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NO. LG/Dir/PM&EC/AD-II/301(204-Karachi) / 35

GOVERNMENT OF SINDH
LOCAL GOVERNMENT & HOUSING
TOWN PLANNING DEPARTMENT
Karachi, dated 10, January, 2020

To,

✓ Mr Aftab Aziz,
Director (Plans) for Director General,
HQ Frontier Works Organization,
509 Kashmir Road, R.A Bazar,
Rawalpindi.

SUBJECT: DECISION OF THE COMPLAINT REDRESSAL COMMITTEE IN THE MATTER OF THE COMPLAINT FILED BY CONSORTIUM OF FRONTIER WORKS ORGANISATION (FWO) AND ZAHIR KHAN AND BROTHERS.

This is with reference to your complaint vide letter No. 444/Malir Expressway/ 494/CS dated December 26, 2019, received on January 1, 2020, titled *Grievances on Evaluation of Technical & Financial Bids – Malir Expressway Project* (the **Complaint Letter**), and to the meeting of the Complaint Redressal Committee (CRC) held on 8th January 2020.

2. The CRC examined the Complaint Letter and the issues raised therein; the response from the Local Government Department, Government of Sindh (being the procuring agency); the proceedings of the Technical and Financial Evaluation Committee (TFEC) of the Malir Expressway Project, and decided as hereunder:

“While going through the clarifications given above in para A (1 to 3) by the Project Director Malir Expressway Project, and the documents provided in support, the CRC came to a conclusion that the grievances raised in the complaint letter from the consortium of FWO and ZKB are unproven/unfounded”

3. The Minutes of the meeting of the CRC are annexed herewith this letter.

**PROJECT DIRECTOR
MALIR EXPRESSWAY PROJECT**

A copy has been sent to:

1. P.S to Chairman Enquiries & Anti-corruption Establishment (Chairman CRC).
2. Representative of the Accountant General Sindh (Member CRC).
3. Engr. Shakoor Pathan (Member CRC).
4. P.S to Director General, PPP Unit Finance Department, Government of Sindh.
5. Director (CB) SSPRA Karachi.
6. P.S to Secretary, Sindh Local Government Department, Government of Sindh.

MINUTES OF COMPLAINT REDRESSAL COMMITTEE MEETING ON COMPLAINT/GRIEVANCES ON EVALUATION OF TECHNICAL & FINANCIAL BIDS WITH RESPECT TO THE MALIR EXPRESSWAY PROJECT

As per Rule 31 of Sindh Public Procurement Rules 2010 (as amended from time to time) (SPPRA Rules), the Complaint Redressal Committee (CRC) formally examined the grievance/complaint by the consortium of Frontier Works Organization and Zahir Khan and Brothers vide its letter No. 444/Malir Expressway/ 494/CS dated December 26, 2019 received on January 1, 2020 titled "*Grievances on Evaluation of Technical & Financial Bids – Malir Expressway Project*" (the **Complaint Letter**) (attached as **Annexure A**). The meeting of the CRC was held at 10.00am on January 8, 2020 in the office of Chairman, Enquires & Anti-corruption Establishment, 2nd floor, old KDA Building, Sindh Secretariat No. 3, Karachi. The composition of the CRC is as under;

1. Mr. Muhammad Waseem (Chairman, Enquires & Anti-corruption Establishment, GoS) [Chairman]
2. Mr. Muhammad Kamran Khan (Additional Accountant General, Sindh) [Member]
3. Engineer ShakoorPathan (Independent Professional) [Member]

The Chairperson briefed the participants of the CRC about the agenda of the meeting, while Mr. Niaz Ahmed Soomro, the Project Director (Malir Expressway Project) was also called upon to respond on procedural, financial and technical queries;

The meeting was initiated with recitation from the Holy Quran followed by a formal introduction and briefing on the Malir Expressway Project its scope, significance and an overview of the procurement process conducted so far. Further details are summarized as under.

A. Proceedings of Complaint Redressal Committee:

1. The participants were apprised by the Project Director –Malir Expressway Project that the evaluation for the subject tender has been done by the TFEC which has been notified by the GoS. (Notification of the TFEC, in compliance with SPPRA Rules, is attached as **Annexure B**).
2. The CRC was informed by the Project Director – Malir Expressway Project that the international competitive bidding process on a single stage two envelope basis for award of the Malir Expressway Project has been conducted fully in compliance with requirements under the SPPRA Rules. The tender was duly published in both international and national newspapers (i.e., July 28, 2019 (Dawn, Business Recorder, Jang, Kaawaish) and July 31, 2019 (Khaleej Times). In response a total of three (3) bids were received from namely: (1) consortium of J.N & Co., Niaz Muhammad Khan and Brothers and Habib Construction Services Limited (led by and hereinafter referred to as **J.N & Co.**);(2) Sultan Mehmood and Company (**SMC**); and (3) consortium of Frontier Works Organization and Zahir Khan and Brothers (led by and hereinafter referred to as **FWO**). The technical bids were opened on November 04, 2019 (Minutes of Technical Bid Opening attached as **Annexure C**) and financial bids were opened on December 3, 2019 (Minutes of Financial Bid Opening attached as **Annexure D**). From

the three (3) bids received the consortium led by J.N & Co. quoted the lowest evaluated cost in terms of the financial evaluation criteria (Technical and Financial Evaluation Report is attached as **Annexure E**) and the TFEC recommended J.N & Co. as the preferred bidder to be placed before the Public Private Partnership Policy Board for approval of issuance of the letter of award/acceptance.

3. Thereafter the contents of the Complaint Letter were discussed and deliberated as follows:

a. **No Formal Letter Issued Informing Which Bidders (If Any) Have Been Technically Qualified**

The Complaint Letter states that proper procedure has not been followed in the procurement process since no formal letter was received by FWO informing them of the technically qualified bidders. It was clarified that the “*single stage two envelope procedure*” (as provided under Rule 46(2) of the SPPRA Rules has been adopted for the Malir Expressway Project. Pursuant to Rule 46(2) of the SPPRA Rules, following technical qualification the procuring agency is only required to communicate the time, date and venue for publicly opening financial bids of all technically qualified bidders. The aforesaid requirement was duly fulfilled and financial bids of all technically qualified bidders were publicly opened in the [Seventh Meeting] of the TFEC held on December 3, 2019 as recorded in the Bid Evaluation Report attached as **Annexure F**).

It was pointed out that since SPPRA Rules do not require any separate intimation to participating bidders of technically qualified bidders, therefore, at the outset the issue raised is without basis. Additionally, the issue raised was deemed incomprehensible and without merit as non-intimation of other technically qualified bidders cannot in any way be seen to be prejudicing the interests of FWO.

b. **Request to Declare the Bid of SMC as Non-Responsive due to Non-Compliance with Section 2.6.9 of the Request for Proposal for the Malir Expressway Project (“RFP”)**

Section 2.6.9 of the RFP (attached as **Annexure G**) requires the financial model (being submitted as part of the financial bid) to assume an annual escalation rate of 10% on the O&M costs.

To ensure transparency and fairness in the competitive bidding process, the RFP does not permit any amendments to the financial bid following its submission. Therefore, in terms of Section 2.6.10.11 of the RFP (attached as **Annexure H**), the annual escalation rate of 10% on the O&M costs was assumed to be part of the financial bid submitted by SMC.

