

January 28, 2019

REQUEST FOR PROPOSALS

FOR HIRING

TRANSACTION ADVISOR

FOR

**COMMERCIAL UTILIZATION OF A STATE
GUEST-HOUSE LOCATED IN LAHORE**

UNDER

PUBLIC PRIVATE PARTNERSHIP MODALITY

JANUARY, 2020

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Letter of Invitation

Dear Sir/Madam,

1. Introduction

Public Private Partnership Authority (PPPA), an autonomous statutory corporate body established under the provisions of Public Private Partnership Authority Act, 2017, has the mandate to advise, facilitate and regulate federal Public Private Partnership (PPP) transactions and facilitate federal implementing agencies in developing, structuring, procuring and approving, through its Board, their infrastructure projects through private sector investment.

Ministry of Foreign Affairs (MoFA), GoP hereby invites submission of proposals for, in accordance with the terms of this Request For Proposal (the, “RFP”), for hiring of consultants to provide services as detailed in the RFP, including but not limited to, commercial utilization of its State Guest-house located in Lahore, on PPP basis. Your proposal will form the basis for negotiations and eventually in an agreement between MoFA and the Successful Bidder.

The qualified Transaction Advisor (meeting the minimum technical qualification parameters as specified below) having credible professional experience in PPP transaction advisory, will be required to carry-out commercial feasibility study and transaction structuring on PPP basis and assist in procuring the value for money for MoFA (hereinafter referred to as “the Transaction Advisory Assignment or the Assignment”).

A brief description of the services (Hereinafter referred to as “Services”) is set out in the Terms of Reference (“TOR”) attached as Annex-1.

The Services shall be carried out in accordance with the enclosed TOR. The continuation of Services shall be subject to satisfactory performance of the Transaction Advisor, as determined by MoFA.

Reference to ‘the Transaction Advisor’ includes the entire Transaction Advisory Services team, or relevant members, under management of a single lead Transaction Advisor who shall enter into the Contract with MoFA.

Please note that:

- a) the costs of preparing the proposals and negotiating the Contract, including any site visits, are not reimbursable, and
- b) MoFA reserves the right to reject any or all the proposals submitted.

2. Technical & Financial Proposals

2.1. Technical Proposal

In order to achieve the objectives of the Assignment, the Transaction Advisor will be expected to take complete responsibility for all the activities identified in the attached TOR. Transaction Advisor will, *inter-alia*, conduct review of the existing legal, organizational, technical and financial systems; need & option analysis of the property (State Guest-house located in Lahore) on PPP basis; and prepare a feasibility study report and contractual documents which advances the best mode of implementing the Project under PPP modality, and shall be expected to assist in all such other activities considered ancillary and incidental towards successful closure of the Project on PPP basis.

The technical proposal should contain, *inter-alia*; a complete description and explanation of the proposed methodology for the Assignment (work plan), timelines, staffing, names and qualifications of allocated personnel and any other resources that Transaction Advisor will make available to execute the Assignment and achieve its objectives. The technical proposal should be prepared using the format attached in Annex-3 and submitted as per procedure described in Annex-2. The Transaction Advisor must submit comprehensive information and data in support of the criteria defined in Annex-2.

2.2. Financial Proposal

The Financial Proposal should stipulate the fees for the Assignment, prepared using the format attached as Annex-3, and submitted as per procedure described in Annex-2. MoFA will not be responsible for any tax or insurance liability arising out of the performance of the Services for the Assignment, and all fees and costs are to be expressed in Pakistan Rupees only.

The technical and Financial Proposals shall be evaluated by MoFA in terms of the criteria described in Annex-2. Any Technical or Financial proposal which is not in strict conformity with the format attached in Annex-3 will be disqualified.

Interested parties are requested to submit their proposals within **Two Weeks** from the date of publication of the advertisement.

3. Negotiations

The Contract negotiations shall be carried out in terms of the criteria given in Annex-2 and based on the draft Transaction Advisory Agreement (“TAA or the Contract”) attached as Annex-4.

4. Clarifications

In addition to pre-bid meeting, should you require any clarification on any term(s) contained in this RFP or the Annexes attached hereto, please contact Mr. Dr. Rana Tahir Jamil Ali, [Director - SP] (Email: [dir.mb@mofa.gove.pk]). In the interest of fairness, any clarifications issued would be posted on MoFA's website (www.mofa.gov.pk).

5. Other terms

This RFP and the Attachments hereto are subject to the overriding conditions set out in Annex-5.

6. PPP Framework

The PPPA Act, 2017, highlighting the salient features of the PPP framework under which the Project is to be implemented, is available on PPPA's website (www.pppa.gov.pk).

Yours sincerely,

Dr. Rana Tahir Jamil

[Director - SP]

Attachments:

- Annex-1: Terms of Reference **[Page-7]**
- Annex-2: Procedures for Submission & Evaluation of Proposals **[Page-20]**
- Annex-3: Format for Submission of Proposals **[Page-24]**
- Annex-4: Draft Transaction Advisory Agreement **[Page-29]**
- Annex-5: Conditions **[Page-50]**
- Annex-6: Details of the State Guest-house **[Page-52]**

TERMS OF REFERENCE

FOR

HIRING TRANSACTION ADVISOR FOR

COMMERCIAL UTILIZATION OF

A STATE GUEST-HOUSE LOCATED IN LAHORE

UNDER

PUBLIC PRIVATE PARTNERSHIP MODALITY

1. Introduction

Currently, MoFA owns and operates State guest-house measuring 132 kanals located in Lahore. MoFA, on the directions of the Prime Minister Office and in its drive to make optimum utilization of its real-estate properties, **wants to convert its state-owned guest-house into high-end hotel while keeping intact the heritage value attached to existing buildings(s)**, on PPP basis which should result in help GoP creating its constant source of revenue from the commercial use of aforesaid property while simultaneously offering private party an adequate rate of return on its investment.

The major socio-economic benefits of the Project include:

- a) Tapping demand for hospitality sector through building high-end hotels while keeping heritage value attached to the Property intact
- b) Making optimum use of government owned property in the posh area
- c) With no GoP investment, creation of constant source of revenue for GoP
- d) Capitalizing private sector expertise and efficiencies
- e) Significant risk transfer to the private party
- f) Maximizing use of PSDP resources on the priority/strategic projects
- g) Timely completion of the Project as per the desired out specifications

2. Rationale of the Assignment

GoP, in order to widen and diversify its revenue sources, is exploring private sector participation to make the most of its unutilized or underutilized real-estate properties. In this regard, PPPA is assisting MoFA in seeking qualified Transaction Advisor to devise most optimum commercial use of its State guest-house located in Lahore on PPP basis. PPPA will be advising, facilitating and regulating the entire development, transaction structuring and procurement process for the Project and the Board of PPPA will be approving the Project for awarding to the private party if, *inter-alia*:

- a) The Project fetches adequate value for money for GoP
- b) There is appropriate risk-transfer to the private party, and
- c) The private party earns its reasonable rate of return on its investment.

The Transaction Advisor's team (consisting of financial, legal and technical expertise) will help MoFA in developing and structuring the Project in a way to achieve (a), (b) and (c) above. TA will also suggest necessary measures/ options which may reduce any negative externalities that may arise as a result of the Project.

