

REQUEST FOR PROPOSALS (“RFP”)

FOR

ADVISORY SERVICES

FOR

**FINANCIAL AND ECONOMIC MODELING SERVICES FOR
INFRASTRUCTURE PROJECTS**

JUNE 2008

LETTER OF INVITATION

Dear Sir / Madam

1: Introduction

- 1.1 The Infrastructure Project Development Facility (“IPDF”), a company established under section 42 of the Companies Ordinance, 1984 (“client”), hereby invites submission of proposals for Financial and Economic Modeling Services for Infrastructure projects (“the Assignment”) from the qualified consultants having work experience in Financial and Economic analysis of infrastructure projects structured on project finance.
- 1.2 A brief description of the Services (“Services”) is set out in the Terms of Reference (“TOR”) attached as Annex-1.
- 1.3 The Services shall be carried out in accordance with the TOR. The initial period of Services will be three (3) months. The continuation of Services shall be subject to satisfactory performance of the Advisor, as determined by IPDF (“Client”).
- 1.4 Reference to ‘the Advisor’ includes the entire advisory team.
- 1.5 Please note that (i) the costs of preparing the proposal / offer as well as of negotiating the contract, including any visits, are not reimbursable: and (ii) IPDF is not bound to accept any of the proposals or offers submitted.

2: Technical & Financial Proposals

Technical Proposal

The Technical Proposal should contain inter alia; a complete description and explanation of the proposed methodology, staffing (names and qualifications of allocated personnel) that the Advisor will make available to execute the Assignment and achieve the objective. The Technical Proposal should be prepared using the format attached in Annex-3 and submitted as per the procedure described in Annex-2.

Financial Proposal

The Financial Proposal should stipulate the fees for the Assignment, and be prepared using the format attached as Annex-3, and submitted as per the procedure described in Annex-2.

The Client will not be responsible for any tax or insurance liability arising out of the performance of the Services for the Assignment. All fee and costs are to be expressed in Pakistan Rupees only.

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

3: Draft Advisory Services Agreement

See Draft Advisory Services Agreement (“ASA”) attached as Annex-4.

4. Clarification

Any clarification regarding any of the terms contained in this RFP or the Annexes attached hereto may be referred to Mr. Adnan Mazhar IPDF (Email:adnan.mazhar@ipdf.gov.pk). In the interest of fairness, any clarifications issued shall be posted on IPDF’s website (www.ipdf.gov.pk).

5. Other Terms

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

Yours Sincerely,

Adnan Mazhar
Manager Coordination

Attachments:

- Annex-1: Terms of Reference
- Annex-2: Procedures for Submission & Evaluation of Proposals
- Annex-3: Format for Submission of Proposals
- Annex-4: Draft Advisory Services Agreement
- Annex-5: Conditions

ANNEX-1

**TERMS OF REFERENCE
FOR PROVIDING
FINANCIAL AND ECONOMIC MODELING SERVICES FOR
INFRASTRUCTURE PROJECTS
ON RETAINER BASIS**

TERMS OF REFERENCE

1. Scope of Work:

a) Advisory related Assignments:

The client may assign work on need basis, which may include the following:

- a. Financial and economic analysis of infrastructure projects structured on project finance basis.
- b. Analyze, review and advice on financial and commercial aspects of infrastructure projects, with a view to identifying viability gap funding / assistance by the Government of Pakistan.
- c. Design, develop and maintain financial models with structured sensitivity analysis.
- d. Prepare and develop bankable financing structure(s).
- e. Review financial models prepared by other consultants / advisors and suggest desired changes and improvements keeping in view project requirements.

b) Capacity Building:

1. To transfer and strengthen technical and financial skills of IPDF staff on a continuous basis. Following methodology should be adopted during Capacity Building:

- a. Elaborate the concept of Financial Modeling;
- b. Elaborate the importance of dependent & independent variables;
- c. Elaborate the following steps in creating a Financial Model:
 - i. Defining and structuring the problem;
 - ii. Defining the Input and Output variables;
 - iii. Defining the Financial and Mathematical aspects of the Model;
 - iv. Designing the Financial Model;
 - v. Creating the spreadsheets, macros or writing the VBA Codes;

- vi. Creating sensitivity and scenario analysis for the Financial Model;
 - vii. Testing the Financial Model;
 - viii. Protecting the Financial Model.
2. Training Services at IPDF should be arranged in each quarter in which the Advisor should explain the template financial models in line with the above mentioned methodology.

