

T O R s

TERMS OF REFERENCE

CONSULTANCY SERVICES

for

FEASIBILITY STUDY ON ESTABLISHING KARACHI INFRASTRUCTURE FUND

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TITLE

Consultancy for conducting Feasibility Study on Establishing Karachi Infrastructure Fund (KIF) under Competitive & Livable City of Karachi (CLICK) 3.1 component This component focuses on enhancing the city's infrastructure financing mechanisms, establishing a City Infrastructure Fund (KIF), and prioritizing projects to address critical infrastructure needs.

BACKGROUND

The Government of Sindh is carrying out improvements in the livability and competitiveness of Karachi based on the Karachi Diagnostic Study 2016 through the World Bank's project "Competitive and Livable City of Karachi" (CLICK). The infrastructure projects under this initiative were identified based on the 2016 Karachi Diagnostic Study, which analyzed Karachi's urban development needs and priorities. Such studies typically assess current infrastructure conditions, growth forecasts, and critical service gaps. For financing purposes, projects may be prioritized and included in a formal project registry or database managed by the government or an overseeing agency, ensuring that all necessary projects are tracked and available for potential funding through initiatives like the Karachi Infrastructure Fund (KIF).

Under sub-component 3.1 of the CLICK project, one of the objectives is to conduct a feasibility study on establishing a City Infrastructure Fund (KIF) to explore sources of infrastructure finance for the city. To outline the infrastructure requiring financing, consider detailing critical urban systems needing substantial investment, as these will guide the structure and focus of the Karachi Infrastructure Fund (KIF). Based on the study's findings, infrastructure could include:

1. **Water Systems:** Wastewater and water treatment plants, as well as water distribution networks, to ensure sustainable access to clean water and efficient waste management.
2. **Drainage and Sewerage:** Major drainage and sewer networks to prevent urban flooding, mitigate waterlogging, and improve overall sanitation.
3. **Transportation:** Main road arteries and mass transit systems to enhance urban mobility, reduce congestion, and provide reliable public transport options.
4. **Solid Waste Management:** Facilities for waste processing, recycling, and safe disposal, addressing the city's waste management challenges. While the Karachi Diagnostic Study (2016) provided a foundational analysis of urban development needs, this feasibility study will also explore newer infrastructure demands. Given the growing importance of digital connectivity, the study will assess emerging gaps such as broadband expansion, digital infrastructure, and smart urban systems and so on. This approach will ensure that KIF remains aligned with the current and future needs of Karachi's residents and businesses.

Each category's financing needs will help define the fund's capital sources, structure, and financial tools such as bonds, grants, and public-private partnerships. Major infrastructure that could be financed through the KIF includes but is not limited to:

- Wastewater Treatment Plants
- Water Treatment Plants
- Major Drainage Networks

- Major Water Distribution Networks
- Main Sewer Networks
- Major Road Arteries
- Mass Transit Systems
- Critical Solid Waste Management Infrastructure

The Project Implementation Unit (PIU), established under the Department of Investment, Government of Sindh, intends to engage the services of a firm experienced in conducting feasibility studies of large infrastructure projects or funds to establish the Karachi Infrastructure Fund (KIF). The feasibility study will address key constraints for channeling financing for the city's infrastructure needs.

This proposed KIF aims to leverage equity and public sector backing to raise long-term market financing for lending and investment.

OBJECTIVES

The main objective of this consultancy is to conduct a comprehensive feasibility study to determine the legal, financial, and operational viability of establishing the Karachi Infrastructure Fund (KIF). The study will include market analysis, stakeholder consultations, risk assessment, and the development of an implementation plan with a proposed institutional framework. The consultancy will also review global examples of infrastructure funds and recommend legal, governance, management and capital structures;

SCOPE OF WORK

The consultancy firm will be responsible for the following tasks, structured into distinct phases:

Phase 1: Preliminary Analysis and Background Research

1. Conduct a detailed review of the current infrastructure financing landscape in Karachi, including Public Sector Development Programs (PSDP), foreign-funded projects, and PPP initiatives over the past 10 years.
2. Analyze existing studies, reports, and data related to infrastructure projects and financing mechanisms in Karachi and similar cities.
3. Identify key gaps and challenges in the current infrastructure financing framework.
4. Undertake comparative analysis of existing similar agencies or funds and identify/propose suitable legal, regulatory, tax and institutional frameworks, and management, governance and capital structures

Phase 2: Market Analysis and Financial Modelling

1. Explore potential sources of financing for KIF, including domestic, regional, and international markets (e.g., municipal bonds, PPPs, donor funding, etc.).
2. Based on the above, develop financial models for various funding options, including a cost-benefit analysis and a sensitivity analysis to evaluate the impact of financial variables.
3. Assess the potential for leveraging equity and public sector backing to attract long-term market financing for lending and investments.

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Phase 3: Regulatory and Institutional Framework Development

1. Review relevant existing federal and provincial legal, regulatory, and policy frameworks that could impact the establishment and operations of the KIF.
2. Propose the administrative, legal, and financial structure for the KIF, detailing governance mechanisms and operational processes.
3. Recommend legislative changes or new regulations needed to support the establishment of the KIF.

