

## Term of Reference

**Project:** *[Title of the Project, shall likely state that the project shall be implemented in PPP mode]*

### **Administrative authorities responsible:**

**Government Agency** *[Insert name of relevant Government Agency/Administrative Department], Government of the Punjab, (the “Client”)*

### **1. BACKGROUND**

*[Provide a brief outline of the background to the project. This should include detail as to why the project is being proposed, whether the type of project has been done before in Pakistan, or the model utilized internationally. Maximum one A4 page.]*

### **2. OBJECTIVES:**

*[Detail the objectives, or goals, the project intends to achieve. This should provide further detail of the problems the project is seeking to address, and should specify three to six bullet point objectives which briefly encapsulate the key aims of the project. Maximum two A4 pages.]*

### **3. THE ASSIGNMENT**

The department intends to procure the services of an experienced Transaction Advisor (Firm / Consortium) to assist it through the phases of the PPP project development and procurement. Broadly, the Transaction Advisor will be required to (i) conduct essential due diligence; (ii) assess the feasibility of the proposed project; (iii) design bankable PPP structures with equitable allocation of risk between Government and private party; (iv) run the procurement process in an efficient and transparent manner; (v) culminating in the timely award of the PPP Concession to the winning bidders, (the “Assignment”).

The assignment will consist of following two phases:

Phase-I: Project Development

Phase-II: Transaction Execution

## **4. SCOPE OF ASSIGNMENT**

### **Phase-I: PROJECT DEVELOPMENT**

#### **Task 1: Kick-off Meeting**

Within one week of signing the Transaction Advisory Services Agreement (TASA), the Transaction Advisor (TA) will convene a kick-off meeting with the Client and its representatives to discuss and finalize the detailed plan of activities proposed by the TA.

The meeting will cover the following:

- i. Review of proposed methodology and requirements to complete the Assignment.
- ii. Review of timetable of activities / milestones.
- iii. Review of team organization and detailed functions of team members.
- iv. Discuss and finalize a communication strategy.
- v. Any specific issue requiring immediate attention of Client.

#### **Outcomes:**

- Detailed methodology and time schedule.
- Completion dates for the Information Memorandum (IM).
- Communication strategy.
- A brief report on key issues. **Timeline:** 01 week

#### **Task 2: Due Diligence**

During the process of due diligence TA will liaise closely with the Client and other relevant stakeholders [and will visit the [*relevant site*] to collect relevant information – *Note: this is only appropriate if site visits are to be conducted as part of the due diligence. This is likely to be relevant in the majority of PPP projects*]. The TA will also conduct a desk review of similar models in Pakistan and internationally and present the options, together with a recommendation as to the most suitable models, for approval. The TA will conduct soft marketing to assess the appetite of potential investors.

#### **Deliverables:**

- Due Diligence Report (Legal, Technical, Operational, Environmental & Financial) including market assessment for [*please specify the project and the proposed site*], including:
  - findings of desk study of national and international practice;
  - results of soft investor appetite assessment; and

- *[Specify any other relevant key Due Diligence Report contents. This could include a resettlement plan if relevant, or any other likely social/gender issues. This should also highlight any tax implications, where relevant.]*

### **Task 3: Feasibility Study, Project Proposal and Bid Documents**

The TA will conduct diligence on legal, financial, technical & environmental aspects to present various PPP Concession modalities.

The TA will prepare and present a comprehensive financial model, together with optimal design parameters, service level specifications, risks assessment (identification, evaluation, estimation of risk) and cost analysis, cash flow, sensitivity analysis, Debt Service Coverage, Return On Equity (ROE) and all such financial analysis, together with an assessment of the legal feasibility of the project (including an analysis of the financial structure and land use).

#### **3.1 Feasibility study includes the following:**

- Business Plan
- PPP modality/Transaction Structure
- Financial model and analysis of project financials (this should demonstrate the project's financial and economic viability over the expected duration of the project and permit an analysis of the affordability of the project)
- Risk allocation matrix
- Role of Government and Private Party
- Asset stock-take
- Monitoring Mechanism
- Key Performance Indicators(KPIs)
- Legal feasibility analysis
- *[Include any additional project-specific requirements for the feasibility study, e.g. if resettlement is required, include 'recommendations for resettlement']* **Deliverable:** Feasibility Report

#### **3.2 Project Proposal includes the following:**

- Feasibility study
- Environment Impact Assessment Report
- Need for Government support (quantum, structure and kind)

**Deliverables:** PPP Project Proposal

#### **3.3 Bid Documents**

The TA will develop the following:

- RFQ Package
  - Prequalification criteria
  - Basis of disqualification

- Data sheet/forms
  - Undertakings templates
  - RFQ Advertisement
  - Any other document that may be required in such transactions.
- RFP Package
    - Invitation to bid
    - Instructions to bidders
    - Bid Evaluation Criteria
    - Reference Design parameters [*In construction projects 'minimum design and performance standards and specifications'*]
    - Draft Concession Agreement
    - [*Include where relevant: Bid security form and performance bond form*] – Any other document that may be required in such transactions.