2. Qualification and Experience of the Firm:

Preference will be given to firms with:

1. Experience in modeling of infrastructure and related projects;
2. Knowledge of Public Private Partnerships (PPP) models and structures;
3. Knowledge of Infrastructure Project Development Facility, PPP policy and guidelines issued pursuant to the Pakistan's Government policy;
4. The firm should have strong presence in Islamabad.

ANNEX - 2



**PROCEDURE FOR SUBMISSION & EVALUATION OF PROPOSALS
FOR PROVIDING
FINANCIAL AND ECONOMIC MODELING SERVICES FOR
INFRASTRUCTURE PROJECTS
ON RETAINER BASIS**

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 “Technical Proposal - Financial and Economic Modeling Services on Retainer Basis”.

The Financial Proposal (one original) shall be submitted in a separate sealed envelope clearly marked “Financial Proposal - Financial and Economic Modeling Services on Retainer Basis”.

Bidders are requested to submit their Technical and Financial Proposals in two separate sealed envelopes enclosed in one larger sealed envelope addressed correctly and legibly to CEO, IPDF (Refer to Section 8 below, for precise address and date of submission).

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

2. Evaluating the Proposal

On expiry of the date for submission of Proposals, the evaluation process will begin. The Technical Proposals will be circulated to the Evaluation Committee, while the sealed Financial Proposals will remain with IPDF.

A two-stage procedure shall be adopted in evaluating the Proposals. The Evaluation Committee appointed by the Client shall carry out its evaluation, applying the evaluation criteria and point system specified below. Each responsive proposal shall be attributed a technical score (str). Firms scoring less than 70 points shall be rejected and their Financial Proposals returned unopened.

Technical Proposal

Each Technical Proposal shall be standardized using the following categories and weights below:

<u>Category</u>	<u>Weight</u>
Specific firm experience (Capital Markets experience including research, enterprise valuation, transaction structuring)	25%
Allocation, competence & qualification of team members	35%
Work plan and Methodology	15%
Resources in Islamabad	25%

Financial Proposal

Short-listed Advisors that receive a raw technical score (Str) of 70 points or higher (pre-qualified Advisors) will be informed of their pre-qualification. All other Advisor's will stand disqualified and their sealed Financial Proposals will be returned to them unopened. The client shall open the sealed Financial Proposals of the pre-qualified parties on a pre-determined date, which will be intimated in advance.

3. Scoring of Technical and Financial Proposals

The Technical Proposal shall be assigned a raw score (str), which shall be scaled up to constitute a final technical score (st) as follows:

$$St = Str \times 100 / St_{max}$$

Where St_{max} = Raw score of the highest ranked Advisor on Technical Criteria

The financial score (S_f) will be calculated as follows:

$$S_f = 100 \times (F_{min} / F_f)$$

Where F_{min} = Lowest total fee bid And F_f = Total Fee bid by the Advisory under consideration.

The combined Technical and Financial Proposals (S_c) shall be calculated as follows:

$$S_c = 0.70 \times S_t + 0.30 S_f$$

(Technical Proposal will have 70 % weightage, while Financial Proposal will have a 30 % weightage.)

4. **Finalizing the Technical Score**

A meeting of the Evaluation Committee to finalize the technical scores will be called. The final individual technical scores of the Evaluation Committee members will be tabulated on a top sheet, which will be signed by all the members of the Evaluation Committee

5. **Opening of Financial Proposals**

Short-listed parties that receive a raw technical score (Str) of 70 points or higher (pre-qualified parties will be invited to attend the opening of the sealed financial bids. All other parties will stand disqualified and their sealed financial Proposals will be returned to them unopened. The sealed Financial Proposals shall be opened by the Head: Projects of IPDF or his nominee.

6. **Ranking the Pre-qualified Parties**

Evaluation Committee will prepare the cumulative marks (technical plus financial) of the pre-qualified parties based on the calculations set out above. The submission will identify the pre-qualified party scoring the highest cumulative scores (the "top-ranked party").

7. **Contract Negotiations**

Contract negotiations will be conducted with the authorized representatives of the top ranked party and will primarily focus on issues related to the work plan, deliverables, contract duration and procedure for disbursements. A copy of the document conferring authority in this regard will be made available prior to commencing contract negotiations.

In case the negotiations with the top ranked party are unsuccessful, negotiations with the authorized representatives of second-highest ranked party may be carried out, and so on and so forth.

IPDF is under no obligation to select any of the firm / consortium submitting the proposal, and have the right to cancel their Request for Proposal (RFP) at any time, without assigning any reason.