Develop a business plan and operational roadmap in view of the above

Phase 4: Stakeholder Consultations

1. Conduct comprehensive stakeholder engagement, including meetings with:
 - a) Government agencies (federal, provincial, and local)
 - b) Domestic and regional financial institutions, investors, and public private partnership experts
 - c) Private sector representative groups (including multinational companies), and community organizations
2. Organize workshops to present international western and twin Asian models of city infrastructure funds (e.g., UK's Green Investment Bank, Brazil's Infrastructure Fund, Bengaluru/Singapore Infrastructure Fund, etc.) and submit recommendations. The Workshops should ensure inclusive input and alignment on the development of KIF. These workshops aim to:
 1. Engage government agencies, financial institutions, private sector representatives, and community organizations.
 2. Share insights on international models of infrastructure funds (e.g., UK's Green Investment Bank, Brazil's Infrastructure Fund).
 3. Facilitate stakeholder feedback and consensus on the proposed framework for KIF.

Phase 5: Risk Assessment and Mitigation Strategies

1. Identify and evaluate key risks, including market risks, regulatory risks, operational risks, and political risks, etc.
2. Propose risk mitigation strategies, including insurance options, contingency planning, and regulatory safeguards, etc.

Phase 6: Final Feasibility Report and Implementation Plan

Prepare a detailed feasibility report, including:

1. Analysis of findings and key recommendations
2. Proposed institutional framework for KIF
3. Operational Roadmap and Business Plan
4. Financial projections and sustainability analysis
5. Implementation roadmap with timelines and milestones
6. Draft legal framework for the establishment of KIF

TIMELINES AND MILESTONES

S#	Deliverable	Timelines (From Date of Contract Signing)
1	Inception Report	2 nd Week
2	Existing City Infrastructure Portfolio Report (Including budgeted but not yet completed projects)	6 th Week

3	Report on existing sources of Financing for City Infrastructure including viability Gap analysis on the existing sources	7-8 th Week
4	Report on Feedback from private sector	9-10 th Week
5	Report on international models of city infrastructure funds;Pros and Cons	11-12 th Week
6	Stakeholder Recommendations Report	13 th Week
7	Implementation Roadmap (Administrative, legal, governance, financial, andstrategic structure of the City Infrastructure Fund for Karachi)	14 th – 16 th Week
8	Feasibility Report alongwith recommendations	18-20 th Week
9	Implementation plan including legal drafts for KIF	21st – 22 nd Week

INDICATIVE PAYMENT MILESTONES

Below payment milestones are tentative and may be modified based on the best competitive proposals.

S#	Deliverable	Payment Ratio
1	Inception Report	-
2	Existing City Infrastructure Portfolio Report	2%
3	Report on existing Sources including viability gap analysis of Finance for City Infrastructure Finance for Karachi	3%
4	Report on Feedback from private sector	5%
5	Report on international models of city infrastructure funds; Pros and Cons	10%
6	Implementation Roadmap (Administrative, legal, governance, financial, and strategic structure of the City Infrastructure Fund for Karachi)	20%
7	Stakeholder Recommendations Report	20%
8	Feasibility Report along with recommendations	30%
9	Implementation plan including legal drafts for KIF	10%

INSTITUTIONAL ARRANGEMENTS

The hired consultant will report to the CLICK PIU SID and work in collaboration with Planning & Development Department, Finance Department, Ministry of Finance, Government of Pakistan, Local Government Department and allied departments involved in the infrastructure development of Karachi City and recommendations will be shared with the Provincial Cabinet in timely manner. PIU will facilitate in obtaining required data from institutions from time to time. However, it will be consultant's responsibility to prepare the feasibility report as per the deliverables/milestones.

DURATION OF WORK

The consultancy services will be provided over a period of 5-6 months, from the date of contract signing.

KEY PERSONNEL

SR#	Role	Qualifications	Responsibilities
1.	Infrastructure Finance Specialist	Master's degree in Finance/Economics; 10 years of experience	Oversee financial modeling and equity assessments.
2.	PPP/Private Sector Finance Specialist	Master's degree in Finance or Business; 8 years of experience	Design public-private partnership strategies or related assignments.
3.	Water Supply and Sanitation Engineer	Bachelor's degree in Civil Engineering; 8 years of experience	Analyze water, sanitation and related infrastructure needs.
4.	Civil Engineer	Bachelor's degree in Civil Engineering; 10 years of experience	Assess urban drainage and road infrastructure and other related assignments.
5.	Digital infrastructure specialist	Master's Degree in Computer Science/Electronic Engineering; 8 Years of experience	Assess and develop the digital city Infrastructure for Karachi
5.	Transport Specialist	Master's degree in Transport Planning; 8 years of experience	Develop mobility and mass transit solutions.
6.	Lawyer	LLB/LLM; 10 years of experience	Propose legal frameworks and allied assignments for KIF.
7.	Project Director	Master's in Management; 10 years of experience	Lead project execution and coordination.
8.	Research Assistants (2)	Bachelor's/Master's in Social Sciences	Assist with data collection and documentation etc.

Queries about the consultancy can be directed to the SID CLICK PIU 1st Floor, Block A, FTC Building, Shahrah-e-Faisal, Karachi

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