**Deliverables:** RFQ and RFP Package

#### **Task 4: Communication Strategy and Information Memorandum (IM)**

Transaction Advisor will develop a communication strategy for approval by the Client.

Transaction Advisor will develop an Information Memorandum (IM) which will highlight salient features of the project and broad terms and conditions with a view to market the project to potential investors.

**Deliverables:**

- Communication strategy
- Information Memorandum

#### **Task 5: Government Approvals**

The Transaction Advisor will assist the Client to obtain necessary government approvals, e.g PPP Policy and Monitoring Board, Board of Revenue, Provincial Cabinet etc.

### **Phase-II: TRANSACTION EXECUTION**

#### **Task 1: Procurement Process**

Transaction Advisor will assist the Client in soliciting EOIs, prequalification of potential bidders, issuance of RFP, pre-bid meetings, bid evaluation, selection of successful bidder and issuance of Letter of Intent (LOI)/Letter of Award.

**Deliverables:**

- Pre-qualification Report
- Minutes of Pre-bid meeting
- Bid evaluation report (technical/financial/legal)

- Draft LOI/LOA

## **Task 2: Deal Closure and Signing of Concession Agreement**

Transaction Advisor will assist the Client to reach deal closure and successful signing of PPP Concession Agreement.

### **Deliverables:**

- Signing of Concession Agreement

## **Task 3: Financial Close**

After signing of Concession Agreement, the Transaction Advisor will analyse the financials provided by the successful bidder and confirm to the Client whether the bidder has fulfilled the mandatory requirements of financial close.

### **Deliverables:**

- Financial close

## **GENERAL CONDITIONS**

1. The overall scope of work of the TA shall be dependent on the decision of the PPP Policy and Monitoring Board. The TASA will be terminated without notice upon completion of Phase I if the PPP Policy and Monitoring Board does not approve the Project for implementation.
2. While the scope of work has been outlined in the TOR, the TA shall also provide assistance in activities, not specifically mentioned in the TOR, that are necessary for successfully concluding the Assignment.
3. The PPP Act, 2019, as amended, shall govern the overall process of PPP Project. The procurement process shall be conducted pursuant to the Punjab Procurement Rules 2014.
4. Any amendments required either by Client any other relevant forum including PPP Cell, Risk Management Unit and PPP Policy and Monitoring Board shall be considered to be part of the TORs.
5. Five hard copies and one soft copy of each draft document specified as a deliverable will be submitted to the Client at the address and email address specified in the TASA. The Client will offer its comments and recommendations. The TA shall incorporate these into the final documents and resubmit 5 hard copies and one soft copy of each to the Client.
6. All documents shall be drafted in English.
7. All the data, documents and reports produced by the TA under the TASA shall be the property of the Client. The TA shall not share or use any data, document and reports for any purpose beyond providing services pursuant to the TASA without the prior explicit written approval of the Client. At the end of the Assignment, the TA shall, upon written request of the Client, destroy or return all materials provided under the TASA.
8. The *[executing agency or sponsoring agency, as appropriate]* will nominate one member of staff not below the rank of Director to liaise with the TA regarding the Assignment.
9. The TA shall begin the Assignment as soon as the TASA is signed.
10. If there is any possible conflict of interest arising from the TA advising the Client, the TA must alert the Client to this as soon as it becomes aware of the potential conflict.

## **Transaction Advisor Team Profile**

### **Team Leader**

Master's degree in Project Management/Business Administration/Applied Economics/[*other relevant subject*] with ten (10) years' experience in Project Management, Public Private Partnership projects, [*relevant sectoral experience*] and able to manage cross-sectoral team.

### **Financial Expert**

MBA(Finance)/Master Degree in Finance, ACCA, ACMA, CFA with ten (10) years' experience of developing projects in PPP mode, due diligence of related financial implications & assurance, financial modelling, financial analysis, project risk profiling, value for money analysis and financial closure for PPP projects

### **Legal Expert**

LLB with minimum ten (10) years' experience of dealing with business/corporate laws, firms and company laws/ordinances, thorough knowledge of PPP Act 2019, as amended, contract management, and other domestic and international laws, with expertise in drafting and negotiating PPP/Concession agreements.

### **Technical Experts**

Technical experts with a minimum (08) years of experience relating to the relevant area, with the qualifications detailed below: [*Note: Set out the academic qualifications and the field experience required for each technical expert.*] **Focal Persons:**

[*Detail the focal persons at the sponsoring and executing agencies that will act as coordinators for the project, together with focal persons at the project level.*]

**Note:** Selection will be based on verifiable demonstration of experience and qualifications in similar projects as well as qualification of firm.