KARACHI
WATER AND SEWERAGE
BOARD

PREQUALIFICATION OF APPLICANTS FOR AWARD OF CONCESSION
TO
DESIGN, BUILD, REHABILITATE, FINANCE, OPERATE, MAINTAIN
AND TRANSFER
THE KARACHI HUB WATER CANAL

15 September 2021
LETTER OF INVITATION

Karachi Water and Sewerage Board, Government of Sindh (the “KW&SB”), invites Prequalification Applications from the Applicants in relation to the Project.

KW&SB intends to engage a private party on PPP mode, to design, finance, build, rehabilitate, operate, maintain and transfer the infrastructure of Karachi Hub Water Canal and associated facilities to ensure long term water supply of 100 MGD to the city of Karachi while minimizing water losses. The Project is expected to have a major development impact, as the first competitively procured water supply project in Pakistan. For details in relation to Project background and scope of work, please refer to ANNEXURE C (PROJECT INFORMATION) of the Prequalification Document.

In terms of the SPPRA Rules, prequalification of Applicants shall be based on their capabilities, competence and resources that are relevant to the Project, taking into account the factors set out in the Prequalification Document.

It is mandatory that the Prequalification Applications to be prepared using the standard formats provided in Section 9 (Application Forms) of the Prequalification Document. Prequalification Applications that are not prepared on the prescribed format may not be considered by KW&SB. If any information required in the prescribed forms is found missing, or written elsewhere, no credit will be given during evaluation and may lead to rejection of the Prequalification Application.

Prequalification Applications must be delivered to the address given in the Data Sheet by not later than the Submission Deadline. The Prequalification Applications will be opened on the same day at 12:00 PM (Pakistan Standard Time).

Subject to the provisions of the SPPRA Rules, KW&SB reserves the right to cancel the prequalification process at any time.

Only prequalified Applicants shall be invited to participate in the Bidding Process to be conducted for the Project.

The Applicants may obtain further information in relation to the Project and acquire the Prequalification Document either: (a) physically, by submitting a written application; or (b) electronically, by sending an email, to the address / email, given below on a working day during office hours before the Submission Deadline, in each case specifying its full name, address and contact details. The Prequalification Document can be downloaded from the websites of SPPRA and / or PPP Unit. In case, the Prequalification Document is downloaded from any of the aforementioned website(s), the Applicant will be required to intimate KW&SB in writing through a letter or via email, its full name, address and contact details.
Designation: Project Director - Karachi Hub Water Canal Project.
Address: Room No. 26, First Floor, Block B, Office of The Karachi Water & Sewerage Board, 9th Mile, Karsaz, Karachi, Pakistan.
Phone No.: 021-99245130
Email: kwsc@ifc.org & karachihubwatercanalproject@gmail.com
PPP Unit – https://www.pppunitsindh.gov.pk/

Sincerely,

PROJECT DIRECTOR
KARACHI WATER AND SEWERAGE BOARD
IMPORTANT NOTICE

This Prequalification Document is issued by KW&SB and is provided to the recipient solely for use in preparing and submitting Prequalification Applications.

The Prequalification Applications shall be submitted by Applicants upon the full understanding and agreement of all terms of this Prequalification Document and such submission shall be deemed as an acceptance to all the terms and conditions stated in this Prequalification Document.

Neither KW&SB, nor its consultants, advisors, employees, personnel or agents, make any representations (express or implied) or warranties as to the accuracy or completeness of the information contained in this Prequalification Document, or in any other document made available to a person in connection with the prequalification process for the Project; and the same shall have no liability for this Prequalification Document or for any other written or oral communication transmitted to the recipient in the course of the recipient’s evaluation of the Project. Neither KW&SB, nor its consultants, advisors, employees, personnel or agents will be liable to reimburse or compensate any recipient for any costs, fees, damages or expenses incurred by the recipient in evaluating or acting upon this Prequalification Document or otherwise in connection with the Project.

This Prequalification Document shall neither constitute a solicitation to invest, or otherwise participate, in the Project, nor shall it constitute a guarantee or commitment of any manner on the part of KW&SB that the Project will be awarded. KW&SB reserves the right, in its full discretion, to modify the Prequalification Document and/or the Project requirements at any time to the fullest extent permitted by applicable laws and shall not be liable to reimburse or compensate the recipient for any costs, taxes, expenses or damages incurred by the recipient in such an event.
TABLE OF CONTENTS

GLOSSARY ................................................................................................................................. 6
1. INTRODUCTION TO THE PROJECT ......................................................................................... 9
2. ELIGIBLE APPLICANTS ............................................................................................................. 10
3. PREQUALIFICATION DOCUMENT ............................................................................................ 12
4. PREPARATION OF PREQUALIFICATION APPLICATIONS ....................................................... 13
5. SUBMISSION AND OPENING OF PREQUALIFICATION APPLICATIONS ............................... 14
6. EVALUATION OF PREQUALIFICATION APPLICATIONS ....................................................... 15
7. OTHER CONSIDERATIONS ......................................................................................................... 16
8. DATA SHEET ............................................................................................................................ 17
9. APPLICATION FORMS ............................................................................................................... 18
ANNEXURE A – BASIC INFORMATION REQUIREMENTS .......................................................... 36
ANNEXURE B – EVALUATION AND QUALIFICATION CRITERIA ............................................... 39
ANNEXURE C – PROJECT INFORMATION .................................................................................. 43
**GLOSSARY**

Unless otherwise specified /defined herein, all capitalized terms used in this document shall bear the meanings set out below. References to any law, rule or regulation shall include any amendments, modifications or any re-enactment thereof.

<table>
<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
</tr>
</thead>
</table>
| **Affiliate** | With respect to an Applicant (or where the Applicant is a Consortium, a Consortium Member), means:  
(a) any company controlling, controlled by or under common control with such person;  
(b) any director, senior executive or manager either of such person or of any company referred to in paragraph (a) above;  
(c) any consultant, agent or representative supporting such person in connection with the Project (including the prequalification and / or Bidding Process for the Project); and / or  
(d) any person with an aggregate ultimate beneficial interest in at least five percent (5%) of the share capital or ownership interest in such person (howsoever held). |
<p>| <strong>Applicant</strong> | An interested party, that has submitted Prequalification Application in response to the Prequalification Document, either individually or as a Consortium. |
| <strong>Bidding Process</strong> | The international open competitive bidding process to be conducted in accordance with SPPRA Rules by KW&amp;SB for the award of concession for the Project. |
| <strong>Consortium</strong> | An Applicant comprised of two or more Consortium Members and formed to submit a Prequalification Application in relation to the Project. |
| <strong>Consortium Authorized Representative</strong> | Has the meaning given to that term in Sub-section 2.1.2 of the Prequalification Document. |
| <strong>Consortium Members</strong> | Each member of a Consortium, including the Lead Developer and the Lead Investor. |
| <strong>Data Sheet</strong> | The data sheet provided in Section 8 (<em>Data Sheet</em>) of the Prequalification Document. |
| <strong>Eligible Country</strong> | All countries of the world with whom Islamic Republic of Pakistan has commercial/trade relations and those who are not subject to sanctions imposed by the United Nations Security Council. |
| <strong>EPC</strong> | Engineering, Procurement and Construction. |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoS</td>
<td>Government of Sindh.</td>
</tr>
<tr>
<td>Head Regulator</td>
<td>The bifurcation point, at the end of the WAPDA canal from where water is distributed into the Karachi Hub Water Canal and the Lasbela canal, as more specifically described in Section 1 (Introduction to the Project).</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation.</td>
</tr>
<tr>
<td>Karachi Hub Water Canal</td>
<td>The KW&amp;SB controlled canal which offtakes water from the WAPDA canal from the Head Regulator and terminates at the pumping station of KW&amp;SB, as more specifically described in Section 1 (Introduction to the Project).</td>
</tr>
<tr>
<td>KW&amp;SB</td>
<td>Karachi Water and Sewerage Board, established under the KW&amp;SB Act.</td>
</tr>
<tr>
<td>Lead Developer</td>
<td>Has the meaning given to that term in Sub-section 2.1.1(b) of the Prequalification Document.</td>
</tr>
<tr>
<td>Lead Investor</td>
<td>Has the meaning given to that term in Sub-section 2.1.1(a) of the Prequalification Document.</td>
</tr>
<tr>
<td>m³/s</td>
<td>Cubic Meters Per Second.</td>
</tr>
<tr>
<td>MGD</td>
<td>Million Gallons Per Day.</td>
</tr>
<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency.</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>Operations and Maintenance.</td>
</tr>
<tr>
<td>PKR</td>
<td>Pakistani Rupees, the lawful currency of the Islamic Republic of Pakistan.</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnership.</td>
</tr>
<tr>
<td>PPP Unit</td>
<td>The PPP Unit established under Section 6 (Public-Private Partnership Unit) of the Sindh PPP Act.</td>
</tr>
<tr>
<td>Prequalification Application</td>
<td>The prequalification application, including all documents, submitted by an Applicant in response to the Prequalification Document.</td>
</tr>
<tr>
<td>Prequalification Document</td>
<td>This prequalification document issued by KW&amp;SB for the prequalification of Applicants for the Project.</td>
</tr>
<tr>
<td>Project</td>
<td>The design, finance, build, rehabilitation, operation, maintenance and transfer of the Karachi Hub Water Canal, as more specifically described in Section 1 (Introduction to the Project).</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SPPRA</td>
<td>Sindh Public Procurement Regulatory Authority, established under the SPPRA Act.</td>
</tr>
<tr>
<td>SBP</td>
<td>State Bank of Pakistan.</td>
</tr>
<tr>
<td>SPV</td>
<td>Special purpose vehicle being a body corporate incorporated under the laws of Pakistan.</td>
</tr>
<tr>
<td>Submission Deadline</td>
<td>The last date for submission of Prequalification Applications as specified in the Data Sheet.</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollars, the lawful currency of the United States of America.</td>
</tr>
<tr>
<td>WAPDA</td>
<td>Water and Power Development Authority.</td>
</tr>
</tbody>
</table>
1. INTRODUCTION TO THE PROJECT

1.1 INTRODUCTION

KW&SB intends to engage a private party on PPP mode, to undertake the design, finance, build, rehabilitation, operation, maintenance and transfer of the infrastructure of Karachi Hub Water Canal and associated facilities (which are nearing completion of lifespan) to ensure long term water supply of 100 MGD to the city of Karachi while minimizing water losses. The Project is expected to have a major development impact, as the first competitively procured water supply project in Pakistan.

For details in relation to Project background and scope of work, please refer to ANNEXURE C (PROJECT INFORMATION).

1.2 OVERVIEW OF THE PROCUREMENT PROCESS

1.2.1 The prequalification process being conducted pursuant to this Prequalification Document, and the subsequent Bidding Process, each in relation to the Project, shall be conducted pursuant to the SPPRA Rules, read with the Sindh PPP Act and the SPPRA Act.