It was noted that even if the RFP permitted an amendment to the financial bid after its submission and SMC's financial bid was increased to account for the escalation on O&M costs, SMC would nevertheless continue to be the second lowest evaluated bidder. Therefore, the outcome of the bidding process would remain the same. A comparison of key financial bid parameters of all bidders and Government of Sindh internal estimates prepared by the transaction advisors is provided below:

ITEMS	TRANSACTION ADVISOR	BIDDERS		
		FWO + ZKB	SMC	JN & Co. + HCL + NKB
CONSTRUCTION COST (INCLUDING TAXES AND DESIGN COST)	PKR 26.830 Billion	PKR 40.396 Billion	PKR 32.482 Billion	PKR 22.937 Billion
PRE-ESTIMATED PROJECT COST (EXCLUDING IDC)	PKR 27.671 Billion	PKR 43.472 Billion	PKR 36.280 Billion	PKR 25.435 Billion
PRE-ESTIMATED PROJECT COST	PKR 29.774 Billion	PKR 48.360 Billion	PKR 39.596 Billion	PKR 27.583 Billion
BID PRICE	PKR 18.226 Billion	PKR 32.262 Billion	PKR 30.776 Billion	PKR 19.066 Billion

c. **Submission of Hard Copy and Soft Copy of the Financial Model**

The Complaint Letter alleges that JN & Co. and SMC are in non-compliance with the RFP requirements for failing to submit a hard copy of their respective financial models. Furthermore, if hard copy is not provided, the financial model may be tampered with to change results. The Complaint Letter also states that after the TFEC evaluation there were “material changes” in bid price of both JN & Co. and SMC.

The aforesaid assertions were, at the outset, found to be incorrect and unwarranted. Firstly, it was clarified that the requirement under the RFP (in line with general practice in similar procurements) is for submission of only a soft copy of the financial model. This requirement is reiterated in Section 2.6.9 (i) and Section 3.5.3 (attached as **Annexure I**) of the RFP wherein it is expressly stated that the financial bid is required to include a financial model in excel spreadsheet form on a USB.

Secondly, the contention that if hard copy is not provided the financial model may be tampered to change results was determined to be bereft and easily dismissible since the bid price is also separately submitted in hard copy format attached as Form J-12 (*Financial Bid Form*) to the RFP (attached as **Annexure J**).

Lastly, the allegation that following the TFEC evaluation there were “material changes” in bid price of both JN & Co. and SMC was found to be erroneous and unsubstantiated. The financial bids received from each of the technically qualified bidders were opened and publicly announced in the Seventh Meeting of the TFEC held on December 3, 2019 in the presence of the authorized representatives of all technically qualified bidders including FWO and the same have been recorded in the Bid Evaluation Report. It was reiterated that there has been no change in the

bid price submitted by either JN & Co. or SMC and that such an assertion is spurious and appears designed to derail the procurement process.

d. **Meeting on Evaluation of Financial Proposal Lasted For Less Than One Hour With Lack of Serious/Fruitful Conclusions**

The referenced Eighth Meeting of the TFEC held on December 10, 2019 was to provide a brief on the outcome of the financial evaluation and found the bid price quoted by JN & Co. as the lowest evaluated cost. Minutes of the Eighth Meeting of the TFEC held on December 10, 2019 are available as part of the Bid Evaluation Report uploaded on the SPPRA website.

The allegation raised in the Complaint Letter stating that the meeting lasted for less than an hour without serious/fruitful conclusions was determined to be a frivolous claim indicative of FWO's intent to **mislead** the bidding process.

e. **Execution Cost Submitted by JN & Co. is lower than the GoS' Approximate Cost and Design Assumed is "Unrealistic and Misleading" therefore requires to be Verified by TFEC**

The assertion by FWO in the Complaint Letter that the execution cost (i.e., the pre-estimated project cost) submitted by JN & Co. of PKR 21.02 Billion is lower than the GoS' approximate execution cost and therefore the design assumed by JN & Co. is unrealistic and misleading was deemed both factually incorrect and without merit.

The assertion in the Complaint Letter incorrectly compares the pre-estimated project cost of the GoS with the construction cost (excluding taxes) of JN & Co. Since the construction cost is a component of the overall pre-estimated project cost it is much lower in comparison. It was observed that there is in fact only a marginal difference between the pre-estimated project cost of the GoS and JN & Co. (as set out in the table above). Therefore, the inclusion of such a baseless and incorrect allegation by FWO was designed to disrupt the bidding process.

Furthermore, the allegation that the design being assumed by JN & Co. is unrealistic and misleading was dismissed for being unwarranted and unfounded since the design requirements and criteria have already been provided in Annexure L (*Scope of Work*) of the RFP.

f. **Submission Of Indicative Term Sheet/Letter of Consent from Prospective Lenders As Part Of The Technical Bid**

The Complaint Letter incorrectly states that SMC did not provide the indicative term sheet/ letter of consent from prospective lenders whereas, it was verified that a letter of consent was provided as part of SMC's technical bid.

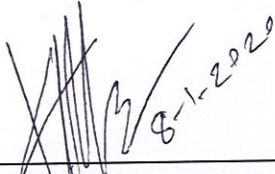
Additionally, the Complaint Letter states that JN & Co. did not altogether provide an indicative term sheet / letter of consent from prospective lenders. It was pointed out that submission of an indicative term sheet / letter of consent was not a pre-requisite and binding requirement under the RFP and the requirement was referenced (as a clarification/response to bidders' queries) as only one of the ways to demonstrate methodology for achieving financial close. Further, it was observed that on page No. 14 of the Consultant's Technical and Financial

Bid Evaluation Report, under the heading of the Workmethodology for project financial close, JN & Co. has been give zero (0) marks out of ten (10).

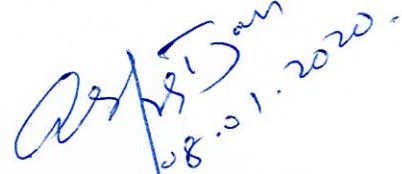
In view of the above, the aforesaid allegations were found to be in correct.

B. Decision:


While going through the clarifications given above in para A (1 to 3) by the Project Director Malir Expressway Project, and the documents provided in support, the CRC came to a conclusion that the grievances raised in the complaint letter from the consortium of FWO and ZKB are unproven/unfounded.



Muhammad Kamran Khan
(Additional Accountant General, Sindh)
(Member CRC)



Engineer Abdul Shakoor Pathan
(Independent Professional)
(Member CRC)




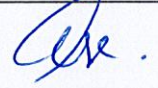

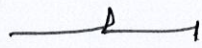
Muhammad Waseem
(Chairman Enquiries & Anti-Corruption Establishment, GoS)
(Chairman CRC)

ATTENDANCE SHEET

Complaint Grievances Committee (CRC) Meeting on Malir Expressway Project.

Enquiries & Anit-Corruption Establishment, 2nd Floor, old KDA Building,
Sindh Secretariat No. 3, Karachi.

8th January 2020 (Wednesday) at 10:00 AM

S. NO.	NAME	DESIGNATION	DEPARTMENT	CONTACT NO.	SIGNATURE
1.	Niaz Ahmed Soomro	Proj-i Dirabi	Local Govt.	0302 8239278	
2.	Abdul Shakoor Talpur	Independent- ACIS Representative		0300-2209525	
3.	Muhammad Kousar Khan	Adl-AC Sindh	AC-Sindh	03000200988	
4.	Muhammad Waseem	Chairman, ERACE	Enquiries & Anti-corruption	0300-2199881	
5.					
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10.					
11.					

HQ Frontier Works Organization
509 Kashmir Road, R.A Bazar
Rawalpindi
Tel : 9271316
Fax No : 9271323
444/Malir Expressway/494/CS
26 December 2019

To: P&D Department
Complaint Redressal Committee ✓
Local Government Department, Government of Sindh

Info: Project Director / Special Secretary (Technical)
Headquarter 494 Engineers Group

Subject: **Grievances on Evaluation of Technical & Financial Bids – Malir Expressway Project**

Reference: Meeting on Evaluation of Financial Bids held in P&D dated 10 December 2019

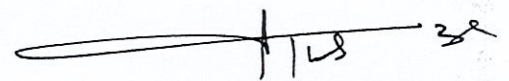
1. The bid proposals of subject project were submitted on 04 November 2019 and the technical proposals were opened the same day, thereafter the financial proposals were opened on 3rd December 2019. FWO – ZKB JVs grievances are as follows:-

- a. The procurement process did not follow proper procedure as there was no formal notification of qualified bidders after evaluation of technical bid. **FWO – ZKB JV did not receive any formal letter informing whether which bidders (if any) have been technically qualified.**
- b. Non-compliance of financial bid as per clause 2.6.9 (h), in which all bidders were required to incorporate annual escalation in O&M cost at the annual rate of 10%. **SMC did not comply with this clause and assumed no escalation, rendering their bid as non-compliant, which should have immediately resulted in disqualification.**
- c. As per clause 2.6.9 (d) the Financial Model must be a part of the financial bid for the bid to be considered compliant. However, neither JN&Co nor SMC submitted hard copy of financial model as part of their financial bid. Same is further substantiated through clause 2.6.9 (i), where it is explicitly stated that **“In addition, each Bidder is required to provide a copy of the Financial Model relating to its Financial Bid on a ‘Microsoft Excel Windows’ readable USB memory stick”. Thus, hard copy of financial model must be part of the Financial Bid, and in addition to that, a copy must be available in a USB memory stick. If it is not part of the bid, it renders bid non-compliant and raises question on the evaluation process.** If hard copy is not provided, then the Financial Model can easily be tampered with to change results, e.g. after the TFEC evaluation, there were material changes in bid price of both SMC and JN&Co.

