TPPP Committee;
- Make the TPPP Cell operational in terms of budget, staffing and functions;
- Appoint Risk Management Advisor; and
- Preliminary work on financing framework, such as; Project Development Fund and Viability Gap Fund

## 8.2 Pilot PPP Projects

Preparation and execution of the pilot projects should be conducted in full compliance with the following main principles of the proposed PPP framework:

- a) A clear separation of the roles of planner and regulator and those of owner and operator (private sector partners);
- b) No direct negotiations with prospective private sector partners;
- c) Preparation by government of feasibility and pre-feasibility studies, including the PPP project structuring and risk allocation, prior to tendering;
- d) Decision on government's direct and/or contingent support for large cap projects also prior to tendering;
- e) Indication of such support, if any, in the bidding documents; and
- f) Use of a transparent two-stage process for tendering (pre-qualification and bidding) for large cap and single-stage process for small cap projects.

**Table 5: Implementation Matrix**

Strategic Intervention	Responsibility	Time frame	Implementation Details	Expected Outcomes
Legal and Policy Regime for Tourism PPPs	Tourism Department  Approval by GB Council / Legislative Assembly  <b>Support:</b> Donors / Technical Assistance	Immediate	- Drafting law and policy - Tabling for approval - Notification	Tourism PPP Law and policy in Place; Ensuring certainty to investors
Establish TPPP Committee	Tourism Department  Approval by GB Council	Immediate	- Notification in line with TPPP Law/Policy	Institutional structure in place to provide leadership on TPPP
Development of PC-I and Approval of Funding	Tourism Department  Approval by GB Govt.  <b>Support:</b> Donors / Technical Assistance	Immediate	- Drafting PC-I - PC-I Approval - Release of funding	Resources available to establish TPPP Cell
Establishment and Operationalization of TPPP Cell	Tourism Department / Finance Department  <b>Support:</b> Donors / Technical Assistance	Immediate	- Recruitment and staffing - Logistics and infrastructure - Capacity building of TPPP Cell staff - Roadshows to generate investors' interest  Appointment of Risk Management Advisor in Finance Department	Institutional structure in place to drive TPPP work
Policy Guideline Documents Development	TPPP Cell  Approval by TPPP Committee  <b>Support:</b> Donors / Technical Assistance	Medium-Term	- Drafting documents, improvising available documents in other provinces - Approval of documents - Notification - Training and Capacity Development  Documents include:	Detailed operational guidance available to undertake PPP projects

Strategic Intervention	Responsibility	Time frame	Implementation Details	Expected Outcomes
			<ul style="list-style-type: none"> <li>- Project Preparation Guidelines</li> <li>- Transaction Execution Guidelines</li> <li>- Project Development Facility Guidelines</li> <li>- Viability Gap Funding Guidelines</li> <li>- Risk Management Guidelines</li> </ul>	
Model Contracts and Standard Bidding Documents Development	TPPP Cell  <b>Support:</b> Donors / Technical Assistance	Medium-Term	<ul style="list-style-type: none"> <li>- Drafting documents, improvising available documents in other provinces</li> <li>- Approval of documents</li> <li>- Training and Capacity Development</li> </ul>	Standard templates available for quick closure of projects
Tourism PPP Pilot Projects Portfolio	TPPP Cell  <b>Support:</b> Donors / Technical Assistance	Medium-Term	<ul style="list-style-type: none"> <li>- Screening of opportunities</li> <li>- Concept note development</li> <li>- Approval by TPPP Committee</li> <li>- Project preparation</li> <li>- Roadshows</li> <li>- Bidding initiated</li> </ul>	Generating interest in GB's tourism PPP opportunities



# 9. Appendices

## Appendix -1 List of Persons Consulted

### USAID Firms:

1. Mr. Suleiman Ghani, Sr. Policy Advisor, USAID Firms
2. Mr. Taimur Khan, Senior Business Enabling Environment Specialist, USAID Firms
3. Mr. Aftab-ur-Rehman Rana, Tourism Specialist, USAID Firms

