

سوال نمبر . 4527

منجانب:- محترم احمد خان کنڈی صاحب، ایم پی اے

کیا وزیر مواصلات و تعمیرات ارشاد فرمائیں گے کہ

Answers / جوابات		Question / سوالات	نمبر شمار
اردو	English		
سوات ایکسپریس وے کی تعمیر پختون خواہ ہائی وے اتھارٹی کی زیر نگرانی پبلک پرائیویٹ پارٹنرشپ (PPP) کے تحت M/S SEPCO کے ذریعے تعمیر کیا جا رہا ہے۔	Swat Expressway is being constructed by Pakhtunkhwa Highways Authority (PKHA) under PPP Mode of Financing on BOT Basis through M/S SEPCO Pvt Ltd	Will the Minister for Communication & Works State that Is it true that Swat Expressway has been constructed by PKHA under Public Private Partnership / BOT Basis?	(a)
.i ملکی روزنامہ جات میں اشتہارات .ii ٹینڈرز رجسٹر کی نقل جسمیں Technical & Financial رپورٹ جمع کرنے کے موقع پر حاضری لی گئی ہے .iii تکنیکی رپورٹ کا جائزہ .iv مالی رپورٹ کا تخمینہ لاگت .v کنسیشن ایگریمنٹ .vi منصوبے کی نمایاں خصوصیات .vii ایوارڈ کا خط	i. Advertisement in National Dailies ii. Copy of Tender register showing attendance of Technical & Financial Bid iii. Technical Evaluation Report iv. Financial Evaluation Report v. Concession Agreement vi. Salient Feature vii. Letter of Award	If Yes then, i. Please Provide detail report regarding expressions of interest and bidders of the Project ii. Please Provide comparative statement of the bidders applied for the construction of the Project. iii. Award of contract, starting date, cost, duration of completion may be provided and iv. Please provide agreement duly signed between the Government of Khyber Pakhtunkhwa and contractor of the Project.	(b)



GOVERNMENT OF KHYBER PAKHTUNKHWA
PROJECT DIRECTORATE
CONSTRUCTION OF SWAT EXPRESSWAY
PAKHTUNKHWA HIGHWAYS AUTHORITY PESHAWAR
Office Phone# 091-9213927, Fax # 091-9211657, E-mail: sewkpk@gmail.com
Attached Departments Complex near Treasury Office Khyber Road Peshawar

No. 233/S.E/C&W/PKHA
To

Dated: 17/12/2019

Managing Director
PKHA, Peshawar.

Subject: ADMITTED COPY OF STARRED/UN-STARRED ASSEMBLY QUESTION FOR THE NEXT/CURRENT SESSION OF THE PROVINCIAL ASSEMBLY

Ref: No. SOG/2-11/C&W/2-11/A.Q#4527/2019 Dated: 05-12-2019

With reference to your office letter cited above. Enclosed please find herewith the requisite particulars in reply to the Assembly Question No.4527 pertaining to Swat Expressway as follows:-

S.No	Document	Annexure
i.	Advertisement in National Dailies	A
ii.	Copy of Tender register showing attendance of Technical & Financial Bid	B
iii.	Technical Evaluation Report	C
iv.	Financial Evaluation Report	D
v.	Concession Agreement	E
vi.	Salient Feature	F
vii.	Letter of Award	G

Submitted for onward submission to quarter concerned.

DA/As Above

o/c
Project Director
Swat Expressway-PKHA
Peshawar

Copy to:-

1. The Section Officer (General) C&W Department, Peshawar
2. The Assistant Secretary-XIII, Provincial Assembly of Khyber Pakhtunkhwa.
3. P.S to Minister for C&W Department, Khyber Pakhtunkhwa.
4. P.S to Secretary, C&W Department Khyber Pakhtunkhwa.

Project Director
Swat Expressway-PKHA
Peshawar

opening of EoIs

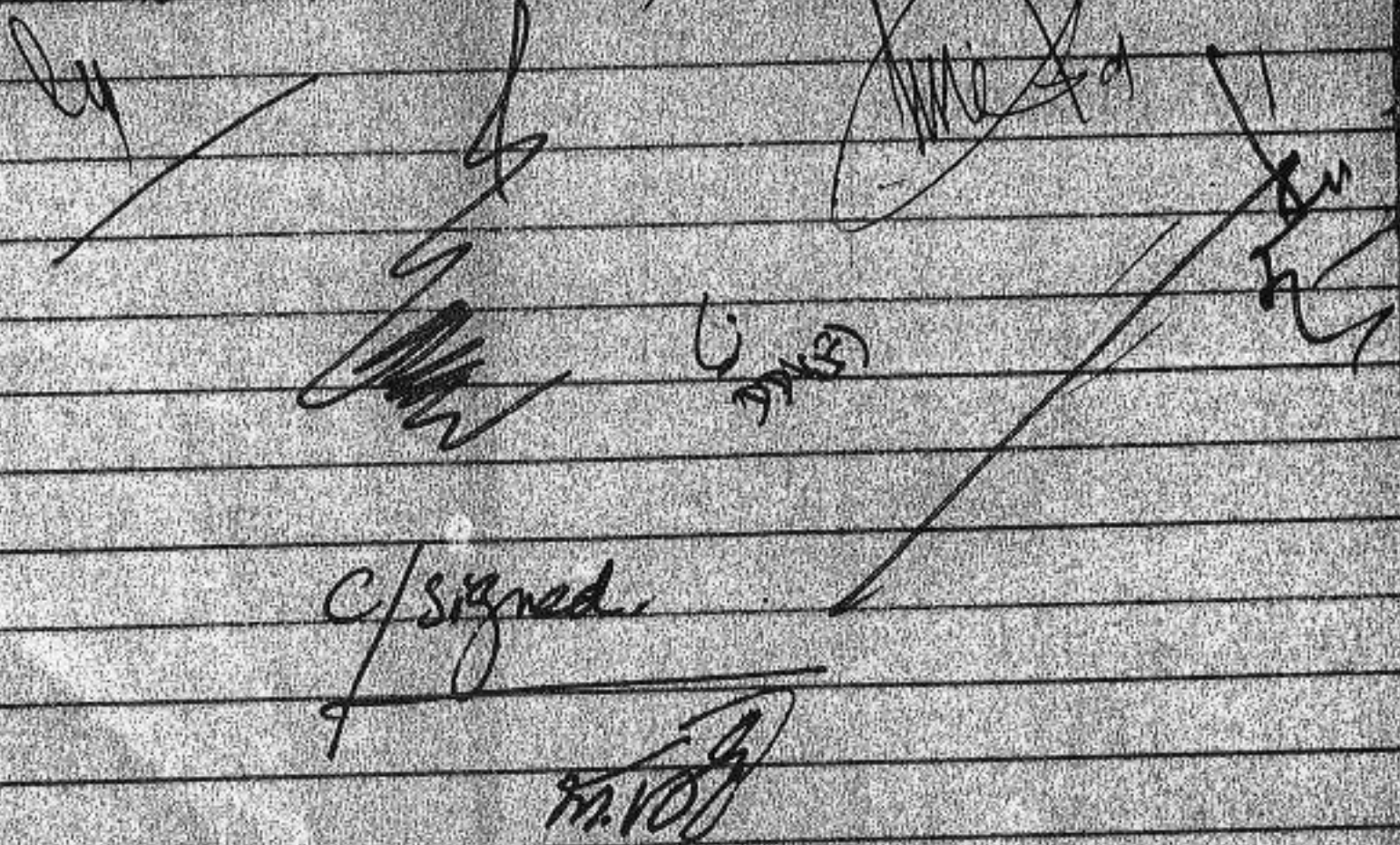
21st January 2016

For

Construction of Swat Expressway. 81 kilometer
Under Public Private Partnership.

S/No	Name of Firms
01	M/s NLC - China Harbour Engineering Company Ltd (JV) - EA Consulting Pvt Ltd.
02	M/s Deokjoe - Sambo Engg - NKB
03	M/s FWD
04	M/s SKB JV M/s Asif Ali & Associates (Pvt) Ltd.
05	M/s China National Aero Technology International Engineering Corporation.

05 Nos EOI were opened in presence of
Committee on 21st January 2016

Handwritten signatures and initials, including a large signature on the left, a signature in the center, a signature on the right, and the initials 'M. V. O.' at the bottom.

C/signed.

M. V. O.

Construction of Suet Expressway on BOT Basis.

"Technical Bid opening"

S/No.	Name of firms
1.	Frontier Worker Organization, FWO

Single Bid both Technical & Financial
/ received by only Technical
Department & presence of the
Bid opening Committee

J. Lal
Patron

[Signature]
30/05

[Signature]
30/5/2016

64
875

[Signature]
30/05

Construction of Swat Expressway BOT Basis.

Opening of Financial Proposal

S/No

Name of Firms.

M/s Frontier Works Organization

Financial Bid of M/s FWO
of the Committee constituted

[Signature]
Person

[Signature]
(1) Sw Exp.

[Signature]
DD Sw Exp

[Signature]
D/Manager
FWO

[Signature]
M/s FWO

[Signature]

of Date 8/6/2016

Bid offered

Pay \$ 38.898 Perms

(Thirty Eight Billion Eight Hundred Ninety Eight Million only)

was spend in purchase

for this purpose

W 3



GOVERNMENT OF KHYBER PAKHTUNKHWA

Pakhtunkhwa Highways Authority (PKHA)

Tele: # 091-9213272, Fax # 091-9210434, E-mail: info@pkha.gov.pk

Attach Department Complex, Khyber Road Peshawar

No. 50-PKHA/ 1806

Date 22 /09 /2015

To

The Director Information
Government of Khyber Pakhtunkhwa
Information Department Peshawar.