- **Stage 1 – Prequalification**

  At the prequalification stage, Applicants will submit Prequalification Applications to demonstrate their capabilities, competence and resources that are relevant to the Project, taking into account the requirements specified in the Prequalification Document.

- **Stage 2 – Competitive Bidding**

  Only prequalified Applicants will proceed to the Bidding Process. During the bidding stage, single stage two envelope bidding process will be adopted. A bidder whose bid is determined to be the ‘best evaluated bid’ as per the requirements of the bidding documents, shall be awarded the concession for the Project.

  The successful bidder shall be required to incorporate a SPV which shall be the concessionaire for the purposes of the Project. The SPV shall enter into the concession agreement (as the concessionaire) and other agreements for the purposes of the Project.

1.2.2 During the prequalification stage, KW&SB shall determine the responsiveness of the Prequalification Applications to the requirements (including the evaluation and qualification criteria) under the Prequalification Document. The prequalified Applicants shall be invited to participate in the Bidding Process for the Project.

Note that IFC’s advisory team has been engaged by KW&SB for the purposes of the structuring and tendering of the Project, including the prequalification and the Bidding Process in relation to the Project.

1.3 INDICATIVE SCHEDULE

The indicative timelines in relation to the competitive selection process for the Project (as may be amended by KW&SB in its discretion) are as follows:
<table>
<thead>
<tr>
<th>Activity</th>
<th>Date (Tentative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of Prequalification Document</td>
<td>15th September, 2021</td>
</tr>
<tr>
<td>Prequalification Application Submission</td>
<td>22nd October, 2021</td>
</tr>
<tr>
<td>Evaluation of Prequalification Applications</td>
<td>8th November, 2021</td>
</tr>
<tr>
<td>Issuance of bidding documents to prequalified Applicants</td>
<td>9th November, 2021</td>
</tr>
<tr>
<td>Submission of bids</td>
<td>15th February, 2022</td>
</tr>
<tr>
<td>Evaluation of bids</td>
<td>14th March, 2022</td>
</tr>
<tr>
<td>Award of Project</td>
<td>16th March, 2022</td>
</tr>
</tbody>
</table>

* In the event of any public holiday occurring on the above-mentioned dates, the immediately succeeding business day will be considered as the day on which the respective milestone shall take place.

2. **ELIGIBLE APPLICANTS**

2.1 **GENERAL REQUIREMENTS**

2.1.1 The Prequalification Application may be submitted by a single entity or a Consortium. In case a Prequalification Application is submitted by a Consortium, such Applicant shall submit details of the arrangements with respect to the Consortium specifying:

(a) the name of the Consortium Member who will be the lead investor in the Consortium (the “Lead Investor”):

   (i) holding minimum twenty-six percent (26%) equity/shareholding stake in the SPV; and

   (ii) fulfilling the minimum net worth requirements set out in **SECTION B (FINANCIAL CRITERIA) of ANNEXURE B (EVALUATION AND QUALIFICATION CRITERIA)**,

(b) the name of the Consortium Member who will be the lead developer in the Consortium, fulfilling the requirements set out in **SECTION A (TECHNICAL CRITERIA) of ANNEXURE B (EVALUATION AND QUALIFICATION CRITERIA)** (the “Lead Developer”).

Either the Lead Investor or the Lead Developer shall have the power to direct the management, policies and decisions, in each case, of the SPV.

The Lead Developer and Lead Investor can be the same entity, or the respective criteria for Lead Developer and Lead Investor can be fulfilled by two (2) different Consortium Members.

Each Consortium Member, other than the Lead Investor, must hold a minimum of ten percent (10%) equity/ownership interest in the SPV.
Where the Applicant is a Consortium then:

(a) Following prequalification and until signing of the concession agreement, any change in the proposed shareholding of each Consortium Member (being the prequalified Applicant) in the SPV shall be subject to: (i) the prior written consent of KW&SB; and (ii) such Consortium (following any change in shareholding) continuing to fulfil the requirements (including the evaluation and qualification criteria) under the Prequalification Document.

(b) Following signing of the concession agreement no change in shareholding of the Consortium Members in the SPV shall be allowed until the second anniversary of the commercial operations date of the Project except as may be permitted under the terms and conditions of the concession agreement and provided also, the withdrawing Consortium Member is replaced with a person having equivalent or better qualifications than the withdrawing Consortium Member.

2.1.2 Each Consortium Member shall appoint and authorize either the Lead Investor or the Lead Developer to represent and irrevocably bind the Consortium Members in all matters connected with the prequalification and in case the Consortium is prequalified, during the Bidding Process, and in case the Consortium is awarded the Project, during execution of the concession agreement (the “Consortium Authorized Representative”).

2.1.3 At the prequalification stage, Consortium Members shall submit: (a) a formal letter of intent (executed by the authorized representatives of each of the Consortium Members) to enter into a consortium agreement, based on the requirements specified in FORM - E (REQUIREMENTS FOR CONSORTIUM) of the Prequalification Document; and (b) a power of attorney in favour of the Consortium Authorized Representative to authorize it to represent and bind all Consortium Members in the form attached as PART B (POWER OF ATTORNEY TO AUTHORIZE THE CONSORTIUM AUTHORIZED REPRESENTATIVE) of FORM - B (POWER OF ATTORNEY) of the Prequalification Document.

Note that Applicants who have participated as a Consortium, shall be required to submit the Consortium agreements during the Bidding Process in accordance with the requirements as specified in the bidding documents.

2.1.4 Applicants, once shortlisted through this prequalification process, shall not be allowed to change their composition (including any change in the composition of a Consortium) on the basis of which they have been prequalified. Any change in the composition of the Applicant shall be in accordance with Sub-section 2.1.1 of this Prequalification Document.

2.1.5 An Applicant (including a Consortium Member) shall not have a conflict of interest. All Applicants (including any Consortium Members) found to have a conflict of interest shall be disqualified. KW&SB will take appropriate actions to manage such conflicts of interest which may include rejecting the Prequalification Application if it determines that a conflict of interest may affect the integrity of the prequalification process being conducted under the Prequalification Document.

2.1.6 An Applicant (or a Consortium Member) which has been declared ineligible or has been blacklisted by any of its employers, any Federal or Provincial governmental or non-governmental department / agency in Pakistan, or any other provincial government / governments of any foreign countries or their governmental bodies and / or International Organizations (e.g. World Bank,
Asian Development Bank, United Nations, International Monetary Fund etc.) at the Submission Deadline or thereafter, shall not be considered.

2.1.7 In order to demonstrate their eligibility to participate in this prequalification process, Applicants are required to submit all information / documentation required under ANNEXURE A (BASIC INFORMATION REQUIREMENTS).

2.1.8 Each Applicant shall indemnify KW&SB, its affiliates and their advisors fully in respect of any damage, cost, penalty or expense of any kind incurred by such person arising from an Applicant's breach of its obligations referred to above and other obligations under the Prequalification Document.

2.1.9 During the Bidding Process, the prequalified Applicants shall be required to provide details of the contractors that they intend to engage for the purposes of the Project (including the EPC contractors for undertaking the construction works and/or the O&M contractors for the provision of operations and maintenance services). The proposed contractors will be required to fulfil the evaluation and qualification criteria specified under the bidding documents.

3. PREQUALIFICATION DOCUMENT

3.1 COMPLETENESS OF PREQUALIFICATION DOCUMENT

3.1.1 KW&SB shall not be responsible for the completeness of the Prequalification Document and its addenda, if they have not been obtained directly from the source(s) stated by KW&SB in the Letter of Invitation.

3.1.2 The Applicant is expected to examine all instructions, forms, and terms in the Prequalification Document and to furnish all information or documentation required in the Prequalification Document.

3.2 CLARIFICATIONS OF PREQUALIFICATION DOCUMENT

A prospective Applicant requiring any clarification pertaining to the Prequalification Document shall contact KW&SB in writing, at KW&SB’s address or through email provided in the Data Sheet. KW&SB will respond in writing to any request for clarification provided that such request is received no later than five (05) calendar days prior to the Submission Deadline. The response shall be uploaded on the websites of PPP Unit and SPPRA including a description of the inquiry but without identifying its source. Should KW&SB deem it necessary to amend the Prequalification Document as a result of a request for clarification, it shall do so following the procedure under Sub-section 3.3 (Amendment of Prequalification Document) of the Prequalification Document.

3.3 AMENDMENT OF PREQUALIFICATION DOCUMENT

3.3.1 At any time prior to the Submission Deadline, KW&SB may amend the Prequalification Document by issuing an addendum.

3.3.2 Any addendum issued shall be part of the Prequalification Document and shall be published on the respective websites of PPP Unit and the SPPRA.
3.3.3 KW&SB may, at its discretion, extend the Submission Deadline in accordance with Sub-section 5.2.2, if it considers that as a result of issuance of any addendum, additional time will be required by the Applicants for preparation of their Prequalification Applications.

4. **PREPARATION OF PREQUALIFICATION APPLICATIONS**

4.1 **PREQUALIFICATION APPLICATION COSTS**

Applicants shall bear all costs associated with the preparation and submission of their Prequalification Applications, including, without limitation, all costs and expenses relating to preparation of responses to any clarifications sought by KW&SB in accordance with Sub-section 6.1.1. KW&SB shall in no case be responsible or liable for such costs, regardless of the conduct or outcome of the prequalification process.

4.2 **LANGUAGE OF THE PREQUALIFICATION APPLICATION**

The Prequalification Application, and all correspondence and documents related to the prequalification between the Applicant and KW&SB shall be written in the English language. In case any document / information furnished by the Applicant is in a language other than English, it will need to be accompanied by an English translation (duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin) of its pertinent passages for the purposes of interpretation of the Prequalification Application. In case of any discrepancy, the English translation shall prevail.

4.3 **DOCUMENTS TO BE SUBMITTED WITH THE PREQUALIFICATION APPLICATION**

4.3.1 The Prequalification Application shall comprise the following:

(a) Prequalification Application Form, using the format attached as **FORM - A (PREQUALIFICATION APPLICATION FORM)**;

(b) authorization in the form of Power of Attorney on behalf of the Applicant, and in case of a Consortium, each Consortium Member, authorizing its representative to sign the relevant documents as per the requirements of the Prequalification Document, on its behalf, in the format attached as **PART A (POWER OF ATTORNEY TO AUTHORIZE A PERSON TO SIGN THE DOCUMENTS)** of **FORM - B (POWER OF ATTORNEY)** of the Prequalification Document;

(c) in case the Applicant is a Consortium, a power of attorney, to be executed by the authorized representatives of the Consortium Members, in favour of the Consortium Authorized Representative to authorize it to represent and bind all Consortium Members, in the form attached as **PART B (POWER OF ATTORNEY TO AUTHORIZE THE CONSORTIUM AUTHORIZED REPRESENTATIVE)** of **FORM - B (POWER OF ATTORNEY)** of the Prequalification Document;

(d) all information and documentation required under **ANNEXURE A (BASIC INFORMATION REQUIREMENTS)**;

(e) all information and documentation as per the evaluation and qualification criteria set out in **ANNEXURE B (EVALUATION AND QUALIFICATION CRITERIA)**;
(f) documentary evidence establishing the Applicant’s eligibility for prequalification as per the formats attached in SECTION 9 (APPLICATION FORMS); and

(g) any other information, as required under the Prequalification Document.