### Kashmir Affairs & Gilgit Baltistan Divison and Gilgit Baltistan Council

1. Mr. Shahid Ullah Baig, Secretary KA & GB Affairs
2. Mr. Ajmal Gondal, Joint Secretary, GB Council
3. Mr. Ramzan Malik, Deputy Secretary, GB Council

### Tourism Department GB:

1. Sadia Danish, Advisor on Tourism, Culture and Youth Affairs
2. Syed Akhtar Hussain Rizvi, Secretary Tourism, Culture and Youth Affairs
3. Mr. Hussain Ali, Deputy Secretary Tourism, Culture and Youth Affairs
4. Mr. Sahid Hussain, Assistant Director Tourism
5. Mr. Kashif Hussain, Assistant Director Tourism
6. Mr. Safiullah, Assistant Director Tourism
7. Mr. Rahat Karim Baig, Assistant Director Tourism
8. Mr. Iqbal Hussain, Assistant Director Tourism

### Allied Departments, GB:

1. Mr. Azam Khan, Deputy Secretary Finance Department
2. Mr. Nazir Ahmed, Deputy Secretary P&D Department
3. Mr. Najeeb Alam, Deputy Secretary Home Department

### FGD participants:

#### GILGIT

1. [REDACTED] Assistant Director, GB&PA
2. [REDACTED], ADS & Responsible Tourism, Serena Hotel
3. [REDACTED], Project Director, Rescue 1122
4. [REDACTED], Assistant Director, Tourism Department GOGB
5. [REDACTED], President, Hotel Association GB, Rupal Inn
6. [REDACTED] Hotel Reveria , Gilgit
7. [REDACTED], Tourist Guide, Travel Waljis, Gilgit
8. [REDACTED] Manager, PTDC Motel, Gilgit
9. [REDACTED], President, Polo Association, GB
10. [REDACTED], Director, "Press Information Department, GB"
11. [REDACTED], General Manager, NATCO
12. [REDACTED], Managing Partner, Golden Peak Tours
13. [REDACTED], Consultant, WWF-Pakistan
14. [REDACTED] SVP, Gilgit Arts Council
15. [REDACTED], Musicologist/Designer, GB Tourism Dept
16. [REDACTED], Assistant Director, Tourism Department GOGB
17. [REDACTED] LDC, Tourism Department GOGB
18. [REDACTED], Finance Secretary, Pakiza Arts and Cultural Council GB
19. [REDACTED], General Secretary, Pakiza Arts Council

20. [REDACTED] Researcher ,Karakorum International University
21. [REDACTED] ,Assistant Director,Tourism Department GOGB
22. [REDACTED] ,Regional Program Manager,AKRSP
23. [REDACTED] ,MD,KKH Travels Unlimited
24. [REDACTED] ,Director,Golden Peak Tours
25. [REDACTED] ,General Secretary ,Tour Operators Association GB
26. [REDACTED] ,Director,LG&RD GOGB
27. [REDACTED] Producer,Pakistan Broad Casting Corp.
28. [REDACTED] ,Photographer,Press Information Department
29. [REDACTED] Lecturer , "KIU, Karakorum University"
30. [REDACTED] ,Assistant Professor,"KIU, Karakorum University"
31. [REDACTED] ,President,Tour Operators Association GB
32. [REDACTED] ,MD,Himalaya Nature Tours

