SUMMARY

BOT is now considered as an effective strategy which can be used by the government for financing necessary infrastructure projects, without a direct sovereign guarantees and with the private sector entity absorbing most of the technical and financial risks.

A comparative study of BOT arrangements for infrastructure projects in Pakistan in different sectors of development is carried out, by taking two case studies with the aim to explore the current arrangements of BOT in Pakistan. Then some salient features of these case studies are compared with other international BOT projects of developed and developing countries like UK, France, Australia, China, Thailand and Malaysia. In this comparison the project cost, the period of concession, equity and debt involved, the guarantees / incentives offered by the host governments are compared.

In assessing the two BOT projects in Pakistan, a limited scope for competition in those projects was found, because of lack of innovation and efficiency. Competition is one of the essential objectives that have to be encouraged by the government, which in turn will give a boost to the effectiveness and efficiency of the private sector.

The government should also consider pre-qualification process as a must. This pre-qualification criteria usually allows the authorities to eliminate weak or not proven bidders, limit the numbers of eligible and deserving bidders and also helps in ensuring that the project company which has been selected, has the adequate technical and
financial resources to fulfill the commitments. It will also help in reducing the workload in the evaluation of tenders.

Though it is believed that contract arrangement cannot give too much protection of risks and uncertainties to the project company, the government should nevertheless provide some guarantees in order to give protection to the project company from revenue losses.