The Project will be conceived in a manner whereby the private party will be responsible to:

- a) Design, Build/Upgrade/Refurnish and Finance the Project from its own resources through a mix of equity and debt
- b) Operate the Project for a defined concession period to earn reasonable rate of return on its investment and making appropriate revenue share with MoFA/GoP, and
- c) At the end of concession period, transfer the Project back to MoFA at no cost

The ownership of the Project assets and the land shall remain with MoFA/GoP, however its development and operational rights will be given to the private party for the prescribed concession period.

3. Scope of the Assignment

The ultimate objective of the Assignment is to explore various options and models for the best commercial utilization of the aforesaid Property under PPP modality. For it to be achieved successfully on PPP basis, the Transaction Advisor will be expected to perform the following:

3.1. Technical

- a) Determination of the commercial or market value of the land housing the aforesaid guest-house
- b) Identification of buildings/structures to which heritage value is attached and proposing required improvements/refurbishments, if any (for its best commercial utilization while keeping its heritage value intact)
- c) Cost estimates for the aforesaid improvements/refurbishments
- d) For the area not occupied by the buildings/structures having heritage value, proposing best commercial utilization & exploitation options for such area/land including assessment of the construction of high-end hotel(s) and allied infrastructure

- e) Detailed engineering design of the proposed high-end hotel
- f) For each refurbishment/construction item identified above, life-cycle cost estimates for construction of main building(s) and allied infrastructure, including but not limited to estimating the capital costs, operating costs, routine repairs & maintenance costs, taxes, financial costs and functional/periodic maintenance expenditures etc. Construction schedules shall be provided clearly highlighting the proposed cost-phasing for the Project
- g) Conducting Socio-Economic Assessment & Analysis, Environmental Impact Assessment of the Project as well as formulating a social development plan to address and mitigate the potential negative social and environmental impacts arising out of the Project
- h) Determining output specifications based on quality of service and performance standards for engineering works to be met by the private party and to be translated into Service Level Agreement. This will be formulated in the context of building safety and security measures specific to the Project
- i) Stakeholder analysis, identifying interests of various stakeholders and suggesting mechanisms to ensure smooth implementation and operation of the Project
- j) Other aspects as deemed appropriate by the Transaction Advisor or as may be suggested by MoFA from time to time during the currency of the Assignment.

3.2. Legal

- a) Assessment of the local building control and other bye-laws
- b) Assessing need for any obtaining consents, permissions, approvals etc. required for construction of the recommended option and/ or use of the land
- c) Title of land and determination of any restrictions on the use of land/property in accordance with local, provincial or other applicable laws
- d) Assessing various PPP options and suggesting best PPP model
- e) Draft bidding documents including Pre-qualification document, Request for Proposal (RFP) and develop procurement process for the selection of successful private party
- f) Draft Concession Agreement for the Project

- g) Devising structures for the implementation of the Project including appropriate legal, capital and corporate structures; the proposed corporate set-up for the Project could be formation of a Project SPV/private limited company
- h) Formulate a Monitoring and Reporting mechanism to ensure compliance of private party actions as prescribed in the Concession Agreement and devising adequate payment and penalty mechanism. This mechanism should be simple, effective and practical to expedite the achievement of financial close for the Project.

3.3. Financial

- a) Establish commercial/market demand for the high-end hotel; identify potential direct and indirect revenue sources and revenue drivers pertaining to each revenue source, and make adequate revenue forecasts over the life of the Project
- b) Carry-out risk assessment for various options and suggest adequate risk-sharing and risk-mitigation mechanisms keeping in view various PPP modalities in order to ensure the smooth implementation of the Project
- c) Prepare robust financial model (addressing base-case and risk-adjusted scenarios for various PPP modalities including but not limited to Design-Build-Finance-Operate-Transfer, Deferred Payments, and Hybrid Structures etc) specifically addressing the following aspects **over the entire Project concession period:**
 - i. Assumptions, clearly categorized as general, revenues & costs, macro-economic and financial markets
 - ii. Income statements, statements of cash flows, balance sheets and fixed assets' schedules
 - iii. Debt schedules and funding sheets highlighting sources and uses of funds
 - iv. Valuations showing Project Internal Rate of Return (IRR), Equity IRR, Project Net Present Value (NPV), Equity NPV, Payback Periods (Simple and Discounted)
 - v. Ratio analysis such as Debt Service, Interest Cover, Project Life Cover, Loan Life Cover and other prominent ratios
 - vi. Sensitivity analysis for critical variables of the Project

- vii. Financial implications for the public sector accounting for GoP revenue share from the Project, corporate taxes etc.
- viii. Financial results for various PPP modalities identified above
- ix. Benefit to cost and value for money analysis for both the public and the private sectors

4. Phases of the Assignment

The TOR/scope of work defined above will be divided in the following two phases:

4.1. Phase-I (Transaction Structuring)

In this phase the Transaction Advisor will be expected to carry-out full-fledged bankable feasibility study (addressing all the technical, legal, financial, economic and environmental aspects of the Project), suggesting value for money solution to MoFA involving least or no financial contribution by MoFA/GoP and addressing all other critical aspects of the Project. The feasibility study together with the Project structure will have to be approved by the Board of PPPA. Time Frame for completing Phase-I will be **12 weeks** after signing TAA with the Transaction Advisor. Phase-I includes the following set of activities:

4.1.1. Task 1: Kick-off Meeting

Within **a week** from the award of the Assignment, the Transaction Advisor will conduct a kick-off meeting with the representatives of MoFA. The objective of this meeting will be to discuss and finalize the detailed plan of activities proposed by the Transaction Advisor. The meeting will cover the following important considerations:

- a) Review project documents and assessment of MoFA requirements
- b) Finalizing methodology and assessing requirements to complete the Assignment within the specified time frame
- c) Review of timetable of activities/ milestones going forward
- d) Review of the team organization and detailed functions of the team members
- e) Discussion and finalization of communication strategy whereby all stakeholders will be regularly involved and consulted throughout the Assignment
- f) Any specific issue requiring immediate attention of MoFA

Under no circumstances the scope of work committed in the Transaction Advisory Agreement will be redefined. In this meeting, the Transaction Advisor will present a brief report, containing information about the key issues; mainly relevant to the investor's perspective, which might affect investor interest in the Project. The report will also contain recommendations with respect to mitigation of investor concerns on such issues.

Deliverables:

- a) Detailed methodology and time schedule for the Assignment
- b) A communication strategy
- c) Progress report to date
- d) A brief report on the identification of key issues relevant from the investor's perspective and/or issues that might affect investor interest in the Project, which will also contain recommendations with respect to mitigation of investor concerns on such issues

Timeframe: 1 week from signing of Transaction Advisory Services Agreement

4.1.2. Task 2: Review of Relevant Information

This stage will involve Transaction Advisor undertaking site visits and review of any information available with MoFA. The Transaction Advisor will conduct due diligence of the State guest-house and how it can be converted into high-end hotel while keeping its heritage value intact.

4.1.3. Task 3: Review of Existing Systems

Transaction Advisor will undertake full-scope study of the Property. In particular the Transaction Advisor shall study and assess impact of all legal, technical, financial, environmental and market/commercial aspects of the Property.

Deliverable for Task 2 & 3:

- a) Summarizing findings from Task-2 & 3
- b) Review of the existing studies, identification of issues and gaps, and defining limiting conditions, if any

Timeframe for Task 2 & 3: 4 weeks from signing of Transaction Advisory Agreement

4.1.4. Task 4: Preparation of Feasibility Study

The Transaction Advisor shall study and propose various PPP models to execute the Project on PPP basis, covering all the legal, organizational, technical, environmental, social and financial aspects along with determining its commercial viability and bankability.