Mr. Sajjad
P.D.D unit
In MP

1/1/2020

- d. Meeting on evaluation of financial proposals as per GoS letter no. LG/DG/M&E/AD-II/301(204-Karachi)/2017/1568 dated 6th December 2019 lasted for less than one hour with lack of serious/ fruitful conclusions.
 - e. The execution cost submitted by JN&Co is Rs 21.02 Bn, however, the cost estimate established by GoS was approx. Rs 30 Bn. Apropos, the design assumed by JN&Co is unrealistic and misleading. The basis of this cost estimate by JN&Co needs to be thoroughly verified by TFEC.
 - f. Indicative term Sheet / Letter of Consent from prospective lenders should have formed part of the Technical Bid. It is our understanding that SMC did not provide this letter in the technical bid, and JN Consortium did not provide it altogether. A company with no project history or credit history, which has failed to even provide a letter of consent from potential lenders raises severe question mark on the ability to achieve financial close. Such a company can sabotage the whole PPP process, wasting valuable time and resources of the taxpayers and Government, which took **more than 7 years to get to this stage.**
2. This letter is issued without prejudice to any other legal remedies available to M/S FWO – ZKB JV under the laws of Pakistan.
 3. Forwarded for information and kind consideration, please.



Director (Plans)
for Director General
(Aftab Aziz)



GOVERNMENT OF SINDH
SERVICES, GENERAL ADMINISTRATION
AND CO-ORDINATION DEPARTMENT

Karachi, dated the 7th February, 2018.

NOTIFICATION

NO:SO(C-IV)SGA&CD/4-7/12(P-I) In pursuance of Rule 82(2) of Sindh Public Procurement Rules-2010 (amended upto 2017) and with the approval of competent authority, the Government of Sindh are pleased to constitute a Technical & Financial Evaluation Committee (TFEC) to hire services of private partner for **Construction of Malir Expressway Project from KPT Flyover, Korangi Road to Super Highway (M-9) along Malir River, Karachi**, under Public Private Partnership (PPP) mode, with the following composition & TORs:-

1	Chairman P&D Board, Planning and Development Department, Government of Sindh.	Chairman
2	Secretary, Finance Department, Government of Sindh.	Member
3	Secretary, Local Government & HTP Department, Government of Sindh.	Member
4	Additional Secretary (Technical) or equivalent (not below BPS-19) Works & Services Department, Government of Sindh.	Member
5	Project Director / Special Secretary, Local Government & HTP Department	Member/Secretary
6	Sarosh Lodhi, Vice Chancellor, N.E.D University of Engineering & Technology, Karachi.	Member
7	Director, PPP Unit, Finance Department, Government of Sindh.	Member

Terms of Reference:

- The Committee shall oversee selection process of private partner (developer).
- The Committee shall review and approve the bidding documents such as evaluation (selection) criteria, Request For Proposal (RFP), draft Concession Agreement and Project Brief / Information Memorandum, prepared by the procuring agency, and its Transaction Advisors for the purpose of issuing the same to the prospective bidders, by the Procuring Agency, i.e Local Government & HTP Department.
- The Committee may extend the date in respect of any activity of the project Timeline in accordance with the provisions of Sindh Public Procurement Rules, 2010.
- The Committee or its authorized representatives may, if there need be, hold pre-bid conference with the bidders(s), and address query of the bidders.
- The committee shall carry out technical and financial evaluation of the bids pursuant to the RFP.
- The committee shall prepare bid evaluation reports as provided in rule SPPRA 45.
- The committee shall recommend the preferred bidders to the PPP Policy Board for issuance of letter of intent/award by the procuring agency i.e Sindh Local Government Department.
- The committee shall perform any other task assigned to it by the PPP Policy Board Sindh in the context of this project.
- The committee shall perform any other function ancillary and incidental to the above.

-RIZWAN MEMON-
CHIEF SECRETARY SINDH

Cont'd P/2....

[Handwritten signature and date]
07/02/2018

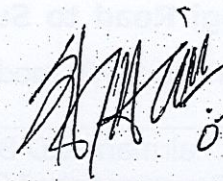
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NO:SO(C-IV)SGA&CD/4-7/12(P-I)

Karachi, dated the 7th February, 2018.

Copy is forwarded for information & necessary action to:-

- 1) The Chairman P&D Board, Planning & Development Department, Government of Sindh.
- 2) The Principal Secretary to Governor Sindh, Karachi.
- 3) The Principal Secretary to Chief Minister Sindh, Karachi.
- 4) The Administrative Secretaries (all), Government of Sindh.
- 5) The Chairman / Members (all) of the Committee.
- 6) The Deputy Secretary (Staff) to Chief Secretary Sindh.
- 7) The P.S. to Chief Secretary Sindh.
- 8) The P.S. to Secretary (I&C), SGA&CD.
- 9) Master file.


07/02/2018

(ALTAF HUSSAIN)
SECTION OFFICER (C-IV)

CHIEF SECRETARY SINDH
RIZWAN MEMON
Card 25

C

SUBJECT: FIFTH MEETING OF THE TECHNICAL & FINANCIAL EVALUATION COMMITTEE (TFEC) OF MALIR EXPRESSWAY PROJECT

A meeting of the Technical & Financial Evaluation Committee (the "TFEC") for the Malir Expressway Project (the "Project") was held on Tuesday 19th November, 2019 at 2:00 pm in the Committee Room of Planning & Development Board, Government of Sindh under the Chairperson, Planning & Development Board. The list of TFEC members in attendance at the meeting is attached herewith as "Annexure A".

2. The Chair initiated the meeting by welcoming the participants. Thereafter, the Director, PPP Unit informed the Forum that the consultants for the project have evaluated the Technical Bids, received from the three (3) bidders and prepared a Legal Evaluation Report (LER) which is being presented before the TFEC members attached as "Annexure B".

3. The legal consultants briefed the forum that the documents provided by the bidders were thoroughly scrutinized, in line with the requirements as laid down in RFP. All the three bidders meet the Basic Eligibility Criteria, barring a few omissions in some documents which require clarification and are presented below:

- (a) Sultan Mehmood & Company: The bidder has mentioned incorrect length of Malir expressway in its Power of Attorney, therefore, it may be required to resubmit the Power of Attorney with correct length of the Malir expressway mentioned therein.
- (b) Consortium led by J.N & Co.: The bidder has provided individual Commitment Form whereas the prescribed format in the RFP specifies that all members of the Consortium should execute on a single Commitment Form, therefore, it may be required to submit only one Commitment Form signed by all the members of the consortium.
- (c) Consortium led by FWQ: The bidder has not submitted its bid in the form of hard book binding as required by section 1.6.5.3 of the RFP. However, all the pages of the bid are signed, stamped and numbered as required by the same section of the RFP. The last sentence of the same section reads "**Any Bid not substantially adhering to these requirements may be rejected by the TFEC**". Another observation was that the bidder has provided Health & Safety Policy in its original bid but the same was missing in the photocopy of bid used by consultants for evaluation. Moreover, the following documents are not as per the exact form/order required under RFP, therefore, the TFEC may require it to submit the following documents to comply with the specific requirement of RFP:
 - Joint Bidding Agreement pursuant to requirements stated in Clause 3.1.1(b) of the RFP;
 - Power of Attorney (to be notarized);
 - Commitment Form (to be signed by all Members of the Consortium);
 - Declaration Form (to be printed on the Bidder's Letter Head);
 - Integrity Pact for Malir Expressway Project;
 - Quality Policy. (Quality Rules provided)

