

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

CONTRACT AWARD PROFORMA – I

To Be Filled And Uploaded on PPRA Website In Respect of All Public Contracts of Works, Services and Goods Worth Fifty Million or More

- NAME OF THE ORGANIZATION **Privatisation Commission**
- FEDERAL / PROVINCIAL GOVT. **Federal Government**
- TITLE OF CONTRACT **Financial Advisory Services Agreement**

- TENDER NUMBER **TS238030E**
- BRIEF DESCRIPTION OF CONTRACT **Appointment Of Financial Advisor For Divestment of GOP's Residual shareholding in Kot Addu Power Company Limited (KAPCO)**

- TENDER VALUE **Approx US\$ 3.36 Million**

- ENGINEER'S ESTIMATE (for civil Works only) **N/A**

- ESTIMATED COMPLETION PERIOD **March 2016**
- WHETHER THE PROCUREMENT WAS INCLUDED IN ANNUAL PROCUREMENT PLAN? **N/A**

- ADVERTISEMENT :
 - (i) PPRA Website **30-03-2015** **TS238030E** (Federal Agencies) (If yes give date and PPRA's tender number)
 - (ii) News Papers **Yes (list of news papers is at Annex-I)** (If yes give names of newspapers and dates)

- TENDER OPENED ON (DATE & TIME) **24-07-2015**

- NATURE OF PURCHASE **Both Local and/ International**

- EXTENSION IN DUE DATE (If any) **Yes**

- NUMBER OF TENDER DOCUMENTS SOLD 12
(Attach list of Buyers **Annex-II**)

- WHETHER QUALIFICATION CRITERIA WAS INCLUDED IN BIDDING/TENDER DOCUMENTS Yes
(If yes enclose a copy **Annex-III**).

- WHETHER BID EVALUATION CRITERIA WAS INCLUDED IN BIDDING/TENDER DOCUMENTS Yes ___
(If yes enclose a copy).

- WHICH METHOD OF PROCUREMENT WAS USED: - (Tick one)
 - a) SINGLE STAGE – ONE ENVELOPE PROCEDURE _____
 - b) SINGLE STAGE - TWO ENVELOPE PROCEDURE. _____
 - c) TWO STAGE BIDDING PROCEDURE. _____
 - d) TWO STAGE – TWO ENVELOPE BIDDING PROCEDURE.____

- PLEASE SPECIFY IF ANY OTHER METHOD OF PROCUREMENT WAS ADOPTED WITH BRIEF REASONS (i.e EMERGENCY, DIRECT CONTRACTING, NEGOTIATED TENDERING ETC.)

- WHO IS THE APPROVING AUTHORITY PC Board approves the successful bidder and the contract is approved by the Chairman, Privatisation Commission

- WHETHER APPROVAL OF COMPETENT AUTHORITY WAS OBTAINED FOR USING A METHOD OTHER THAN OPEN COMPETITIVE BIDDING. N/A

- NUMBER OF BIDS RECEIVED 05

- WHETHER THE SUCCESSFUL BIDDER WAS LOWEST BIDDER Yes

- WHETHER INTEGRITY PACT WAS SIGNED Yes

PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA)

CONTRACT AWARD PROFORMA – II

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➤ NUMBER OF BIDDERS PRESENT AT THE TIME OF OPENING OF BIDS 05

➤ NAME AND ADDRESS OF THE SUCCESSFUL BIDDER.

Consortium of:

- a) Dubai Islamic Bank
- b) Deloitte
- c) Lummus Consultants International
- d) MohsinTayebaly & Co.

Address

Dubai Islamic Bank, Office No. 429, Block 'B', Business Village, P.O.Box 1080, Dubai, UAE.

Deloitte Yousuf Adil, Chartered Accountants, 18 B/1, Chohan Mansion,, Islamabad.

Lummus Consultants International, Altius House, Third Floor , 1 North Fourth Street, Milton Keynes, Buckinghamshire, MK9 1NE, United Kingdom

Mohsin Tayebaly & Co., Barristers & Advocates, 2nd Floor Dime Centre, BC-4 Block 9, KDA Scheme 5, Clifton, Karachi.

- RANKING OF SUCCESSFUL BIDDER IN EVALUATION REPORT (i.e. 1st, 2nd, 3rd EVALUATED BID).