Transaction Advisor will be required to produce a comprehensive feasibility study report to incorporate any recent changes in data which thoroughly investigates the preferred implementation options and finalize the transaction structure covering all legal & regulatory aspects, organizational structures, technical and financial details supported by Excel-based financial model reflecting optimal design parameters, risks & costs, and the service levels.

The Feasibility Study must enable the MoFA to determine (for each option assessed):

- a) Full life-cycle costs of the Project
- b) Affordability in terms of budgetary provisions and user charges
- c) Outputs required in terms of service delivery (Service levels standards, performance indicators etc)
- d) Risks identified, quantified and its sharing between the public sector and private party
- e) Payment and penalty mechanisms
- f) Corporate and finance structure
- g) Uses and sources of finances
- h) Viability and bankability
- i) Value for money for GoP
- j) Analysis of various PPP options

The feasible recommended structure must be genuinely reflective of the constraints and concerns of all the key stake holders.

Deliverables: Feasibility Report (as per the tentative contents provided in Appendix B), including:

- a) A detailed assessment of various options and the recommended structure keeping in view the critical mass to make these projects financially viable according to clustering approach/ geographical segmentation
- b) A detailed engineering design for the recommended solution, outlining the technical aspects of the Project
- c) Assessment of legal and regulatory frameworks, applicable laws and approvals required from various agencies to smoothly implement and execute the Project
- d) An extensive financial evaluation to determine Project's viability and bankability
- e) A robust business and user-friendly financial model (for various proposed PPP structures), recommending the most optimal Project structure. The Excel-based financial model should represent full costs of delivering the Project, as well as risks associated with the Project according to the output specification via the preferred feasible structure. Model must be flexible enough to assess the viability and efficiency of the various proposed structures
- f) Devising optimum legal, capital and corporate structures for the smooth implementation of the Project
- g) Presentation to MoFA/PPPA on the report, and assistance in the selection and approval of appropriate transaction structure.

Time frame: 7 weeks from signing of Transaction Advisory Agreement.

4.2. Phase II (Transaction Implementation):

The Transaction Advisor will assist MoFA in marketing the Project by conducting road-shows/ investor conference(s); prepare competitive bidding documents devising appropriate technical and financial criteria (in consultation with PPPA); evaluate technical bids; assist MoFA/PPPA in negotiating the concession agreement with the successful bidder; and facilitate Successful Bidder, on behalf of MoFA, in achieving financial close for the Project.

Time Frame for Phase-II = 20 weeks after completion of Phase I

4.2.1. Task 1 Development of Request for Proposal (RfP) and the Draft Concession Agreement

The Transaction Advisor will prepare RFP and a draft Concession Agreement for the implementation of the Project based on PPP frame work as prescribed in PPPA, Act 2017. RFP and the draft Concession Agreement should include outputs

required in terms of service delivery related to constructing, managing and operating the Project; i.e. evaluation criteria, service level standards, performance indicators, risk-allocation, roles & responsibilities of the private party and MoFA/GoP, payment and penalty mechanisms etc. These predetermined outputs will enable GoP to carryout transparent and competitive procurement process for the Project and post-Project award carry-out effective monitoring of the private party's overall performance.

Deliverables: RFP and draft Concession Agreement including:

- a) Draft scope of work, output specifications and service levels
- b) Draft of risk allocation, risk mitigation and monitoring mechanisms
- c) Draft technical and financial criteria
- d) Draft termination and other payments and penalty mechanisms
- e) Draft schedules of concession agreement

Timeframe: 4weeks after approval and finalization of transaction structure including all related documentation.

4.2.2. Task 2 Preparation of Information Memorandum (IM)/Project Prospectus (PP) and Marketing

The Transaction Advisor, assisted by MoFA, will be responsible to market the Project to a wide array of investors. Costs related to marketing exercise including advertisements and travel costs other than advisory consortium member will be borne by MoFA. All such costs would require prior approval. The IM/PP will be a comprehensive marketing document, intended to assist pre-qualified potential bidders in evaluating the investment opportunity and risks.

The IM/PP will contain concise information and the envisaged timeline for the Project. It will highlight the opportunity and salient features of the Project as well as the broad terms and conditions, and draft transaction documents for the execution of the Project.

Deliverables:

- a) Information Memorandum/Project Prospectus
- b) Marketing strategy, advertising and implementation plan for soliciting investor interest.

Timeframe: 8 weeks after approval and finalization of the transaction structure

4.2.3. Task 3 Procurement Process

Based on the chosen structure, competitive tendering process will have to be initiated to select the most appropriate private party, which could implement the Project most effectively, with least assistance from MoFA. The process to be adopted will be transparent with clearly defined evaluation criteria to encourage effective participation by the private sector.

The Transaction Advisor will assist MoFA in management of the bidding process including, but not limited to the conduct of the bidding process, bid opening and evaluation of technical& financial bids with the assistance of MoFA and any co-opted members of MoFA, recommendations on award, and presentation to MoFA& PPPA for seeking approval of the said recommendations, preparation and issuance of Letter of Intent (LoI)& Letter of Support (LoS) to the prospective investor, negotiations with successful bidder and closing of the Project.

Deliverables:

- a) Pre-bid conference after issuance of the RFP to pre-qualified investors/operators
- b) Bids evaluation and selection and appraisal/approval of Successful Bidder
- c) Consolidated report which includes Bids evaluation, selection/appraisal of Successful Bidder, final agreement and the process of selection
- d) Letter of Intent (LoI) and Letter of Support (LoS)

Timeframe: 16 weeks after approval and finalization of transaction structure

4.2.4. Task 4 Deal Closure and Signing of the Concession Agreement

After selection and approval of the Successful Bidder, negotiations on the Concession Agreement shall begin. The Transaction Advisor shall:

- a) Assist PPPA/MoFA in negotiating Concession Agreement with the Successful Bidder, and
- b) Update/amend the Concession Agreement to reflect negotiated terms

On completion of Concession Agreement negotiations with the Successful Bidder the formal procedure for deal closure will be initiated leading to the signing of the Concession Agreement with the Successful Bidder.

Deliverables: Deal closure and Signing of the Concession Agreement.

Timeframe: 4 weeks after the selection of the Successful Bidder

Note: This is to clarify that Financial Close for the Project is separate from the deliverable of Task 4: (a) Deal Closure and Signing of Concession Agreement. Therefore, Financial Close must be treated as a separate task to be undertaken after completion of Task 4.

Once the deal is closed and the agreement is signed between MoFA and the Successful Bidder, the Transaction Advisor must ensure that loan and other financing agreements are signed between the Successful Bidder and the financiers. Upon completion of this task, the project will achieve financial close.

5. Transaction Advisor Profile

The Transaction Advisor is expected to possess the following skills and competencies:

- a) Technical expertise
- b) Real estate expertise
- c) Financial expertise
- d) Legal and regulatory expertise
- e) Procurement expertise
- f) Expertise in marketing PPP Projects
- g) Project management expertise

Selection will be based on verifiable demonstration of experience (same sector / similar projects) and qualification (firm as well as assigned staff).