Subject:

CONSTRUCTION OF SWAT MOTORWAY
NOTICE INVITING EXPRESSION OF INTEREST (EOI)

Sub Head:

- (I) CONSTRUCTION OF 81 KILOMETER, SWAT EXPRESSWAY INCLUDING CONSTRUCTION OF 2 KM LONG HIGHWAY TUNNEL ON SUPPLIER / BUYER CREDIT BASIS (EPC + F MODE).
(II) CONSULTANCY SERVICES FOR FEASIBILITY STUDY & DETAILED ENGINEERING DESIGN OF 2000 M LONG TUNNEL ENROUTE SWAT EXPRESSWAY IN MALAKAND MOUNTAINOUS RANGE.
(III) CONSTRUCTION OF 81 KILOMETER, SWAT EXPRESSWAY INCLUDING CONSTRUCTION OF 2 KM LONG HIGHWAY TUNNEL ON SUPPLIER / BUYER CREDIT BASIS (EPC + F MODE).

In supersession of this office letter No. 1539/50-PKHA dated 27/08/2015 the Expression of Interest (EOI) of the subject work at serial No. I & II on the attached format may please be published on front page of the following local newspapers in 15 cm x 8 cm size (Quarter width).

1. Daily Dawn Combined.
2. Daily The News Combined.
3. Daily Jang Combined.
4. Daily Aaj Peshawar.

Moreover, the (EOI) for the item at Serial # III above on the attached format (without pictures) may please be published in the China Daily Newspaper circulated from China.

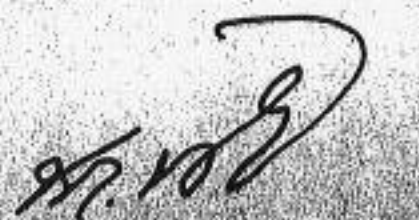
Necessary funds in order to meet the expenditure involved, are available for which bill may please be provided for payment.

DA / As Above
3 Nos. EOIs.

Copy forwarded to the:


1. Secretary to Govt: of Khyber Pakhtunkhwa C&W Department Peshawar, for information please.
2. Managing Director, PKHA Peshawar for information with reference to his directions regarding the matter.
3. PS to the Advisor to Chief Minister for C&WD for information with reference to instructions of the Advisor (Focal Person) regarding the matter during a meeting held in his office on 22/09/2015.
4. Deputy Director (Finance), PKHA Peshawar for information.
5. Deputy Director (HQ) PKHA Peshawar for information.


DIRECTOR (CONSTRUCTION)


DIRECTOR (CONSTRUCTION)



SWAT EXPRESSWAY


(Engr. Muhammad Uzair) Director (Construction)
Pakhtunkhwa Highways Authority (PKHA) C&W Department,
Government of Khyber Pakhtunkhwa
Khyber Road Peshawar, Pakistan
Tel: (+92)91-9213272 Fax: (+92)91-9210434
E-mail: info@pkha.gov.pk
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REFORMING & TRANSFORMING

SWAT EXPRESSWAY EXPRESSION OF INTEREST (EOI)

For Construction of Swat Expressway, 81 Kilometer UNDER PUBLIC PRIVATE PARTNERSHIP

The Government of Khyber Pakhtunkhwa intends to undertake the construction of Swat Expressway ("The Project"), a new 81 km long limited access high speed corridor through Pakhtunkhwa Highways Authority ("PKHA") under Public-Private Partnership (PPP) mode of financing. Swat Expressway will start from Captain Kemal Sher Khan Interchange on Islamabad-Peshawar Motorway (M-1) falling in Nowshera District approximately at Km 92 from Islamabad. The project will include a Highway Tunnel in Malakand Mountains Range of approximately 2 KM length. It will connect remote regions along its proposed alignment in the Khyber Pakhtunkhwa traversing through districts of Nowshera, Swabi, Mardan and Malakand. The main villages spread across the four (04) districts include Haryan, Gumbat, Daulat Nazar, Ismaila, Garyala, Shahbaz Garhi, Bakshali, Jamal Garhi, Katlang, Aio, Palai, Zulam Kot, Allah Dand and Chakdara. The alignment corridor would provide these isolated communities direct access to National Highways and Motorway Network.

2. PKHA intends to undertake the Project under Public-Private Partnership ("PPP") arrangement.
3. Expression of interest ("EOI") is solicited from eligible well reputed domestic as well as foreign firms, joint ventures and consortia for implementation the project.
4. PKHA shall provide land for the Project free of encumbrances and may consider financial support, if necessary.
5. Interested parties may obtain the Pre-Qualification ("PQ") documents from office of the undersigned during office hours, or may download from PKHA website: (www.pkha.gov.pk)
6. Last date for submission of EOI is **January 21, 2016 till 15:30 hours.**
7. PKHA shall issue Request for Proposals ("RFP") of the Project to the pre-qualified Firms only. The RFP shall contain, inter alia, instructions to bidder, detailed scope of work, draft concession agreement etc.
8. Further information / clarifications may be obtained from the office of the undersigned on any working day during working hours.



PAKHTUNKHWA HIGHWAYS AUTHORITY
Government of Khyber Pakhtunkhwa

TECHNICAL EVALUATION REPORT

for

Construction of Swat Expressway
Under Public Private Partnership
On Build-Operate-Transfer Basis

June 2016

PAVRON



PAVRON

Consulting Engineers, Planning, Designing,
Supervision, Financial & Commercial
Feasibilities, Transaction Advisory Services &
Infrastructure Management

364, Street # 33, F-11/2
Islamabad, Pakistan
Phone Office: +92-51-8358951
Fax Office: +92-51-8355257

TECHNICAL EVALUATION REPORT
CONSTRUCTION OF SWAT EXPRESSWAY ON BOT BASIS

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Annex-III	:	Bidder's comments on the RFP
Annex-IV	:	Bidder's Statement of Proposed Technical Changes to the Conforming Scheme

TECHNICAL EVALUATION REPORT

CONSTRUCTION OF SWAT EXPRESSWAY ON BUILD-OPERATE-TRANSFER BASIS

1. PREAMBLE

The Government of Khyber Pakhtunkhwa through Pakhtunkhwa Highways Authority (**PKHA**), has planned undertaking the construction of 81 kilometers long, high speed, fenced, 4-lane Swat Expressway (**the Project**). The planned Expressway forms part of an economic trade corridor commencing from Kernal Sher Khan Interchange at M-1 Motorway and terminating at Chakdara at the junction of National Highways N-45 and N-95 (Malakand Agency). The proposed Expressway will provide alternate route for Malakand Agency, District Swat, Lower & Upper Dir, Chitral, Shangla, Bajour Agency and other parts of the region improving interconnectivity and tourism within the country. It will attract most of the through traffic reducing traffic congestions and road accidents on the existing National Highway N-45 that passes through built-up towns of Rashakai, Mardan, Takhtbai, Shergah, Sakhakot, Dargai and Batkhela. The economic corridor envisages international linkages to Afghanistan and Central Asian States.

Presently, Swat Expressway is planned to be constructed as 4-lane (2x2) controlled access facility, with provision of extension to six lanes (3x3) on the outer side within the reserved 80 m Right of Way (**ROW**). To facilitate freight traffic the Expressway entails construction of Tunnel through Malakand mountain range towards the end point. The Project is to be implemented under Public Private Partnership (**PPP**) on Build-Operate-Transfer (**BOT**) basis.

2. PROCUREMENT PROCESS

2.1 Expression of Interest

An advertisement was released in the print media on December 19, 2015 for inviting Expression of Interest (**EOI**) from the local as well as international private entrepreneurs. Last date for submission of EOI was fixed as January 21, 2016. A copy of EOI is attached at **Annex-I**.

In response, following five (05) firms / joint ventures submitted their applications, showing their interest for undertaking the Project on BOT basis.

- i. M/s National Logistic Cell (NLC) and China Harbour Engineering Company Limited (CHEC), Joint Venture
- ii. M/s Niaz Muhammad Khan & Brothers (NKB) and Deokjae Construction Company (Pvt.) Limited (DCCPL) and Sambo Engineering Company Ltd. (SAMBO), Joint Venture
- iii. M/s Frontier Works Organization (FWO)

- iv. M/s Saadullah Khan & Brothers (SKB)
- v. M/s China National Aero-Technology International Corporation

Subsequent to detailed evaluation, under the given criteria, following three firms/joint ventures were declared prequalified for issuance of Request for Proposal.

- i. M/s Frontier Works Organization (FWO)
- ii. M/s Niaz Muhammad Khan & Brothers (NKB) and Deokjae Construction Company (Pvt.) Limited (DCCPL) and Sambo Engineering Company Ltd. (SAMBO), Joint Venture
- iii. M/s National Logistic Cell (NLC) and China Harbour Engineering Company Limited (CHEC), Joint Venture

2.2 Request for Proposal

Detailed Request for Proposal (**RFP**) was prepared and issued to all pre-qualified firms/joint ventures inviting them to submit Technical and Financial Proposals to compete for the Project under the Khyber Pakhtunkhwa Public Private Partnership Act, 2014 (KPK PPP Act). The RFP comprised of the following:

- A description of the Project; including a statement of the objectives, scope, expected output and basic, non-negotiable, parameters of the Concession.
- The Minimum Technical Parameters required of Bidders to be considered responsive.
- The Minimum Financial Data required of Bidders to be considered responsive.
- The evaluation criteria to be used by PKHA to determine the most advantageous proposal, price and other factors considered.
- Proposal submission procedures; including, *inter alia*, the date, time and location of proposal submission, validity period, and the permissible mode of proposal transmission.

In addition to above, following appendices were also attached as part of RFP, for consideration of the prospective Bidders.