4. The members inquired from the Legal Consultants, if seeking the clarification in documents is allowed under RFP and Sindh Public Procurement Rules, 2010 ("**SPP Rules**"). The legal consultants

responded that seeking clarification in these documents is in line with the provision of RFP and SPP Rules. The Legal Consultants referred to Rule 43 of SPP Rules and stated that even though the law allows to seek clarifications, no further documents which have the effect of technically or financially improving the bid to the detriment of the other bidders will be accepted. In light of the same, TFEC decided that the Local Government Department, Government of Sindh may ask each of the bidders to submit the documents in question as per or in accordance with the specific requirements of the RFP. As to the hard book binding issue with the FWO's bid, the TFEC decided that since out of four requirements as set out in section 1.6.5.3, only one requirement of hard book binding was not as per the RFP, the bid of FWO being substantially adhering to the requirements as set out in section 1.6.5.3 of the RFP be accepted in the interest of the competition. Moreover, the TFEC also desired to reconcile the bidding documents provided in hard copies with the soft copy (CD/USB) provided by the bidder to ensure completeness.

5. With respect to the consortium led by J.N & Co., the forum was informed that Basic Eligibility Criteria under the RFP requires the Bidder to have a net worth of PKR 6,000,000,000 (Pakistani Rupees Six Billion only) as presented under the most recent financial statement/wealth statement. In case a Bidder is a Consortium, only such members of the Consortium that are proposed to be shareholders as per the Joint Bidding Agreement (as provided by the Bidder) shall be considered for this criterion, and in the evaluation of the same, they must collectively meet the criterion. The proposed shareholding provided under the Joint Bidding Agreement and the net worth of the Consortium members as per their recent audited financial statement for the year ended June 30, 2018 does meet the above mentioned criteria. However, it needs to be considered whether the Consortium can achieve Financial Close since the shareholding of the lead member, J.N & Co., does not align with its current net worth (detailed shareholding and equity required is mentioned in the BER).

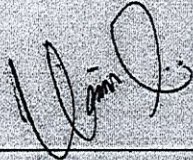
6. The TFEC members asked the consultants if the consortium led by J.N & Co is fulfilling the requirements of net worth collectively, as laid down in RFP and that the consortium will also be able to achieve the financial close. In response to the same the financial consultant stated that the consortium is sufficiently meeting the requirement of net worth collectively. Whereas, with respect to achieving the financial close, the consultants stated that the lead member i.e. J.N & Co. holds shareholding of 70%, as per the Joint Bidding Agreement, therefore it is being assumed that the equity injection required by J.N & Co would be around PKR 4.2 to 7 billion whereas the net worth provided by the company is around PKR 134 Mn (as per the audited financial statement). It appears that J.N & Co. does not have sufficient balance sheet strength (based on individual net worth) to arrange the required equity injection. Therefore, the consortium may be collectively held responsible for arranging the required equity.

7. Endorsing above, the legal consultants, pursuant to the LER (page no. 11), SPP Rules and the RFP, informed the forum that TFEC has the option to seek clarification from J.N & Co. regarding its arrangement for injecting equity in the SPV. However, if the bidder is unable to provide the required clarity for injecting equity, an undertaking / corporate guarantee may be procured from the consortium members (provided there is no change in the existing shareholding of the consortium, as set out in the joint bidding submitted as part of the Bid), that if any member of the Consortium fails to inject the proportionate equity in the SPV, the remaining members of the Consortium shall undertake / guarantee to inject the required equity in the SPV to overcome such shortfall. Based on the aforementioned, other members of the Consortium have sufficient balance sheet strength to arrange the required equity amount and procure additional amounts in case other member fails to inject their proportionate equity.

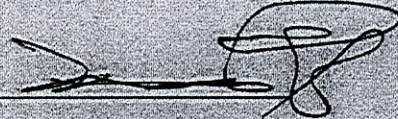
8. In order to maintain healthy competition, to provide equal opportunity to all the bidders, based on the recommendation of the legal consultant as provided in the LER and after detailed deliberations, the TFEC decided the following:

- i. Sultan Mehmood & Company may be asked to resubmit the Power of Attorney with correct length of the Malir expressway mentioned therein;
- ii. The consortium led by J.N & Co may be asked to resubmit commitment form signed by all the members. Moreover, the consortium members may also be called to present their stance before TFEC and provide clarity with respect to injecting required equity and achieving the financial close, given the issue pointed out in para 7 above;
- iii. The consortium led by FWO may also be called to point out the discrepancies in their documents mentioned in para 3(c) above and asked to provide these documents in the form/order required as per RFP.

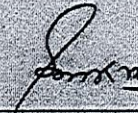
9. The meeting ended with a vote of thanks to the participants.



Director
PPP Unit



Project Director
Local Government Department




Mr. Sarosh Lodi
Vice Chancellor
NED University



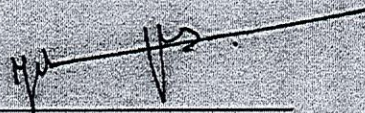
Mr. Muhammad Saleh
Memon
Senior Chief Development
Works & Services
Department



Mr. Roshan Ali Shaikh
Secretary
Local Government Department



Mr. Syed Hasan Naqvi
Secretary
Finance Department



Ms. Naheed S. Durrani
Chairperson
Planning & Development Board

ATTENDANCE SHEET

5th. Technical & Financial Evaluation Committee (TFEC) Meeting on Malir Expressway Project.

Committee Room of Local Government Department, 2nd Floor, Tughlaq House Building, Sindh Secretariat, Kamal Atta-Turk Road Karachi.

19th November 2019 (Tuesday) at 02:00 PM

S. NO.	NAME	DESIGNATION	DEPARTMENT	CONTACT NO.	SIGNATURE
1.	M. Sajid ul Munim	DIRECTOR (S&H)	PPP UNIT, FINANCE DEPT, GOS	0371-1285576	
2.	Fayaz Muhammad Saadullah	PD MEN	LGD.	0331 2266322	
3.	Abulhasan Vesi	Perthor	HMCO (Legal Counsl)		
4.	MUBARIK KHAN	SENIOR ASSOCIATE	HMCO (LEGAL)	0322 10001143	
5.	Hasan Nagvi	FS	FD.		
6.	Muhammad Saleh Memon	Senior chief Development	Works and services	030092006764	
7.	Rashid Ali-Siddiqui	Secretary LS9 HTP	LS 9 HTP		
8.	Yasir Muntaz	DIRECTOR	PPP Unit		
9.	Muhammed Ali Memon	DD PPPUNIT			
10.	Abrar M Khan	DIRECTOR PPP Unit	PPP Unit		
11.	Huzefa Magarib	Principal - F&I Ford Chodars	Transaction Advisor		
12.	Zaeshan Hussain	Partner EY	u u	0300820115	

Ford Chodars

D

SUBJECT: SEVENTH MEETING OF THE TECHNICAL & FINANCIAL EVALUATION COMMITTEE (TFEC) OF MALIR EXPRESSWAY PROJECT

A meeting of the Technical & Financial Evaluation Committee (the "TFEC") for the Malir Expressway Project (the "Project") was held on Tuesday 3rd December, 2019 at 2:00 pm in the Committee Room of Planning & Development Board, Government of Sindh under the Chairperson, Planning & Development Board. The list of TFEC members in attendance at the meeting is attached herewith as "Annexure A".

2. The Chair initiated the meeting by welcoming the participants and asked the consultants to brief the members about the outcome of the technical evaluation, carried by them. The technical consultant informed that after thoroughly scrutinizing the bid documents, some clarifications were sought from all the three bidders. The corrected/revised documents were submitted by the bidders within the given deadline. The technical evaluation process has now been completed, all the three bidders have qualified technically (detailed technical assessment attached Annexure B) and we can proceed with the opening of financial bids.