6. General Conditions

- a) A steering committee to be formed comprising representatives of MoFA and at the decision of the MoFA, the representatives of PPPA may also be part of the Steering Committee only for advisory purposes only to oversee development, structuring, procurement and implementation of the Project. Any decisions taken shall be the decisions which are approved and agreed upon by the representatives of MoFA. All Payments against the deliverables shall be made by MoFA on the satisfactory completion of that deliverable. The steering

- committee shall meet at designated place to review each and every deliverable. The proceedings of the Committee shall not be affected by lack of quorum.
- b) The Transaction Advisor shall be responsible for assisting in carrying out competitive bidding process and performing all activities incidental to successful closure of the Project. While a detailed scope of work has been spelled out in the present TOR, the Transaction Advisor shall also be responsible for providing assistance in activities, not specifically mentioned in the TOR, that are necessary for successfully concluding the Assignment. The Transaction Advisor shall appoint a Team Leader to assume overall responsibility for the Project and to interface with MoFA. The Transaction Advisor will maintain all records for the Project for a period of one year from the termination of activities under the Transaction Advisory Agreement. During this period, the Transaction Advisor will assist PPPA/MoFA in dealing with queries/issues related to the Project.
 - c) Five hard copies and one soft copy of each draft document mentioned under deliverable shall be submitted to the MoFA. The MoFA will share the documents with the Steering Committee which will offer its comments and recommendations. These shall be incorporated to the draft final documents by the Transaction Advisor. After incorporation of the comments, the Transaction Advisor shall submit 15 hard copies and one soft copy of each of the final documents to MoFA.
 - d) All documents shall be prepared in English and submitted on electronic media along with required number of hard-copies.
 - e) All the data, documents and reports produced by the Transaction Advisor for the said services shall be the property of MoFA. The Transaction Advisor shall not share and use any data, document and reports for any other purpose/job without the explicit written approval of MoFA.
 - f) MoFA will be nominating one Project Manager to liaise with the Transaction Advisor and PPPA on all activities pertaining to the Assignment. The Manager will be responsible for providing technical inputs and information to the Transaction Advisor and PPPA on the Project.
 - g) Financial close for the Project may take at least 24 weeks. The Transaction Advisor shall begin this assignment as soon as the TAA is signed. Indicative deadline and payment schedule is given in Appendix-A to the TAA.

Annex-2: Procedure for submission and evaluation of Proposals

**PROCEDURE FOR SUBMISSION AND EVALUATION OF
PROPOSALS
FOR
HIRING TRANSACTION ADVISOR FOR
COMMERCIAL UTILIZATION OF
A STATE GUEST-HOUSE LOCATED IN LAHORE
UNDER
PUBLIC PRIVATE PARTNERSHIP MODALITY**

Procedure for submission & evaluation of Proposals

1. Submission of Proposals

The Technical Proposal shall be submitted in triplicate (one original and two copies) and placed in a sealed envelope clearly marked as “Technical Proposal for hiring Transaction Advisor for commercial utilization of a State guest-house located in Lahore on PPP basis”.

The Financial Proposal (one original) shall be submitted in a separate sealed envelope clearly marked “Financial Proposal for hiring Transaction Advisor for commercial utilization of a State guest-house located in Lahore on PPP basis”.

The Bidders are requested to submit their Technical and Financial Proposals in separate sealed envelopes, enclosed in one larger sealed envelope addressed correctly and legibly, to Dr. Rana Tahir Jamil, [Director - SP] Ministry of Foreign Affairs, Constitution Avenue, G-5/2, Islamabad].

The Proposals shall be signed by a duly authorized representative and in case of firm/consortium the Proposals should include a power of attorney/ letter of authority authorizing such representative to sign and submit the Technical and Financial Proposals.

2. Evaluating the Proposals

On expiry of the date for submission of the Proposals, the evaluation process will begin.

A two-stage procedure shall be adopted in evaluating the Proposals. The technical evaluation shall be carried out first, followed by the financial evaluation. The evaluation of the Technical Proposal shall be carried out using the technical evaluation criteria and point system specified below. Each responsive proposal shall be attributed a technical score (Str). Bidders scoring less than 75 points shall be rejected and their Financial Proposals shall be returned unopened.

2.1. Technical Proposal

Each Technical Proposal shall be evaluated against the following criteria and the weights shall be assigned to them accordingly:

Criteria	Sub-criteria	Marks allocation basis	Marks allocated
Relevant experience and similar assignments	Relevant experience	At least 5 years	25
		Less than 5 years	0
	Undertaking similar assignments	At least 3	25
		Less than 3	0
	Value of similar assignments undertaken	> = PKR 2 billion	10
		> = PKR 1 billion and up to PKR 2 billion	7
< PKR 500 million		5	
Competence and qualification of team	The Bidder with the team of qualified and experienced civil and other relevant field experts will be given preference		20
Work-plan and methodology	This will be tested against Bidder's practical approach towards the Project and the realistic time-lines proposed by the Bidder.		20

2.2. Financial Proposal

Short-listed Bidders that receive a raw technical score (Str) of 75 points or higher shall stand equal and shall be informed of their technical qualification and all other bidders shall stand disqualified and their sealed Financial Proposals shall be returned to them unopened. Only sealed Financial Proposals of technically qualified bidders shall be opened on a pre-determined date which shall be intimated in advance. The Bidder with the lowest financial quote shall be declared successful.

3. Contract negotiations

The Contract negotiations for the Assignment shall be conducted with the authorized representatives of the Successful Bidder and shall primarily focus on issues related to the work plan, deliverables and mechanism for payment and disbursements. The Assignment duration shall remain the same as specified in Annex 1. A copy of the document conferring authority in this regard shall be made available prior to commencing the Assignment negotiations. In case the negotiations with the Successful Bidder are unsuccessful, negotiations with the authorized representatives of second Successful Bidder may be carried out, and so on and so forth.

MoFA shall be under no obligation to select any of the firm/ consortium submitting the proposal, and have the right to cancel the procurement process at any time, without assigning any reason.

4. Address and date of Submission

The Proposals should be delivered to “Dr. Rana Tahir Jamil, [Director - SP] Ministry of Foreign Affairs, Constitution Avenue G-5/2, Islamabad”, by [Date of Proposal submission]. Failure to deliver the Proposals as aforesaid shall mean immediate disqualification.

5. Exclusion and prohibitions

The Transaction Advisor shall be prohibited from using any of the proprietary information without the express approval of MoFA for a period of two (2) years after the completion of the Assignment.

Annex- 3: Format for Technical & Financial Proposals

**FORMAT FOR TECHNICAL & FINANCIAL PROPOSALS
FOR
HIRING TRANSACTION ADVISOR FOR
COMMERCIAL UTILIZATION OF
A STATE GUEST-HOUSE LOCATED IN LAHORE
UNDER
PUBLIC PRIVATE PARTNERSHIP MODALITY**

Format for Technical and Financial proposals

FROM:

TO:

Dr. Rana Tahir Jamil
[Director - Special Projects]
Ministry of Foreign Affairs
Islamabad

Sir/Madam:

Subject: **Hiring Transaction Advisor for commercial utilization of a State guest-house located in Lahore on PPP basis (the Assignment)**

I/We [The Bidder] herewith enclose the sealed Technical Proposal (3 copies) and sealed Financial Proposal (1 original) of my/our firm(s)/organization(s) as the Transaction Advisor for the Assignment

Yours faithfully,

Signature _____

(Authorized Representative)

Full Name _____

Designation _____

Address _____

1. Format for Technical Proposal

The Technical Proposal shall provide information regarding how the bidder is technically qualified to undertake and complete the Assignment as per the TORs in timely and cost-effective manner. The Bidder, for it to be technically qualified and for its proposal to be responsive, shall be required to demonstrate the following through documentary evidence regarding:

- a) It must be an artificial person (registered firm or a company registered with Securities & Commission of Pakistan)
- b) It must be registered with Pakistan Engineering Council
- c) It must have at least 5 years prior experience of dealing with commercial utilization of real-estate property, through private sector investment
- d) It must have successfully undertaken and completed 3 similar assignments (proposing commercial use of real estate property through private sector investment and it actually turned out to be a success story)
- e) It must have strong business acumen to suggest value for money proposition for the government to make the most of available Property

In addition to the above the bidder shall also be required to demonstrate the following:

a) Relevant experience and similar assignments

The bidder shall give comprehensive explanation of its experience of undertaking similar assignments and their respective values; the propositions which turned into success stories; and the value for money that was achieved out of those success stories.

b) Competence and qualification of team

The Bidder shall be show-casing its team of experts capable of undertaking and timely completing the Assignment in accordance with the TORs given in Annex 1 and shall briefly mention their roles and qualifications.

c) Work Plan and Methodology

The Bidder shall be presenting its tentative work approach towards the Assignment determining the number of staff to be deployed, explaining their respective roles and assigning time-slots to each of the activity mentioned in the TOR.

The Technical Proposal shall, at minimum, contain the following information:

- a) Bidder's and its non-lead associates' complete profile, contact details and other relevant information
- b) Demonstration of the Bidder's capability and experience to effectively undertake the Assignment in accordance with the TORs
- c) Complete description of the work-methodology to undertake each task specified in the TORs
- d) Time-line for undertaking and completing every task incidental to the completion of entire Assignment in timely manner, including but not limited to undertaking site visits, completing ground work, identify & evaluate options, preparing feasibility study, submission of draft report and submitting final deliverables.
- e) Qualification and experience of the staff proposed to be deployed for the Assignment
- f) Timeframe for submission of deliverables; first draft for comments, second draft for review; and final submission for each deliverable mentioned above

2. Format for Financial Proposal

In addition to the Technical Proposal, the bidders will be required to submit in a separately sealed envelope a Financial Proposal describing the amount of their fee in accordance with the requirements of this RFP Package.

	Amount in PKR
Total Bid Amount =	
a) Phase-I	
b) Phase-II	

Notes:

- a) Fees to be paid on the basis of identified deliverables and stages (Indicative schedule in **Appendix-A**).
- b) For avoidance of doubt, the MoFA shall not be responsible for any taxes, charges, levies etc. arising from payments to the Transaction Advisor.

Annex-4: Draft Transaction Advisory Agreement

DRAFT TRANSACTION ADVISORY AGREEMENT

FOR

HIRING TRANSACTION ADVISOR FOR

COMMERCIAL UTILIZATION OF

A STATE GUEST-HOUSE LOCATED IN LAHORE

UNDER

PUBLIC PRIVATE PARTNERSHIP MODALITY

DRAFT TRANSACTION ADVISORY AGREEMENT

THIS AGREEMENT (hereinafter together with the recitals and the appendices attached hereto called this “Agreement”), is made on the __ day of __ 2019, between Ministry of Foreign Affairs (hereinafter called the “MoFA”), which expression shall mean and include its successors, administrators and legal representatives, and _____, (hereinafter called the “Transaction Advisor”, which expression shall mean and include its successors, administrators and legal representatives, and together with MoFA hereinafter called the “Parties”).

WHEREAS

- (a) MoFA wishes to appoint a specialized firm/team of specialists to act as the Transaction Advisor to the MoFA to carry out the Services.
- (b) The Transaction Advisor, represents and covenants to the MoFA that they have the required professional skills, personnel and technical resources, and have agreed to provide, on the terms set out in this Agreement together with the Terms of Reference and Letter of Appointment which would also form an integral part and parcel of this Agreement, the services which are essential in respect of the Services in terms of this Agreement.

NOW THIS AGREEMENT WITNESSETH

1.1. GENERAL PROVISIONS

1.1.1 Definitions

Unless the context otherwise requires, the following terms, wherever used in this Agreement, shall have the following meanings:

- (c) “Transaction Advisor” is defined in the Preamble.
- (d) “Agreement” means this Agreement between the MoFA and the Transaction Advisor.
- (e) “Applicable Law’ means the laws of Islamic Republic of Pakistan.
- (f) “Effective Date” means the date on which this Agreement is signed between the Parties.
- (g) “End Date” means the_____, unless agreed in writing by the Parties.

- (h) “Force Majeure” for the purpose of this Agreement means [this definition is subject to review by MoFA’s legal counsel]
- I. an event or circumstance which is beyond the reasonable control of a Party, and which makes a Party’s performance of its obligations under this Agreement impossible, and includes, but is not limited to, war, riots, civil disorder, earthquake, fire, explosion, storm, flood or other adverse weather conditions, strikes, lockouts, other industrial action or any sanction or restriction imposed by any governmental authority or body within or outside Pakistan; which has a material adverse affect on the ability of the Transaction Advisor to carry out the Services.
- II. Force Majeure shall not include: (i) any action or failure to take action by a Party; (ii) any event which is caused by the negligence or willful act or omission of a Party or that Party’s Subcontractors or personnel or agents or employees; and (iii) any event which a diligent Party could reasonably have been expected both: (a) to have taken into account at the time of the Effective Date of this Agreement; and (b) to have avoided or overcome in the course of carrying out its obligations under this Agreement
- (i) “MoFA” is defined in the preamble
- (j) “Commercial utilization of a state-owned guest house located in Lahore on PPP basis” means the whole set of activities comprising of Design, Build and Finance the conversion of state-owned guest house into high-end hotel; Operate it for a defined concession period to enable private party to earn reasonable rate of return on its investment; and Transfer it back to MoFA at the end of concession period, including all the ancillary components and activities
- (k) “Party” means the MoFA or the Transaction Advisor, as the case may be, and the MoFA and the Transaction Advisor shall collectively mean the “Parties”.
- (l) “Personnel” means persons hired/employed by the Transaction Advisor or by any of its Subcontractors and assigned to the performance of the Services or any part of the Services.
- (m) “Project” means to Design, Build, Finance, Operate and Transfer the converted state-owned guest house into high-end hotel in accordance with the terms of the Concession Agreement.

- (n) "Advisory Fee" means the total amount to be paid against deliverables as specified in Appendix _____, by MoFA to the Transaction Advisor under this Agreement.
- (o) "Services" means the work to be performed by the Transaction Advisor as and when required, pursuant to this Agreement for the purpose of the Project, or any other service mutually agreed upon by the Parties from time to time in writing during the term of this Agreement.
- (p) "Starting Date" means the date referred to in Clause 2.2.
- (q) "Sub-contractor" means any person or entity to be appointed by the Transaction Advisor including but not limited to accounting, legal, technical and financial consultants whether located within or outside Pakistan, to which the Transaction Advisor sub-contracts directly or indirectly any part of the Services in accordance with the provisions of this Agreement.
- (r) "Third Party" means any person or entity other than the MoFA, the Transaction Advisor or a Subcontractor.

1.2 Relation between the Parties

- (a) The Transaction Advisor shall act as advisor to the MoFA for all Services; shall manage and be responsible for the work carried out by the Sub-contractors (whether local or foreign); shall be solely responsible for any payments due to Sub-contractors and/or Personnel hired by the Transaction Advisor; shall have complete charge of all Personnel performing the Services; and shall be fully responsible for the Services performed by them or on their behalf under this Agreement.
- (b) The Transaction Advisor shall not assign this Agreement or its rights or obligations under this Agreement, without the prior written consent of the MoFA.

