



**HIGH COMMISSION FOR PAKISTAN
ECONOMIC AND TRADE WING
34 LOWNDES SQUARE, LONDON SW1X 9JN, U.K.**

**EXPRESSION OF INTEREST FOR INVESTMENT IN
URBAN TRANSPORT IN LAHORE**

The United Kingdom is one of Pakistan's top five export destinations with exports worth USD 981 million during FY 2008- 2009. Historically, Britain and Pakistan have always enjoyed good trade relations and many British companies see Pakistan as the country of first choice to do business. More than a hundred UK companies including GSK, Barclays, and BP have been operating and performing well in Pakistan while others are keen to exploit lucrative opportunities.

The bilateral trade between the countries are heading strength to strength achieving significant growth in spite of the global recessionary trends. The most to date trade figures indicate that Pakistan exports to the United Kingdom have achieved a consistent growth since FY 2006-07 as illustrated in the table below

Pakistan with a population of 176 million has four provinces including PUNJAB, SINDH, NWFP and BALOCHISTAN. Among the four provinces, Punjab is the most populous region with about 56% of Pakistan's total population.

DESCRIPTION	2005-06 FY	2006-07 FY	% Exports Growth 05-06 v 06- 07 (July-June)	2007- 08 FY	% Export Growth 07-08 v 06- 07 (July-June)	2008- 09 FY	% Export Growth 08-09 v 07- 08 (July-June)
EXPORTS	507	508	0.20	553	8.13	607	9.72
IMPORTS	535	439	(-22)	432	(-1.62)	504	16.68

The city of Lahore is the capital of the Province Punjab and the second largest city of Pakistan with a population of approx 10.1 million. As of 2008, the city's gross domestic product (GDP) by purchasing power parity (PPP) was estimated at \$40 billion with a projected annual average growth rate of 5.6 percent. The contribution of Lahore to the national economy is approximately 3.2%. Lahore's GDP is projected to be \$102 billion by the year 2025, with a slightly higher growth rate of 5.6% per annum. Lahore is the second largest financial hub of Pakistan and has industrial areas including Kot Lakhpat and the new Sundar Industrial Estate (near Raiwand). Lahore's economic base is broad and varied. Major industries operating in Lahore include automobiles manufacturing, textiles, food processing, carpet weaving, home appliances, steel, telecommunications, information technology, chemicals, pharmaceuticals, engineering, and construction material. The city has an international airport, railway station and a dry-port.

With a large and ever growing economy and population, the city has a demand for increased commuter services. In order to respond to the challenges of the local transport system; the provincial government of Punjab established a regulatory body "Lahore Transport Company" (LTC) in 2009. LTC has been tasked to ensure a smooth running transport system and a safe, efficient and affordable transport service in Lahore. It is also responsible to streamline the urban transport, add the missing facilities and increase the number

of buses to optimum level. The formation of this regulatory organization has stimulated business opportunities within the Transportation sector.

Since its creation last year LTC has run successful surveys and a pilot project in Lahore to assess the existing facilities and the requirement for additional buses. Based on these surveys the government of Punjab intends to induct 2000 or more buses within the next two years and is offering investors incentives as follows for new bus operators in Lahore:

- **Upfront subsidy of 20% on new buses**
- **Operational subsidy on every unattractive route**
- **Return on Equity 20% for the investors**
- **Assured subsidy of 1 billion annually to be disbursed y LTC on quarterly basis**
- **Duty waiver on import of CNG buses**
- **Hassle-free one window operation in LTC**
- **Minimum 5 -year concession agreement**
- **Provision of allied infrastructure to operators**
- **Facilitation y LTC for feasibility or viability studies**

LTC has floated a Request for a proposal (RFP) which is attached for ease of reference. Interested parties including overseas Pakistanis who are looking for an opportunity to invest in Pakistan may kindly contact the LTC on the addresses given below:

Lahore Transport Company

4th Floor, IEP Building, Liberty Roundabout, Gulberg III, Lahore
Mr. Asad Rehman Gilani General manager (Operations & Planning)
Email: info@ltc.gop.pk
Tel: +92-42-35782764-66
www.ltc.gop.pk

Pakistan High Commission, London

Economic and Trade Wing, 34 Lowndes Square, London SW1X 9JN
Mr. Adil Mukhtar (Trade Development Officer)
Email: adil.mukhtar@phclondon.org
Tel: 02076649245
www.phclondon.org

Lahore Transport Company

Request for Proposal (RFP) for 300 Buses

Government of Punjab realizes the importance of providing efficient and affordable Public Transport to the public and has therefore decided to induce 2000 new buses preferably CNG in next two years. However, to provide immediate relief to the citizens, LTC will induct 300 diesel buses in the first phase, on urgent basis, in the view of short delivery time and existing technical support facilities available for diesel buses.