Consortium Name / Interested Parties	Rank
M/s Dubai Islamic Bank, Deloitte, Lummus Consultants International, MohsinTayebaly & Co.	1
M/s Credit Suisse, Elixir Securities, Fichtner, EY, Latham & Watkins, HaidermotaBNR.	2
M/s Habib Bank Limited (HBL), CITIC Securities Co., Bank Alfalah Limited, Lummus Consultants International, Ernst & Young Ford Rhodes SidatHyder, Mandviwalla & Zafar Advocates & Legal Consultants and Latham & Watkins LLP.	3
M/s Citibank, Fichtner Consulting Engineers, Latham & Watkins, HaidermotaBNR, PriceWaterHouseCoopers.	4
M/s Jefferies LLC, Shajar Capital, FHC Consulting Engineers, Galway Group, Chadbourne& Parke LLP, Az Zaman Advocates & Legal Consultants, BDO Ebrahim& Co., Mazars.	5

- NEED ANALYSIS (Why the procurement was necessary?) **Federal Government Policy**
- IN CASE EXTENSION WAS MADE IN RESPONSE TIME, WHAT WERE THE REASONS (Briefly describe) **Due to Requests from the Interested Parties**
- WHETHER NAMES OF THE BIDDERS AND THEIR PRICES WERE READ OUT AT THE TIME OF OPENING OF BIDS Yes
- DATE OF CONTRACT SIGNING September 18, 2015
- CONTRACT AWARD PRICE Approx. US\$ 3.36 Million
- WHETHER COPY OF EVALUATION REPORT GIVEN TO ALL BIDDERS YES
Evaluation report already uploaded on PPRA's website (10-08-2015)
(Attach copy of the bid evaluation report at **Annex - IV**)
- ANY COMPLAINTS RECEIVED No
(If yes result thereof)
- ANY DEVIATION FROM SPECIFICATIONS GIVEN IN THE TENDER NOTICE/DOCUMENTS No
(If yes give details)
- DEVIATION FROM QUALIFICATION CRITERIA No
(If yes give details)
- SPECIAL CONDITIONS, IF Any N/A

Names of Newspapers and dates where EOI Advertised

<u>Sr. No.</u>	<u>Name of Local Press</u>	<u>EOI Advertised Date</u>
1.	Dawn	March 28, 2015
2.	Express Tribune	March 28, 2015
3.	Jang	March 28, 2015
4.	Nawa-e-waqt	March 28, 2015
5.	Khabrain	March 28, 2015
6.	Business Recorder	March 28, 2015

<u>Sr. No.</u>	<u>Name of International Press</u>	<u>EOI Advertised Date</u>
7.	CHINA DIALY	March 28, 2015
8.	Gulf News	March 28, 2015
9.	FINANCIAL Times	March 28, 2015

**List of Parties who submitted the EOI Documents for
Financial Advisory Services for KAPCO transaction.**

Sr. No.	Name
1.	M/S BMA Capital
2.	M/S Guernsey
3.	M/S Topline Securities
4.	M/S JS Global
5.	M/S Dubai Islamic Bank
6.	M/S Mazars
7.	M/S Citibank
8.	M/S HBL and Alfalah
9.	M/S Elixir Securities
10.	M/S Pak China Investment
11.	M/S Infrastructure Investment Facilitation Company
12.	M/S IIFC, Bangladesh

**Government of Pakistan
Ministry of Privatisation & Investment
Privatisation Commission**

Islamabad, the January, 2007

NOTIFICATION

S.R.O. (I)/2007. - In exercise of powers conferred by section 41 of the Privatisation Commission Ordinance, 2000 (LII of 2000), the Privatisation Commission hereby makes the following regulations, namely:-

**THE PRIVATISATION COMMISSION
(HIRING OF FINANCIAL ADVISORS) REGULATIONS, 2007**

PRELIMINARY

1. Short title and commencement:-

(1) These regulations may be called the Privatisation Commission (Hiring of Financial Advisors) Regulations, 2007.

(2) They shall come into force at once.

2. Definitions:-

(1) In these regulations unless there is anything repugnant in the subject or context, -

(a) "Evaluation Committee" means a committee constituted by the Chairman, comprising not less than three persons which may include a member of the Board of the Commission with the purpose of evaluating the technical and financial proposals submitted by the interested parties;

(b) "Financial Advisor" or "FA" means an external advisor hired by the Privatisation Commission with the approval of the Board to advise on a major privatisation;

(c) "interested party" or "IP" means a person who has submitted an expression of interest through a formal proposal and payment of required fee, if any;

(d) "major privatisation" means a privatization

(i) which envisages transfer of management control; and

(ii) where the size and complexity of such a privatisation warrants the appointment of a financial advisor; or

(iii) a privatisation which the Board on the recommendation of the Commission has resolved to be a major privatisation notwithstanding the fact that conditions (i) and (ii) aforesaid are not satisfied;

(e) "Ordinance" means the Privatisation Commission Ordinance, 2000 (LII of 2000);