1.3 Law Governing Agreement

This Agreement, its meaning and interpretation, and the relation between the Parties shall be governed by the Applicable Law. The Transaction Advisor undertakes to comply with the Applicable Law during the performance of the Services under the Agreement.

1.4 Headings

The headings shall not limit, alter or affect the meaning of this Agreement.

1.5 Notices

1.5.1 Any notice, request or consent required or permitted to be given or made pursuant to this Agreement shall be in writing and shall be deemed to have been given or made when delivered in person to any authorised representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram or facsimile to such Party at the following address:

For the Transaction Advisor:

For MoFA:

1.5.2 Notice shall be deemed to be effective as follows:

In case of personal delivery or registered mail, on delivery; and in the case of facsimiles, four (4) hours following confirmed transmission, only if confirmation is during business hours otherwise notice will be deemed effective as of the next working day, disregarding weekends and national holidays in the country to which the facsimile is transmitted. Facsimile notices shall not require confirmation by hard copies.

1.5.3 A Party may change its address for notice under this Agreement by giving the other Party notice pursuant to this Clause.

1.6 Authorized Representatives

Any action required and permitted to be taken, and any document required or permitted to be executed under this Agreement, may be taken or executed:

- (a) on behalf of the MoFA, by [Director - SP]; and
- (b) on behalf of the Transaction Advisor, by [Authorized representative of the Transaction Advisor]

2. COMMENCEMENT, COMPLETION, SUSPENSION, MODIFICATION AND TERMINATION OF AGREEMENT

2.1 Effectiveness of Agreement

This Agreement shall come into force from the Effective Date.

2.2 Commencement of Services

The Transaction Advisor shall commence carrying out the Services not later than 3 (three) days (“Starting Date”) after the Effective Date, or on any other date the Parties agree in writing. The Services shall be performed and completed by the Transaction Advisor before the End Date or as mutually agreed in writing by the Parties.

2.3 Expiration of Agreement

Unless terminated pursuant to Clause 2.7, this Agreement shall expire when the Services have been completed.

2.4 Entire Agreement

This Agreement constitutes the final expression and exclusive and entire agreement and understanding between the Parties in relation to the Services and contains all covenants, stipulations and provisions agreed by the Parties as at the date hereof. The Terms of Reference and the Letter of Appointment shall also form an integral part of this Agreement. This Agreement together with the Terms of Reference and Letter of Appointment shall override and supersede all previous or concurrent communications or documents or agreements exchanged on the subject matter of the Agreement and the Transaction Advisor shall not for any or all purposes place reliance on any other document/agreement except this Agreement.

2.5 Modification

Modification of the terms of this Agreement, including any modification of the scope of the Services, may only be made by written agreement between the Parties. Each Party shall give due consideration, and not unreasonably delay or withhold a considered response to any proposals for modification made by the other Party.

2.6 Suspension of Services

The MoFA may, by written notice of suspension to the Transaction Advisor, suspend the Services under this Agreement for a cumulative period not exceeding 60 (sixty) days.

2.7 Termination

2.7.1 Termination by MoFA

The MoFA may terminate this Agreement if the Transaction Advisor:

- (a) is in breach of its obligations under this Agreement and has not remedied the same within thirty (30) days (or such longer period as the MoFA may have subsequently approved in writing) of being called to do so by the MoFA; OR
- (b) becomes insolvent or bankrupt or enters into any arrangements with its creditors for relief of debt or takes advantage of any Applicable Law for the benefit of debtors or goes into liquidation or receivership whether compulsory or voluntary; OR
- (c) is unable as a result of force majeure to perform a material portion of the Services for a continuous period of thirty (30) days unless services are suspended under 2.6.

In any event, the MoFA may terminate this Agreement at its sole discretion without assigning any reason without liability or continuing obligation except as set forth in this Agreement. In the event of such termination (where termination is without default of the Transaction Advisor), the MoFA shall be required to make payment to the Transaction Advisor in relation to fees which have been duly accrued or billed by the Transaction Advisor against the actual services performed in accordance with this Agreement.

2.7.2 Termination by Transaction Advisor

In the event the Services are not completed by the Transaction Advisor, due to no fault on the part of the Transaction Advisor, it's Sub-contractors or Personnel, the Transaction Advisor shall have the right to terminate this Agreement **after expiry of twelve (12) months from the Start Date.**

2.7.3 Cessation of Rights and Obligations

On termination of this Agreement pursuant to any part of Clause 2.7, or upon expiration of this Agreement pursuant to Clause 2.3, all rights and obligations of the Parties shall cease, except (i) rights and obligations that have accrued as of the date of termination or expiration, (ii) any right which a Party may have under the Applicable Law (iii) the indemnification obligations in Clauses 3.4 and 3.5 hereof.

2.7.4 Cessation of Services

On termination of this Agreement pursuant to Clause 2.7, the Transaction Advisor shall, immediately on receipt/issue of notice to that effect, take all necessary steps to bring the Services to a close within seven (7) days of the receipt/issue of the notice in an orderly manner. Upon cessation of Services hereunder, the Transaction Advisor shall hand over to the MoFA all documents prepared directly by the Transaction Advisor or by any of its Subcontractors, whether in final or in draft form, for submission to third parties in connection with the Project on paper and electronic format, which for the avoidance of doubt, do not include research reports or other private material produced by the Transaction Advisor.

3. OBLIGATIONS OF THE TRANSACTION ADVISOR

3.1 General

3.1.1 Scope of Work

The Transaction Advisor shall perform the Services in accordance with the terms and conditions of this Agreement.

3.1.2 Standard of Performance

The Transaction Advisor shall perform the Services and carry out their obligations under this Agreement with all reasonable due diligence, efficiency and economy, in accordance with generally accepted techniques and practices and shall observe sound management practices. The Transaction Advisor shall be under a duty of care and always act in good faith/respect of any matter relating to this Agreement or to the Services, and shall at all times support and safeguard the MoFA's legitimate and proper interests in any dealings with Subcontractors, Personnel or Third Parties. The Transaction Advisor shall use its best efforts to ensure that any Subcontractors and Personnel shall be skilled and experienced and competent in their respective trades and professions and that their work shall conform with the standards applicable to the Transaction Advisor.

3.2 Conflict of Interests

3.2.1 Transaction Advisor not to Benefit from Commissions or Discounts

The Transaction Advisor, as consideration for its work under this Agreement or the Services, will only be entitled to receive payments from MoFA as per Clause

6 hereunder, and neither the Transaction Advisor nor any person (natural or legal) associated with it shall accept for its benefit or otherwise any remuneration/consideration in the forms including but not limited to trade commission, discount, gifts, payments in kind or financial inducements whatsoever or similar payment in connection with activities pursuant to this Agreement or to the Services or the discharge of its obligations under this Agreement, and the Transaction Advisor shall use its reasonable efforts to ensure that any Sub-contractors, as well as the Personnel and agents of either of them shall neither for itself nor for the benefit of the Transaction Advisor receive any such additional remuneration.

3.2.2 Prohibition of Conflicting Activities

Subject to clause 3.2.3 below, during the subsistence of this Agreement, neither the Transaction Advisor nor its Subcontractors or the Personnel of either of them shall engage, either directly or indirectly, in any business or professional activities with respect to MoFA which would conflict with the activities assigned to them under this Agreement.