## SKARDU

1. [REDACTED] ,President,Polo Asociation Skardu
2. [REDACTED] ,P.I.O,Press information office
3. [REDACTED] Owner ,K2 winners
4. [REDACTED] ,Colcha,Trek & Tours wes. CHSNW
5. [REDACTED] Manager,Lela Peak Expedition
6. [REDACTED] ,CRI rescue H22,Emergency service rescue 1122 Skardu
7. [REDACTED] , President, Mountaineering Welfare Association Baltistan
8. [REDACTED] President,LSO Askari
9. [REDACTED] Member,MARO Askari
10. [REDACTED] Reporter ,daily K2
11. [REDACTED] ,V.P ,Baltro Protection
12. [REDACTED] Committee Askdi
13. [REDACTED] Tour Guide,KKM. Khapulo
14. [REDACTED] ,Manager,K2 international
15. [REDACTED] ,Cameraman ,PTV
16. [REDACTED] ,Guide,ATP
17. [REDACTED] Manager,Summit Karakorum
18. [REDACTED] Guide,METT
19. [REDACTED] ,Guide,Lela peak expedition
20. [REDACTED] ,Guide,Jasmine Tour
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24. [REDACTED] ,M.D,Trango Adventures
25. [REDACTED] ,Director,Mountain Travels Pakistan
26. [REDACTED] ,DFO,Wildlife and Parks Department GB
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31. [REDACTED] ,M.D,Snowland Tours
32. [REDACTED] ,Coordinator,Pakistan Red Crescent
33. [REDACTED] ,A.D tourism,G.B tourism department
34. [REDACTED] (U.T),District Administration
35. [REDACTED] . Skardu ,District Administration
36. [REDACTED] . Skardu,District Administration

37. [REDACTED], V.P, PATO
38. [REDACTED], Press photography, PID jumbo photo
39. [REDACTED], S.P. Skardu, Skardu Police
40. [REDACTED], General Secretary, Baltistan Hotel association

## KHAPLU

1. [REDACTED], Provincial Minister, Department of Agriculture and Live stock
2. [REDACTED], V. President, "Town Management Services, Khapulo"
3. [REDACTED], Advocate, District Courts Khapulo
4. [REDACTED], President, "Town Management Services, Khapulo"
5. [REDACTED], Program Manager, Aga Khan Rural Support Program
6. [REDACTED], Ex. Soldier, District Ghanche
7. [REDACTED], Managing Director, Machulo Treks and Tours
8. [REDACTED], Deputy Director, "Education Department, District Khapulo"
9. [REDACTED], V. President, "BAATO, Baltistan Tour Operator Association"
10. [REDACTED], Assistant Director, "Live Stock Department, Khapulo"
11. [REDACTED], Assistant Director, "Fisheries Department, Khapulo"
12. [REDACTED], Social Welfare Officer, "Social welfare Department, Khapulo"
13. [REDACTED], Manager, "Sheraton Guest House, Khapulo"
14. [REDACTED], Ecologist, Central Karakorum National Park
15. [REDACTED], Social Organizer, "LSO, Local Support Organization, Dhagaoni, Khapulo"
16. [REDACTED], Press, Press
17. [REDACTED], Press, Press
18. [REDACTED], Pess, Pres
19. [REDACTED], Manager, Khapulo Serena Hotel
20. [REDACTED], District Forest Officer, "Forest Department, Khapulo"
21. [REDACTED], District Population Welfare Officer, "Population Welfare Department, Khapulo"
22. [REDACTED], Deputy Director, Local Government & Rural Development (LG&RD)
23. [REDACTED], Deputy Commissioner, Deputy Commissioner office
24. [REDACTED], SP (superintendent Police), "SP office, Khapulo"
25. [REDACTED], Agriculture Officer, Agriculture Department
26. [REDACTED], V. Chairman, "Local Support Organization, Khapulo"
27. [REDACTED], Advocate, "Member, TMS Khapulo"
28. [REDACTED], District Health Officer, "DHO, Office District Ghanche"
29. [REDACTED], Agriculture Reporter, Press
30. [REDACTED], Coordinating Officer, "Tourism Department, Ghanche"

## SHIGAR

1. [REDACTED], G.B.M.C
2. [REDACTED], President, Khurpacate
3. [REDACTED], President, Mountaineering Association
4. [REDACTED], Assistant, Tourism department Skardu
5. [REDACTED], M.D, Adventure Tours Pakistan
6. [REDACTED], V.P, Pakistan Association of Tour Operators
7. [REDACTED], Manager, Shigar Fort (Serena hotels)
8. [REDACTED], Shigar
9. [REDACTED], Chairman, Local Support Organization
10. [REDACTED], D.G, Pakistan Educational Council
11. [REDACTED], Area medical officer, Health
12. [REDACTED], Dental surgeon, Health