3. Thereafter, the Director PPP, showed the sealed financial envelopes to all the bidders and asked if any one has any objection with respect to its sanctity. No objection was raised by the bidders. The financial bids of all the three bidders were opened, one by one, and each bid was examined for having a valid bid security, the form of bid security, issuing bank, amount of bid and validity period, all of the details were read out loud. All the bids had valid and enforceable bid security/bank guarantee attached with their financial proposal.

4. After assessment of each bid security to everyone's satisfaction, its financial proposal was opened. The key number including the bid price, estimated project cost (with and without taxes), government support required, private partner's equity and the bank loan etc. were read out loud. The details are reproduced as under:

Criteria			
Construction cost excluding tax	36,929,450,000	36,000,000,000	21,622,458,572
Pre-estimated Project Cost	3,659,822,956	3,258,647,011	27,582,829,363
GoS Upfront Support (Equity)	PKR 10,000 Bn	PKR 5,992 Bn	PKR 4,157 Bn
Private Party Equity	PKR 11,672 Bn	PKR 10,400 Bn	PKR 5,547 Bn
Commercial Debt	PKR 26,598 Bn	PKR 19,204 Bn	PKR 17,929 Bn

5. The financial consultants stated that apparently the bid price quoted by consortium led by J& N Co. appears to be lowest of all the three bids. However, the winning bidder can only be announced once the financial evaluation process is carried out wherein the consistency of parameters, as laid down in RFP (including the financial model, incorporation of taxes and indexation of rates) are fully checked.

6. At this stage, one of the bidders pointed out that the financial proposal of the bidder

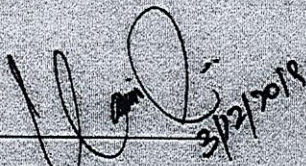
Page 1 of 2

i.e. consortium led by J.N & Co does not carry the Indicative Term Sheet. Further, he requested that the copy of financial bids of all the bidders should be shared with each other, in addition to that the evaluation of the financial bids should also be carried out in the next 3-4 hours.

7. In response to the same, the financial consultant informed if any bidder has not submitted the Indicative Term Sheet with the technical proposal or the financial proposal, the bidders shall not get the allocated marks for it. With respect to sharing copies of financial bids and carrying out evaluation then and there, the TFEC informed the bidder that the evaluation process shall be carried out as per provision of SPPRA and RFP and the findings shall be shared in detail with all the bidders.

8. The TFEC asked the consultants to take over the financial proposals, conduct their evaluation and share the outcome with TFEC members in presence of the bidders in the next TFEC meeting.

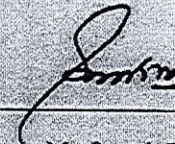
9. The meeting ended with a vote of thanks to the participants.



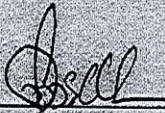
Director
PPP Unit



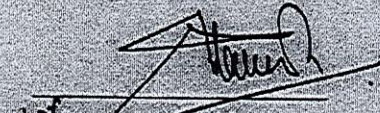
Project Director
Local Government Department



Mr. Sarosh Lodi
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Mr. Muhammad Saleh
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Mr. Roshan Ali Shaikh
Secretary
Local Government Department



Mr. Syed Hasan Naqvi
Secretary
Finance Department



Ms. Naheed S. Durrani
Chairperson
Planning & Development Board



"E"

E

Malir Expressway Project Bid Evaluation TFEC Presentation

December 2019



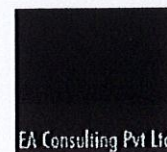
EA Consulting Pvt Ltd

HAIDERMOTA & Co.
ADVOCATES



Building a better
working world

Financial Evaluation



HAIDERMOTA & Co.
ADVOCATES

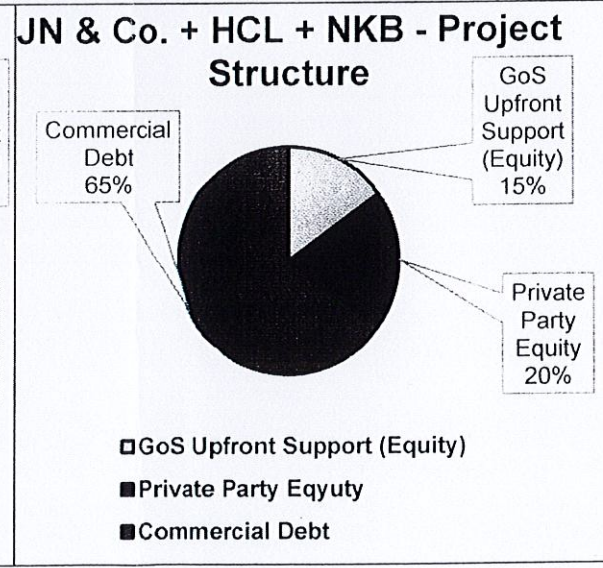
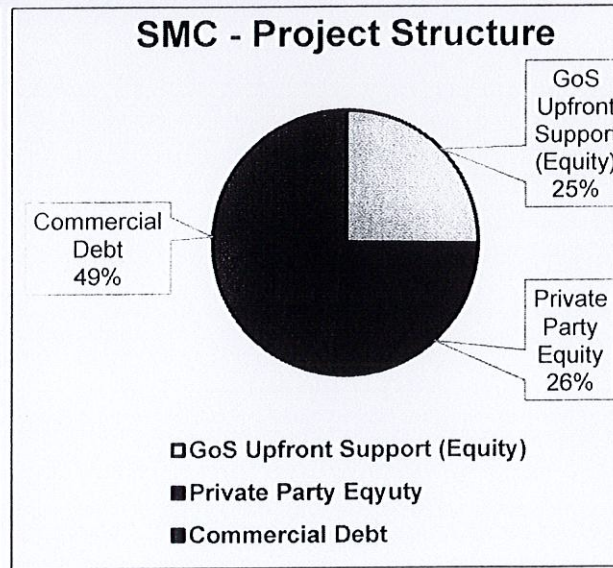
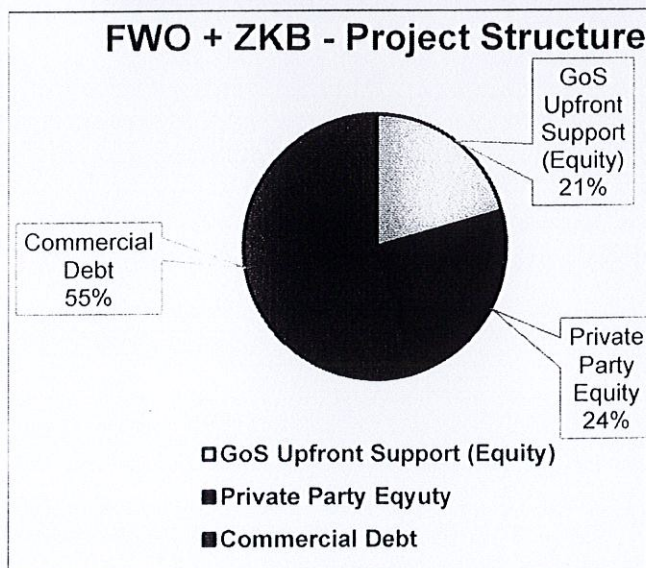


Pre-Estimated Project Cost

Criteria	Bidders		
	FWO + ZKB	SMC	JN & Co + HCL + NKB
Construction cost excluding taxes	36,929,450,000	30,000,000,000	21,022,458,472
Taxes on construction cost	2,542,950,848	2,432,432,432	1,674,418,605
Engineering design cost	923,236,250	50,000,000	240,000,000
IDC	4,887,833,185	3,316,292,986	2,147,595,396
Insurance cost	553,941,750	105,081,081	300,000,000
Other project cost	1,045,233,923	1,097,645,917	895,234,467
Other taxes	-	2,594,594,595	1,063,122,924
Total cost before contingency	46,882,645,956	39,596,047,011	27,342,829,863
Contingency	1,477,178,000	-	240,000,000
Pre-Estimated Project Cost	48,359,823,956	39,596,047,011	27,582,829,863
Taxes	2,542,950,848	5,027,027,027	2,737,541,528
Pre-Estimated Project Cost (excluding taxes)	45,816,873,108	34,569,019,984	24,845,288,334