3.2.3 Transaction Advisor not to provide other Services

During the term of this Agreement, the Transaction Advisor, Sub-contractors, and the Personnel shall not provide similar/related services to any other entity directly or indirectly interested in the project for which the Transaction Advisor is engaged by MoFA.

3.3 Confidentiality

The Transaction Advisor shall not, during the term of this Agreement, disclose any proprietary or confidential information relating to the Project, the Services, this Agreement, or the MoFA's or PPPA business or operations (other than for the purposes of the Services) without the prior written consent of the MoFA and PPPA, unless such disclosure is required by Applicable Law or regulation or such information is required for research purposes or has entered the public domain other than by a breach of this Agreement, or was already in public domain, or was already lawfully in the possession of the Transaction Advisor at the time of such disclosure to them.

3.4 Indemnification of the MoFA and PPPA by the Transaction Advisor

The Transaction Advisor shall indemnify and hold harmless the MoFA against all losses, claims, damages or liabilities to which the MoFA may become liable only to the extent, that such losses, claims, damages or liabilities arise out of any

act or omission by the Transaction Advisor relating to the Services, provided that the Transaction Advisor shall not be liable for indirect or consequential losses or damages.

3.5 Indemnification of the Transaction Advisor by the MoFA

MoFA shall indemnify the Transaction Advisor and hold it harmless against all losses, claims, damages or liabilities to which Transaction Advisor may become liable only to the extent that such losses, claims, damages or liabilities arise out of any act or omission of the MoFA relating to this Agreement and the information to be provided to the Transaction Advisor in terms of this Agreement, provided that MoFA shall not be liable for indirect or consequential losses or damages.

3.6 Insurance

In the event the Transaction Advisor receives any claim for damages/compensation in respect of the services for which it seeks indemnification from MoFA in terms of Clause 3.5 herein then the Transaction Advisor shall first seek settlement from its insurers, if any, for satisfaction of such claims before resorting to the MoFA for purposes of indemnification.

3.7 Transaction Advisor Actions requiring MoFA's prior Approval

The Transaction Advisor shall obtain the MoFA's prior approval in writing before:

- (i) Entering into a subcontract for the performance of any part of the Services.
- (ii) Termination of a subcontract for the non-performance of any part of the Services.

Provided approval by the MoFA hereunder shall not relieve the Transaction Advisor of its obligations under this Agreement.

3.8 Accounting, Inspection and Auditing

The Transaction Advisor shall keep accurate and systematic accounts and records regarding the Services and the Project, which records a duly authorized representative of the MoFA shall be entitled to inspect and make copies thereof, as and when required during the pendency of this Agreement and for the one year from the expiry or termination of this Agreement, provided that the modalities of conducting such audit/inspection are agreed in advance with

the Transaction Advisor.

4. TRANSACTION ADVISOR'S AND SUBCONTRACTORS' PERSONNEL

4.1 General

The Transaction Advisor shall employ and provide qualified and experienced Personnel to carry out the Services. The MoFA and the Transaction Advisor have agreed that the following senior Personnel shall form the core team:

The Project Team Leader, Mr./Ms. , shall be on first call to the MoFA throughout the period of the Project, subject only to personal holidays and personal emergencies, when Mr./Ms. shall be available in his/her place.

4.2 Approval of Personnel

All Personnel of the Transaction Advisor and the Subcontractors and any other personnel that may be employed during the course of the Project will be subject to normal security clearances where so required by MoFA.

4.3 Removal and Replacement of Personnel

(a) If, for any reason, it becomes necessary to replace any of the senior Personnel or any Subcontractor after the Effective Date, the Transaction Advisor shall forthwith provide as a replacement a person or Subcontractor of equivalent qualifications, whose curriculum vitae or resume the Transaction Advisor shall submit to the MoFA for review and approval and whom the MoFA may if it so desires call for an interview at the cost and expense of the Transaction Advisor. If the MoFA does not object in writing within seven (7) days from the date of receipt of the curriculum vitae or interview, that person or subcontractor shall be deemed to have been approved by the MoFA.

(b) If the MoFA (i) finds that any of the Personnel or Subcontractors has committed misconduct as ascertained by the MoFA in its discretion or has been charged with having committed an offence or a wrong or (ii) has reasonable cause to be dissatisfied with the performance of any of the Personnel or Subcontractors, or (iii) finds that any of the Personnel or Subcontractors has misrepresented with respect to its qualifications, expertise and resources then the Transaction Advisor shall, at the MoFA's written request, immediately remove the respective Personnel or Subcontractors from this Agreement and provide a replacement with qualifications and experience reasonably acceptable to the MoFA subject to

the same terms and conditions specified in Clause 4.3 (a).

5. OBLIGATIONS OF THE MoFA

5.1 Assistance and Exemptions

The MoFA shall use its best efforts, where such efforts are specifically requested stating the reasons for MoFA assistance, to ensure that the MoFA issues to its officials, agents and representatives all such instructions as may be specified by the Transaction Advisor as being necessary or appropriate for the prompt and effective implementation of the Services.

5.2 Access to Information and Decisions

- (a) The MoFA will co-operate with the Transaction Advisor and will endeavor to furnish the Transaction Advisor with all such information and data concerning the Project which the Transaction Advisor may require in connection with the performance of the Services. The MoFA will provide the Transaction Advisor with access to its own officers and employees and to such other information and reports as the Transaction Advisor may reasonably require. The MoFA will use its best efforts to ensure that all such information (including expressions of opinions) or documentation as is provided to the Transaction Advisor is complete, true, fair, accurate and not misleading and that there are no omissions which could be material. If during the course of the Transaction Advisor's engagement under this Agreement, the MoFA subsequently discovers something which renders any such information untrue, unfair, inaccurate or misleading, it will notify the Transaction Advisor at once.
- (b) The MoFA shall use its best efforts to ensure that, where co-operation is required from, or decisions need to be taken or approvals given by the MoFA in the course of the Project, that co-operation will be promptly given and these decisions or approvals will not be unreasonably withheld or delayed.
- (c) The MoFA acknowledges and agrees that, in rendering the Services hereunder, the Transaction Advisor will be using and relying on the information supplied to them by the MoFA in addition to other information which the Transaction Advisor shall be responsible for gathering for effective performance of the Services.

5.3 Road shows

The MoFA shall ensure that the road shows, marketing, fact finding and other

related activities are attended by the MoFA, PPPA and the Transaction Advisor's representative and employees of an appropriately senior position to be agreed with the Transaction Advisor prior to the start of such activities.

6. PAYMENTS TO THE TRANSACTION ADVISOR

6.1 Currency of Payment

MoFA shall pay a total of Pak Rupees to the Transaction Advisor for the performance of services under this Agreement.

All payments to the Transaction Advisor for the Services shall be in Pak Rupees and shall be subject to deduction of applicable taxes, if any.

6.2 Mode of Billing and Payment

Payments in respect of the Services shall be made within 14 days of receipt of original invoices as follows:

- (a) The Advisory Fee shall be paid on milestone basis as identified in Appendix-A based on the submission of deliverables by the Transaction Advisor as required in the Terms of Reference and following acceptance of the same by the MoFA.
- (b) All payments under this Agreement shall be made to the account of the Transaction Advisor as follows:

[Bank account details]

7. FAIRNESS AND GOOD FAITH

7.1 Good Faith

The Parties undertake to act in good faith with respect to each other's rights under this Agreement and to adopt all reasonable measures to ensure the realization of the objectives of this Agreement.