- | | |
|--------------|---|
| Appendix – 1 | Project Description and Scope of Work |
| Appendix – 2 | Draft Concession Contract – <i>to be taken as base document for finalization/negotiation of a Concession Contract</i> |
| Appendix – 3 | Form of Bid Security |
| Appendix – 4 | Format of Curriculum Vitae |
| Appendix – 5 | Khyber Pakhtunkhwa Public Private Partnership Act, 2014 |

2.3 Pre-Bid Conference

A Pre-Bid Conference was held on April 15, 2016 in the Conference Room of PKHA, Peshawar under the chairmanship of Managing Director, PKHA. Pre-bid Conference was attended by all the pre-qualified firms/joint ventures. M/s Pavron (the Project Transaction Advisor) was also present to respond the queries / clarifications of the prospective bidders with respect to Scope of Work or other stipulations of RFP and Draft Concession Contract attached as part of RFP.

Minutes of Pre-Bid Conference were issued to all pre-qualified firms/joint ventures, which are integral part of RFP.

2.4 Submission of Bid

Initially, last date for submission of bid was April 29, 2016, which was extended, upon bidders' request, till May 30, 2016.

Out of three pre-qualified firms/joint ventures, only one, i.e. M/s Frontier Works Organization (**FWO**) submitted subject Bid, containing Technical and Financial Proposals, on May 30, 2016.

2.5 Opening of Technical Proposal

The Technical Proposal of M/s Frontier Works Organization was opened by PKHA's Bid Opening Committee on May 30, 2016 in the presence of bidder's representatives.

3. MINIMUM TECHNICAL INFORMATION REQUIRED

The minimum technical information, which was required from the prospective bidders to submit in their Technical Proposal(s) as set out in the RFP under Sections B.1 to B.4 is briefly described below:

3.1 Mandatory Submission

Following information / documentation, as detailed under Section B.1.1 to B.1.4, was mandatory for the Bidders to submit as part of Technical Proposal, to be considered responsive.

- Executive Summary
- Bid Security
- Statement of Bid Conformity
- Statement of Proposed Technical Changes to the Conforming Scheme

3.2 BOT Managerial, Technical and Construction Qualifications

The following are the critical evaluation factors within this section:

- a. Proposed SPV and Project Implementation Structure
- b. Relevant Experience of the Bidder for similar road Projects:
 - i. Financial Close
 - ii. Design
 - iii. Construction
 - iv. Maintenance
 - v. Toll and ITS Operations
- c. Proposed key personnel for the Project:
 - i. Chief Executive Officer / Managing Director
 - ii. Finance Manager / Financial Consultant
 - iii. Construction Manager
 - iv. Operations Manager
 - v. Maintenance Manager

3.3 Project Appreciation

Project Appreciation includes the following information / submissions, which carry weightage for evaluation:

- a. Linear plan, indicating all important features of the Project and the Bidder's concept
- b. Traffic study: analysis and projections
- c. Preliminary design, typical cross-section & typical drawings of:
 - i. Expressway
 - ii. Tunnel
 - iii. Service road & Interchanges
 - iv. Flyovers, underpasses, cattle creeps and pedestrian crossings
 - v. Toll plazas, weigh stations and service areas
- d. ITS, Expressway and Tunnel safety features and allied Expressway facilities and systems well explained supported by pictorial manner
- e. Environmental Plan
- f. Project cost basis & analysis

3.4 Project Implementation Methodology

The Bidders were required to explain project implementation methodology, clearly elaborated in layout plans, which shall include, but not limited to:

- a. Construction methodology for Expressway, Tunnel and Intelligent Transport System
- b. Project Implementation Activity Plan supported by CPM
- c. Shortest Timeframe, Plan and Methodology for:
 - i. Financial Close
 - ii. Readiness to commencer Work
- d. Structures and Erection Technology
- e. Machinery, plant and labour needs of the Project
- f. Anticipated construction problems and measures to overcome
- g. Work zone safety plans
- h. Operation & maintenance plan, procedures and systems
- i. Innovations

4. TECHNICAL EVALUATION CRITERIA

The following list of the quantitative factors and their associated maximum score was conveyed to the Bidders to be used for the evaluation of Technical Proposal(s).

Sr. No.	Evaluation Factor	Max. Marks	
		Individual	Total
1	BOT Managerial, Technical & Construction Qualifications		35
	a. Proposed SPV & Project Implementation Structure	5	
	b. Relevant Experience of the Bidder for similar road Projects (<i>each item carries maximum 05 marks</i>):	25	
	i. Financial Close		
	ii. Design		
	iii. Construction		
	iv. Maintenance		
	v. Toll and ITS Operations		
	c. Proposed key personnel for the Project (<i>each CV carries maximum 01 mark</i>):	5	
	i. Chief Executive Officer / Managing Director		
	ii. Finance Manager/ Financial Consultant		
	iii. Construction Manager		
	iv. Operations Manager		
v. Maintenance Manager			

2	Project Appreciation		30
	a. Linear plan, indicating all important features of the Project and the Bidder's concept	3	
	b. Traffic study: analysis and projections	5	
	c. Preliminary design, typical cross-section & typical drawings of (<i>each item carries maximum 02 marks</i>):	10	
	i. Expressway		
	ii. Tunnel		
	iii. Service road & Interchanges		
	iv. Flyovers, underpasses, cattle creeps and pedestrian crossings		
	v. Toll plazas, weigh stations and service areas		
	d. ITS, Expressway & Tunnel safety features and allied Expressway facilities & systems well explained supported by pictorial manner	5	
e. Environmental Plan	2		
f. Project cost basis & analysis	5		
3	Project Implementation Methodology:		35
	a. Construction methodology for Expressway, Tunnel and Intelligent Transport System	8	
	b. Project Implementation Activity Plan supported by CPM	2	
	c. Shortest Time frame, plan & methodology for:	12	
	i. Financial close	7	
	ii. Readiness to commence work	5	
	d. Structures and erection technology	1	
	e. Machinery, plant and labour needs of the Project;	3	
	f. Anticipated construction problems and measures to overcome.	2	
	g. Work zone safety plans	2	
	h. Operation & maintenance plan, procedures and systems	3	
i. Innovations	2		
TOTAL:			100

5. TECHNICAL EVALUATION

5.1 Observations

The evaluation of Technical Proposal was undertaken, keeping in view the stipulations of RFP. During detailed scrutiny of Technical Proposal following observations have been noted:

5.1.1 Bid Security

It has been observed that validity period of Bid Security (**Annex-II**) submitted by the Bidder is about seven (07) months, whereas, under Section D.5.1 of RFP, the Bid Security (in case of Bank Guarantee) should be valid for a period of at least eighteen (18) calendar months from the date of opening of Technical Proposals.

5.1.2 Main Carriageway

The Bidder has proposed two lane width of 3.65 m each. In addition a third lane width of 3.50 m has been proposed, which is not clarified.

5.1.3 Service Road

The Bidder has proposed reduced width of Service Road from 3.65 m to 3.50 m (paved width).

5.1.4 Minimum Radius with no Super Elevation

Under geometric design criteria, minimum radius with no super-elevation is taken in the Technical Proposal as 5000 m against the RFP requirement of 3510 m.

5.1.5 Rest Areas

There is no mention of provision of Rest Areas, whereas, RFP requires establishment of two Rest Areas.

5.1.6 Vehicle Clearance Requirement in Tunnel

As per RFP "Tunnel Design", it was required that "the clear height chamber shall be 5.2 m", whereas, the Bidder has proposed "5.1 m".

5.1.7 Non-provision of Structures

There is no mention of provision of cattle creep, underpasses, flyovers, pedestrian bridges and irrigational channels crossings, whereas, RFP requires provision of these structures.

5.1.8 Interchanges

Following Interchanges are missing in the preliminary plan profile:

- a. Kernal Sher Khan Interchange (on M-1)
- b. Bakhshali Interchange
- c. Katlang Road Interchange
- d. Palai Road Interchange; and
- e. Chakdara Interchange (end point of Expressway)

5.1.9 Weigh Stations

Provision of Weigh stations and weigh-in-motion stations are missing in the Technical Proposal.

5.1.10 Provision of Lighting

Under the RFP it was required that: "Lighting shall be provided at required locations such as Interchanges, Major bridges, Toll Plazas, Weigh Bridges, Traffic signs, ITS devices etc., whereas, the Bidder has mentioned provision of lighting on the Toll Plazas' locations only.

5.1.11 Riding Quality

The Bidder has mentioned an International Roughness Index (IRI) value of 1.8 m/km upon construction completion, whereas, RFP requires 1.4 m/km.

5.1.12 Training Abroad

The Bidder was required to arrange training for four (04) PKHA officials from IP3 or equivalent foreign institute, whereas, proposal offers on-job-training for PKHA officials.

5.1.13 Comments on RFP & Draft Concession Contract

As part of its Technical Proposal, the Bidder has attached some comments on the RFP and Draft Concession Contract (copy of comments at **Annex-III**).

5.2 Comments

- a. The amount of Bid Security fulfils the requirement; however, PKHA should ensure that the validity of Bid Security is extended as per requirement of the RFP.
- b. In general, the Technical Proposal is conforming to the RFP requirements, as the Bidder has submitted a "Statement of Proposed Technical Changes to the Conforming Scheme" (a copy placed at **Annex-IV**), which states as follows:

"It is certified that our bid for "Construction of Swat Expressway on Build-Operate-Transfer (BOT) Basis Project" conforms to all

requirements of the Request for Proposal (RFP) and there are no proposed modifications.”

- c. The PKHA shall ensure that observations, noted under para 5.1 above, are incorporated as per RFP’s requirements at the time of negotiation/finalization of Concession Contract.

6. RESULTS OF TECHNICAL EVALUATION

Following pages portray the final results of Technical Evaluation.

Sr. No.	Request for Proposal	Evaluation Factor	Status
1	B.1 Mandatory Submission		
	B.1.1. Executive Summary	Mandatory Requirement	Attached
	B.1.2 Bid Security	Mandatory Requirement	Attached
	B.1.3 Statement of Bid Conformity	Mandatory Requirement	Attached
	B.1.4 Statement of Proposed Technical changes to the conforming scheme	Mandatory Requirement	Attached

Continued.....