Project Structure

Criteria	Bidders		
	FWO + ZKB	SMC	JN & Co. + HCL + NKB
GoS Upfront Support (Equity)	PKR 10.000 Billion	PKR 9.992 Billion	PKR 4.137 Billion
Private Party Equity	PKR 11.672 Billion	PKR 10.400 Billion	PKR 5.517 Billion
Commercial Debt	PKR 26.598 Billion	PKR 19.204 Billion	PKR 17.929 Billion
Pre-Estimated Project Cost	PKR 48,360 Billion	PKR 39.596 Billion	PKR 27.583 Billion



Financial evaluation results

Criteria		Bidders					
		FWO + ZKB		SMC		JN & Co. + HCL + NKB	
		TA Model	Bidder Model	TA Model	Bidder Model	TA Model	Bidder Model
PV of MRG Amount	Debt servicing	18.329 Billion	18.329 Billion	13.919 Billion	13.919 Billion	12.099 Billion	12.099 Billion
	O&M	3.450 Billion	3.446 Billion	7.649 Billion	5.776 Billion	1.830 Billion	1.833 Billion
	Taxes	0.496 Billion	0.487 Billion	0.330 Billion	1.089 Billion	0.409 Billion	0.997 Billion
Grand Total		22.274 Billion	22.262 Billion	21.898 Billion	20.784 Billion	14.337 Billion	14.929 Billion

Financial evaluation results

Criteria		Bidders					
		FWO + ZKB		SMC		JN & Co. + HCL + NKB	
		TA Model	Bidder Model	TA Model	Bidder Model	TA Model	Bidder Model
Bid Price	GoS Upfront Support	10.000 Billion	10.000 Billion	9.992 Billion	9.992 Billion	4,137 Billion	4.137 Billion
	PV of MRG Amount discounted @ 14%	22.274 Billion	22.262 Billion	21.898 Billion	20.784 Billion	14.337 Billion	14.929 Billion
Grand Total		32.274 Billion	32.262 Billion	31.890 Billion	30.776 Billion	18.475 Billion	19.066 Billion
Difference/delta		PKR 0.012 Billion		PKR 1.114 Billion		PKR (0.591) Billion	
Rank/result		3rd		2nd		1st	

Bid Price = GoS Upfront Support + Present Value (PV) of MRG Amount discounted @ 14%

Annexure



Background

The Malir Expressway Project's Request for Proposal (RFP) was issued by Local Government Department (LGD), Government of Sindh (GoS) on **31 July 2019** and **3** bids were received on **01 November 2019** in response to the RFP from the following bidders:

1. **FWO** (Frontier Works Organization) + **ZKB** (Zahir Khan & Brothers)
2. **SMC** (Sultan Mehmood & Company)
3. **JN & Co.** + **HCL** (Habib Construction Services) + **NKB** (Niaz Muhammad Khan & Brothers)

Technical evaluation criteria

- ▶ The technical bid is evaluated and scored based on the evaluation criteria as stipulated in the RFP;
- ▶ Bidders were required to achieve a minimum score of 70 points to be technically qualified and must score at least 50% in each category listed below;

S. No.	Criteria	Weightage/marks
1.	Financial Capabilities	50
2.	Technical Capabilities	50
	Total	100

- ▶ The TFEC shall only evaluate the financial bid of the Bidder who has technically qualified i.e. achieved at least 70 points out of 100 points.

Financial evaluation criteria

- Financial Bids of Bidders, who have qualified technically, will then be opened and evaluated.
- Financial Bids will be evaluated based on the Bid Price, which shall be calculated based on the following formula:

$$\text{Bid Price} = \text{GoS Equity Contribution} + \text{Present Value (PV) of MRG Amount discounted @ 14\%}$$

- The Bidder offering the lowest Bid Price would then be selected as the Preferred Bidder.
- Any errors or omissions in a Bid will not result in automatic rejection of the Bid.
- In this case, the GOS may seek clarifications from the Bidder and/or ask the Bidder to correct any errors or omissions in their Bid, within the time limits specified in the request.
- However, the Bidder shall only be allowed to amend/rectify tax and other identified parameters like KIBOR, O&M indexations etc. EPC cost etc. will not be modified.

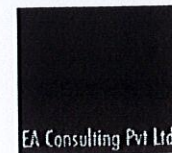
Basic Eligibility Criteria



Basic eligibility criteria

Sr. No.	Criteria	Bidders		
		FWO + ZKB	SMC	HN & Co. + HCL + NKB
1	Registration with tax authorities	✓	✓	✓
2	Affidavit for government owned legal entities	✓	N/A	N/A
3	Affidavit for no conflict of interest	✓	✓	✓
4	Affidavit for non-blacklisting	✓	✓	✓
5	Affidavit for litigation history	✓	✓	✓
6	Affidavit for failure to sign contract	✓	✓	✓
7	Financial situation	✓	✓	✓
8	Registration with Pakistan Engineering Council (PEC)	✓	✓	✓
9	General construction experience	✓	✓	✓
10	Specific work experience	✓	✓	✓
11	Quality policy	✓	✓	✓
12	Health and safety policy	✓	✓	✓
13	Net worth	✓	✓	✓

Technical Evaluation



HAIDERMOTA & Co.
ADVOCATES



Technical evaluation results - Financial Capability

Criteria	Max points	Bidders		
		FWO + ZKB	SMC	HN & Co. + HCL + NKB
A-1 Average Annual Turnover in last 3 years	10	10	06	10
<ul style="list-style-type: none"> ▶ PKR 6 billion Max. Points 3 ▶ for each increment of PKR 1 billion Points 1 		Average annual turnover in last 3 years: PKR 107.5 billion	Average annual turnover in last 3 years: PKR 10.9 billion	Average annual turnover in last 3 years: PKR 22 billion
A-2 Net worth as per latest financials	20	20	09	08
<ul style="list-style-type: none"> ▶ PKR 6 billion Max Points 5 ▶ for each increment of PKR 1 billion Points 1 		Net worth (Latest financial - 2018): PKR 98.8 billion	Net worth (Latest financial - 2018): PKR 10.02 billion	Net worth (Latest financials - 2018): PKR 9.3 billion
A-3 Leverage ratio (debt/debt+equity)	10	10	10	10
<ul style="list-style-type: none"> ▶ if ratio is at or above 85% Points 0 ▶ if ratio is between 84.99% - 70% Points 2 ▶ if ratio is between 69.99% - 50% Points 4 ▶ if ratio is between 49.99% - 30% Points 6 ▶ if ratio is between 29.99% - 10% Points 8 ▶ if ratio is at or below 9.99% Points 10 		Leverage ratio (Latest financial statements - 2018): 1.0%	Leverage ratio (Latest financial statements - 2018): 0.0%	Leverage ratio (Latest financial statements - 2018): 0.6%
A-4 Work methodology for project financial close	10	07	07	00
Financial capability	50	47	32	28
Result		QUALIFIED	QUALIFIED	QUALIFIED

Technical evaluation results - Technical Capability

Criteria	Max points	Bidders		
		FWO + ZKB	SMC	HN & Co. + HCL + NKB
B-1 Relevant construction experience 3 projects each worth of PKR 2.5 billion (or higher) or less than 3 projects with a cumulative worth of PKR 7.5 billion (or higher) Max. Points 10 For each additional project worth PKR 750 million or higher Points 2 Any project worth less than PKR 750 million shall not be considered for scoring. Documentary proof (i.e., work order and completion certificate) be attached.	25	25	25	25
		Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents
B-2 Personnel for contracting firm	15	15	12	13
		Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents	Points awarded as per the Bidding Documents
B-3 Annual construction turnover in last 3 years PKR 5 billion Max. Points 6 For each increment of PKR 500 million Points 1	10	10	10	10
		Average construction turnover in last 3 years: PKR 104 billion	Average construction turnover in last 3 years: PKR 10.9 billion	Average construction turnover in last 3 years: PKR 22 billion
Construction Capability	50	50	47	48
Result		QUALIFIED	QUALIFIED	QUALIFIED