4.4 MANNER OF SIGNING OF PREQUALIFICATION APPLICATION

4.4.1 Applicants shall prepare one (1) original of the documents comprising the Prequalification Application and clearly mark it “ORIGINAL”. The original of the Prequalification Application shall be typed or written in indelible ink and shall be signed by a person duly authorized to sign on behalf of an Applicant.

4.4.2 Applicants shall submit three (3) copies of the signed original Prequalification Application, and clearly mark them “COPY”. In the event of any discrepancy between the original and the copies, the original shall prevail.

4.4.3 One (1) CD / DVD / USB of the complete Prequalification Application and all other supporting documents should also be provided, and CD / DVD / USB should be marked as “ELECTRONIC COPY”. In the event of any discrepancy between the hard copy and the soft copy, the original hard copy of the Prequalification Application shall prevail. The CD, DVD or USB shall include Applicant’s name and the Project shall be identified in the label or adhesive. The soft copy shall contain an index, and links, to the documents therein which shall be in PDF or MS Office format. All files shall be fully searchable to the extent possible. All file names shall be self-explanatory.

4.4.4 Any interlineations, erasures, or overwriting in any document forming part of the Prequalification Application shall be valid only if they are signed or initialled by the authorized representative signing the Prequalification Application.

5. SUBMISSION AND OPENING OF PREQUALIFICATION APPLICATIONS

5.1 SEALING, MARKING AND SUBMISSION OF PREQUALIFICATION APPLICATIONS

5.1.1 The Applicant shall enclose the original and the copies of the Prequalification Application in a sealed envelope which shall bear the name and address of the Applicant; and be addressed to KW&SB with the name of the Project.

5.1.2 If the envelope is not sealed and marked as required, KW&SB will assume no responsibility for the misplacement of the Prequalification Application, or any documents forming part thereof.

5.1.3 Prequalification Applications shall be submitted by the Applicants: (i) through courier / express mail; or (ii) by hand at the address indicated in the Data Sheet.

5.2 DEADLINE FOR SUBMISSION

5.2.1 Prequalification Applications must be received by KW&SB not later than the Submission Deadline.

5.2.2 No arrangements shall be made by KW&SB with Applicants for collection of the Prequalification Applications from any delivery point. Applicants shall bear all expenses incurred in the preparation and delivery of Prequalification Applications. No claims for refund of any expense shall be entertained.
5.2.3 Where delivery of the Prequalification Application is by courier / express mail and an Applicant wishes to receive an acknowledgment of receipt of such Prequalification Application, the Applicant shall make a request for such acknowledgement in a separate letter attached to (but not included in) the sealed Prequalification Application.

5.2.4 KW&SB may, at its discretion, extend the Submission Deadline by issuing an addendum in accordance with Sub-section 3.3 (Amendment of Prequalification Document), in which case all rights and obligations of KW&SB and the Applicants previously subject to the earlier Submission Deadline shall thereafter be subject to extended Submission Deadline.

5.2.5 KW&SB shall not consider any Prequalification Application that arrives after the Submission Deadline. Any Prequalification Application or any document received by KW&SB after the Submission Deadline shall be declared late, rejected, and returned unopened to the Applicant.

5.3 Opening of Prequalification Applications

5.3.1 The Prequalification Applications will be opened on the same day as the Submission Deadline at 12:00 PM (Pakistan Standard Time) at the address provided in the Data Sheet. KW&SB shall prepare a record of the opening of the Prequalification Applications that shall include, as a minimum, the name of the Applicant (including the names of all Consortium Members, in case of a Consortium).

6. Evaluation of Prequalification Applications

6.1 Clarification of Prequalification Applications

6.1.1 To assist in the evaluation of Applications, KW&SB may, at any stage during the course of the prequalification process, ask any Applicant, in writing, for additional information or supporting documentation in respect of any matter associated with the documentation submitted by the Applicant with its Prequalification Application.

6.1.2 If an Applicant does not provide clarifications of the information requested by the date and time set in KW&SB’s request for clarification, its Prequalification Application may be rejected.

6.2 Evaluation of Prequalification Applications

6.2.1 KW&SB shall use the criteria and methods set out in Annexure B (Evaluation and Qualification Criteria) to evaluate the qualifications of the Applicants. Evaluation of Prequalification Applications shall be based on “pass / fail” basis.

6.2.2 All Applicants whose Prequalification Applications have been determined to be responsive to the requirements of the Prequalification Document and who have met or exceeded the specified criteria shall be prequalified.

6.2.3 During the Bidding Process, bidders will be required to comply with the requirements set out in the bidding documents.

6.3 Responsiveness of Prequalification Applications

6.3.1 KW&SB may reject any Prequalification Application which is not responsive to the requirements of the Prequalification Document.
6.3.2 KW&SB reserves the right to waive or seek rectification of any minor deviations / omissions in the Prequalification Applications, if it considers that such deviations / omissions do not materially affect the capability of an Applicant to perform the works and services in relation to the Project.

6.4 NOTICE OF PREQUALIFICATION

6.4.1 Once KW&SB has completed the evaluation of the Prequalification Applications, it shall announce the prequalification evaluation results in the form of a report by publishing it on the websites of PPP Unit and SPPRA and intimating the same in writing to all Applicants.

6.4.2 After notification of results of the prequalification, KW&SB shall issue bidding documents to all the Applicants that have been prequalified.

6.5 ACCEPTANCE OR REJECTION OF PREQUALIFICATION APPLICATIONS

KW&SB reserves the right to annul the prequalification process and reject all Prequalification Applications at any time, without thereby incurring any liability to the Applicants.

7. OTHER CONSIDERATIONS

7.1 CONFIDENTIALITY

All information provided by KW&SB in connection with the Prequalification Document, shall be treated as confidential and the Applicants shall not, without the prior written consent of KW&SB, at any time make use of such information for their own purposes or disclose such information to any person (except as may be required by law).

7.2 CORRUPT AND FRAUDULENT PRACTICES

7.2.1 KW&SB will reject a Prequalification Application if it determines that an Applicant has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices or other integrity violations during the prequalification process and/or shall declare such Applicant ineligible, either indefinitely or for a stated period of time, to engage with KW&SB and its affiliates.

7.2.2 “Corrupt and fraudulent practice” means either one or any combination of the practices given below:

(a) “coercive practice” means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence the actions of a party to achieve a wrongful gain or to cause a wrongful loss to another party;

(b) “collusive practice” means any arrangement between two or more parties to the procurement process or contract execution, designed to achieve with or without the knowledge of the procuring agency to establish prices at artificial, non-competitive levels for any wrongful gain;

(c) “corrupt practice” means the offering giving, receiving or soliciting directly or indirectly of anything of value to influence the acts of another party for wrongful gain;
(d) “fraudulent practice” means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

(e) “obstructive practice” means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract or deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements before investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or acts intended to materially impede the exercise of inspection and audit rights.

8. **DATA SHEET**

The following specific data shall supplement the provisions in the Prequalification Document.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Project Name</td>
<td>Design, finance, build, rehabilitation, operation, maintenance and transfer of the Karachi Hub Water Canal system.</td>
</tr>
</tbody>
</table>
| **2.** Address for seeking clarifications on the Prequalification Document | **Designation:** Project Director - Karachi Hub Water Canal Project  
**Address:** Room No. 26, 1st Floor, Block B, Office of The Karachi Water & Sewerage Board, 9th Mile, Karsaz, Karachi, Pakistan  
**Phone No.:** 0092 21 9924 5130  
Requests for clarifications to be sent to the following email addresses:  
kwsc@ifc.org  
karachihubwatercanalproject@gmail.com  
Subject of email to be Att. KWC – PQD ([Name of Applicant]). |
| **3.** Address for submission of Prequalification Applications | Committee Room, Planning and Development Board, Government of Sindh, 2nd Floor, Tughlaq House, Sindh Secretariat, Shahrah-e-Kamal Atta-Turk Road, Karachi, Pakistan. |
| **4.** Address for opening of Prequalification Applications | Committee Room, Planning and Development Board, Government of Sindh, 2nd Floor, Tughlaq House, Sindh Secretariat, Shahrah-e-Kamal Atta-Turk Road, Karachi, Pakistan. |
| **5.** Submission Deadline | 22nd October 2021 by 11:00 AM (Pakistan Standard Time) |
9. **APPLICATION FORMS**

Applicants shall submit the following forms in relation to the Prequalification Application, as per the formats provided below:

**FORM – A:** PREQUALIFICATION APPLICATION FORM  
**FORM – B:** POWER OF ATTORNEY  
**FORM – C:** BASIC INFORMATION FORM  
**FORM – D:** FORMAT OF AFFIDAVIT  
**FORM – E:** REQUIREMENTS FOR CONSORTIUM (IF APPLICABLE)  
**FORM – F:** LITIGATION HISTORY  
**FORM – G:** TECHNICAL CRITERIA EVIDENCE FORM SHEET  
**FORM – H:** FINANCIAL QUALIFICATION CRITERIA
FORM - A
PREQUALIFICATION APPLICATION FORM

[Date]

To: Karachi Water and Sewerage Board, Government of Sindh
[Insert Address and Email details]

Re: Design, finance, build, rehabilitate, operate, maintain and transfer of the Karachi Hub Water Canal (the “Project”).

Dear [Sir/Madam],

Reference the Prequalification Document issued on [●], by Karachi Water and Sewerage Board (“KW&SB”), (the “Prequalification Document”) in relation to the Project.

We, [Name of the Applicant] hereby submit our Prequalification Application in conformity with the Prequalification Document and request to be considered for prequalification for the Project.

All capitalized terms unless defined herein shall bear the meaning as ascribed thereto in the Prequalification Document.

We, undertake and declare that:

(a) We have examined and have no reservations to the Prequalification Document, including Addenda No(s)..................................................

(b) We, [including all Consortium Members,] fully and completely understand and accept the terms of the Prequalification Document and hereby undertake to comply with the requirements specified therein.