Sr. No.	Request for Proposal	Evaluation Factor	Max. Marks	Marks Obtained	
				Individual	Total
2	<p>B.2 BOT Managerial, Technical and Construction Qualifications</p> <p>A narrative and graphic presentation of the Bidder's current managerial, corporate, technical, construction and other related qualifications to undertake and successfully design, finance, construct, commission, develop, manage, operate, maintain, insure and transfer at the end of the Concession Period, the Project under BOT arrangement. It should also highlight the organizational chart of the Bidder. It should further elaborate in detail the relevant experience of the Bidder for similar road projects that includes, but not limited to: financial close, design, construction, maintenance and toll & Intelligent Transport System (ITS) operations etc. The narrative must explain the Bidder's BOT institutional arrangements; including its proposed project organization, particularly during the construction, operation and maintenance phases.</p> <p>The Technical Proposal must contain the curriculum vitae (CV) of proposed key personnel for the Project detailing their relevant experience and qualifications.</p>	a. Proposed SPV & Project Implementation Structure	5		5
		b. Relevant Experience of the Bidder for similar road Projects:	25		25
		i. Financial Close	5	5	
		ii. Design	5	5	
		iii. Construction	5	5	
		iv. Maintenance	5	5	
		v. Toll and ITS Operations	5	5	
		c. Proposed key personnel for the Project (each CV carries maximum 01 mark):	5		5
		i. Chief Executive Officer / Managing Director	1	1	
		ii. Finance Manager/Financial Consultant	1	1	
		iii. Construction Manager	1	1	
		iv. Operations Manager	1	1	
v. Maintenance Manager	1	1			
SUB-TOTAL (A):					35

Continued.....

Sr. No.	Request for Proposal	Evaluation Factor	Max. Marks	Marks Obtained	
				Individual	Total
3	B.3 Project Appreciation Project Appreciation based upon the Bidder's survey and technical studies conforming to Scope of the Project, minimum design criteria and construction performance standards as outlined in Appendix-1 and Appendix-2 of the RFP. The Bidders are expected to conform their Bids/Proposals to the minimum requirements of the Appendix-1 and Appendix-2 but, at the same time, subject to Section E.3.4, are encouraged to propose better, innovative, cost effective, efficient and safe solutions for the Project, provided further that such design / construction solutions / requirements are not in deviation of the overall Scope of the Project and Project Deliverables.	a. Linear plan, indicating all important features of the Project and the Bidder's concept	3	2	2
		b. Traffic study: analysis and projections	5	1	1
		c. Preliminary design, typical cross-section & typical drawings of (each item carries maximum 02 marks):	10		5
		i. Expressway	2	2	
		ii. Tunnel	2	1	
		iii. Service road & Interchanges	2	1	
		iv. Flyovers, underpasses, cattle creeps and pedestrian crossings	2	0	
		v. Toll plazas, weigh stations and service areas	2	1	
		d. ITS, Expressway & Tunnel safety features and allied Expressway facilities & systems well explained supported by pictorial manner	5	3	3
		e. Environmental Plan	2	2	2
f. Project cost basis & analysis	5	0	0		
SUB-TOTAL (B):					13

Continued.....

Sr. No.	Request for Proposal	Evaluation Factor	Max. Marks	Marks Obtained		
				Individual	Total	
4	<p>B.4 Project Implementation Methodology</p> <p>Project Appreciation based upon the Bidder's survey and technical studies conforming to Scope of the Project, minimum design criteria and construction performance standards as outlined in Appendix-1 and Appendix-2 of the RFP. The Bidders are expected to conform their Bids/Proposals to the minimum requirements of the Appendix-1 and Appendix-2 but, at the same time, subject to Section E.3.4, are encouraged to propose better, innovative, cost effective, efficient and safe solutions for the Project, provided further that such design / construction solutions / requirements are not in deviation of the overall Scope of the Project and Project Deliverables.</p>	B.4 Project Implementation Methodology		35		
		a. Construction methodology for Expressway, Tunnel and Intelligent Transport System	8	7	7	
		b. Project Implementation Activity Plan supported by CPM	2	2	2	
		c. Shortest Time frame, plan & methodology for:	12		12	
		i. Financial close	7	7		
		ii. Readiness to commence work	5	5		
		d. Structures and erection technology	1	1	1	
		e. Machinery, plant and labour needs of the Project;	3	2	2	
		f. Anticipated construction problems and measures to overcome.	2	2	2	
		g. Work zone safety plans	2	2	2	
		h. Operation & maintenance plan, procedures and systems	3	2	2	
i. Innovations	2	1	1			
SUB-TOTAL (C):					31	
GRAND TOTAL (A+B+C):					79	

SUMMARY OF TECHNICAL EVALUATION

Sr. #	Evaluation Factor	Max. Marks	Marks Obtained
1	BOT Managerial, Technical and Construction Qualifications	35	35
2	Project Appreciation	30	13
3	Project Implementation Methodology	35	31
TOTAL:		100	79

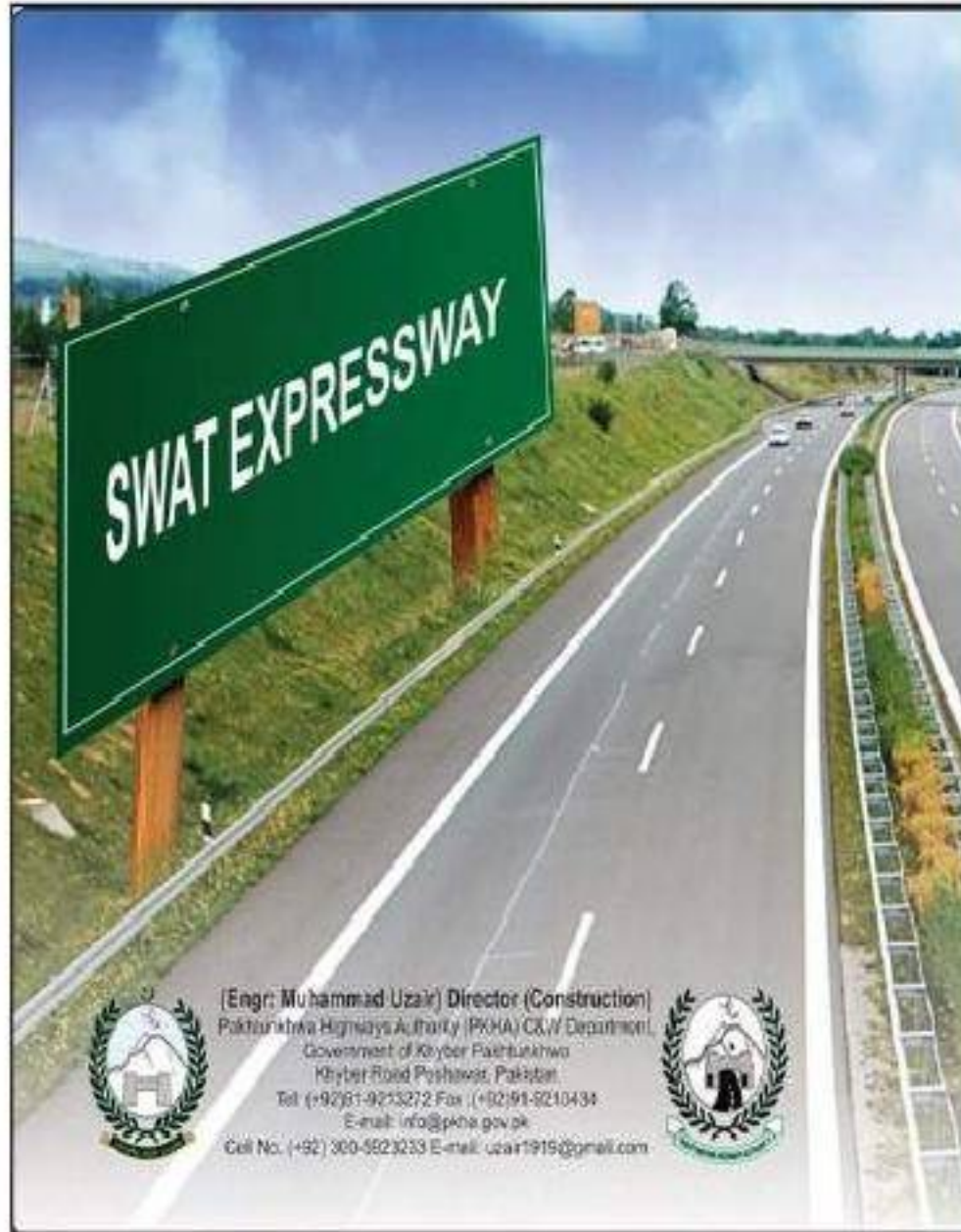
7. RECOMMENDATIONS

Subsequent to detailed evaluation following recommendations are concluded:

- a. It is recommended that evaluation results as detailed under para 6 of this Technical Evaluation Report may be approved by the PPP Node of Pakhtunkhwa Highways Authority.
- b. Financial Proposal of M/s Frontier Works Organization may be opened as its Technical Proposal has attained seventy nine (79) marks against minimum threshold of seventy (70) marks for opening of Financial Proposal.
- c. The PKHA may get the validity of Bid Security extended as per requirement of the RFP.
- d. The technical observations, as detailed, *interalia*, under para 5.1 of this Technical Evaluation Report, should be taken care at the time of finalization / negotiations of Concession Contract appropriately.