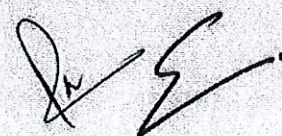
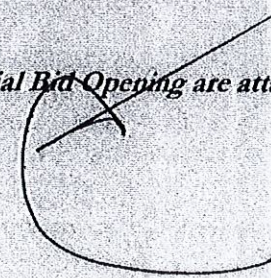
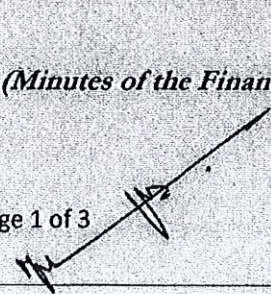
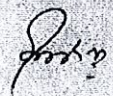
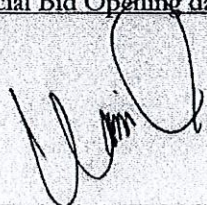
Combined Technical evaluation results

Criteria		Max. points	Bidders		
			FWO + ZKB	SMC	HN & Co + HCL + NKB
1	Financial capability	50	47	32	28
2	Technical capability	50	50	47	48
Grand Total		100	97	79	76
Result			QUALIFIED	QUALIFIED	QUALIFIED

Thank you

Bid Evaluation Report

1. Name of Procuring Agency: Local Government Department, Government of Sindh
2. Tender Reference No: INF-KRY 4198-19
3. Tender Description/Name of work/item: **Malir Expressway Project** (the "Project"). Project scope covers Design, Build, Finance, Operate & Maintain (DBFOM) an Expressway on Malir River, which will facilitate thousands of commuters and heavy traffic of Karachi Port, Korangi Industrial Area, Landhi Industrial Area, Steel Mills, Port Qasim and other such areas towards upcountry through the National and Super Highways. The project includes the development of 38.75 kilometres 3x3 lane expressway with controlled access along the Malir River starting from Korangi Creek Avenue (DHA) and ending at Karachi-Hyderabad Motorway (M-9) near Kathore via existing Link Road. The proposed expressway will provide speedy access, reducing the commuting time to only 25 minutes. The Expressway will have 6 interchanges.
4. Method of Procurement: International Competitive Bidding. Single Stage Two Envelopes.
5. Tender Published: 28th July 2019 (Dawn, Business Recorder, Jang, Kaawish)
31st July 2019 (Khaleej Times)
6. Total Bid documents Sold/Issued: Bidding documents were available (free of cost) on the SPPRA website
7. Total Bids Received: Three (3).
8. Technical Bid Opening date: 01st November, 2019 (*Minutes of Technical Bid Opening are attached herewith as Annexure-A*)
9. No. of Bid technically qualified (if applicable): Three (3).
10. Bid(s) Rejected: None.
11. Financial Bid Opening date: 3rd December, 2019 (*Minutes of the Financial Bid Opening are attached herewith as Annexure-B*)



12. Bid Evaluation Report:

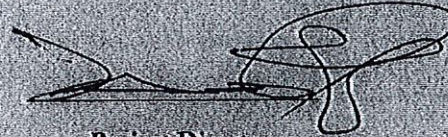
S. No.	Name of Firm or Bidder	Cost offered by the Bidder	Ranking in terms of cost	Comparison with Estimated cost	Reasons for acceptance/rejection	Remarks
0	1	2	3	4	5	6
1.	Consortium of J.N. & Co. (JNC), Niaz Muhammad Khan and Brothers (NKB) and Habib Construction Services Limited (HCS)	Project Cost Rs. 27,582,829,863	1 st	Estimated Cost: Rs. 29,774,358,148	Technically qualified bidder, quoting the lowest evaluated cost in terms of the financial evaluation criteria. <i>(Technical and Financial Evaluation Report is attached herewith as Annexure C)</i>	The TFEC recommended the consortium led by J.N & Co. as the preferred bidder and decided to place it before the Public Private Partnership Policy Board for approval of issuance of Letter of Award/Acceptance (LoA).
2.	Sultan Mehmood & Company (SMC)	Project Cost Rs. 39,596,047,011	2 nd	-do -	Technically qualified bidder, quoting the second lowest evaluated cost in terms of the financial evaluation criteria. <i>(Technical and Financial Evaluation Report is attached herewith as Annexure C)</i>	Not Qualified
3.	Consortium of Frontier Works Organization (FWO) and Zahir Khan & Brothers (ZKB)	Project Cost Rs. 48,359,823,956	3 rd	-do -	Technically qualified bidder, quoting the highest/third lowest cost in terms of the financial evaluation criteria. <i>(Technical and Financial Evaluation Report is attached herewith as Annexure C)</i>	Not Qualified

Disclaimer: The costs shown in column 2 and 4 are project costs given by the bidders and the consultant respectively, whereas the bidding is carried out as per the bidding evaluation criteria (GoS upfront support + PV of MRG Amount) presented under the bidders' model on page No. 6 of the attached Bid Evaluation Report (Annexure B), prepared by the consultants.

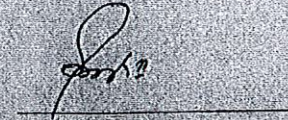
Signatures of the members of the Technical & Financial Evaluation Committee (TFEC)



Director
PPP Unit



Project Director
Local Government Department



Mr. Sarosh Lodi
Vice Chancellor
NED University



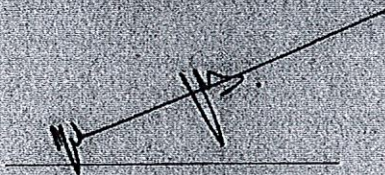
Mr. Muhammad Saleh Memon
Senior Chief Development
Works & Services Department



Mr. Roshan Ali Shaikh
Secretary
Local Government Department



Mr. Saeed Hasan Naqvi
Secretary
Finance Department



Ms. Naheed S. Durrani
Chairperson
Planning & Development Board

VOLUME I: REQUEST FOR PROPOSAL
MALIR EXPRESSWAY PROJECT



- Design & construction methodology for the interchanges
 - Quality management programs.
 - Quality control programs.
 - Environmental requirements.
 - Consistency of schedules.
 - Design assumptions.
 - Construction techniques.
 - Project management systems.
 - O&M program.
 - ETTM & Toll Collection.
- c. This evaluation is neither comprehensive nor a complete verification of technical compliance with the specifications of the Draft Concession Agreement.
- d. The Substantial Completion Date and the Project Construction Completion Date, as per the Project Milestones given in this RFP and the Draft Concession Agreement, or as may be agreed at the time of the Concession Agreement.

2.6.9 A Financial Bid must meet the following requirements in order to be considered compliant:

- a. It must contain complete information requested in Form J12 (*Financial Bid Form*).
- b. In the opinion of the TFEC, the Bidder continues to have sufficient financial capacity to achieve the Malir Expressway Project completion.
- c. The financing plan indicates that the planned financing is sufficient to cover all of the Malir Expressway Project's requirements for the full term of the Concession Agreement (including design, construction, finance, operation, and maintenance).
- d. The Financial Model:
 - provides a Substantial Completion Date and Project Construction Completion Date as per the Project Milestones given in this RFP and the Draft Concession Agreement;



- is consistent with the technical bid (design schedule and cost, construction schedule and cost, maintenance schedule and costs, operations cost).
- e. In the opinion of TFEC, the financing plan is robust in the short, medium and long-term. “**ROBUST**” means that the contemplated financing is sufficient to support reasonable fluctuations in the main risks of the Concession (e.g.: inflation, construction costs and schedule, O&M costs, etc.) without triggering the financing documents’ events of default.
- f. The Financial Model shall include detailed description and workings of all applicable federal, provincial and local taxes, duties, levies and other charges (including initial tax depreciation workings) in a separate sheet as per the Income Tax Ordinance 2001 (as may be amended, modified, supplemented or re-enacted from time to time). These tax workings and calculations will be assessed by the Independent Auditor and if required, the Independent Auditor in consultation with the Preferred Bidder shall adjust the tax workings and calculations in accordance with the Income Tax Ordinance, 2001 (as may be amended, modified, supplemented or re-enacted from time to time).
- g. The Financial Model shall assume the KIBOR rate at 14% and the Bidders will be required to include the expected spread / margin over the KIBOR rate for computation of the debt liability. The spread / margin should be based on discussions with prospective lenders and/or Bidders likely estimate of the financing cost.
- h. The Financial Model shall assume an annual escalation rate of 10% on the O&M Costs, which shall be included in the MRG Amount.
- i. In addition, each Bidder is required to provide a copy of the Financial Model relating to its Financial Bid on a ‘Microsoft Excel Windows’ readable USB memory stick. Such file shall not be protected by a password and shall be in an unlocked format containing, *inter alia*, a user guide and data book setting out the assumptions of the Financial Model.