8. Address and Date of Submission

The Proposals should be delivered to the “CEO, Infrastructure Project Development Facility, #2, street 59, F-7/4, Islamabad, Pakistan”, by . Failure to deliver the Proposals as aforesaid shall mean immediate disqualification.

9. Exclusion and Prohibitions

The Advisor will be prohibited from using any of the proprietary information without the express approval of IPDF.

IPDF is under no obligation to select any of the firm / consortium submitting the proposal and has the right to cancel the Assignment without cause.

ANNEX - 3

**FORMAT FOR TECHNICAL PROPOSAL AND FINANCIAL PROPOSAL
FOR PROVIDING**

**FINANCIAL AND ECONOMIC MODELING SERVICES FOR
INFRASTRUCTURE PROJECTS**

ON RETAINER BASIS

FORMAT FOR TECHNICAL PROPOSAL AND FINANCIAL PROPOSAL

FROM:

TO:

Sir / Madam:

Subject: Advisory Services for Financial and Economic Analysis of
Infrastructure Projects.

I / We _____ Advisory firm herewith enclosed the Technical
Proposal (3 Copies) and Financial Proposal (1 original) of my firm / organization
as Advisor for the Financial and Economic Modeling for Infrastructure projects on
retainer basis.

Yours faithfully,

Signature _____
(Authorized Representative)

Full Name: _____
Designation: _____
Address: _____

FORMAT FOR TECHNICAL PROPOSAL

The Technical Proposal will provide information on how the Advisor would approach the transaction and why it is qualified to undertake the Assignment. Technical Proposal should include the following:

- a) Specific firm experience
- b) Allocation, competence and qualification of team members
- c) Work Plan and methodology
- d) Resources in Islamabad

a) Specific firm experience

The Advisor should give a comprehensive explanation of the firm's / team's relevant experience in Capital Markets including research, enterprise valuation, transaction structuring and capability to undertake the assignment and provide the services envisaged under the TOR. For each relevant experience cited, outline the precise role of the Advisor, contract duration, contract outcomes, and contract value and the name / contact details of the counterpart focal point.

b) Allocation, competence and qualification of team members

In this part, the bidder should propose the structure and composition of his team. The bidder should list the main disciplines of the assignment, the key experts responsible and their qualifications, experience, relevancy and credentials.

c) Work Plan and Methodology

Explain the understanding of the objectives of the Assignment, approach to the Services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output.

d) Resources in Islamabad

In this part the Advisor should elaborate the setup and resources of their firm at Islamabad.

FORMAT FOR FINANCIAL PROPOSAL

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

	Currency	Amount
Fixed Monthly Fee	Pakistan Rupees	

Notes:

- For avoidance of doubt, the Client shall not be responsible for any taxes, charges, levies etc. arising from payments / reimbursements to the Advisor.
- All reasonable travel and accommodation at actual, incurred for providing the Services, with prior written approval of the IPDF will be reimbursed. The Advisor shall provide documentary proof, in original, to establish the amount of the expenditure, which is to be reimbursed. The Advisor shall also have to certify that in calculating the expenses the following factors have been taken into account:
 - (i) Travel costs shall only be limited to economy class air travel; and
 - (ii) Accommodation costs shall only be limited to hotel charges based on corporate rates;
- No expenses shall be reimbursed for the travel and accommodation expenses either in Islamabad or from where the Advisor is based at.

ANNEX - 4

**DRAFT ADVISORY SERVICES AGREEMENT
FOR PROVIDING
FINANCIAL AND ECONOMIC MODELING SERVICES FOR
INFRASTRUCTURE PROJECTS
ON RETAINER BASIS**

ADVISORY SERVICES AGREEMENT

THIS AGREEMENT, (hereinafter together with the recitals and the appendices attached hereto called this "Agreement") is made on the __ day of _____ 200[9], between

Infrastructure Project Development Facility, a company established by the Ministry of Finance, Government of Pakistan and incorporated under section 42 of the Companies Ordinance, 1984 (hereinafter called the "IPDF", which expression shall mean and include its successors, administrators and legal representatives, and

_____, having its Registered office at _____ (hereinafter called the "Advisor", which expression shall mean and include its successors, administrators and legal representatives), and together with IPDF hereinafter called the "Parties".

WHEREAS

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

NOW THIS AGREEMENT WITNESSETH

1. GENERAL PROVISIONS

1.1 Definitions

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

- (a) "Advisor" is defined in the Preamble.
- (b) "Advisor Fee" means the Fixed Monthly Retainer of Pak Rupees _____ Only (PKR _____) to be paid to the Financial Advisor by the IPDF.

