

**ADDENDUM A TO THE REQUEST FOR PROPOSALS (RFP) FOR ADVISORY
SERVICES FOR THE DEVELOPMENT OF SHIPYARDS AT PORT QASIM AND
GWADAR**

**CLARIFICATIONS AS A RESULT OF PRE-BID CONFERENCE FOR TRANSACTION
ADVISORY SERVICES FOR DEVELOPMENT OF SHIPYARDS AT PORT QASIM
AND GWADAR UNDER PUBLIC PRIVATE PARTNERSHIP MODALITY**

The pre-bid conference was held on 5 March 2008 at 0930 at KS&EW, Karachi. Subsequent to the discussions, it is considered necessary to consolidate clarifications on salient points of discussions with the potential bidders. .

Deleted: S

1. Feasibility Studies

As already indicated in Section 2.2 of the Terms of Reference (quoted below), the Advisors based on their knowledge, experience and international best practice are expected to carry out all such studies and work (including but not limited to soil and depth analysis, Topographic Surveys, Environmental studies, Layout plans etc.) considered necessary for the project. At present, no formal pre-feasibility/feasibility study is currently available for the project.

“.....Particular attention should be paid to the selection and appropriateness of the location for the project with recommendation for any alternatives if deemed necessary. The phase will essentially consist of conducting the required due diligence (legal, financial, technical etc.) covering in particular soil and depth analysis of the channel to be constructed. The study should also encompass the technical feasibility and operational capacity of the channels proposed to be constructed for the Shipyards. A survey of the dock capacity of the proposed shipyards will also be undertaken, to analyze the potential efficiency of the shipyards....”

Accordingly it is expected and Potential Advisors are strongly requested to elucidate in their technical proposals, details of all such work (incidental and ancillary) that is considered imperative for the successful conclusion of the project.

2. Design of Shipyards

It is expected that the Advisors based on their knowledge, experience and international best practice would be able to assist the Client in developing a conceptual design including the broad parameters / layout of the proposed shipyards. This Conceptual/Basic design of the Shipyard would be reflected in the Feasibility Study.

It is envisaged that the potential JA partners (investors/operators) would be required to submit their design(s) in their respective proposals in response to the parameters / requirements for the design of the facilities (as indicated above and which would be outlined in the subsequent documentation) at the time of solicitation of proposals from investors / operators. The detailed design of the Shipyards would be left to the investor/operator.

3. Government Support to the Project

The ~~Transaction~~ ~~Advisor's~~ ~~scope of services~~ is to advise the Government to come up with the best suited transaction structure to ~~develop~~ ~~new~~ ~~shipyards~~. The best suited structure is one which involves minimal upfront Government support, can be implemented with ease and is best suited for maximizing private sector investment in this project. The Government support may include but not limited to the following:

- a. Assistance in making the project financially viable, if required, through fiscal measures such as tax relief, duty drawbacks etc.
- b. Assistance in logistics and supporting infrastructure if required and considered ancillary and incidental to the project.
- c. Other facilitation measures to encourage private sector participation.

Deleted: t
Deleted: a
Deleted: implement the projects of
Deleted: ment of

4. Timeline for Advisory Services

The timeline given in the RFP is indicative. The potential advisors are expected to bring in depth knowledge, expertise and industry best practices while formulating their proposals. Accordingly if the potential advisors believe that more time may be required for carrying out of the services as envisaged in the RFP, they can propose a revised timeline along with detailed justification in their proposals.

5. Currency of Advisory Fee

The potential advisors can submit their Financial Proposals in Pakistani Rupees, United States Dollars or Euros. However for the purposes of comparison of Financial Proposals, the foreign currency amounts would be converted into Pakistani Rupees at the rate prevailing (as notified by the State Bank of Pakistan) on the date of opening of Financial Proposals.

KSEW will pay the Advisory Fee as per the indicative payment schedule in Pakistani Rupees. The ~~Transaction~~ ~~Advisors~~ are expected to build in their financial proposals any costs associated with repatriation of fee to their respective consortium members if they are to be paid in foreign currency.