(f) "pre-qualified IP" shall have the meanings as assigned to it in regulation 9;

(g) "Request for Proposals Package" or "RFP Package", in respect to major privatisation means, the letter of invitation, the terms of reference, draft agreement with FA, evaluation criteria for technical, financial proposals or both, profile of the

entity or interest being privatised and such other document which the transaction manager deems as necessary;

(h) "top-ranked IP" shall have the same meaning as assigned to it in regulation 11;

(i) "total fee" means total fee as defined in regulation 4 ; and

(j) "transaction manager" means the person appointed by the Secretary to be primarily responsible for liaising with the FA and ensuring to the extent possible, that the FA is complying with the terms of reference and submitting the deliverables in accordance with agreed schedules.

(2) All other terms and expressions used but not herein defined shall have the same meanings as are assigned to them in the Ordinance.

PROCEDURES

3. Decision to appoint a Financial Advisor. - The Board shall decide whether or not a privatisation (i) may be treated as a major privatisation; and (ii) warrants the appointment of a Financial Advisor. Such decisions shall be taken by the Board based on a summary prepared by the Commission.

4. Initiation process. - The transaction manager prior to the placement of advertisement in the print media for an FA shall prepare and submit for approval of the Chairman the RFP Package. Where deemed necessary by the Commission, inputs on the terms of reference that form part of the RFP Package shall be sought from (i) the Ministry under whose jurisdiction the entity being privatised falls, (ii) the senior management of the entity being privatized; and (iii) the relevant regulatory authority. The RFP Package shall require the parties to submit, inter-alia, information on how it will structure the transaction and why it is qualified to undertake the transaction. In addition to the technical proposals, the Parties shall submit in a separately sealed envelope a financial proposal describing the amount and structure of its fees in accordance with the requirements of the RFP Package. The financial proposals shall specify the Parties fees (the "Total Fee") as the sum of two parts: a retainer and out of pocket expenses and success fee (usually a percentage of the actual sale proceeds).

5. Advertising for the Financial Advisor. – Subject to regulations 13 and 14 herein below, the FA position shall normally be advertised in the relevant media and parties will be invited to submit expressions of interest and their proposals. The parties shall be required to provide technical and financial proposals normally within thirty days from the date of publication of the advertisement.

6. Evaluating the proposals. - On expiry of the date for submission of proposals, the evaluation process will begin. The transaction manager shall circulate the technical proposals to the Evaluation Committee, while the sealed financial proposals will remain in the custody of the Secretary as per procedures laid down separately.

7. Evaluating the technical proposals:-

(1) Each technical proposal shall be standardized using the four categories listed below. The weight to be assigned to each category shall be decided by the Commission within the ranges specified below. The sum of the assigned weights must total 100:-

Category Weight

(a) Specific firm/consortium experience related to the assignment 25-40%

(b) Competence of team 25-40%

- (c) Work plan and methodology 25-40%
- (d) Effectiveness of presentation 0-10%

(2) Each member of the evaluation committee will assign preliminary scores for each technical proposal using standardized sheets prepared by the transaction manager.

8. Finalising the technical scores. - A meeting of the evaluation committee to finalise the technical scores will normally be called. The final individual technical scores of the Evaluation Committee members will be tabulated by the transaction manager on a top sheet which will be signed by all the members of the evaluation committee. The final technical scores of each IP will be the average of the individual technical scores allocated by each member of the Evaluation Committee. The top sheet, including the final technical scores, will be submitted to the Chairman for approval.

9. Opening of financial proposals. – Short-listed IPs that receives a raw technical score (S_{tr}) of 70 points or higher (pre-qualified IPs) will be invited to attend the opening of the sealed financial bids. All other IPs will stand disqualified and their sealed financial proposals will be returned to them unopened. The sealed financial proposals shall be opened by the Secretary or his nominee. Immediately before the opening of the financial proposals, the Commission will announce a notional value of the expected sale proceeds. This figure shall have been approved by the Chairman and will be used solely for calculating the success fee component where the fee is quoted as a percentage of the sale proceeds.

10. Scoring of technical and financial proposals. - The technical proposal shall be assigned a raw score (S_{tr}) which shall be scaled up to constitute a final technical score (S_t) in the following manner, namely:-

$$S_t = S_{tr} \times 100/S_{tmax}$$

where S_{tmax} = Raw score of the highest ranked IP on technical criteria.

The financial score (S_f) will be calculated in the following manner, namely:-

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

where F_{min} = Lowest Total Fee bid
and F_f = Total Fee bid by the IP under consideration.