2.6.10 SCORING CRITERIA – TECHNICAL EVALUATION OF BID

- 2.6.10.1 The TFEC shall carry out its evaluation, applying the evaluation criteria and point system specified in this RFP. Each responsive Technical Bid shall be attributed to a score out of a total of 100 points.
- 2.6.10.2 After complete evaluation of the Technical Bids, the Financial Bids of the Bidders, who have been qualified technically, shall be evaluated. This qualification shall be based on the Bidder achieving a technical score, equal or higher than 70.
- 2.6.10.3 The TFEC will select that Bidder as the Preferred Bidder, who has the lowest Bid Price in accordance with the terms of the RFP, provided that such Bidder has technically qualified and that the Bid of such Bidder is a Compliant Bid.

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- 2.6.10.4 The Bid must be submitted at the place and by the deadline specified in this RFP.
- 2.6.10.5 The Commitment Form, with no amendments or changes thereto, must be signed by the Bidders and its Members as part of the Bid.
- 2.6.10.6 Duly passed resolutions giving the representative of the Bidder (and each of its Members, in case of a Consortium) signing authority must accompany the Bid. In case a Bidder is not a corporate entity, the requisite power of attorney appointing the authorised representative to sign on behalf of the Bidder shall be provided.
- 2.6.10.7 The declaration, in form and substance attached hereto as ANNEXURE G, with no amendments or changes thereto, must be signed by the Bidders and their Members and submitted as part of the Bid.
- 2.6.10.8 The Non-Disclosure Agreement, identical in form and substance attached hereto as ANNEXURE H, with no amendments or changes thereto, must be signed by the Bidders and its members and submitted as part of the Bid.
- 2.6.10.9 Further, the Integrity Pact, identical in form and content to the one found in ANNEXURE I, with no amendments or changes thereto, must be signed by the Bidder and submitted as part of the Bid.
- 2.6.10.10 The Bidder must provide the Bid Security described in the RFP. The Bid Security submitted as part of the Bid shall be in the form of a bank guarantee or a standby letter of credit and must be written in English, and in case of a bank guarantee, the same shall be fully compliant with the form and substance attached hereto as ANNEXURE D.
- 2.6.10.11 Any other errors or omissions in a Bid will not result in its automatic rejection. The TFEC reserves the right to ask Bidders to correct any errors or omissions in their Bid, to the TFEC's satisfaction, within the time limits specified in the request. However, under no circumstances can Bidders amend the Financial Bid as a result of clarifying or rectifying their Bid.
- 2.6.10.12 The Bid of only those Bidders shall be considered who meet the Basic Eligibility Criteria set forth in ANNEXURE A of the RFP.
- 2.6.10.13 The TFEC shall attribute a technical score to responsive Technical Bids.
- 2.6.10.14 Technical Bids scoring less than seventy (70) points shall be rejected. The Bids technical score shall be calculated as follows:

Serial No.	Criteria	Weightage/Marks
A.	Financial Capability	50
B.	Construction Capability	50
	Total	100



- is consistent with the technical bid (design schedule and cost, construction schedule and cost, maintenance schedule and costs, operations cost).
- e. In the opinion of TFEC, the financing plan is robust in the short, medium and long-term. “**ROBUST**” means that the contemplated financing is sufficient to support reasonable fluctuations in the main risks of the Concession (e.g.: inflation, construction costs and schedule, O&M costs, etc.) without triggering the financing documents’ events of default.
- f. The Financial Model shall include detailed description and workings of all applicable federal, provincial and local taxes, duties, levies and other charges (including initial tax depreciation workings) in a separate sheet as per the Income Tax Ordinance 2001 (as may be amended, modified, supplemented or re-enacted from time to time). These tax workings and calculations will be assessed by the Independent Auditor and if required, the Independent Auditor in consultation with the Preferred Bidder shall adjust the tax workings and calculations in accordance with the Income Tax Ordinance, 2001 (as may be amended, modified, supplemented or re-enacted from time to time).
- g. The Financial Model shall assume the KIBOR rate at 14% and the Bidders will be required to include the expected spread / margin over the KIBOR rate for computation of the debt liability. The spread / margin should be based on discussions with prospective lenders and/or Bidders likely estimate of the financing cost.
- h. The Financial Model shall assume an annual escalation rate of 10% on the O&M Costs, which shall be included in the MRG Amount.
- i. In addition, each Bidder is required to provide a copy of the Financial Model relating to its Financial Bid on a ‘Microsoft Excel Windows’ readable USB memory stick. Such file shall not be protected by a password and shall be in an unlocked format containing, *inter alia*, a user guide and data book setting out the assumptions of the Financial Model.

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- 2.6.10.3 The TFEC will select that Bidder as the Preferred Bidder, who has the lowest Bid Price in accordance with the terms of the RFP, provided that such Bidder has technically qualified and that the Bid of such Bidder is a Compliant Bid.



3.5 FORMAT OF FINANCIAL BID

- 3.5.1 The Financial Bid shall be provided in accordance with the format attached as Form J-12 (*Financial Bid Form*) on the Bid Submission Date.
- 3.5.2 Under no circumstances shall the GoS consider / accept a conditional Bid.
- 3.5.3 The Financial Bid shall also include a fully functional, non-restricted, dynamically linked Financial Model in excel spreadsheet form on a USB in accordance with requirements of this RFP.

3.6 LIST OF STANDARD BID TECHNICAL FORMS

The standard forms for the Technical Bid are provided in Annexure J.

- | | |
|------------|--|
| FORM – J1 | Basic Information Form |
| FORM – J2 | Historical Non-Performance, Black Listing and Pending Litigation |
| FORM – J3 | Financial Situation |
| FORM – J4 | Current Contract Commitments / Works in Progress |
| FORM – J5 | Details of Contracts of Similar Nature and Complexity completed over last 20 years |
| FORM – J6 | List of Key personnel |
| FORM – J7 | CVs of proposed experts |
| FORM – J8 | Plant & Equipment |
| FORM – J9 | Not Used |
| FORM – J10 | Detailed Plan for Achieving Financial Close. |
| FORM – J11 | Basic Information Form – EPC Contractor. |
| Form – J12 | Financial Bid Form |

Any additional information that may be necessary for the Bid.



FORM J-12
FINANCIAL BID FORM

Key Financial Indicators

Year (after Project construction completion)	1	2	...	25
Revenue				
Debt - Principal Payment				
Debt - Interest				
Operations; and Maintenance costs				
Taxes (in accordance with Income Tax Ordinance 2001)				

1. PRE-ESTIMATED PROJECT COST BREAKUP

Item	Total
Construction cost excluding taxes	In PKR
Taxes on construction cost (in accordance with Income Tax Ordinance 2001)	
Engineering / design costs	In PKR
Interest During Construction cost	In PKR
Insurance Cost (PKR)	In PKR
Other Project Costs items	In PKR
Other Taxes	In PKR
<i>Total cost before contingency)</i>	In PKR
Contingency	In PKR
Pre-Estimated Project Cost	In PKR

2. CAPITAL STRUCTURE

Total Pre-Estimated Project Cost		
Private Party Equity	In %	In PKR
GoS Equity	In %	In PKR
Debt	In %	In PKR

3. DEBT ASSUMPTIONS

Interest Rate	
Quoted Margin (Spread) on base rate	In %