ANNEX – I

Expression of Interest (EOI)



(Engr) Muhammad Uzair | Director (Construction)
 Pakhtunkhwa Highways Authority (PKHA) C&W Department,
 Government of Khyber Pakhtunkhwa
 Khyber Road Peshawar, Pakistan
 Tel: (+92)91-9213272 Fax: (+92)91-9210434
 E-mail: info@pkha.gov.pk
 Cell No. (+92) 300-5623233 E-mail: uzair1915@gmail.com



SWAT EXPRESSWAY EXPRESSION OF INTEREST (EOI)

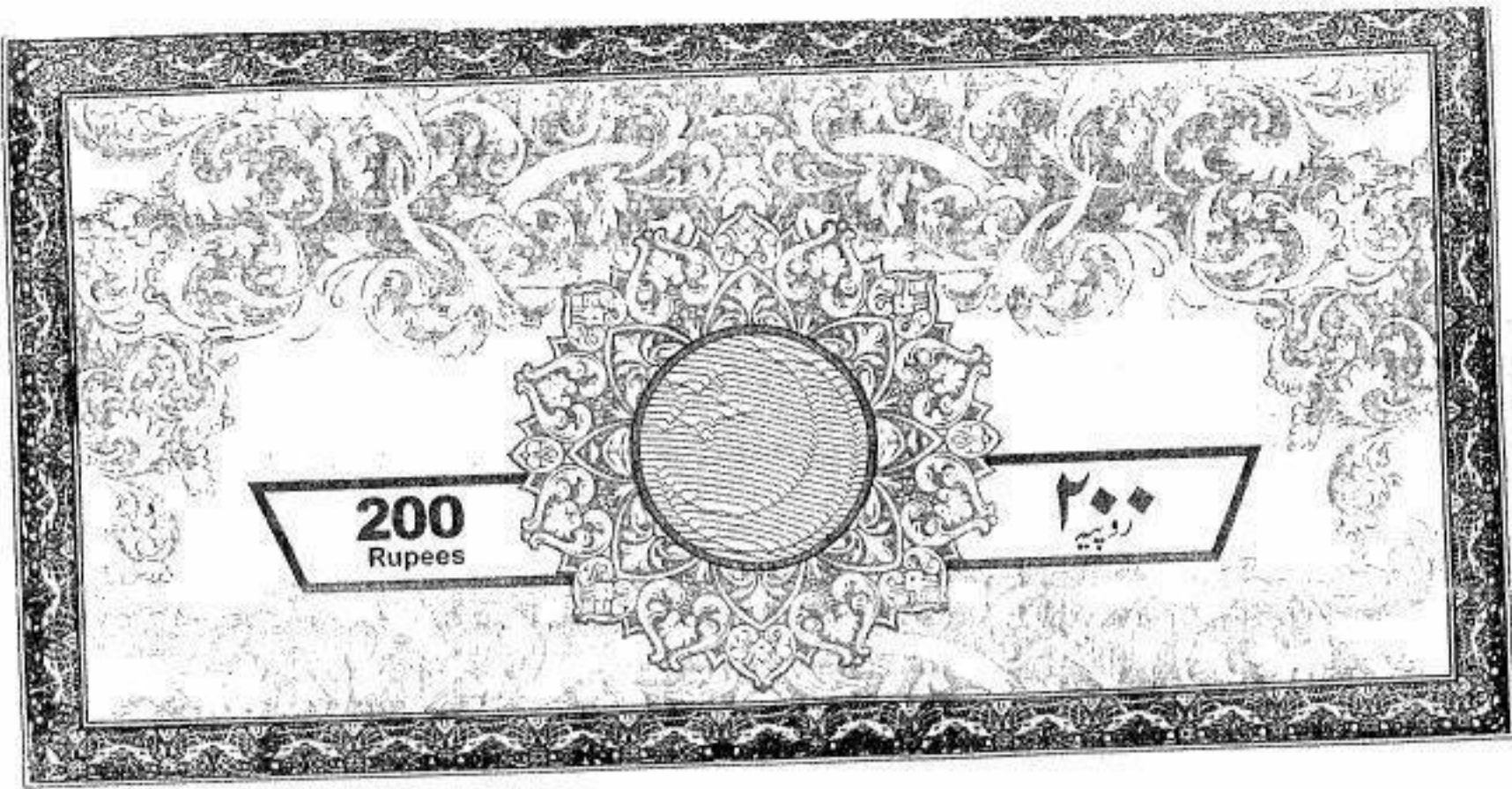
For Construction of Swat Expressway, 81 Kilometer UNDER PUBLIC PRIVATE PARTNERSHIP

The Government of Khyber Pakhtunkhwa intends to undertake the construction of Swat Expressway ("The Project"), a new 81 km long limited access high speed corridor through Pakhtunkhwa Highways Authority ("PKHA") under Public-Private Partnership (PPP) mode of financing. Swat Expressway will start from Captain Kemal Sher Khan Interchange on Islamabad-Peshawar Motorway (M-1) falling in Nowshera District approximately at Km 92 from Islamabad. The project will include a Highway Tunnel in Malakand Mountains Range of approximately 2 KM length. It will connect remote regions along its proposed alignment in the Khyber Pakhtunkhwa traversing through districts of Nowshera, Swabi, Mandera and Malakand. The main villages spread across the four (04) districts include Haryan, Gumbat, Daulat Nazar, Israila, Goryala, Shahbaz Garhi, Bakshali, Jamal Garhi, Kotlang, Aio, Palai, Zulam Kot, Afah Dand and Chaidara. The alignment corridor would provide these isolated communities direct access to National Highways and Motorway Network.

2. PKHA intends to undertake the Project under Public-Private Partnership (PPP) arrangement.
3. Expression of interest ("EOI") is solicited from eligible well reputed domestic as well as foreign firms, joint ventures and consortia for implementation of the project.
4. PKHA shall provide land for the Project free of encumbrances and may consider financial support, if necessary.
5. Interested parties may obtain the Pre-Qualification ("PQ") documents from office of the undersigned during office hours, or may download from PKHA website (www.pkha.gov.pk)
6. Last date for submission of EOI is **January 21, 2016 till 15:30 hours.**
7. PKHA shall issue Request for Proposal ("RFP") of the Project to the pre-qualified Firms only. The RFP shall contain, interalia, instructions to bidder, detailed scope of work, draft concession agreement etc.
8. Further information / clarifications may be obtained from the office of the undersigned on any working day during working hours.

ANNEX – II

Copy of Bid Security



BANK GUARANTEE

Guarantee No : RWP/0006/033/2016
Date of Issue : 10-05-2016 (10th May Two
Thousand and Sixteen)
Date of Expiry : 04-01-2017 (04th Jan Two
Thousand and Seventeen)

Name of the Customer : **M/s Frontier Works Organization (FWO) 509 Kashmir
Road, RA Bazar, Rawalpindi.**
Name of Guarantor : **Bank AL Habib Ltd, 40/3 Jhanzeb Centre, Bank Road
Rawalpindi Cantt.**
Amount of Guarantee : **Rs. 150,000,000/- (Rupees One Hundred Fifty Million Only)**

To,

The Engr. Barkatullah Project Director Pakhtunkhwa Highways Authority
Government of Khyber Pakhtunkhwa Khyber Road, Peshawar, Pakistan.

Bid Security for "Const of Swat Expressway on BOT Basis.

WHEREAS M/s Frontier Works Organization (FWO) 509- Kashmir Road R.A Bazar Rawalpindi (hereinafter referred to as the Bidder) has submitted his/ its bid dated 13-05-2016 for granting of a Concession to design, finance, construct, install, erect, commission, develop, manage, operate, maintain, insure and transfer, at the end of the Concession Period, the Swat Expressway on a Build, Operate, Transfer basis (hereinafter referred to as the "Bid"), a requirement of which is that the Bidder shall submit a bid security in the amount of **PKR.150,000,000/- (Rupees One Hundred Fifty Millions only)**

AND WHEREAS to satisfy the aforesaid stated requirement, this Deed of Bid Security Guarantee hereinafter referred to as the "Guarantee") is made on this 10 day of May, 2016 by Bank Al Habib Limited (name of the bank) a banking company lawfully undertaking business in the Islamic Republic of Pakistan having its registered office at 40/3 Jahanzeb Centre Bank Road Rawalpindi Cantt (hereinafter referred to as the "Bank" which expression shall, wherever the context so admit, include its executors, administrators and successors in interest) in favor of the Pakhtunkhwa Highways Authority, a statutory body established 2001 by Government of the Pakhtunkhwa (hereinafter referred to as PKHA").



A-2015
Munir M. Arif

NOW THEREFORE in consideration of PKHA accepting the Bank's obligations contained in the following paragraphs for the due discharge of the Bidder's obligation to provide a Bid Security, THE BANK, by THIS GUARANTEE AGREES TO THE FOLLOWING:-