The combined technical and financial proposal (S_c) shall be calculated in the following manner, namely:-

$$S_c = 0.80 \times S_t + 0.20 \times S_f$$

11. Ranking the pre-qualified Interested Parties. - The transaction manager shall submit to the Evaluation Committee the cumulative marks (technical plus financial) of the pre-qualified IPs based on the calculations set out in regulation 10. The submission will identify the pre-qualified IP scoring the highest cumulative scores (the "top-ranked IP"). Upon endorsement by the evaluation committee, the transaction manager will submit the rankings of the pre-qualified IPs to the Secretary for approval, after which a summary recommending the hiring of the top-ranked IP will be moved to the Board. If the Board approves the summary, the top-ranked IP will be invited for contract negotiations.

12. Contract negotiations. – The contract negotiations shall be conducted by the negotiation team comprising the Director-General or Additional Secretary, transaction manager, legal consultant and any other person that the Board may authorize, with the authorised representatives of the top-ranked IP. The negotiations

team of the Commission shall keep the Secretary of the Commission informed about the progress of the negotiations. The negotiations will focus on, inter-alia, issues related to milestones and phases, deliverables, contract duration and procedures for disbursements. The Total Fee (or a component thereof) will be negotiated if the Board so authorises. In case the negotiations with the top-ranked IP are unsuccessful, negotiations with the authorised representatives of second-highest ranked IP will be carried out. If these also prove unsuccessful, negotiations with the authorised representatives of third-highest ranked IP will be carried out. If these also prove unsuccessful, the matter will be referred back to the Board for further directions. The Board may, in its discretion impose a time period for contract negotiations.

13. Applicability of regulations.-

(1) These regulations shall apply to all major privatisations where a FA is to be appointed, provided that, the applicability of these regulations may be waived in part where circumstances warrant a waiver and the Board so authorizes.

(2) Notwithstanding anything provided hereinbefore and in addition to the foregoing, as regards all international capital offerings and any other Privatisation transaction deemed appropriate by the Board, the provisions of regulation 14 shall mutatis mutandis, apply to the appointment of FA.

14. International capital offerings or any other Privatisation transaction.-

(1) For the purposes of international capital offerings or any other Privatisation transaction deemed appropriate by the Board, the Privatisation Commission with the prior approval of the Board, shall at all times maintain panels comprising ten to fifteen Financial Advisors globally recognised for international capital offerings or for the Privatisation transaction in question. Such panels shall be based on the rankings of internationally recognised and published league tables solely determined by the Board and approved in its discretion. The Board shall review the rankings of the Financial Advisors on its panel on a periodic basis.

(2) Subsequent to the decision by the Board to appoint Financial Advisor with respect to an international capital offering or any other Privatisation transaction, the Privatisation Commission shall send the RFP package approved by the Chairman together with a request in writing to the Financial Advisors on its panel to submit sealed technical, financial proposals or both within twenty one days or such time as determined by the Board of the date of such written request in accordance with the information set-forth in the RFP package.

15. Repeal of regulations:-

(1) The Privatisation Commission (Hiring of Financial Advisors) Regulations, 2001, are hereby repealed.

(2) Anything done, action taken, order passed, instrument made, proceedings initiated, processes or communication issued, powers conferred or assumed under the Regulations repealed under sub-rule (1), shall be deemed to have been validly done, made, issued, taken, initiated, conferred or assumed under the corresponding provisions of these regulations.

Government of Pakistan
Ministry of Finance, Revenue, Economic Affairs, Statistics & Privatisation
(Privatisation Commission)

Subject: **EVALUATION REPORT FOR PROCUREMENT OF FINANCIAL ADVISORY SERVICES FOR DIVESTMENT OF GOP'S RESIDUAL SHAREHOLDING IN KOT ADDU POWER COMPANY LIMITED (KAPCO)**

Privatisation Commission (PC) vide its advertisement dated March 28, 2015, invited Expressions of Interest (EOI) for the procurement of Financial Advisory Services for the Divestment of GOP's Residual shareholding in KAPCO, from the Interested Parties (IPs), having demonstrable track record of successfully managing power sector related transactions. Meanwhile, due to requests from the IPs, an addendum, after obtaining requisite approval from the competent authority, was re-advertised on April 29, 2015, with deadline for submission extended till May 15, 2015.