(c) We, [including all Consortium Members,] as per the requirements of the Prequalification Document:

(i) have nationalities of Eligible Countries;

(ii) do not have any conflict of interest; and

(iii) have not been declared ineligible/blacklisted by any of our employers, by any Federal or Provincial governmental or non-governmental department / agency in Pakistan, [or any other provincial government / governments of any foreign countries or their governmental bodies and / or International Organizations (e.g., World Bank, Asian Development Bank, United Nations, International Monetary Fund etc.),] as at the Submission Deadline.

(d) Neither we, [including all Consortium Members,] nor any Affiliate:

(i) are included as a debarred person pursuant to the public sanctions list of any multilateral development bank that is party to the Agreement on Mutual Enforcement of Debarment Decisions of 9 April 2010 (www.crossdebarment.org); or

(ii) are included on any sanctions lists promulgated by the UN Security Council or its
Committees, or any other recognised international sanctions list,

(c) We understand that KW&SB may cancel the prequalification process at any time and that KW&SB is not bound either to accept any Prequalification Application that it may receive or to invite the prequalified Applicants to bid for the Project, without incurring any liability to the Applicants.

(f) We agree to permit KW&SB, the GoS and any persons, representatives or auditors appointed and authorized by KW&SB and / or the GoS to inspect and audit our accounts, records and other documents relating to our Prequalification Application for prequalification.

(g) All the information submitted along with our Prequalification Application, including the enclosed forms and documents, is accurate in all respects.

(h) We accept the right of KW&SB to: (i) request additional information reasonably required to assess the Prequalification Application; (ii) amend the procedures and requirements or make clarifications thereof; and (iii) extend or amend the timelines as stipulated in the Prequalification Document.

(i) All information, representations and other matters of fact communicated (whether in writing or otherwise) to KW&SB by us or on our behalf, in connection with or arising out of the Prequalification Application are true, complete and accurate in all respects.

(j) We, [including all Consortium Members,] have made our own investigations and research and have satisfied ourselves in respect of all matters (whether actual or contingent) relating to the Prequalification Application.

[Name of Applicant] hereby designates [insert name] as its representative to receive notices in respect of the prequalification and the tender at the following address, telephone and facsimile numbers:

Name ........................................................................................................................................................................

In the capacity of ................................................................................................................................................................

Signed ..............................................................................................................................................................................

.................................................... (Seal)...

Duly authorized to sign the Prequalification Application for and on behalf of (Name of Applicant/names of all consortium members)

Date ...............................................................................................................................................................................
FORM - B
POWER OF ATTORNEY

A. POWER OF ATTORNEY TO AUTHORIZE A PERSON TO SIGN THE DOCUMENTS

NOTES FOR EXECUTION OF POWER OF ATTORNEY

- To be executed by each Applicant and in case the Applicant is a Consortium, by each Consortium Member, authorizing the relevant attorney to sign the required documents on its behalf.

- The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.

- Wherever required, the Applicant (and in case of the Consortium, each Consortium Member, wherever required) should submit for verification the extract of the charter documents and documents such as a resolution / power of attorney in favour of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Applicant / Consortium Member.

- This Power of Attorney shall be on stamp paper and notarised with the Notary Public.

- For a Power of Attorney executed and issued overseas, the document will also have to be legalised by the Pakistani Embassy and notarised in the jurisdiction where the Power of Attorney is being issued.

KNOW ALL MEN BY THESE PRESENTS, WE, ________________________ (name of the entity and address of the registered office) do hereby irrevocably constitute, nominate, appoint and authorise Mr. / Ms (Name), son / daughter / wife of ________________________ holding [CNIC / Passport] Number ________________________ and presently residing at ________________________, who is presently employed with us and holding the position of ________________________, as our true and lawful attorney (hereinafter referred to as the “Attorney”) to do in our name and on our behalf, all such acts, deeds and things as are necessary or required in connection with or incidental to the requirements of the prequalification document issued on [●] (the “Prequalification Document”) by Karachi Water and Sewerage Board (“KW&SB”) in relation to design, finance, build, rehabilitate, operate, maintain and transfer of the Karachi Hub Water Canal (the “Project”), including but not limited to signing and submission of all documents and providing information / responses to KW&SB, representing us in all matters before KW&SB, and generally dealing with KW&SB in all matters in connection with our Prequalification Application for the Project.

We hereby agree to ratify all acts, deeds and things lawfully done by the Attorney pursuant to this Power of Attorney and that all acts, deeds and things done by the Attorney shall and shall always be deemed to have been done by us.

IN WITNESS WHEREOF WE, ________________________, HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS __________ DAY OF __________, 20__.

For & On Behalf of:
________________________ (name of the entity)

By Its Duly Authorized Signatory

……………………………………..
(Signature)

(Name, Title and Address)

WITNESSES:

WITNESS 1:  WITNESS 2:

………………………………………  ………………………………………

NAME:  NAME:
CNIC / PASSPORT NUMBER:  CNIC / PASSPORT NUMBER:
ADDRESS:  ADDRESS:

SIGNATURE OF ATTORNEY

[NOTARISED]

……………………………………

(Signature)

(Name, Title and Address of the Attorney)
B. **POWER OF ATTORNEY TO AUTHORIZE THE CONSORTIUM AUTHORIZED REPRESENTATIVE**

**NOTES FOR EXECUTION OF POWER OF ATTORNEY**

- The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the Applicable Law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.

- Also, wherever required, the Applicant (and in case of the Consortium, each member of the Consortium, wherever required) should submit for verification the extract of the charter documents and documents such as a resolution / power of attorney in favour of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Applicant.

- This Power of Attorney shall be on stamp paper and notarised with the Notary Public.

- For a Power of Attorney executed and issued overseas, the document will also have to be legalised by the Pakistani Embassy and notarised in the jurisdiction where the Power of Attorney is being issued.

WHEREAS, the Karachi Water and Sewerage Board, GOVERNMENT OF SINDH ("KW&SB") has invited applications from interested parties for the "KARACHI HUB WATER CANAL PROJECT" (the "Project") pursuant to the prequalification document issued on [●] by KW&SB (as amended from time to time) (the "Prequalification Document");

WHEREAS, ____________, ____________ and ____________ (each hereinafter referred to individually as a “Consortium Member” and collectively as “Consortium Members”) intend to form a consortium (the “Consortium”) in accordance with the requirements of the Prequalification Document;

AND WHEREAS, it is necessary for the Consortium Members to designate one of them as the ‘Consortium Authorized Representative’ with all necessary power and authority to do for and on behalf of the Consortium, all acts, deeds and things as may be necessary in connection with the Project and its execution.

KNOW ALL MEN BY THESE PRESENTS

WE, ____________, having our registered office at ____________, M/s. ____________, having our registered office at ____________, and M/s. ____________, having our registered office at ____________, [the respective names and addresses of the registered office] do hereby irrevocably designate, nominate, constitute, appoint and authorise M/s ____________, having its registered office at ____________, being one of the members of the Consortium, as the Consortium Authorized Representative and true and lawful attorney of the Consortium (hereinafter referred to as the “Attorney”) and hereby irrevocably authorise the Attorney (with power to sub-delegate) to conduct all business for and on behalf of the Consortium and any one of us during the prequalification process being conducted by KW&SB pursuant to the Prequalification Document and to do on our behalf and on behalf of the Consortium, all acts, deeds or things as are necessary or required or incidental to the Project, including but not limited to signing and submission of all applications and other documents and writings, participate in conferences / meetings, respond to queries, submit information / documents, sign and execute contracts and undertakings and generally to represent the Consortium in all its dealings with
KW&SB, and / or any other governmental agency or any person, in all matters in connection with or relating to or arising out of the Consortium’s Prequalification Application.

AND hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things lawfully done or caused to be done by our said Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by our said Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us / Consortium.

IN WITNESS WHEREOF WE THE ABOVE NAMED HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS _________ DAY OF _________ 20___.

For: __________________________________________
(Signature)
(Name, Title and Address)

For: __________________________________________
(Signature)
(Name, Title and Address)

For: __________________________________________
(Signature)
(Name, Title and Address)

WITNESSES:

WITNESS 1: WITNESS 2:

------------------------------- -------------------------------
NAME: NAME:
CNIC / PASSPORT NUMBER: CNIC / PASSPORT NUMBER:
ADDRESS: ADDRESS:

(Executants)

(To be executed by all the Consortium Members in favour of Consortium Authorized Representative)
FORM - C
BASIC INFORMATION FORM

APPLICANT’S INFORMATION:

Name:

Type: (Corporation, Partnership, etc.)

Incorporation No:

Address of principal office:

Telephone number:

Fax number:

E-mail address:

Primary areas of business:

Shareholder certificate (attach separately)

Consortium members’ information: (if applicable, fill in details for all members, identifying the Consortium Authorized Representative and/or the member(s) to be evaluated for each of the Evaluation and Qualification Criteria set forth in the Prequalification Document)

Name:

Type: (Corporation, Partnership, etc.)

Incorporation No.:

Address of principal office:

Telephone number:

Fax number:

E-mail address:

Primary areas of business:

Shareholder certificate (attach separately)
Notes for Execution of Affidavit

- The mode of execution of the Affidavit should be in accordance with the procedure, if any, laid down under applicable laws and the same should be under common seal affixed in accordance with the required procedure.

- The Affidavit is to be executed on a stamp paper of PKR 100/-.

- Also, the Applicant / each member of consortium should submit for verification a resolution / power of attorney in favour of the person executing this Affidavit for and on behalf of the Applicant / each member of consortium.

- This Affidavit shall be notarised with the notary public and certified by the Oath Commissioner.

- For an Affidavit executed and issued overseas, the document will also have to be legalised by the Pakistani Embassy and notarised in the jurisdiction where the Affidavit is being issued.

- To be submitted by each Applicant / each Consortium Member.

- This Affidavit shall be witnessed by two (2) male witnesses or one (1) male and two (2) female witnesses or four (4) female witnesses.

Please find below the form and substance of the Affidavit.

**Affidavit**

(this “Affidavit”)

Date: ______________

[●]

[●]

[Address]

Reference the Prequalification Document issued on [●], by Karachi Water and Sewerage Board (“KW&SB”), (the “Prequalification Document”) in relation to the design, finance, build, rehabilitate, operate, maintain and transfer of the Karachi Hub Water Canal (the “Project”).