1. The Bank hereby undertakes and guarantees that it shall, on the first written demand of PKHA, without any caveat, demur, protest or contest and without reference or recourse to the Bidder or any other person, organization or authority, pay PKHA within three (3) working days, in clear funds, without any deduction or withholding on any account whatsoever, a sum of Rs. 150,000,000/- (Rupees One Hundred Fifty Million Only).
2. The obligation of the bank to PKHA to pay the sum specified in paragraph 1 above within the time and in the manner specified therein shall be that of principal debtor in the first instance without PKHA proceedings against the bidder and notwithstanding any security or other guarantee PKHA may have in relation to the bidder's liabilities.
3. Any demand specified in paragraph 1 above, made by PKHA on the bank will be conclusive and binding between PKHA and the bank notwithstanding any dispute or difference between PKHA and the bidder or any dispute pending before any tribunal, arbitrator or any other judicial, quasi-judicial or other authority. The Bank hereby affirms that it shall pay PKHA the amount specified in paragraph 1 above within the time and in the manner specified therein without PKHA needing to prove or show ground or reasons for PKHA's demand. The Bank further affirms that it shall support and uphold the right of PKHA to make a demand specified in paragraph 1 above and be paid the sum specified therein, if a dispute relating to the same is raised by the Bidder before any court, tribunal, arbitrator or any other judicial, quasi-judicial or other authority.
4. The Bank hereby waives, to the fullest extent possible by law, any defense whether or equity that may be raised to prevent or delay PKHA from making a demand specified paragraph 1 above or being paid the sum specified therein.
5. PKHA shall be at liberty, without affecting the Bank's obligations to PKHA contained in this Guarantee, to postpone for any time or from time to time, the enforcement of any rights accruing to PKHA against the Bank or the Bidder and to enforce the same at any time and in any manner and to enforce or forbear to enforce any remedies available to PKHA against the Bank or the Bidder. The Bank accepts that it shall not be released of its obligations to PKHA contained in this Guarantee by any exercise by PKHA of its liberty in relation to the aforesaid matters or any of them or by time or other indulgence including the granting of any waiver to either the bank or the Bidder or by any variation in this Guarantee or by any other act or omission whatsoever which, under law or equity, but for this provision would have the effect of releasing the bank of its obligations under this Guarantee notwithstanding that any such postponement, forbearance, extension of time or other indulgence, waiver, variation or any other thing was granted made give happened with out the consents or knowledge of the Bank.
6. The Bank hereby undertakes not to revoke this Guarantee during its currency without the prior written approval of PKHA and agrees that the obligations of the Bank under this Guarantee are continuous obligations and shall remain in full force and effect and enforceable against the Bank notwithstanding any change, in the constitution, legal status or Organization of the bank, the bidder or PKHA until all dues of PKHA under or by virtue of this guarantee have been paid by the Bank in full or until PKHA discharges this Guarantee in writing.
7. The Bank hereby affirms that it has the power and authority under its Memorandum and Articles of Association and all necessary consents and authorizations, including without limitation, those required from its board of directors, regulator or other relevant governmental body, to enter into, execute, deliver and perform the Bank's obligations under this Guarantee in favor of PKHA and that the signatory(ies) hereto has/have the capacity and power to sign and bind the bank to the Bank's obligations contained herein under.(power of Attorney / Board Resolution dated _____

N-V-D
B-960
Munir F. Qureshi



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8. Notwithstanding any thing contained in paragraphs 1 to 7 above, the bank's liability to PKHA under this guarantee is restricted to and to shall remain enforce upto and including 10 Day of May 2016 and shall be extended for such period as may be desired by the Bidder.

9. The guarantee shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan.

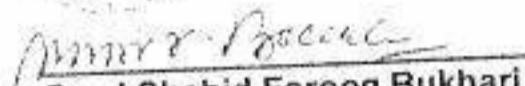
IN WITNESS WHEREOF the Bank, through duly and lawfully authorised representative(s), has executed this Guarantee on the date first written above in the presence of the witnesses mentioned below.


FOR AND ON BEHALF OF
BANK AL HABIB LIMITED
40/3 JAHANZEB CENTRE, BANK ROAD
RAWALPINDI CANTT.



Javed Ashraf
Assistant Manager
Attorney # : B-960




Syed Shahid Farooq Bukhari
Chief Manager
PA #: A-258


Bilal Hasnain
Operations Manager
Attorney # : B-2225

WITNESS:

1. _____

2. _____



ANNEX – III

A copy of Bidder's Comments on RFP

COMMENTS ON RFP & DRAFT
CONCESSION AGREEMENT



PRELIMINARY KEY COMMENTS

Construction Subsidy - Any construction subsidy should be funded by PKHA prior to Financial Close in an equity account under the lien of the Lenders. Funds from such account will be utilized pro-rata with the equity of the sponsors and the financing raised from the Lenders.

Province Support Agreement - The Government of Khyber Pakhtunkhwa, Finance Department should be a signatory to the concession agreement/minimum revenue guarantee agreement/equity funding and utilization agreement and other project agreements which envisage financial support of the KPK government.

Project Agreements - Depending on the final structure of the transaction, it is likely that, in addition to the concession agreement, the Parties (along with relevant departments of the KPK government) will need to enter into various agreements such as any guarantee agreement/equity funding and utilization agreement/security agreements. The transaction structure will be finalized in consultation with the Lenders.

Bid Security - In terms of the RFP, the quantum of the Bid Security is PKR 150,000,000/-, whereas the draft concession agreement states that the same shall be PKR 200,000,000/-. Conflict needs to be resolved.

Change in control - PKHA's consent for Change of Control needs to be regulated through an objective criteria.

Change in Law - The concept of Change in Law should be pegged with the date of bid submission as opposed to the date of signing of the Concession Agreement.

Comparable Expressway and Competing Route - The concept should be extended to other transport facilities (such as trains etc.). Also, retention of such concept is tied with the overall transaction structure (particularly, minimum revenue guarantee and its backstop).

Concession Area - Parameters of Construction Corridor to be set in stone at the outset and status of land acquisition to be appraised upfront.

Deductible Amounts - Deductible Amounts should only be actual funds standing to the credit of the Concessionaire's bank accounts as of the Termination Date.

Incremental and Consequential Costs - Definition needs to be simplified and perhaps linked with Compensation Events/Permitted Events.

Permitted Events - Concept of Permitted Events needs to be added, which are events that will entitle the Concessionaire to an extension of time and/or monetary compensation (such as PKHA Event of Default, Force Majeure, Relief Event, Change in Law etc.). Concept to be used throughout the Concession Agreement in relevant Sections.



SUBSTANTIAL COMPLETION - The concept should exclude completion of facilities such as service areas, commercial facilities etc.

FINANCIAL CLOSE - Achievement of Financial Close to be certified by Joint Auditor.

SECTION 3.2.2 - The compensation payable to the Concessionaire in the event of delayed delivery of land should include any increase in cost (construction and/or operational), loss of revenue or other adverse financial impact on the Concessionaire as a direct result of PKHA's default.

SECTION 6.2 - CONDITIONS PRECEDENT - The Conditions Precedent of PKHA to be revisited in light of overall transaction structure (such as construction subsidy, minimum revenue guarantee etc.).

SECTION 8.2.4 - VARIATION - In case of a Variation, the cost for the variation should be placed in an escrow account upfront, a mobilization advance of 30% should be released to the Concessionaire and milestone payments released to the Concessionaire against certification of milestones by the Quality Assurance Inspector.

SECTION 9.4 - Comment in paragraph 1.16 above is reiterated.

SECTION 13.4 - OPERATIONS BOND - Concept of Operations Bond should be done away with.

SECTION 14.23 - TEMPORARY TAKE-OVER - Provision to be simplified. Take-over should only be in cases of emergencies that cannot be managed by the Concessionaire and should be triggered upon the Concessionaire's request.

SECTION 15.2 - COMPETING ROUTE - Compensation to be paid on a monthly/quarterly basis.

SECTION 15.4 - REDUCTION IN TOLL RATES - Compensation to be paid on a monthly/quarterly basis.

SECTION 17 - FORCE MAJEURE - An allocation of costs provision needs to be added in Section 17 whereby the Party in which a specific Force Majeure risk vests should be under an obligation to bear all Incremental and Consequential Costs during and caused by a Force Majeure Period.

SECTION 18.1 - COMPENSATION EVENTS - To be revisited in light of final transaction structure.

SECTION 21.6 - COMPENSATION ON TERMINATION - As part of the Termination Payments, the Concessionaire should also be paid any amounts paid by the Concessionaire/Sponsors for funding the Debt Due (which has to be discharged by PKHA) after the date the same are required to be certified in terms of the Concession Agreement.

DISPUTED TERMINATION - To ensure safeguard against wrongful termination of the Concession Agreement, a mechanism needs to be built in the Concession Agreement whereby any wrongful termination may be challenged and effective termination of the Concession Agreement shall be subject to determination of whether such termination was wrongful or otherwise.

PKHA will provide all types of facilities for taking necessary consent for Borrow Areas



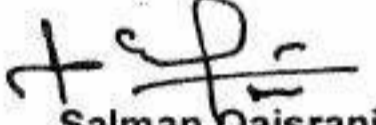
ANNEX – IV

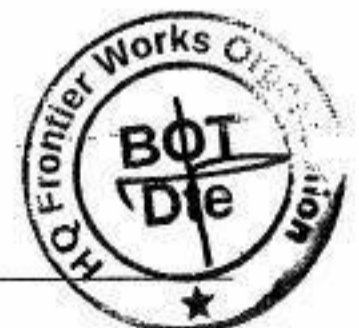
A copy of Bidder's Statement of Proposed
Technical Changes to the Conforming Scheme



**STATEMENT OF PROPOSED TECHNICAL CHANGES TO THE
CONFORMING SCHEME**

It is certified that our bid for "Construction of Swat Expressway on Build-Operate-transfer (BOT) Basis Project" Conforms to all requirements of the Request For Proposal (RFP) and *there are no proposed modifications.*


Salman Qaisrani
Director BOT





**STATEMENT OF PROPOSED TECHNICAL CHANGES TO THE
CONFORMING SCHEME**

It is certified that our bid for "Construction of Swat Expressway on Build-Operate-transfer (BOT) Basis Project" Conforms to all requirements of the Request for Proposal (RFP). Comments on RFP & Draft Concession Agreement is attached in Annexure in BID (Comment on RFP),


Salman Qaisrani
Director BOT





PAKHTUNKHWA HIGHWAYS AUTHORITY
Government of Khyber Pakhtunkhwa

FINANCIAL EVALUATION REPORT

for

Construction of Swat Expressway
Under Public Private Partnership
On Build-Operate-Transfer Basis

June 2016

PAVRON



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ACRONYMS

AADT	Annual Average Daily Traffic
BOT	Build-Operate-Transfer
CAPEX	Capital Expenditure
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EOI	Expression of Interest
EPC	Engineering Procurement Construction
FA	Fixed Assets
IDC	Interest During Construction
KPK	Khyber Pakhtunkhwa
LLCR	Loan Life Coverage Ratio
LOI	Letter of Invitation
OPEX	Operating Expense / Operational Expenditure
PKHA	Pakhtunkhwa Highways Authority
PKR	Pakistani Rupee
PPP	Public Private Partnership
RFP	Request for Proposal
SRO	Supplementary Regulatory Order
VGf	Viability Gap Fund
WACC	Weighted Average Cost of Capital

FINANCIAL EVALUATION REPORT

CONSTRUCTION OF SWAT EXPRESSWAY ON BOT BASIS

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FINANCIAL EVALUATION REPORT

CONSTRUCTION OF SWAT EXPRESSWAY ON BOT BASIS

1. PREAMBLE

The Government of Khyber Pakhtunkhwa through Pakhtunkhwa Highways Authority (PKHA), has planned undertaking the construction of "Swat Expressway", an 81 kilometers long, high speed, fenced, 4-lane Expressway (**the Project**).