- (c) “Applicable Law” means the laws of the Islamic Republic of Pakistan.
- (d) “Effective Date” means the date on which this Agreement is signed between the Parties.
- (e) “End Date” means) months from the Starting Date, unless mutually agreed to be extended in writing by the Parties.
- (f) “Force Majeure” for the purpose of this Agreement means:
- 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, any sanction or restriction imposed by any governmental authority; which has a material adverse affect on the ability of the 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.
- (g) “Project” means the activities as identified in the Terms of Reference (TOR) placed as **Appendix -A** to this Agreement, or any other activities that may be mutually agreed in writing by the Parties.
- (h) “Reimbursable Expenses” means all reasonable travel and accommodation expenses at actual, incurred for providing the Services, with prior written approval of the IPDF. The Advisor shall provide documentary proof, in original, to establish the amount of the expenditure, which is to be reimbursed. The Advisor shall also have to certify that in calculating the expenses the following factors have been taken into account:
- (i) Travel costs shall only be limited to economy class air travel; and
 - (ii) Accommodation costs shall only be limited to hotel charges based on corporate rates;

No expenses shall be reimbursed for the travel and accommodation expenses either in Islamabad or from where the Advisor is based at.

- (i) “Services” means the work to be performed by the Advisor as and when required, pursuant to this Agreement and as fully described in the

Proposal submitted by the Advisor (**Appendix - B**) for the purpose of the Project, or any other service mutually agreed upon by the Parties from time to time in writing during the Agreement.

- (j) “Starting Date” means the date referred to in Clause 2.2.
- (k) “Sub-contractor” means any person or entity to be appointed by the Advisor including but not limited to accounting, legal, and technical, consultants whether located in Pakistan or abroad, to which the Advisor sub-contracts directly or indirectly any part of the Services in accordance with the provisions of this Agreement.
- (l) “Third Party” means any person or entity other than the IPDF, the Advisor or a Subcontractor.

1.2 Relation between the Parties

- (a) The Advisor shall act as Advisor to the IPDF 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 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 Advisor shall not assign this Agreement or its rights or obligations under this Agreement, without the prior written consent of the IPDF.

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 Advisor undertakes to comply with the Applicable Law during the performance of the Services and completion of the Project.

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 Advisor:

For IPDF:

1.5.2 Notice will 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 within Pakistan for the purpose of delivery and receipt of notice under this Agreement by giving the other Party notice in writing 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 IPDF, by its Chief Executive Officer; and
- (b) on behalf of the Advisor, by:

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

Effectiveness of Agreement

This Agreement shall come into force from the Effective Date.

2.2 Commencement of Services

The Advisor shall commence carrying out the Services not later than thirty (30) days (“Starting Date”) after the Effective Date, or on any other date after the Effective Date which the IPDF may communicate to the Advisor in writing. The Services shall be satisfactorily performed and completed by the 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 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, shall 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 suggested by the other Party.

2.6 Suspension of Services

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

2.7 Termination by IPDF

The IPDF may terminate this Agreement if the 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 IPDF may have subsequently approved in writing) of being called to do so by the IPDF; 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 IPDF may terminate this Agreement at its sole discretion without assigning any reason without any liability whatsoever or continuing obligation except as set forth in this Agreement. In the event of such termination (where termination is without default of the Advisor), the IPDF shall be required to make payment to the Advisor in relation to fees and reimbursable expenses, which have been duly accrued or billed by the Advisor in accordance with this Agreement.

2.8 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.

2.9 Cessation of Services

On termination of this Agreement pursuant to Clause 2.7, the 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 Advisor shall hand over to the IPDF all documents prepared directly by the 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 Advisor.

3. OBLIGATIONS OF THE ADVISOR

3.1 General

3.1.1 Scope of Work

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

3.1.2 Standard of Performance

The 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 Advisor shall be under a duty of care and always act, in respect of any matter relating to this Agreement or to the Services and shall at all times support and safeguard the IPDF's legitimate and proper interests in any dealings with Subcontractors, Personnel or Third Parties. The 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 Advisor.

3.2 Conflict of Interests

3.2.1 Advisor not to Benefit from Commissions or Discounts

The Advisor, as consideration for its work under this Agreement or the Services, will only be entitled to receive payments from IPDF as per Clause 6 hereunder, and neither the 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 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 Advisor receive any such additional remuneration.