(1) I, [in case of company, insert name of the authorized person and its designation] of [insert name of company] / [in case of sole proprietor, insert name of sole proprietor and its CNIC or Passport No.] of [insert name of sole proprietorship, if any] / [in case of partnership, insert name of authorized person and its CNIC or Passport No.] of [insert name of partnership, if any] (the “Entity”), a [in case of company / partnership, insert nature of company / partnership (if any)] duly organised and existing under the laws of [Pakistan] [insert country of incorporation] with its registered office located at [insert registered address], do hereby solemnly affirm, declare and state that:
(a) the Entity is not ineligible / blacklisted to participate in, submit prequalification application for, bid for or undertake any contract or project (including the Project) through any form of public tender (due to reasons, including but not limited to corrupt practices and poor performance) by any Federal or Provincial governmental or non-governmental department / agency in Pakistan, [or any other provincial government / governments of any foreign countries or their governmental bodies and / or International Organizations (e.g. World Bank, Asian Development Bank, United Nations, International Monetary Fund etc.)] at the date of submission of this Affidavit;

(b) neither the Entity nor any Affiliate:

(i) is included as a debarred person pursuant to the public sanctions list of any multilateral development bank that is party to the Agreement on Mutual Enforcement of Debarment Decisions of 9 April 2010 (www.crossdebarment.org); or

(ii) is included on any sanctions lists promulgated by the UN Security Council or its Committees, or any other recognised international sanctions list;

(c) no action, suit or other legal proceeding or governmental investigation is pending against the Entity or any of its respective officers, directors or employees, or that any of the foregoing has received any notice thereof, which questions the validity and execution of this Affidavit or the representations provided in this Affidavit;

(d) the Entity has no tax liabilities or liabilities in respect of judgments awarded by any court or similar proceedings in the period of three (3) years prior to the date of this Affidavit, save in each case to the extent that it has made suitable accounting provision for such liabilities in accordance with applicable accounting regulations;

(e) the Entity has not directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the award of any contract, project or transaction;

(f) the Entity (including the Affiliate) is not in bankruptcy or liquidation proceedings or receivership, or wound up, or its affairs are not being administered by a court or a judicial officer, or its business activities have not been suspended or it is not the subject of legal proceedings of any of the foregoing and has a reasonable expectation of being able to discharge all financial liabilities as they fall due;

(g) the Entity has not failed to sign a contract with any procuring authority following award;

(h) there is no conflict of interest or potential conflict of interest arising from prior or existing contracts or relationships which could materially affect potential involvement of the Entity in the Project and to comply with the obligations set out in the Prequalification Document or with respect to the Project;

(i) [the Entity is legally and financially autonomous and operates under commercial law]\(^1\);

\(^1\)Only relevant for the government owned legal enterprise or institution.
(j) neither the Entity, nor I have concealed any information that might hinder the prequalification process being conducted for the Project, or the subsequent Bidding Process to be conducted for the Project.

(2) That whatever stated above is true and correct to the best of my knowledge and belief and nothing has been concealed thereto.

All capitalized terms unless defined herein shall bear the meaning as ascribed thereto in the Prequalification Document.

____________________
Deponent

Verified on oath at ______________ on this ____ day of __________, 20___ that the contents of the above Affidavit are true and correct to the best of my knowledge and belief.

____________________
Deponent

Witnesses:

1. ________________________________  2. ________________________________
   Name: ____________________________  Name: ____________________________
   Address: __________________________ Address: __________________________
   ________________________________  ________________________________
   CNIC No.:_________________________  CNIC No.:_________________________
FORM - E
REQUIREMENTS FOR CONSORTIUM

[to be submitted by each Consortium Member on its letterhead]

Subject to the requirements set out in Sub-section 2.1.1 of the Prequalification Document, each Consortium Member, through its authorized representative, is required to submit letter of intent, specifying:

(a) its intention to form a consortium with other Consortium Members;

(b) the Consortium Authorized Representative, with the authority to conduct all business for and on behalf of the Consortium Member during the prequalification process and, in the event the Consortium is prequalified, during the Bidding Process to be conducted for the Project, and in the event the Consortium is awarded the contract for the Project, during signing of the concession agreement;

(c) that the Consortium Members shall be jointly and severally liable in respect of their obligations in relation to the Project;

(d) its intent to enter into a formal consortium agreement with the Consortium Members during the Bidding Process as per the requirements of the bidding documents to be issued by KW&SB;

(e) its intent to incorporate a SPV, with other Consortium Members, for the purposes of execution of the relevant agreements and for undertaking the Project; and

(f) the names of the Lead Investor and the Lead Developer, and indicate which entity shall have power to direct the management, policies and decisions, in each case, of the SPV.

In addition to the above, each Consortium Member, in its respective letter of intent to form a Consortium shall provide the following information:

<table>
<thead>
<tr>
<th>ROLE</th>
<th>NAME OF ENTITY</th>
<th>ANTICIPATED EQUITY SHARE/PERCENTAGE INTEREST IN THE SPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Investor / Consortium Authorized Representative (if applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead Developer / Consortium Authorized Representative (if applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consortium Member (If applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the entity (Lead Developer or Lead Investor) with the power to direct the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>management, policies and decisions of the SPV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The composition of any Consortium and each Consortium Member’s proposed interest in the Consortium shall be fixed with effect from the Submission Deadline.
**Pending Litigation** - All pending litigation shall in total not represent more than fifty percent (50%) of the Applicant’s / Consortium Member’s net worth and shall be treated as resolved against the Applicant / Consortium Member.

<table>
<thead>
<tr>
<th>YEAR</th>
<th><strong>Outcome as Percent of Total Assets</strong></th>
<th><strong>Outcome as Percent of Total Assets</strong></th>
<th>**Total Contract Amount (USD)**²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Contract Identification:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Name of Employer:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Address of Employer:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Matter in dispute:</td>
<td></td>
</tr>
</tbody>
</table>

² **Note**: Exchange rate to be based on the rate published by Reuters on https://www.reuters.com/markets/currencies at close of business UK time, on the date of issuance of Prequalification Document.
### FORM - G

**TECHNICAL CRITERIA EVIDENCE FORM SHEET**

<table>
<thead>
<tr>
<th>Name of Applicant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Lead Developer (if applicable)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical Criterion (Satisfaction of only one Technical Criterion is required)</th>
<th>[Yes/No]</th>
<th>[Name of the Lead Developer satisfying the criteria]</th>
<th>[Percentage of shareholding of Lead Developer in the concessionaire]</th>
<th>At least one (1) project in infrastructure sector with direct or indirect shareholding in the project equal to or greater than twenty-five percent (25%) at financial close, throughout construction and up to three (3) years of operations or one (1) year if the operations period elapsed is shorter than three (3) years at present (prior to the Submission Deadline)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Yes/No]</td>
<td>[Name of Lead Developer satisfying the criteria]</td>
<td>[Percentage of shareholding of Lead Developer in the concessionaire]</td>
<td>At least one (1) project in water sector with direct or indirect shareholding in the project equal to or greater than ten percent (10%) at financial close, throughout construction and up to three (3) years of operations or one (1) year if the operations period elapsed is shorter than three (3) years at present (prior to the Submission Deadline)</td>
<td></td>
</tr>
<tr>
<td>Name of plant/project</td>
<td>Location and country of project</td>
<td>Description (overview) of the project/plant along with project/plant components</td>
<td>Scope of work undertaken by the Applicant/Lead Developer</td>
<td>Date of plant/project commercial operation</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>[one line per plant/project]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct or indirect ownership in the relevant plant</td>
<td>Term of ownership (construction period and number of operating years)</td>
<td>Government counterparty, organization and individual for reference. Address/Telephone/Email:</td>
<td>Capacity of plant/project</td>
<td>Project cost (USD)³</td>
</tr>
<tr>
<td>[one line per plant/project]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

³ Note: Exchange rate to be based on the rate published by Reuters on https://www.reuters.com/markets/currencies at close of business UK time, on the date of issuance of Prequalification Document.
## FORM - H

**FINANCIAL QUALIFICATION CRITERIA**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Currency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In currency of the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial statements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[insert name of currency]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In USD Million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In currency of the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial statements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[insert name of currency]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In USD Million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange rate (in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>comparison to financial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statements currency)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Financial statement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>currency to USD]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for three most recent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>full financial years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for three most recent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>full financial years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revaluation Surplus (or</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>similar entry)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Worth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

4 *Note:* Exchange rate to be based on the rate published by Reuters on [https://www.reuters.com/markets/currencies](https://www.reuters.com/markets/currencies) at close of business UK time, on the date of issuance of Prequalification Document.
ANNEXURE A – BASIC INFORMATION REQUIREMENTS

A Prequalification Application received from an Applicant, shall only be considered if all the following information / components have been provided and the requirements herein are satisfied:

➢ **CONSTITUTIVE DOCUMENTS**

A detailed description of the Applicant (including each Consortium Member) containing:

- legal name;
- complete head office contact information, including mailing address, telephone and fax numbers, and an e-mail address;
- incorporation details, including corporate charter, articles of incorporation, and proof of legal authorization to operate in Pakistan. If an Applicant (including a Consortium Member) is an unincorporated legal entity, then the proof of that legal entity’s existence must be provided.

Foreign entities participating in the prequalification process should submit certified true copies of their constitutive documents.

In case any document / information furnished by the Applicant is in a language other than English, it will need to be accompanied by an English translation (duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin). In case of any discrepancy, the English translation shall prevail.

➢ **REGISTRATION WITH TAX AUTHORITIES**

The Applicant (including each Consortium Member) must possess a valid registration certificate from the income tax authority (i.e., the NTN certificate) and relevant sales tax authority, if applicable. Valid NTN certificate(s) and tax returns filed for last three (3) years are to be attached and relevant sales tax certificate, if applicable.

Foreign entities participating in the prequalification process should submit a tax certificate of their country and tax returns filed for last three (3) years. In case any document / information furnished is in a language other than English, it will need to be accompanied by an English translation (duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin). In case of any discrepancy, the English translation shall prevail.

➢ **AFFIDAVIT FOR GOVERNMENT OWNED LEGAL ENTITIES**

In case an Applicant (including a Consortium Member) is a government owned legal enterprise or institution, such entity, must establish that it is legally and financially autonomous and operating under commercial law.
An Applicant (or a Consortium Member) that is a government owned legal enterprise or institution shall submit an affidavit as set out in **FORM - D (FORMAT OF AFFIDAVIT)** confirming that they are legally and financially autonomous and operating under commercial law.

In case the Affidavit is issued by a foreign entity, outside Pakistan, such affidavit will have to be duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin.

### NO CONFLICT OF INTEREST

Applicants (including Consortium Members) may be considered to be in a conflict of interest if they, *inter alia*, participated as a consultant in the preparation of the design or technical / commercial / financial / legal specifications for the works and / or services for the Project, that are the subject of this prequalification (or the subsequent Bidding Process to be conducted for the Project), or if an Applicant (including a Consortium Member) participated in more than one application in the prequalification process, either individually or as a partner in a Consortium or is an affiliate of KW&SB or any of its advisors. This will result in the disqualification of all Prequalification Applications in which it is involved.

In case there is no conflict, the Applicant (in case of a Consortium, each Consortium Member) shall provide evidence in the form of an affidavit set out as **FORM - D (FORMAT OF AFFIDAVIT)**.

In case the Affidavit is issued by a foreign entity, outside Pakistan, such affidavit will have to be duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin.