The Government of Khyber Pakhtunkhwa has decided that Swat Expressway may, presently, be constructed as 4-lane (2x2), controlled access facility, with extendable provision of converting into 6-lanes (3x3) Expressway to cater for future transportation needs. It was further decided that the project shall be implemented under Public Private Partnership (**PPP**) on Build-Operate-Transfer (**BOT**) basis.

1.1 Site Location

The planned Swat Expressway forms part of trade corridor commencing from Kernal Sher Khan Interchange at M-1 Motorway and terminating at Chakdara Intersection at National Highway N-45 (Malakand Agency). The proposed Expressway will provide alternate route for District Swat, Dir Lower, Dir Upper, Shangla, Malakand Agency, Bajour Agency and other parts of Malakand region promoting interconnectivity with developed regions of the country. It will attract most of the through traffic of Swat, Dir and other upper areas, thus, will reduce traffic congestions and road accidents on the existing National Highway N-45 that passes through built-up towns of Rashakai, Mardan, Takhtbai, Shergah, Sakhakot, Dargai and Batkhela. The proposed alignment, with its start and end points, is shown in the following map.



1.2 Procurement Process

Procurement process, for implementing the Project on BOT basis, was initiated by release of an advertisement in the print media for inviting Expression of Interest (EOI) from the local as well as international private entrepreneurs. Following activities have already been completed.

SI #	Activity	Date
1	Advertisement for Expression of Interest	19-12-2015
2	Receiving Expression of Interest	21-01-2016
3	Issuance of Request for Proposal	29-03-2016
4	Pre-Bid Conference	15-04-2016
5	Bid Received	30-05-2016
6	Opening of Technical Proposal	30-05-2016
7	Opening of Financial Proposal	08-06-2016

This Financial Evaluation Report incorporates a detailed evaluation of the Financial Proposal and concludes recommendations towards implementation of the Project. The report is entirely based upon the information, data, financial model and other written material provided by PKHA to the transaction advisors in connection with the procurement process of Swat Expressway Project.

2. FINANCIAL PROPOSAL

2.1 Minimum Financial Information Required in RFP and Bidder's Compliance

The minimum financial information the PKHA requires each Bidder to submit in its Financial Proposal as a mandatory requirement to be considered responsive is:

- a. Estimated Total Construction Cost of the Project in a Work Breakdown Structure (WBS); a breakdown of Project's capital/construction costs, covering the scope of work as mentioned Appendix-1 of the RFP.

➤ *The same has been duly provided in the Financial Proposal.*

b. Financing Structure:

- i. Total amount of loan(s) to finance the Project, as well as its operation and maintenance; including type, sources, term, grace period, interest and any other relevant factors.

➤ *The same has been duly incorporated in the Financial Proposal.*

- ii. The total amount of Bidder's equity to be committed to finance the Project. (The PKHA requires each Bidder to commit to equity financing a minimum of

- thirty percent (30%) of the total Construction cost. Bidders proposing less than the minimum equity shall be declared non-responsive.)
- *The bidder has committed 35% equity amount of project cost (after deducting VGF amount).*
- iii. Cash flow projections during the Concession Period;
- *Cash Flow Projections have been duly provided in the Report Section of Financial Model and the same has been provided as part of the Bid*
- iv. Minimum amount of subsidy, if any, required by the Bidder from PKHA, in terms of Net Present Value;
- *A minimum amount of Subsidy in terms of Viability Gap Funding has been demanded in the Financial Proposal:*
 - (a) *Subsidy during construction phase in two years: PKR 13.426 Billion*
 - (b) *Subsidy during operation phase (3rd to 10th concession year): Total PKR 14.600 Billion (@ PKR 1.825 Billion/annum)*
 - (c) *Total subsidy demanded in first 10 Years: PKR 28.026 Billion, whose Present Value of minimum amount of Subsidy has been calculated at PKR 18.839 Billion by the bidder @ 10% discount rate (Upfront Construction + Operational Subsidy).*
- a. Maximum amount of PKHA Revenue Share, if any, offered by the bidder.
- *The bidder has not allocated any Revenue share for the PKHA during the whole Concession Period of 25 years.*
- (d) **Financial Model:** Detailed Revenue Analysis/Projection, Expenditure Analysis/Projection, Debt Servicing Analysis, Cash Flows, Return on Investment Analysis.
- *A Detailed Financial Model incorporating all Financial Aspects of the Project has been provided.*
- (e) Project Balance Sheet, Project Income Statement and Project Profit & Loss Statement.
- *Projected Balance Sheet, Projected Income Statement and Cash Flows Statement have been provided in Bid.*
- (f) Toll Charge computation and traffic computation with rationale; including minimum base toll rates (as has been provided) and escalations/projections (as has been provided) in toll rates.
- *Toll Charge Computation has been provided in the Financial Bid.*

- f. **PKHA Revenue Share:** PKHA Revenue Share, if offered, may clearly be reflected in the Financial Model.
- *Bidder has proposed that No Revenue Sharing shall be offered to PKHA during the Concession Period.*
- g. The Bidder's audited financial statements (Balance Sheet, Income Statement, and Profit & Loss Statement) for the last 3 years and in case of firm's bank statements for the last 3 years.
- *Audited Financial Statements have been provided in the Financial Bid however, latest Financial Statement has not been provided in the Bid. Financial Statements for Year ended 2014-13, 2013-12 and 2012-11 have been provided. Bidder has also provided Management Information for 2015, but they have not been considered being non audited financial statements.*
- h. Intent(s) of bank(s) / financial institution(s) for project debt financing support.
- *Letter of Intents from National Bank of Pakistan, United Bank Limited and Habib Bank Limited have been attached with the Financial Proposal, as a proof for required debt financing.*

Currency

Bidders were required to express all financial calculations in Pakistan Rupees.

- *The Financial bid is provided in the Local Currency, i.e. Pakistan Rupees.*

3. ASSUMPTIONS OF FINANCIAL MODEL

Following assumptions have been taken by the Bidder in its Financial Proposal for preparing Financial Model of the Project.

3.1 Capital Structure

The technical and financial assumptions serve as the drivers for the construction of financial model. The information contained herein is hard-coded in to the MS Excel Financial Model to project the output of the financial model through proper linkages. The objective of review of this sheet is to ensure completeness of key inputs and correctness of linkages to their direct outputs.

The financial model and the financial bid under review relates to the Bid submitted to Pakhtunkhwa Highways Authority (PKHA) for undertaking **Construction of Swat Expressway, 81 Kilometres, 4-Lane divided Expressway** (the Project) on a limited recourse basis under Public Private Partnership (PPP) on Build-Operate-Transfer (BOT) basis.

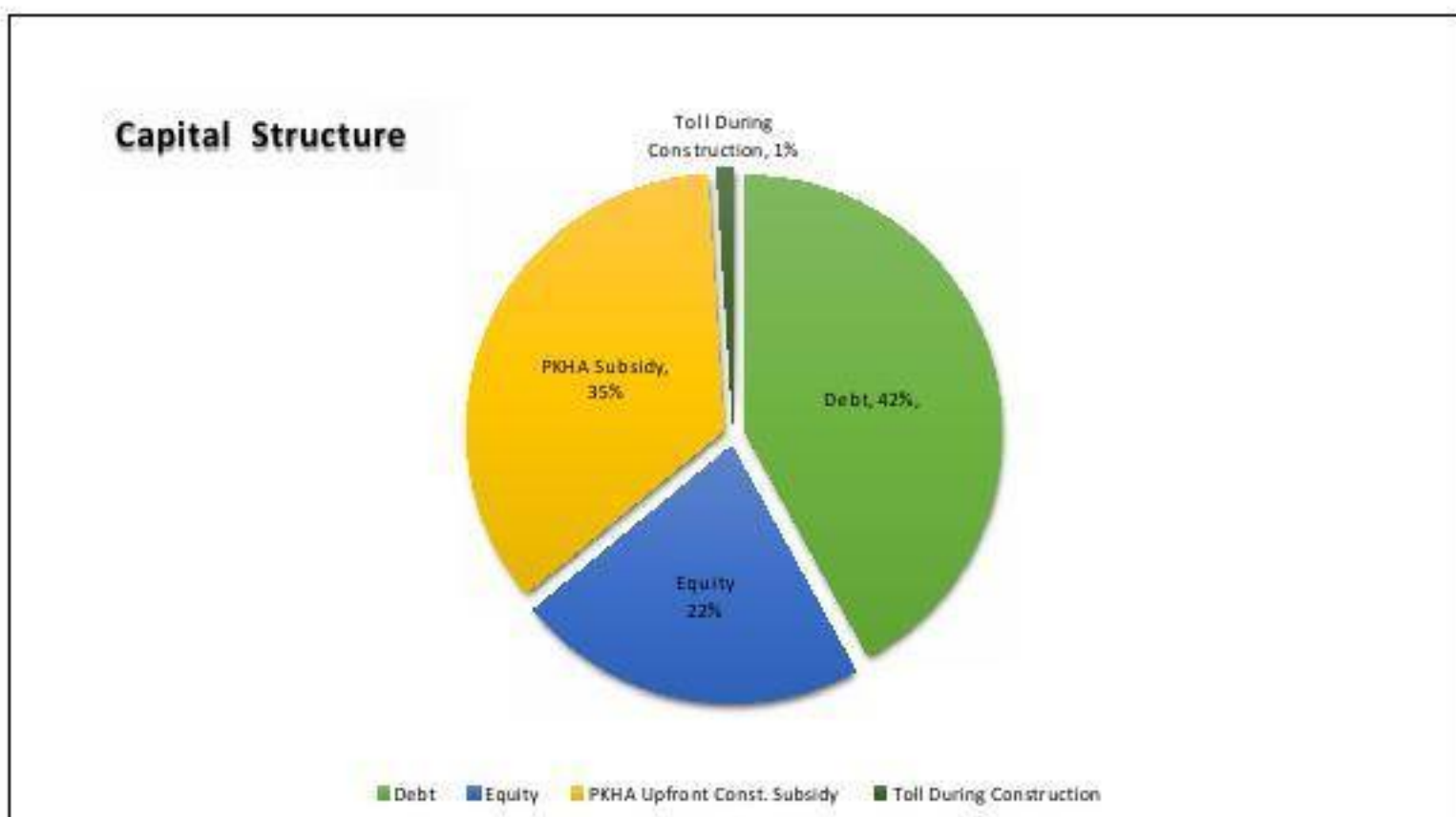
The construction of Swat Expressway is proposed to be funded through a mix of