7.2 Operation of the Agreement

The Parties recognize that it is impractical in this Agreement to provide for every contingency which may arise during the life of the Agreement, and the Parties agree that it is their intention that this Agreement shall operate fairly between them, and without detriment to the interest of either of them and

that if, during the term of this Agreement, either Party believes that this Agreement is operating unfairly, the Parties will use their best efforts to agree on such action as may be necessary to remove the cause or causes of such unfairness, but no failure to agree on any action pursuant to this Clause shall give rise to a dispute subject to arbitration in accordance with Clause 8.

8. SETTLEMENT OF DISPUTES

8.1 Arbitration

The Parties agree that in the event of any dispute between them arising out of this Agreement or any matter related thereto or connected herewith, they shall endeavor to settle the same in an amicable manner. Should they fail to arrive at an amicable settlement, they shall refer the matter to arbitration at Islamabad in accordance with the Arbitration Act, 1940, or any amendment or enactment hereof. Arbitration as aforesaid shall be condition precedent to any other action under law.

8.2 Courts having jurisdiction

The Parties agree that the Courts at Islamabad and Lahore shall have jurisdiction with respect to any litigation arising out of this Agreement.

9. ADDITIONAL COVENANTS

9.1 Publicity

The Transaction Advisor shall ensure that any publicity, press releases, advertisements and publications and public statements concerning the Services, the Project and the Agreement shall be in consultation with and approved in writing in advance by the MoFA before release by the Transaction Advisor, its Subcontractors and Personnel.

9.2 Waivers

Time shall be of the essence of the Agreement. No failure or delay of either Party hereto in exercising any right or remedy hereunder shall operate as a waiver thereof nor will any single or partial exercise of any right or remedy preclude any other or further exercise of any right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

9.3 Severability

Each of the provisions of this Agreement is severable and distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

9.4 Originals

This Agreement is being executed in two originals, one each to be retained by the Transaction Advisor and the MoFA.

IN WITNESS OF WHICH the Parties have caused this Agreement to be signed as of the day and year first above written.

FOR AND ON BEHALF OF THE MoFA

FOR AND ON BEHALF OF THE TRANSACTION ADVISOR

Appendix-A: Indicative Payment Schedule

Payment is subject to the completion of all deliverables in a particular task. The Indicative Advisory Fee Payment Schedule is as follows (Payment to be made in Pak. Rupees):

Indicative deliverables	% of Advisory Fee
Phase 1	
Signing of the Transaction Advisory Agreement	05
Deliverables pertaining to task 2&3	05
Deliverables pertaining to task 4	30
Phase 2	
Deliverables pertaining to task 1	15
Deliverables pertaining to task 2	10
Deliverables pertaining to task 3	20
Deliverables pertaining to task 4	15
Total =	100%

Appendix-B: Indicative contents of Feasibility Study

Section 1: Introduction

- Executive summary
- Introduction
- Project background
- Approach and methodology to the feasibility study

Section 2: Needs Analysis

- MoFA strategic objectives (especially with reference to commercial utilization of the State guest-house keeping its heritage value intact)
- Budget
- Institutional analysis and Strategic Issues related to the State guest-house
- Output specifications in terms of service level
- Scope of the project
- Design parameters for the Project

Section 3: Solution Options Analysis

- Options considered
- Evaluation and assessment of each option
- Summary of evaluation and assessment of all options considered
- Recommendation of a preferred option

Section 4: Project Due Diligence

- Legal aspects
- Technical issues including its design
- Environmental and socio-economic issues
- Mitigation and Its cost

Section 5: Financial Assessment

- Financial model (base Model and risk-adjusted PPP models)
 - Technical definition of the Project
 - Discussion on costs (direct and indirect; capital, operating and periodic; financial and taxes) and assumptions made on costs' estimates
 - Discussion on revenue and assumptions made on revenue estimates
 - Discussion on all critical assumptions used in preparing the financial model with reference to various Project phases and macro-economic assumptions.
 - Summary of results and valuation of the Project under various PPP options denoted by key indicators such as Project & Equity NPVs, IRRs, Pay-back periods etc.
- Risk assessment
 - Identify all the risks pertaining to the Project. At a minimum, the following risks will be examined and probability of risk and its quantification as potential analysed:
 - Availability risk
 - Completion risk
 - Cost overrun and time overrun risk
 - Design risk
 - Environmental risk
 - Exchange rate and financial markets risk
 - Force majeure risk
 - Inflation risk
 - Insolvency risk
 - Insurance risk
 - Interest rate risk

- Latent defect risk
- Maintenance risk
- Market demand or volume risk
- Operating risk
- Planning risk
- Political risk
- Regulatory risk
- Residual value risk
- Resource or input risk
- Subcontractor risk
- Tax rate change risk
- Technology risk
- Political risk
- Evaluate impact of each risk
- Estimate likelihood of each risk occurring
- Estimate the cost of each risk
- Identify strategies for mitigating the risks
- Allocation of risks
- Risk-adjusted financial model
 - Risks incorporated into project costs as specific line items
 - Summary of results from the risk adjusted financial model: NPV, Key indicators
 - Sensitivity analysis
 - Affordability and value for money test

Recommended solution

- Summary of results

Section 6: Value Assessment

- Quantitative assessment
- Qualitative assessment

Section 7: Economic Assessment/Valuation

- Introduction and valuation approach
- Economic benefits & costs
- Assumptions
- Valuation results

Section 9: Demonstrate Project Viability

- Is it technically deliverable, affordable to users, economically viable, financially viable and socially/environmentally sustainable?
- Identify appropriate comprehensive collateral security arrangements required for making the Project bankable

Section 10: Procurement Plan

- Project time line for implementation
- Approvals required for implementation
- Discussion on any issues and challenges in implementation
- Best Procurement practices/procedures suited to the project type
- Bid evaluation process and teams

Annex-5: Conditions for Request for Proposals

**CONDITIONS
FOR REQUEST FOR PROPOSALS
FOR
HIRING TRANSACTION ADVISOR FOR
COMMERCIAL UTILIZATION OF
A STATE GUEST-HOUSE LOCATED IN LAHORE
UNDER
PUBLIC PRIVATE PARTNERSHIP MODALITY**

Conditions:

- a) MoFA shall have the right at all times to:
 - i. Cancel the process for selection of Transaction Advisor
 - ii. Vary any of the terms set out in the RFP or any of the Annexes and Appendices thereto
 - iii. Reject any Proposal not delivered in the prescribed format and at the prescribed venue in the prescribed time
- b) The Transaction Advisor shall protect and defend unconditionally as well as indemnify and hold MoFA, or any other relevant government body/agency, its employees, directors, officers and agents free and harmless from and against any and all liability, losses, claims, liens, demands, damages against any and all causes of action of every kind and character, including without limitation any judgments, penalties, interest, court costs and any legal fees incurred in enforcing this indemnity, arising under this Agreement. MoFA makes no representation, covenants, warrants or guarantees, express or implied, other than those expressly set forth in this Agreement. In no case shall MoFA be liable for contingent or consequential, special or indirect damages.
- c) Any addendum issued by MoFA subsequent to this RFP but prior to the submission of the proposals will become part and parcel of the RFP document. All such addenda and clarifications relating to the RFP will be posted on the MoFA's website. It is the responsibility of the potential bidders to ensure a review of any such addenda / clarifications prior to the submission of their respective proposals.

Annex-6: Details of the State guest-house

**DETAILS OF THE
STATEGUEST-HOUSE LOCATED IN LAHORE**