National/International interested parties possessing expertise of operations in urban public transport business and interested in bringing in new buses can get RFP from the office of the undersigned or can be downloaded from LTC website www.ltc.gov.pk.



LAST DATE OF SUBMISSION OF PROPOSAL IS 3RD MAY 2010.

Further queries and clarifications can be sought from:
General Manager (Ops & Planning)
Lahore Transport Company, 4th Floor IEP Building
Main Liberty Round About, Gulberg-III
Lahore
Tel: 042- 35782764-6
Fax: 042- 35782763

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ANNEXURES:

1- Approved Bus Specifications	Annexure 'A'
2- Framework & Concession Agreement	Annexure 'B'
3- Performa of Bid Bond	Annexure 'C'
4- Performa of Performance Bond	Annexure 'D'
5- SRO for Duty exemption on imported Buses	Annexure 'E'

1. GENERAL

- 1.1 The Government of Punjab (Gopb) realizes the importance of providing efficient and affordable Public Transport service and therefore, has provided several incentives for operators in this urban transport system. Incentives are as follows:
 - Upfront subsidy of 20% for the purchase of new buses;
 - Per Km Operational subsidy on the basis of KM's operated, giving a return on equity of 20%;
 - Enforcement on the route.
- 1.2 Lahore Transport Company intends to allot urban bus routes to private operator(s). It is envisaged that operator would bring in and operate new CNG/LPG/DIESEL buses.
- 1.3 LTC intends to invite proposals with supporting documents in order to select interested parties and issue routes. Selection shall be based on the information submitted by the applicants as requested in this document.
- 1.4 Notwithstanding anything contained herein, the competent authority may in its discretion reject any or all applications without assigning any reason whatsoever.

2. SELECTION OF OPERATORS

2.1 Eligibility Requirements

Interested Party must fulfill the following eligibility requirements for selection:

- It is willing to bring in and operate a minimum 50 and maximum 300 new DIESEL/CNG/LPG buses.
- The buses should meet the approved specifications as given in **(Annexure-A)**.
- It must demonstrate a track record of sound performance and adherence to good principles of business.
- The debt equity ratio is to be capped at 60 : 40, the breakup of which is as follows:

Equity	20%
Upfront Subsidy	20%
Debt	60%

2.2 Evaluation Criteria

The following evaluation criteria shall be applied for selecting the preferred bidder(s):

EVALUATION CRITERIA			
S/No	Description	Distribution	Max Score
1	Financial Strength (in PKR)		15
	a.Net Worth between 60million to 100 million	3	
	b.Net Worth between 100million to 200 million	5	
	b.Net Worth between 200million to 300 million	10	
	d.Net Worth above 300 million	15	
2	Intra City Bus Service Experience		15
	a.Experience Less than five years	5	
	b.Experience between 5 to 10 years	10	
	c.Experience above Ten years	15	
3	Organization Establishment		15
	a. Less than Five Years old	5	
	b. Between 5 to 15 years	10	
	c. More than Fiteen Years	15	
4	Availability of Funds for Equity		25
	a. Less than Rs. 50 million	0	
	b. Between Rs. 51 million to Rs.150 million	5	
	c. Between Rs. 151 million to Rs. 300 million	15	
	d. Rs. 300 million to Rs. 400 million	20	
	e. Above Rs. 400 million	25	

6	Time Line for Induction of Buses		30
	a. Buses to be inducted after 3 months of the selection	5	
	b. Buses to be inducted within 3 months after selection	20	
	b. Buses to be inducted within 2 months after selection	25	
	c. Buses to be inducted within 1 month after selection	30	

2.3 Basis for disqualification

The Competent Authority at any time may disqualify the Interested Party on the following reasons, if it:

- (a) Fails to submit along with the supporting documentations required in pursuant to this application, by the Due Date; or fails to demonstrate its capabilities to acquire the business on the route.
- (b) provides any false or misleading information or misrepresents, withholds, conceals any information in the application;
- (c) fails to disclose or provide any additional information as may be required from time to time;
- (d) has been blacklisted in the past by any Federal, Provincial or Local Government Department or Authority; (including any regulatory authority) or agency in Pakistan, in whatever capacity including as an individual contractor, partner or a joint venture partner;
- (h) is directly or indirectly associated or affiliated in any manner with the LTC / GOPB / GOP, and/or their consultants or advisors in respect of the project;
- (l) fails to inform the competent authority of any significant change in its ownership or control or to obtain the consent of competent authority to such change;
- (m) fails to report any material change in the information provided by it, in due course of time, (prior to the date on which bidding is held);
- (n) is deemed by the competent authority, that it failed to satisfy any requirements under this document.