Equity, Debt and a Viability Gap Funding (VGF) from the Khyber-Pakhtunkhwa Government. However, the Debt Equity Mix of the project has been assumed at 35% Equity and 65% Debt after subtracting the VGF amount.

The Capital Expenditure (CAPEX) shall be sponsored by Equity, Debt and VGF drawdowns during the two (2) year project's Construction period. The terms of Debt include tenor of ten (10) years with two (2) years grace period to be repaid semi-annually @ 10% - 13.50% (6-month KIBOR with 3% Base Spread). The table given below portrays the capital structure proposed for the project.

Capital Structure				
Debt:Equity Mix		Percentage		
Debt		65%		
Equity		35%		
		100% (64% of Total Project Cost)		
Capital Structure with Upfront VGF	%age	Year 1	Year 2	Total (Rs Billion)
Debt	42%	9.165	7.043	16.208
Equity	22%	4.935	3.792	8.727
PKHA Upfront Const. Subsidy	35%	7.592	5.834	13.426
Toll During Construction	1%	0.075	0.462	0.537
Total Project Cost	100%			38.898

A graphical presentation of the Financing sources perceived by the bidder to finance the project is presented below:



3.2 CAPEX Assumptions

This sheet comprises of two parts. First part depicts the Engineering, Procurement and Construction (EPC) costs including:

- Earthwork and Allied Activities
- Sub-base and Base
- Surface courses and Pavement
- Major Structures
- Minor Structures
- Tunnel Works
- Drainage Works
- Ancillary Works
- Electrical Works
- Allied Facilities
- Intelligent Transport System
- O&M Equipment
- General Items
- Horticultural Activities

The above mentioned Bill of Quantities comprise major portion of the Project Cost. Among this the Earth work and Allied Activities, Sub-base, Surface courses and Pavements, Structures and Tunnel works cover major portion of the Project Cost. Non-EPC costs have been computed by allocating percentages to total engineering procurement and construction costs. Design, Management & Consultancy, Contingencies, and Construction Cost Escalation for two (2) years are the items covered under Non-EPC costs. Miscellaneous expenses pertain to company expenses which are to be incorporated for development of project including insurance cost, SPVC cost and Upfront financing fees. Construction Cost Escalation for first phase has been charged @ 6% on 50% Cost of Civil Works i.e. PKR 15,688 Million for first year. In the second phase, Construction Cost Escalation rate of 6% has been compounded to reach 12% on remaining Project Cost of PKR 15,688 Million.

Construction Cost		
Earth Work and Allied Activities	PKR	6,849,780,914
Sub-Base and Base Course	PKR	4,046,403,684
Surface courses and Pavement	PKR	2,259,819,107
Major Structures	PKR	3,000,772,656
Minor Structures	PKR	728,092,500
Tunnel Works	PKR	6,755,000,000
Drainage Works	PKR	254,813,819
Ancillary Works	PKR	2,367,470,578
Electrical Works	PKR	331,515,425
Allied Facilities	PKR	2,332,657,984
Intelligent Transport System	PKR	530,138,190
O & M Equipment	PKR	759,763,800
General Items	PKR	580,344,254
Horticultural Activities	PKR	580,344,254
Cost of Civil Works	PKR	31,376,917,166
Add: Escalation	PKR	2,880,400,996
Add: Contingencies	PKR	941,307,515
Total Construction Cost	PKR	35,198,625,677

Non-EPC Costs			
Design, Management & Consultancy	%	3	941,307,515
Contingencies	%	3	941,307,515
Construction Cost Escalation for 2 years	%	6	2,880,400,996
Miscellaneous expenses			
SPVC Cost	PKR	PKR	180,000,000
Insurance	%	1	351,986,257
Upfront Financing Fee	%	2	347,000,000

3.3 Income Statement Assumptions

Income statement assumptions comprised of Revenue, OPEX, Periodic Overlays, Depreciation, Weighted Average Cost of Capital (WACC), and Tax assumptions.

3.3.1 Revenue Assumptions

In order to compute the total revenue for Swat Expressway, bidder has based its estimations on the following factors:

- Traffic growth rates

- Toll Rates
- Toll Escalation
- Collection losses
- Service Area Revenues
- Other Revenues

For traffic growth rates assumption, concession period is divided in to two phases on the basis of operational years in terms of type of vehicles and growth rates. Toll rates per vehicle per kilometer used in these calculations are derived from the RFP Document of PKHA. Total length of Swat Expressway is taken as 81 kilometers and divided into four (04) lanes and their lengths in kilometers. Service Area revenues and other income has been assumed at 2% and 1% of toll revenue respectively. Table appended below provides for the growth rate assumptions and division of road into 6 phases and the length in kilometers in each phase between respective interchanges. An amount to the tune of PKR 181,259 Million has been recorded as Gross Revenue for the whole period, i.e. 25 years of the Project by the bidder. However, Total Net Revenue of the Project estimated by the bidder comes to PKR 177,739 Million.

Traffic Growth Assumptions		
Type of Vehicle	Phase-1 (Year 1 to 7)	Phase-2 (Year 8 to 25)
Car/Jeep/Taxi	5%	2%
Wagon	5%	2%
Coaster	5%	2%
Buses	5%	2%
Trucks	5%	2%
Articulated trucks	5%	2%

Interchange Distances for Revenue		
Kernel Sher Khan – Dobian	KM	9.70
Dobian – Mardan-Swabi	KM	8.80
Mardan-Swabi – Bakhshalay	KM	9.75
Bakhshalay – Katlang	KM	22.00
Katlang – Plai	KM	10.75
Palai – Chakdara	KM	20.00
Total Length of the Road:	KM	81.00

Sectional tolling assumption depicts that revenue generation will start from certain phases of expressway which will be completed in 2017 and 2018, the second year of construction. It has been assumed that construction of Expressway stretching between Kernel Sher Khan – Dobian, and Dobian – Mardan–Swabi

interchanges shall be able to generate revenues for 6 months in later half of 2017. Whereas, road stretching from Mardan–Swabi – Bakhshalay and Katlang – Palai interchanges shall be able to generate tolling revenues for 12 months in 2018. Expressway stretching from Bakhshalay – Katlang and Katlang – Palai interchanges will generate revenue from July, 2018. However, Palai to Chakdara interchange shall be able to generate tolling revenues during the operational period i.e. starting from January, 2019.

Sectional Completion		
Kernel Sher Khan – Dobian	w.e.f	01-07-2017
Dobian – Mardan-Swabi	w.e.f	01-07-2017
Mardan-Swabi – Bakhshalay	w.e.f	01-01-2018
Katlang – Plai	w.e.f	01-01-2018
Bakhshalay – Katlang	w.e.f	01-07-2018
Palai – Chakdara	w.e.f	01-01-2019

Three phases have been used for recognizing traffic growth. First phase, comprised of seven years (07) starting from January, 2017 to December, 2023 during which traffic growth rate at 5% per annum has been assumed. Second phase started from January, 2024 till June, 2041 wherein traffic growth rate at 2% has been employed. A growth rate of 5% has again been used for the last six (6) months of the Concession Agreement. Periodic growth rates of 0.41% has been used i.e. Monthly basis during the first two years of construction followed by 2.47% Semi-Annual basis for next five years has been used. From the year 2024, traffic growth rate at 1% on a Semi-Annual basis has been applied till first half of the year 2041. For the second half of 2041, 2.47% traffic growth rate has been applied.

Following table has been generated from the financial model which exhibits the average annual daily traffic (AADT) for the Swat Expressway (the Project) estimated by the bidder over the complete Currency of the Project i.e. Construction and Operations period both included. The traffic numbers from the start to end point and between interchanges has been estimated on monthly, semiannually and annual basis.

Years	AADT	Years	AADT	Years	AADT
2017	17,028	2025	23,912	2033	28,016
2018	17,879	2026	24,390	2034	28,577
2019	18,773	2027	24,878	2035	29,148
2020	19,712	2028	25,375	2036	29,731
2021	20,697	2029	25,883	2037	30,326
2022	21,732	2030	26,400	2038	30,932
2023	22,819	2031	26,928	2039	31,551
2024	23,443	2032	27,467	2040	32,182
				2041	33,066