### NON-BLACKLISTING

Each Applicant (including each Consortium Member) shall provide evidence, in the form of an affidavit set out as **FORM - D (FORMAT OF AFFIDAVIT)**, of non-blacklisting by its employers, by any Federal or Pro vincial governmental or non-governmental department / agency in Pakistan, or any other provincial government / governments of any foreign countries or their governmental bodies and / or International Organizations (e.g. World Bank, Asian Development Bank, United Nations, International Monetary Fund etc.) as at the Submission Deadline.

In case the Affidavit is issued by a foreign entity, outside Pakistan, such affidavit will have to be duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin.

### LITIGATION HISTORY

All pending litigation against the Applicant (including each Consortium Member) shall in total not represent more than fifty percent (50%) of the respective net worth, nor shall there be any litigation that prevents or materially impedes the Applicant (including each Consortium Member) from its obligations in respect of the Project.

Applicants (including each Consortium Member) shall provide details of the litigation in the format attached as **FORM - F (LITIGATION HISTORY)** or in case of no litigation, submit an affidavit in the format set out in **FORM - D (FORMAT OF AFFIDAVIT)**.
In case the Affidavit is issued by a foreign entity, outside Pakistan, such affidavit will have to be duly notarized by Notary Public and attested by Pakistan Embassy / Consulate and Ministry of Foreign Affairs, Pakistan in the country of origin.

**ELIGIBLE COUNTRIES**

An Applicant, including all Consortium Members, shall be incorporated in / have nationality of an Eligible Country. An Applicant, including all Consortium Members, shall be deemed to have the nationality of an Eligible Country, if the Applicant (including all Consortium Members) is a national of that country; or is constituted, incorporated, or registered and operates in conformity with the provisions of the laws of that country.

An Applicant shall be deemed to have the nationality of a country if the Applicant is a national of that country; or is constituted, incorporated, or registered and operates in conformity with the provisions of the laws of that country.
A. **TECHNICAL CRITERIA**

1.1 Applicants shall be required to demonstrate experience of developing and financing at least one (1) of the following (each a “Technical Criterion”, together the “Technical Criteria”) and to submit proof thereof as set out in section below. In case of a Consortium, the experience should be provided by the Lead Developer:

(a) at least one project in infrastructure sector with direct or indirect shareholding in the project equal to or greater than twenty-five percent (25%) at financial close, throughout construction period and up to three (3) years of operations; or one (1) year if the operations period elapsed is shorter than three (3) years at present (prior to the Submission Deadline);

OR

(b) at least one (1) project in water sector with direct or indirect shareholding in the project equal to or greater than ten percent (10%) at financial close, throughout construction period and up to three (3) years of operations or one (1) year if the operations period elapsed is shorter than three (3) years at present (prior to the Submission Deadline).

in each case complying with the requirements of below. For the avoidance of doubt, an Applicant / Lead Developer (in case of a Consortium) is only required to comply with any one Technical Criterion, rather than both the Technical Criteria collectively.

1.2 For a project to be recognized as evidence of meeting a Technical Criterion:

(a) the project should have a government entity as a counterparty;

(b) the minimum project construction cost must be USD 20,000,000/- (United States Dollars Twenty Million Only) (PKR 3,200,000,000/- (Pakistani Rupees Three Billion Two Hundred Million Only));

1.3 The Applicant / Lead Developer (in case of a Consortium) shall provide a clear statement of relevant Technical Criterion (under sub-section 1.1(a) or (b) above of this Annexure B (Evaluation and Qualification Criteria) it aims to qualify as per FORM G (TECHNICAL CRITERIA EVIDENCE FORM SHEET), along with a summary of the supporting evidence. For each plant / project submitted by the Applicant / Lead Developer (in case of a Consortium) as evidence of meeting a Technical Criterion, the Applicant shall provide:

(a) as per Form G (Technical Criteria Evidence Form Sheet), details regarding the project / plant: (i) name; (ii) location; (iii) description along with capacity and project components; (iv) commercial operations date; and (vi) direct or indirect shareholding in the relevant project / plant with the name of the special purpose vehicle and its ultimate parent company or companies; and

(b) verifiable and independently and objectively produced documentary evidence confirming the information in section (a) above, which should include, without limitation:
work order or project completion certificate clearly indicating: (I) name of the project and Applicant / Lead Developer (in case of a Consortium); (II) role and scope of the work; (III) shareholding percentage and shareholding term (construction and operations period); and (IV) project construction cost. Such evidence (containing information mentioned in (I) to (IV) above) to be provided through: (A) project completion certificate issued by the relevant governmental counterparty; OR (B) a letter issued by the project company supported by relevant project agreements signed with government counterparty such as contract or work order; and 

either: (I) evidence of the required direct or indirect shareholding, a statement from an auditor confirming the Applicant’s / the Lead Developer’s (in case of a Consortium) shareholding in the project / plant; or (II) project company’s audited financial statements covering the construction and operating period reflecting such direct or indirect shareholding of the Applicant / the Lead Developer (in case of a Consortium) in the project company.

B. FINANCIAL CRITERIA

1.1 An Applicant shall be required to satisfy the following financial prequalification criteria and submit the relevant supporting documentation:

(a) if the Applicant comprises a single entity, (as the Lead Investor), such Applicant shall have a Net Worth of at least USD 20,000,000/- (United States Dollars Twenty Million only) or equivalent calculated pursuant to section below; and

(b) if the Applicant is a Consortium:

(i) the Lead Investor shall have a Net Worth of at least USD 20,000,000/- (United States Dollars Twenty Million only) or equivalent based on the latest audited financial statements; and

(ii) the other Consortium Members shall individually have a Net Worth of at least USD10,000,000/- (United States Dollars Ten Million only) or equivalent based on the latest audited financial statements.

in each case calculated pursuant to section below.

1.2 For the purposes of this section:

(a) **Net Worth** shall be calculated as the relevant Applicant (or in case of Consortium, each Consortium Member’s and the Lead Investor’s) Total Assets minus its: (i) Total Liabilities; and (ii) Revaluation Surplus (or similar entry) on a consolidated basis.

(b) **Total Assets** shall be calculated as the total consolidated assets of such entity measured in accordance with either IFRS or any other similar accounting or public accounting standard which is permissible in the jurisdiction in which the relevant Applicant (or in case of Consortium, each Consortium Member and the Lead Investor) is incorporated.

Note: Exchange rate to be based on the rate published by Reuters on https://www.reuters.com/markets/currencies at close of business UK time, on the date of issuance of Prequalification Document.
(c) **Total Liabilities** shall be calculated as the total consolidated liabilities of such entity measured in accordance with either IFRS or any other similar accounting or public accounting standard which is permissible in the jurisdiction in which the relevant Applicant (or in case of Consortium, the relevant Consortium Member and the Lead Investor) is incorporated.

(d) **Revaluation Surplus (or similar entry)** shall be calculated as the total consolidated figure for any upward changes in the value of the capital / fixed assets of such entity measured in accordance with either IFRS or any other similar accounting or public accounting standard which is permissible in the jurisdiction in which the relevant Applicant (or in case of Consortium, the relevant Consortium Member and the Lead Investor) is incorporated. It is typically under the ‘Equity’ line item in balance sheet.

(e) Calculations shall be made based:

(i) on the relevant Applicant’s (or in case of Consortium, each Consortium Member’s and the Lead Investor’s) audited consolidated financial statements, duly certified by an independent certified public accountant or auditor, for the three (3) most recent full financial years for which audited financial statements are available as at the Submission Deadline; or

(ii) if: (A) the relevant Applicant (or in case of Consortium, the relevant Consortium Member and the Lead Investor) is incorporated in a jurisdiction which does not require the auditing of financial statements; and / or (B) such Applicant (or in case of Consortium, the Consortium Member and the Lead Investor) has not in fact had its financial statements audited, on such Applicant’s (or in case of Consortium, the relevant Consortium Member’s and the Lead Investor’s) non-audited consolidated financial statements, accompanied by a written opinion issued by an independent certified public accountant or auditor certifying the relevant Applicant (or in case of Consortium, the relevant Consortium Member’s and the Lead Investor’s) Net Worth for the three (3) most recent full financial years for which such financial statements are available as at the Submission Deadline.

Provided that the non-audited financial statements submitted by an entity, which by applicable law is required to prepare audited financial statements, shall not be accepted for the purposes of evaluation.

1.3 The Applicant shall provide for itself or, where the Applicant is a Consortium, for each Consortium Member (including the Lead Investor):

(a) for Consortium Members (including the Lead Investor) other than to whom sub-section 1.2 (e)(i) applies, audited consolidated financial statements, including a consolidated balance sheet, income statement, statement of cash flows and accompanying notes, for the three (3) most recent full financial years for which such statements are available as at the Submission Deadline, duly certified by a certified public accountant or auditor; or

(b) for Consortium Members (including the Lead Investor) to whom section 1.2 (e)(ii) applies, non-audited consolidated financial statements, including a consolidated balance sheet, income statement, statement of cash flows and accompanying notes, for the three (3) most recent full financial years for which such statements are available as at the
Submission Deadline, accompanied by a written opinion issued by an independent certified public accountant or auditor, certifying the relevant Consortium Member’s (and the Lead Investor’s) Net Worth for the three (3) most recent full financial years for which such financial statements are available as at the Submission Deadline; and

(c) a completed financial qualification criteria table in PDF format, as per **FORM H (FINANCIAL QUALIFICATION CRITERIA)**.
ANNEXURE C – PROJECT INFORMATION

The information contained herein has been divided into the followings three (03) parts and is for reference purposes only. KW&SB reserves the right to change any information / requirement specified herein during the bidding stage for the Project:

(I) Appendix 1 (Background Information);

(II) Appendix 2 (Scope of Work); and

(III) Appendix 3 (Tariff Structure).
APPENDIX 1 – BACKGROUND INFORMATION

Water Supply in Karachi

Karachi is the seventh (7th) largest metropolitan city in the world, and the largest city and gateway of Pakistan. It is also the capital of Sindh province and the country’s main seaport, economic and financial centre sprawling over an area of about 3,500 square kilometres. The population of this fast-expanding megacity growing annually by four point two percent (4.2%) since 1998, is projected to grow from sixteen million (16,000,000) in 2017 to around thirty-two million five hundred thousand (32,500,000) in 2025 which will make it the second (2nd) largest city in the world. From an economic point of view, Karachi generates around twelve to fifteen percent (12-15%) of Pakistan’s Gross Domestic Product (GDP), contributes fifty-three percent (53%) to the overall tax collection and five point five percent (5.5%) to total domestic employment.

A total of 665 MGD water is supplied to the residents of Karachi against a demand of 1,200 MGD resulting in a shortfall of 535 MGD. Out of the total water supplied, 210 MGD is not filtered. This, in addition to bacterial contamination from sewerage discharge flowing in pipelines laid parallel to water supply pipelines has significantly degraded the quality of water supplied. The water supply infrastructure is almost forty to forty-five (40-45) years old. Poor maintenance and inadequate rehabilitation have led to water losses of thirty-five percent (35%) within the distribution system.