13. [REDACTED], Chairman, LSO Marpi Shigar
14. [REDACTED], Member, Town Management Services
15. [REDACTED], President, G.B Mountaineering School
16. [REDACTED], V.P, Askoli Committee Baltro Protection Association
17. [REDACTED], Ex. Vice Chairman, District council
18. [REDACTED], M.O ,Health G.B

## KARIMABAD

1. [REDACTED], Managing Director, "Al-Barkat Hotel, Karimabad"
2. [REDACTED], Correspondent Express News , Express News/ Hunza Online Web News
3. [REDACTED], Manager Operations, Old Hunza Adventures
4. [REDACTED], Finance Controller, Hunza Serena Inn
5. [REDACTED], President, Karimabad Business Association
6. [REDACTED], PM ID, AKRSP
7. [REDACTED], Social Organizer, AKRSP
8. [REDACTED], Director, Silk Road Dry Port Trust
9. [REDACTED], GM, Embassy Hotel Hunza
10. [REDACTED], Manager, A&S Transport
11. [REDACTED], GM, Hunza Alps
12. [REDACTED], Tourist Guide,
13. [REDACTED], Manager, Mulberry Hotel Karimabad
14. [REDACTED], P.H.H.A/ MD, "Eagle Nest Hotel, Hunza"
15. [REDACTED], Curator, Baltit Fort
16. [REDACTED], Consultant, KADO
17. [REDACTED], CEO, KADO
18. [REDACTED], Assistant Director, Tourism Department GOGB
19. [REDACTED], General Secretary, Town Management Society
20. [REDACTED], Managing Director, Baltit Books & Handicrafts
21. [REDACTED], Tourism Student, Tourism Studies in USA
22. [REDACTED], Ala-lambardar, Ganish Kalan
23. [REDACTED], Manager, Baltit Fort (Baltit Heritage Trust)
24. [REDACTED], Program Manager, Baltit Rural Support Program
25. [REDACTED], "Mominabad, Hunza"
26. [REDACTED], GM, Hunza View Hotel
27. [REDACTED], Manager, Hunza Cuisine

## Appendix -2 List of Documents Reviewed

- a. KPK PPP Framework
- b. Following tourism related Laws:-
  - The Pakistan Hotel and Restaurants Act 1976
  - The Travel Agencies Act 1976 and rules 1977
  - The Pakistan Tourism Guides Act and rules 1977
- c. Pakistan National Tourism Policy 1990
- d. Report on Tourism Growth in Pakistan 2000 to 2010
- e. Pakistan National Conservation Strategy
- f. NWFP Provincial Conservation Strategy
- g. The Punjab Public Private Partnership Infrastructure act, 2010
- h. Public Private Partnership Handbook, ADB, Manila
- i. Policy documents for PPP Projects developed by Govt. of Punjab
- j. Infrastructure Project Development Facility (IPDF) document

## **Appendix -3 Membership of GB Council**

1. Prime Minister of Pakistan - ***Chairman***
2. Governor Gilgit-Baltistan - ***Vice Chairman***
3. Chief Minister Gilgit-Baltistan - ***Member***
4. Minister Kashmir Affairs & Gilgit-Baltistan - ***Ex officio Member***

### **Nominated Member**

5. Capt (R) Muhammad Safdar
6. Mr. Khalid Hussain Magsi
7. Dr. Darshan
8. Syed Iftikhar Ul Hassan
9. Mr. Isphanyar M. Bhandara
10. Dr. Tariq Fazal Chudhary

### **Elected Members**

11. Mr. Amjad Hussain
12. Mr. Attaullah Khan
13. Mr. Ghulam Hussain Saleem
14. Mr. Ibadat Ali
15. Mr. Muhammad Ibrahim
16. Mr. Saeed Afzal



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