Deleted: t
Deleted: a

6. Success Fee

In case financial closure is not achieved by the selected operator, the success fee will not be payable to the Transaction Advisor. The Transaction Advisor will not bear any risk other than foregoing the success fee in this regard.

**ADDENDUM B TO THE REQUEST FOR PROPOSALS (RFP) FOR ADVISORY
SERVICES FOR THE DEVELOPMENT OF SHIPYARDS AT PORT QASIM AND
GWADAR**

As a result of Pre-bid Meeting held on 5 March 2008 and various queries/suggestions made by the potential bidders, following modifications have been made in the Request for Proposals (RFP)

Annex – 2 – Procedure for Submission and Evaluation of Proposals

Part 2 – Evaluating the Proposals

Para 5 shall be read as

“Remuneration of Transaction Advisor will be made up of two components; a **Retainer fee**, which is made of payments at milestones/stages in the project as set out in the RFP, and a **Success Fee**, which will be paid at the time of financial closure of the project by the successful bidder. The quantum of both the Retainer Fee and Success Fee are to be bid together in a single bid by the invited Transaction Advisors. Twenty percent (20%) of the bid amount submitted by the Transaction Advisor will be payable in success fee. The bid is to be in **Pak Rupees inclusive of taxes.**”

Para 6 shall be read as

“Retainer Fee

This part of the fee (80% of the bid amount) will be paid as per the Retainer Payment Schedule attached as Appendix A.”

Part 8 – Address and date of Submission

Para 1 shall be read as

“The proposals should be delivered to the Managing Director, Karachi Shipyard & Engineering Works Ltd, West Wharf Road Karachi – 74000, Pakistan”, on or before **31 March 2008.**”

Annex 3 – Format for Technical Proposal and Financial Proposal

Format of Financial Proposal

Para 2 should be read as follows:

“The quantum of both the Retainer and the Success Fee are to be bid separately by the invited Transaction Advisors. Both the Retainer and the Success Fee are to be bid in Pakistani Rupees, United State Dollars or Euros. However for the purposes of comparison of Financial Proposals, the foreign currency amounts would be converted into Pakistani Rupees at the rate prevailing (as notified by the State Bank of Pakistan) on the date of opening of Financial Proposals. “

The table specifying the format for submitting Financial Proposal and the notes shall be read as

“

	Amount (Currency)
Retainer Fee 80%	
Success Fee 20%	
Total Amount	

Notes:

- Retainer Fee: To be paid on the basis of identified deliverables and stages (Indicative schedule in Appendix A).
- The percentage of Retainer Fee and Success Fee are 80% and 20% respectively of the total fee payable as per indicative schedule in Appendix A.
- Success Fee: To be paid upon Financial Closure of the project.
- For avoidance of doubt, the Client shall not be responsible for any taxes, charges, levies etc. arising from payments to the Advisor.”

Annex 4 – Draft Advisory Services Agreement

The definition of Success Fee shall be read as

“(n) “Success Fee” means the single amount to be paid upon financial closure, which includes finalisation and signing of all Financing and Contractual arrangements essential for the project by the Private Party, of the project.”

Para 6.3 (b) shall be read as

“The Success Fee shall be paid as a single lump sum by the successful bidder upon financial closure of the project”

Appendix A to Annex 4 shall be read as

“Appendix A – Indicative Payment Schedule

The Retainer Fee Payment Schedule (Payment to be made in Pak. Rupees):

Indicative Milestones	Percentage of Full Retainer Fee
Phase 1	
Signing of Agreement for Advisory Services	05
Submission and acceptance of deliverables identified in needs and options analysis	10
Submission and acceptance of robust Feasibility Study	15
Recommended Transaction Structure (Salient features of the terms and conditions)	10
Approval of transaction structure	10
Phase 2	
Completion and submission of Information Memorandum	10
Completion of process of pre-qualification of potential bidders	10
Submission and acceptance of draft RFP including the draft Concession Agreement	15
Completion of Bid Evaluation process (selection and approval of successful bidder)	15
Total	100