Water to Karachi is supplied from mainly two (2) sources: Keenjhar Lake (550 MGD) and Karachi Hub Water Canal (100 MGD) through Hub dam. Presently, around twenty-five percent (25%) of water supplied by Karachi Hub Water Canal does not reach the citizens of Karachi due to seepage, natural evaporation and theft. KW&SB intends to undertake major rehabilitation of existing infrastructure of Karachi Hub Water Canal and associated facilities (nearing completion of lifespan) to ensure long term water supply of 100 MGD to the city of Karachi while minimizing water losses.

Brief Overview of Karachi Water and Sewerage Board

Water provision in Karachi was originally under the Karachi Metropolitan Corporation (KMC). However, in 1983 this service provision along with sewerage services was separated and put under the newly created KW&SB. Originally operating as a single water utility within KMC, KW&SB is responsible for planning, development, management and revenue collection related to water and sanitation services.

In 1996, KW&SB Act was passed which provided the legal framework for KW&SB operations, including the production, transmission, distribution, cost recovery of potable water and development of schemes to cover shortfalls in services. KW&SB is an independent autonomous entity under the Local Government Department, GoS, but key functions, including approval of budgets, regulation of tariffs and others, lie within the purview of the GoS. KW&SB is currently working on three areas to address the water demand-
supply gap: (i) water conservation; (ii) rehabilitation of the existing network to reduce conveyance-related water losses; and (iii) develop new sources of water supply, with an aim to improve KW&SB’s efficiency and sustainability to provide clean drinking water to Karachi.

KW&SB is also being assisted by the World Bank through Karachi Water and Sewerage Services Improvement Project (KWSSIP) which aims to improve the KW&SB’s efficiency and sustainability to provide clean drinking water to the citizens of Karachi. Under this program, KWSSIP will also focus on improvement of KW&SB management and capacity which is expected to support the development and implementation of the Project under PPP mode.

**Institutional Framework for PPPs in Sindh**

In Sindh, there are four (4) entities responsible for the identification, preparation and implementation of PPP projects, each having defined roles and functions.

- **The PPP Policy Board** is the highest decision-making authority for PPP projects in Sindh and is chaired by the Chief Minister of the province. It has the task of formulating the PPP policies and rules. It also issues risk management guidelines to assess government support for PPP projects and ensures its inclusion in the annual budget of the province. Important decisions related to, *inter alia*, approval of project proposals submitted by government agencies, provision of direct or contingent support to PPP projects and approval of funding for projects receiving support from the Viability Gap Fund (VGF)/ Project Support Facility (PSF) are taken by the PPP Policy Board.

- **PSF** is the financial arm of GoS, established to provide financial support to PPP projects. One of the main functions of PSF is to approve the financial support claimed for the PPP projects to finance the gaps between the project revenues constrained by factors including, but not limited to, affordability considerations, initial capital requirements and revenue needed to generate fair return on investment for PPP projects.

- **The PPP Unit** is established within the Finance Department of GoS with the objective of promoting and facilitating PPP projects in Sindh. It has a regulatory role to develop operating guidelines, procedures and model documents for projects. In addition, *inter alia*, it provides technical support to the PPP Policy Board, develops technical and human resources to support PPP initiatives at the government agencies, oversees PPP project pipeline, evaluates and prioritizes project proposals and evaluates the type and amount of government support sought for PPP projects.
Lastly, government agencies develop project proposals, oversee project implementation and execute PPP projects. The institutional framework is summarized below:

**Hub Canal Water Supply System**

The Hub dam canal system consists of: (i) WAPDA canal; (ii) Karachi Hub Water Canal; and (iii) Lasbela canal. The WAPDA canal, having design discharge capacity of 370 cubic feet per second (cfs) (10.48 m³/s) off-takes from Hub dam and bifurcates into two branches after flowing about 5.2 miles (8.32 Km) at Head Regulator. At Head Regulator, the water supplies to Sindh and Baluchistan are controlled by manually operated vertical gates. The Hub dam and WAPDA canal fall under the jurisdiction of WAPDA, a federal entity, and outside the control of GoS.

At Head Regulator, the WAPDA canal splits into two (2) branches:

**Lasbela Canal:**

The first branch is called Lasbela canal (21 miles or 33.6 Km long), owned and operated by Government of Baluchistan with a design discharge capacity of 160 cfs (4.53 m³/s) supplies water for irrigation of 21,000 acres of land and industrial area of Lasbela District, Baluchistan. Through the canal, a total of 59 MGD water is supplied for municipal, industrial, and irrigation purposes. The Lasbela canal is a lined canal and crosses a number of drainage channels necessitating construction of aqueducts, siphons and drainage crossings. The total number of structures on the Lasbela canal is fifty-eight (58).
This distribution system of Lasbela canal comprises eight (8) minors for irrigation purposes other than outlets for industrial water supply.

**Karachi Hub Water Canal:**

The second branch is the Karachi Hub Water Canal, owned and operated by KW&SB, with design discharge capacity of 210 cfs (5.94 m³/s). It is a 21.46 Km long open channel, which terminates at KW&SB pumping station near Manghopir, Karachi. The Karachi Hub Water Canal was constructed in 1982 and was handed over by WAPDA to KW&SB in 2001.

It is lined with concrete tiles and crosses several natural drainage channels that necessitated construction of aqueducts and drainage crossings, beside a road bridge and three (3) village road bridges. There are also two fall structures at the Karachi Hub Water Canal.

Water availability in the Hub dam is entirely dependent on rainfall. During the period when the reservoir is full, the dam can supply un-interrupted water through the Karachi Hub Water Canal at allocated rate of 100 MGD.

Additionally, the Karachi Hub Water Canal system under KW&SB, includes the following:

- A 21.46 Km canal from the Head Regulator till the pumping station containing eleven (11) concrete aqueducts and fifteen (15) culverts.
- A road bridge and several drainage and pedestrian bridges.
- An old pump house with pumps that was commissioned in 1982. These pumps are not operational. The old pump house building is in satisfactory condition with few weathering effects. A new pump house (adjacent to old pump house) was constructed in 2006 with the help of Japan International Cooperation Agency (JICA). The new pump house has six (6) pumps: 4 of 24 MGD (1.263 m³/s) and 2 of 17.5 MGD (0.921 m³/s). Presently, water from both K-III and Karachi Hub Water Canal enter a pool chamber before being pumped from the new pump house to the water filtration plant.
- 2.2 Km rising mains which carry the water from the pump house to water filtration plant. The rising mains consist of two pipes, installed three (3) feet underground in 1984. The pipes have not been replaced since.
- The filtration plant was developed in 2005 with a design capacity of 120 MGD (6.314 m³/s), but with a real treatment capacity of 80 MGD (4.209 m³/s). The filtration plant is barely operational.
- KE grid at 11 KV power supply. KE is the private vertically integrated power utility in Pakistan, which supplies power to all residential, commercial, industrial and agricultural areas within Karachi.

**K-III Backup Water Supply**

K-III is a 100 MGD canal coming from Keenjhar Lake and was completed in 2006. KW&SB has constructed an 80 MGD pipeline offshoot from K-III to supplement water to Karachi Hub Water Canal when water flow from Hub dam is insufficient to meet the required demand. In previous drought seasons up to 80 MGD of water has been supplied from K-III to district West of Karachi through Karachi Hub Water Canal pumping station and water treatment plant.
K-III water quality is not significantly different from water coming from Karachi Hub Water Canal. In line with KW&SB’s current practice, after the rehabilitation of the Karachi Hub Water Canal, the selected private party will augment water supplied by KW&SB from K-III as soon as the water coming from Hub dam at Head Regulator falls below 100 MGD. Thus, water exiting from the Karachi Hub Water Canal system is expected to be 100 MGD at all times.
Project Location

The Hub dam canal system is situated 56 Km North from Karachi city, Sindh.

As per preliminary geotechnical, topography, hydrology and seismic due diligence:

- The Project site lies in an area of slight undulating with a range of low cliffs in the vicinity. The topsoil mainly consists of windblown deposit in the form of silty, fine to coarse sand/clayey silt.

- The soil resistivity tests confirm the corrosion potential of the soils, which combined with the Hub dam water, have a high corrosion potential for iron or steel pipes.

- Project site is located in an elevated area and it is not expected to be affected by heavy rains and flood impacts.

- The Project area is not prone to strong earthquake generating sources in the proximity. The structural members are sufficiently sized and have withstood past earthquakes for around 40 years.

The coordinates of the relevant locations / assets relevant for the purposes of the Project have been specified below for reference:
<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>COORDINATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Regulator/start of canal at the axis</td>
<td>E 304,854.800 N 2,787,734.050</td>
</tr>
<tr>
<td>End of canal/intake chamber for pipeline stretch</td>
<td>E 302,710.500 N 2,777,029.700</td>
</tr>
<tr>
<td>End of pipeline stretch at the existing old pump house</td>
<td>E 300,262.550 N 2,768,452.150</td>
</tr>
<tr>
<td>Pumping station perimeter intersection with rising mains</td>
<td>E 300,275.200 N 2,768,307.200</td>
</tr>
<tr>
<td>End of rising mains where they intersect the water treatment plant perimeter</td>
<td>E 300,295.600 N 2,766,420.950</td>
</tr>
<tr>
<td>Water treatment plant around midway of the sand filters</td>
<td>E 300,418.700 N 2,766,328.800</td>
</tr>
<tr>
<td>Solar plant location</td>
<td>E 300,790.200 N 2,766,390.500</td>
</tr>
</tbody>
</table>

The aforementioned coordinates are based on GPS datum (WGS-84), UTM Zone 43 & Geoid EGM 2008.

Applicants are required to undertake independent detailed technical due diligence of Project and the Project site themselves. At the bidding stage, KW&SB may make available to the bidders, if deemed necessary, the following studies / reports which have been conducted by KW&SB’s advisors / consultants in relation to the Project:

(a) site surveys including: topographic survey, geotechnical investigations, hydrological survey, seismic study; and

(b) environmental and social scoping report.

Such studies / reports will be provided by KW&SB by way of background to the Project only and on the condition that bidders will verify, clarify or qualify such studies / reports through their own due diligence to the extent required. Neither KW&SB, nor its consultants, advisors, employees, personnel or agents, make any representations (express or implied) or warranties as to the accuracy or completeness of the information contained in such studies / reports, and shall have no liability for such studies / reports towards the bidders.

Transaction Structure

The proposed transaction structure has been outlined below, however it is subject to further revisions, at the discretion of KW&SB:

- KW&SB owns the necessary land required for Project implementation and shall license it to the SPV / concessionaire for the duration of the concession agreement (fifteen (15) to twenty (20) years, with additional two (2) years of construction period.