3.2.2 Prohibition of Conflicting Activities

Subject to Clause 3.3 below, during the subsistence of this Agreement, neither the Advisor nor its Subcontractors nor the personnel of either of them shall engage, either directly or indirectly, in any business or professional activities which would conflict with the activities assigned to them under this Agreement.

3.3 Confidentiality

The Advisor shall not, during the term of this Agreement, disclose any proprietary or confidential information relating to the Project, the Services, this Agreement (other than for the purposes of the Services) without the prior written consent of the IPDF, 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 Advisor at the time of such disclosure to them.

3.4 Indemnification of IPDF by the Advisor

The Advisor shall indemnify and hold harmless the IPDF and its officials against all losses, claims, damages or liabilities to which the IPDF may become liable only to the extent, that such losses, claims, damages or liabilities arise out of any act or omission by the Advisor relating to the Services, provided that the Advisor shall not be liable for indirect or consequential losses or damages.

3.5 Indemnification of the Advisor by the IPDF

IPDF shall indemnify the Advisor and hold it harmless against all losses, claims, damages or liabilities to which Advisor may become liable only to the extent that such losses, claims, damages or liabilities arise out of any negligent act or wilful omission of the IPDF relating to this Agreement and the information to be provided to the Advisor in terms of this Agreement, provided that IPDF shall not be liable for indirect or consequential losses or damages. It is envisaged that the Advisor, if required, will maintain its own insurances as necessary.

3.6 Advisor Actions Requiring IPDF's Prior Approval

The Advisor shall obtain the IPDF'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 that approval by the IPDF hereunder shall not relieve the Advisor of its obligations under this Agreement.

3.7 Accounting, Inspection and Auditing

The Advisor shall keep accurate and systematic accounts and records regarding the Services and the Project, which records, a duly authorized representative of the IPDF 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 Advisor.

4. ADVISOR'S AND SUBCONTRACTORS' PERSONNEL

4.1 General

The Advisor shall employ and provide qualified and experienced personnel to carry out the Services. The IPDF and the 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 IPDF throughout the period of the Project, subject only to personal holidays and personal emergencies, when Mr/MS. _____ shall be available in his place.

4.2 Approval of Personnel

All personnel of the 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 IPDF.

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 Advisor shall forthwith provide as a replacement a person or Subcontractor of equivalent qualifications, whose curriculum vitae or resume the Advisor shall submit to the IPDF for review and approval and whom the IPDF may if it so desires call for an interview at the cost and expense of the Advisor. If the IPDF does not object in writing within seven (7) working 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 IPDF.

(b) If the IPDF (i) finds that any of the personnel or Subcontractors has committed misconduct as ascertained by IPDF, 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 Advisor shall, at the IPDF'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 IPDF subject to the same terms and conditions specified in Clause 4.3 (a).

5. OBLIGATIONS OF THE IPDF

5.1 Assistance and Exemptions

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

5.2 Access to Information

The IPDF will co-operate with the Advisor and will endeavor to furnish the Advisor with information and data concerning the Project which the Advisor may require in connection with the performance of the Services.

6. PAYMENTS TO THE ADVISOR

6.1 Currency of Payment

All payments to the 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 thirty (30) days of receipt of original invoices as follows:

- (a) The Retainer Fee (_____) shall be paid on a monthly basis with effect from the Starting Date.
- (b) The Reimbursable Expenses shall be reimbursed at actual cost against the provision of original receipts.
- (c) All payments under this Agreement shall be made to the account of the 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 Courts having jurisdiction

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

9. ADDITIONAL COVENANTS

9.1 Publicity

The 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, approved in writing in advance by the IPDF before release by the 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 Advisor and the IPDF.

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 IPDF

FOR AND ON BEHALF OF THE ADVISOR

Witnesses

1. _____

2. _____

ANNEX - 5

**CONDITIONS FOR REQUEST FOR PROPOSALS
FOR PROVIDING
FINANCIAL AND ECONOMIC MODELING SERVICES FOR
INFRASTRUCTURE PROJECTS
ON RETAINER BASIS**

CONDITIONS

1. IPDF shall have the right at all times to:
 - Cancel the process for selection of Transaction Advisor
 - Vary any of the terms set out in the RFP or any of the Annexes and Appendices thereto
 - Reject any Proposal not delivered in the prescribed format and at the prescribed venue at the prescribed time

2. The Advisor shall protect and defend unconditionally as well as indemnify and hold IPDF and the Executing Agency, 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. IPDF makes no representation, covenants, warrants or guarantees, express or implied, other than those expressly set forth in this Agreement. In no case shall IPDF be liable for contingent or consequential, special or indirect damages.