3. CONTENTS

Each application shall include the following sections:

- Application
- Technical Capability
- Financial Capability
- Legal Capability
- Timeline for Induction of Buses
- List of Documents attached

3.1 Application

The bid documents should be accompanied by an application signed by the Chief Executive of the organization.

3.2 Technical Capability

The Technical Capability section of the document shall include the information listed below with respect to the experience of the Interested Party and its associated partner to manage urban Public Transport;

- (a) Experience in number of years of operating and maintaining buses (CNG/DIESEL or otherwise, local or international). For all relevant operations, information on current transport systems, traffic routes, bus depots, bus stops / terminals and interchanges, cleaning/fuelling facilities and the length of time that the Interested Party and its associated partner has been responsible for managing such operations.
- (b) Date of establishment of the company/organization alongwith proof of the same.
- (c) The organization structure should give information regarding the proposed managerial staff and operational staff reasonably required to run the operations.

Basic information:

- Name
- Nationality
- Address of Principal Office
- Telephone Number
- Fax Number
- Mobile Phone Number
- E-mail Address
- Primary Areas of Business
- Names and Brief Background of Directors

3.3 Financial Capability

For the Financial Capability section of the document, the Interested Parties (and its associated partner to the extent applicable) shall submit:

- (a) Details of financial and operating background for the last 3 (three) years demonstrating financial viability, the tax returns filed for the most recent 3 (three) years.
- (b) Audited Financial Statements in support of net worth statement.
- (c) Proof of availability of funds in the form of bank letter or bank statement.
- (b) Any other relevant information regarding financial track record and capabilities of the Interested Parties and its associated partner that it believes would be helpful.

3.4 Legal Capability

Each Interested Party's authorized representative must submit the following documents / information (including, associated partner):

- (a) List of majority shareholders / partners.
- (b) A copy of the constitutive documents (for example, memorandum and articles of association for a company, certificate of incorporation, partnership deed for a partnership).
- (c) The Power(s) of Attorney.

3.5 Timeline for Induction of Buses

Each interested party would submit a detailed bus induction plan giving the exact number of buses and timeline for induction and start of operations.

3.6 List of Documents

A complete list of all documents is required to be annexed in support of the proposal.

4. SUBMISSION OF APPLICATIONS

4.1 Timing, Number of Copies and proposal processing fee

Interested Parties must submit an **original** and **two** copies of their proposals not later than 11:00 a.m. Pakistan Standard Time on 3rd May, 2010. The documents will be opened at 12:00 p.m. on the same day in the presence of representatives of bidders who wish to be present.

General Manager (Ops & Planning)
Lahore Transport Company, 4th Floor IEP Building
Main Liberty Round About, Gulberg-III
Lahore

Bidders should submit proposal(s) accompanied with a Bank Draft in favor of “Lahore Transport Company” amounting to Rs.10, 000/- (non-refundable processing fee) by May 03, 2010.

4.2 Material Change

- (a) Each Interested Party must immediately report to the competent authority in writing any material change in the information provided by it in its proposal up to the date on which bidding is held. Any failure to report such material change shall constitute grounds for disqualification under Section 2.3. The material change itself could also lead to a disqualification of the Interested Party.
- (b) No significant changes in the ownership will be allowed at any time without the prior written consent of the competent authority. In giving such consent the competent authority may require, the Interested Party (as modified) to re qualify under the terms and conditions of this document in order to be eligible to submit the proposal.

4.3 Certification

The Interested Parties submitting the application shall certify each information in the following form:

“I, the undersigned as the duly authorised attorney and representative of [name of the Interested Party]/associated partner] certify that to the best of my knowledge and belief, and upon diligent inquiry, all the information submitted is true and accurate. The competent authority may investigate the truth and accuracy of the supplied information by any means. I understand that amongst other reasons any misrepresentation or concealment of facts may render [name of the Interested Party and/its associated partners] disqualified for consideration.

In certification of the statements above, I hereby signed this document on the -- May day of _____ 2010.

[Typewritten name, signature and position of person legally empowered to bind the Interested Party.]”

5. REVIEW, EVALUATION AND AWARD

5.1 Review and Evaluation

The financial, management, technical, organizational and other capabilities of the Interested Party will be evaluated by LTC according to given criteria. First preference will be given to the bidder scoring highest marks in evaluation.

Successful party shall have to start operations within timeline, agreed as per Framework & Concession Agreement (**Annexure-B**). In case of default performance guarantee will be forfeited and contract will be awarded to the next highest party on merit list.

Prospective Bidders shall be required to submit a 0.25% of the cost of buses as mentioned in the proposal as Bid Security along with their proposal in the shape of a bank draft / pay order or Bid bond (Performa Annexed as **Annexure-C**) in favor of LTC. The bid security shall be refundable to all unsuccessful bidders at the time of declaration of the name of the successful bidder(s), and to the successful bidder(s) upon signing of the framework and concession agreement and furnishing of a performance guarantee in the shape of Bank guarantee (Performa Annexed **Annexure-D**), which shall be 20 % of the cost of buses, the performance guarantee will be returned once the agreed number of buses are inducted into the system.