- GoS is considering to introduce a number of support measures, which could include:

  - contribution towards the upfront Project costs of the private party in the form of a grant from viability gap fund / project support facility.

  - establishment of an annuity account to prefund tariff payment for a particular period.
- credit enhancement instrument(s) for a proportion of debt compensation amount (i.e., to the extent of fifty percent (50%)) in case of termination (over and above the contractual commitment for one hundred percent (100%) debt amount).

- Applicants will submit Prequalification Applications (in accordance with the Prequalification Document).

- Prequalified Applicants will submit their bids on the basis of the Project agreements and other documents to be provided in the bidding documents.

- Bids will be assessed for compliance with, *inter alia*, certain commercial requirements and technical requirements (e.g., compliance with certain minimum technical specifications) on a “pass/fail” basis.

- The successful bidder will then be selected on the basis of a single evaluation criterion, *i.e.*, net present value of “Capacity Payments” and “Variable Payments” over the life of the concession.

- The successful bidder’s tariff will be inserted into the relevant Project agreements.

- The successful bidder / concessionaire will be responsible for any final development activities, as well as, *inter alia*, the financing, construction, operation and maintenance of the Project.

- Concessionaire shall be required to undertake the construction / rehabilitation works and perform the operation and maintenance services in compliance with IFC’s environmental and social performance standards and the national / local laws, rules, regulations and / or guidelines.

*Additional aspects from the perspective of Foreign Applicants:*

Some of the foreign lenders and sponsors have expressed interest in participating in the Project.

Non-binding indication received from MIGA has been attached as Schedule A to this Appendix 1 (*Background Information*), for reference purposes.

*General Overview of the Foreign Investment Laws in Pakistan:*

Pursuant to the foreign exchange laws in Pakistan, a foreign entity can acquire shares of a company on a fully repatriable basis (up to the then-current break-up value without special permission), provided that, general or special permission of the SBP is obtained at the time of investment.

Special permission is required where the general permission is not applicable. Special permission is issued at the discretion of the SBP and is processed on a case-to-case basis. There are no timelines specified, however, response is generally received in four (04) to six (06) weeks.

The general permission available to foreign shareholders (except foreign-government owned / controlled shareholders) has two (2) primary conditions: (a) the purchase price is paid through authorized banking channels; and (b) the purchase price in case of share purchase from a Pakistani resident, on a per share basis, is not below the then-current break-up value of the unlisted company’s shares (as evidenced by a certificate from a firm of chartered accountants in Pakistan) or less than the price quoted on the stock exchange of the listed company’s shares.
The general permission of the SBP is only applicable in the context of ordinary shares, and hence any issuance of any other type of shares (or a class of shares having different rights) to a non-resident will require the special permission (prior written permission) of the SBP.

Registration of foreign shareholding with the SBP will be required to be undertaken by a company’s authorized dealer (i.e., the designated bank for SBP purposes).

Note that the transaction structure specified above is for reference purposes only. KW&SB, in its discretion, reserves the right to adopt an alternative structure for the Project during the bidding stage.
SCHEDULE A – EXPRESSION OF INTEREST FROM MIGA

NON-BINDING INDICATION OF PRICE (NBI)

Issued On: September 15, 2021
Issued By: Elena Paei (Sector Manager of Infrastructure) and Jae Hyung Kwon (Head of South Asia)
Investor Name: Bidders to the Karachi Water Canal Project in Pakistan
Sector: Infrastructure (INF)
Project Description: Rehabilitation and installation of 22.4 km canal/pipeline and other water and power infrastructure on a design, build, finance, operate, maintain, and transfer basis
Host Country: Pakistan
Guarantee Amount: Up to USD [50-100] million (guarantee amount will depend on the final total project cost)
Percentage of Cover: Up to 50% for Equity and 95% for Debt
Type of Investment: ☑️ Equity ☐ Debt ☐ Other

<table>
<thead>
<tr>
<th>Cover(s) Requested</th>
<th>Indicative Price Range (basis points per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity*</td>
<td></td>
</tr>
<tr>
<td>- Transfer Restriction &amp; Currency Inconvertibility (TR), Expropriation (Expro), War &amp; Civil Disturbance (WCD) and Breach of Contract (BoC)</td>
<td>[160 - 250]</td>
</tr>
<tr>
<td>- TR, WCD and BoC</td>
<td>[140 - 200]</td>
</tr>
<tr>
<td>- TR and BoC</td>
<td>[110 - 170]</td>
</tr>
<tr>
<td>- BoC only</td>
<td>[80 - 140]</td>
</tr>
<tr>
<td>Debt</td>
<td></td>
</tr>
<tr>
<td>- TR, Expro, WCD and BoC</td>
<td>[175 - 200]</td>
</tr>
<tr>
<td>- TR, WCD and BoC</td>
<td>[150 - 175]</td>
</tr>
<tr>
<td>- TR and BoC</td>
<td>[115 - 140]</td>
</tr>
<tr>
<td>- BoC only</td>
<td>[85 - 100]</td>
</tr>
</tbody>
</table>

* If MIGA provides guarantees for both equity investors and lenders (and thus has access to shares and rights to an arbitral award), the price for equity would be at the lower end of the range, whereas if MIGA covers only equity and does not have access to shares or rights to an arbitral award, then the price would be at the higher end of the range.

Current NBI is valid for 90 days from the issued date above and is based on the above coverage parameters alongside the following assumptions:
1. Project is consistent with MIGA’s strategic objectives and World Bank Group Country Partnership Framework
2. Satisfactory due diligence, including integrity, environmental and social, economic, legal, etc
3. For Breach of Contract cover, satisfactory due diligence on the long-term financial sustainability of contract counterparties and state government obligations under the covered agreements
The above rate(s) represent a Non-Binding Indication of price for informational purposes only and does not in any way constitute a commitment to provide insurance cover by MIGA. Pricing set forth herein are subject to change. Rates quoted will not be applicable in the event of material adverse change in circumstances. The final rates, as well as the Guarantee Amount, Percentage of Cover and Tenor of Cover, will be determined following finalization of financing structure and MIGA cover, internal MIGA due diligence and review of the country, the state of Sindh and the project, as well as approval from MIGA's Management and Board of Directors.

In the event MIGA elects to provide insurance cover in the future, all amounts disbursed are automatically charged premium at 100% (i.e. current rate) of the cover rate, while amounts committed but not disbursed will be charged premium at 30% (i.e. standby) of the cover rate until such time as they are disbursed.
APPENDIX 2 – SCOPE OF WORK

Karachi Hub Water Canal

The primary objective of the assignment is to design, finance, build, rehabilitate, operate, maintain and transfer the Karachi Hub Water Canal system including:

- Actions downstream the Head Regulator (Lasbela canal and Karachi Hub Water Canal gates).
- The rehabilitation of the first 11.7 Km of the Karachi Hub Water Canal for 100 MGD water supply.
- The rehabilitation of the aqueducts Nº 1 to Nº 10.
- The construction of a new water transmission pipeline, with a length of about 9.76 Km for 100 MGD (5.26 m³/s) water supply.
- The construction of a new pump station for pumping 100 MGD (5.26 m³/s) water. Private party to also ensure infrastructure for K-III backup water supply.
- The construction of a new rising mains, with a length of 2.2 Km.
- The refurbishment and extension of the water treatment plant for 100 MGD (5.26 m³/s) constant supply. The water treatment plant to also treat the water from K-III.
- The automatization of control gates, and installation of required communication equipment after the Head Regulator.
- In case the successful bidder plans to optimize power and water tariff, development and maintenance of a solar power plant.
- Design and installation of a centralized SCADA for management of the canal infrastructures, pump station and the water treatment plant.
- Installation of flow metering system(s) close to existing sluice gates at Head Regulator to enable the collection of data related to the quantity of water entering the Karachi Hub Water Canal. Moreover, flow meter may be required at WAPDA canal in order to determine the actual water flow at the start of WAPDA canal.
- Access roads rehabilitation.
- Operations and maintenance of the section of K-III canal that lies within the battery limits of pumping stations. The length of the section is under 1 Km.
- Any other works as may be required for the purposes of the Project.

Additionally, the private party shall be responsible to deliver all services which are general for the whole Project and not related to specific equipment and facilities, such as:

- Project management, including contractor and subcontractor management and supervision.
Process, equipment and civil detail designs and engineering works.

Provision of online project collaboration and management system.

Implementation and supervision of equipment, consumables and spare parts procurement.

Implementation and supervision of all administrative systems and services.

Application and provision of insurance and bonds during construction and operations.

Preparation of Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management System (ESMS), as per International Finance Corporation Performance Standards, and obtaining the approval thereof for relevant GoS entity; and

Procurement of all required permits as per the applicable laws.
APPENDIX 3 – TARIFF STRUCTURE

Tariff Structure

Water availability at the Head Regulator will be KW&SB’s risk, i.e., risk of WAPDA canal infrastructure and water availability at Hub dam. The tariff structure consists of two (2) broad components:

- **Capacity Payment**: Includes debt service, equity return and fixed O&M components. Payable in PKR subject to system availability.

- **Variable Payment**: Includes variable O&M cost component and variable energy charge (VEC) component. VEC to account for power from grid (based on power consumption bid by the successful bidder) after accounting for solar generation (in case the successful bidder plans to develop solar power plant to optimize electricity and water tariff). Payable in PKR on per unit of water delivered at the offtake point (after filtration plant).

Contracted capacity will be 100 MGD and it would be subject to allowed losses. Allowable losses are losses occurring due to: (i) natural reasons such as evaporation, percolation, absorption and transpiration, and (ii) planned and unplanned outages. There will no payment deduction for water lost due to allowable losses.

**Performance deductions:**

- **Availability based deduction**: Private party will declare the available capacity daily. The declared availability will account for allowable losses and any scheduled maintenance within the limit/caps bid at bidding stage. Actual availability will be measured using the flow measurement system when the water is flowing in the system and adjustments to the Capacity Payment will be made accordingly.

- **Quality Based Deduction**: Quality of the water supplied by the private party will be assessed on a daily basis. Subject to water quality, any quantity not meeting any of required water quality standards will be subjected to liquated damages / deductions. However, no deduction will occur if the water quality standards are not met due to change in water quality being received at the Head Regulator.

**Tariff Indexations:**

Indexation details are to be provided at bidding stage; however broadly following indexations are expected to be pass-through:

- **Floating interest rate**: foreign and local debt to be indexed to floating interest rates.

- **Inflation**: operations and maintenance costs to be inflated for local inflation.

- **USD:PKR devaluation**: a certain portion of tariff is expected to be indexed for PKR devaluation.

- **Power costs**: variation in KE power tariff will be pass-through; however the private party will be responsible for any power consumption inefficiency.