2. Following ten (10) IPs/Consortia expressed their interest and submitted Technical & Financial proposals by the due date of May 15, 2015:

S.No.	Consortium Name / Interested Parties (IPs)
(i)	M/s Habib Bank Limited (HBL), CITIC Securities Co., Bank Alfalah Limited, Lummus Consultants International, Ernst & Young Ford Rhodes SidatHyder, Mandviwalla & Zafar Advocates & Legal Consultants and Latham & Watkins LLP.
(ii)	M/s Dubai Islamic Bank, Deloitte, Lummus Consultants International, Mohsin Tayebaly & Co.
(iii)	M/s Credit Suisse, Elixir Securities, Fichtner, EY, Latham & Watkins, HaidermotaBNR.
(iv)	M/s Citibank, Fichtner Consulting Engineers, Latham & Watkins, HaidermotaBNR, PriceWaterHouseCoopers.
(v)	M/s CIMB Investment Bank Berhad, National Bank of Pakistan (NBP), Bridge Factor, MAS ClearSight, Topline Securities, AF – Consult Switzerland Ltd., HaidermotaBNR, KPMG.
(vi)	M/s BMA Capital Management Limited, Grant Thornton, Engage Human Resources, Lahmeyer International, RIAA Law.
(vii)	M/s JS Global Capital Limited, Meezan Bank, Baringa, JS Bank, OMS, Ahmed & Qazi, EY.
(viii)	M/s Jefferies LLC, Shajar Capital, FHC Consulting Engineers, Galway Group, Chadbourne& Parke LLP, Az Zaman Advocates & Legal Consultants, BDO Ebrahim & Co., Mazars.
(ix)	M/s C. H. Guernsey & Company, AKD Securities, Decker & Co., Integrators (Pvt) Limited, Energy Markets Group (International), Ernst & Young, MohsinTayebaly & Co.
(x)	M/s Infrastructure Investment Facilitation Company, Lanka Bangla Finance Limited, Axis Law Chambers, Pakistan.

3. Above mentioned IPs were evaluated on the basis of pre-defined and approved technical evaluation criteria as per Privatisation Commission (Hiring of Financial Advisors) Regulations 2007 read with the relevant provisions of Procurement of Consultancy Regulations 2010, pertaining to Quality and Cost Based Selection (QCBS).

4. Following IPs obtained 70 points or above in technical evaluation and were deemed pre-qualified.

S. No.	Consortium / Interested Parties
1.	M/s Dubai Islamic Bank, Deloitte, Lummus Consultants International, MohsinTayebaly & Co.
2.	M/s Credit Suisse, Elixir Securities, Fichtner, EY, Latham & Watkins, HaidermotaBNR.
3.	M/s Habib Bank Limited (HBL), CITIC Securities Co., Bank Alfalah Limited, Lummus Consultants International, Ernst & Young Ford Rhodes SidatHyder, Mandviwalla & Zafar Advocates & Legal Consultants and Latham & Watkins LLP.
4.	M/s Citibank, Fichtner Consulting Engineers, Latham & Watkins, HaidermotaBNR, PriceWaterHouseCoopers.
5.	M/s Jefferies LLC, Shajar Capital, FHC Consulting Engineers, Galway Group, Chadbourne& Parke LLP, Az Zaman Advocates & Legal Consultants, BDO Ebrahim& Co., Mazars.

5. Subsequently, Financial Bids of Pre-qualified IPs were opened on July 24, 2015, by the DG (Power), nominated by the Secretary PC, in the presence of the authorized representatives of IPs. Summary of the cumulative final score based on technical and financial evaluation is tabulated below:

Consortium Name / Interested Parties	Final Score	Ranking
M/s Dubai Islamic Bank, Deloitte, Lummus Consultants International, MohsinTayebaly & Co.	93.64	1
M/s Credit Suisse, Elixir Securities, Fichtner, EY, Latham & Watkins, HaidermotaBNR.	91.60	2
M/s Habib Bank Limited (HBL), CITIC Securities Co., Bank Alfalah Limited, Lummus Consultants International, Ernst & Young Ford Rhodes SidatHyder, Mandviwalla & Zafar Advocates & Legal Consultants and Latham & Watkins LLP.	88.90	3
M/s Citibank, Fichtner Consulting Engineers, Latham & Watkins, HaidermotaBNR, PriceWaterHouseCoopers.	88.86	4
M/s Jefferies LLC, Shajar Capital, FHC Consulting Engineers, Galway Group, Chadbourne & Parke LLP, Az Zaman Advocates & Legal Consultants, BDO Ebrahim& Co., Mazars.	84.29	5

6. Foregoing in view, PC Board in its meeting held on July 27, 2015, approved the appointment of Top Ranked IP, i.e. consortium of Dubai Islamic Bank, Deloitte, Lummus Consultants International, Mohsin Tayebaly & Co., as the Financial Advisor for the Divestment of GoP's residual shareholding in KAPCO, subject to successful contract negotiations.