5.2 Clarification Meeting with Interested Parties

An open meeting with Interested Parties would be held at 11:00 a.m. on 21st of April, 2010 at LTC Office to discuss issues if any and to provide clarifications thereto. However, written clarification may be sought by the interested parties at any time at least one week prior to the Due Date.

5.3 Supplementary Information

Where it is deemed convenient or necessary, supplementary information or documentation may be requested from an Interested Party for determining eligibility for selection of such Interested Party and whenever such request is made, the Interested Party shall provide the same to the LTC by such date as may be specified.

5.4 Indication of Selection

Indication of selection will be given in writing and delivered to selected interested parties by facsimile, mail and/or courier at their specified address.

5.5 Return of Application

The LTC shall be under no obligation to return any application or supporting materials submitted by the Interested Party (or its associated partners).

6. GOVERNING LAW

This document shall be governed and construed in accordance with the prevailing laws of Pakistan.

6.1 Arbitration

Any dispute, controversy or claim arising out of or relating to route allocation or the breach, termination, invalidity or interpretation of this document or difference whatsoever arise between the Parties out of or in relation to or in connection with this or any route agreement which cannot be amicably settled between the parties such matter shall finally be referred to the Chairman of Lahore Transport Company, who will either himself or by appointing an “Arbitrator” pass the award. The said award of the “Arbitrator” shall be final and binding upon both parties. Furthermore, the arbitration proceedings shall be conducted at the office of the company.

7. GOVERNMENT SUPPORT TO THE PROJECT

The GoPb realizes the importance of providing efficient and affordable Public Transport service and therefore, has provided several incentives for operators in this urban transport system. Incentives are described in following paragraphs:

7.1 Upfront Subsidy

The Government of Punjab has decided to provide an upfront subsidy of 20% of the cost of the new DIESEL/CNG/LPG buses to facilitate the operators in generating equity for the project. The terms for the upfront grant are described below:

7.1.1 Terms

- The basis to be eligible for the upfront subsidy should meet the approved specifications of buses annexed at **(Annexure-A)**.
- Debt Equity Ratio capped at 60:40;
- Term of Loan capped at 7 years (repayment period is 7 years or less).
- Buses financed through upfront grant will remain the co-ownership of LTC for 7 years and can only be sold with the consent of LTC. The operator and financial institution(s) ensure the lien of LTC on each bus.
- The payment of upfront grant will be made directly to the manufacturer or the bank as the case may be and in no case the payment shall be made to the operator.
- The financial support would be provided only in local currency for procurement of buses.

The operator would be allowed to have different financing terms & conditions with the banks / financial institutions subject to the above conditions; however the Government's support is limited to the above said amount. The preferred bidder(s) will have to sign Framework & Concession Agreement to avail the upfront subsidy **(Annexure-B)**.

7.2 Operational Subsidy

GoPb has also decided to provide an operational subsidy for buses under this system on the basis of Kilometers operated to give the operators a return on equity of 20%. The operational subsidy would be provided to operators plying their buses on the specific routes which are less attractive because of low passenger turnover. No operational subsidy will be provided for attractive routes.

The important factors to arrive at the per KM subsidy are as follows:

- a. Seat Turnover;
- b. Vintage of the Bus;
- c. KM's operated by the Bus;
- d. Compliance of minimum operational standards;

7.2.3 Mechanism of calculation and disbursement of operational subsidy

Tracking devices will be installed by LTC, however, 50% of the upfront cost needs to be borne by the operator and 50% will be borne by LTC. The annual monitoring charges will be paid by the operator as per the framework & concession agreement. The Fleet Management System (FMS) will generate reports regarding the KM's operated; headways maintained which will be used for the working of operational subsidy. The operator will be able to get monthly data for his own management from LTC.

The prospective operators will have to sign a mandatory Framework & Concession Agreement with LTC, which defines the minimum operational standards and other terms and conditions.

The disbursement of operational subsidy will be made on a quarterly basis subject to compliance of minimum operational standards as described in Framework & Concession agreement.

7.3 Import Duty Exemption on Complete Built Unit (CBU)

The Government of Pakistan has provided 15% import duty exemption on Buses which should be imported as CBU. SRO is enclosed as **(Annexure-E)**.

7.4 Route Enforcement

Route Enforcement is one of the most important considerations in a Public Transport Project. LTC has developed an enforcement team which will provide effective enforcement on the notified routes. This will result in an increase in passenger volume and will make the HOV routes more profitable.