**FAISALABAD–CHINIOT–SARGODHA ROAD (BOT)**

# Bidders' Written Queries and Proposed Responses

Please note that all capitalized terms used herein shall have the same meaning as ascribed thereto in the Request for Proposal (RFP) and its accompanying Draft PPP Contract forming part of the Bidding Documents.

Please note that Addendum No. 1 dated 11 October 2026 (the "Addendum") has been issued by the Implementing Agency, which amends certain terms of the RFP and Draft PPP Contract. Bidders are advised to carefully review the contents of this addendum and read the Bidding Documents in light of this addendum. References below to the Addendum are references to the Addendum No. 1. These responses are provided by way of clarification only and do not by themselves modify the Bidding Documents (Section 4.9 of the RFP); in the event of any inconsistency between these responses and the Bidding Documents as amended by the Addendum, the Bidding Documents as so amended shall prevail.

| Query # | Bidding Document Provision Reference | Bidder's Query | Proposed Response |
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| 1 | RFP Vol. I, s.6.4 (Key Personnel)<br>Section D, Envelope 1, Part B, item 5<br>Form 9B | **Query – Age Limit of 65 Years for Key Personnel**<br>**Reference:** RFP Volume I, Section 6.4 (Key Personnel Qualification and Experience); Section D, Envelope 1 Part B, item 5 (Form 9B).<br>**Existing Provision:** "None of the Key Personnel below shall be above sixty-five (65) years of age."<br>**Query:** We request that the upper age limit of sixty-five (65) years for Key Personnel be withdrawn.<br>**Justification:**<br>• Registration with the Pakistan Engineering Council (PEC), which the RFP makes mandatory for all engineers, carries no upper age limit. A PEC-registered engineer is legally entitled to practice and to be appointed regardless of age.<br>• The RFP awards full marks only for 20 years or more of experience for the Project Manager and the two (02) Transportation Engineers. Engineers with that experience, and with PPP highway experience, are typically in their late forties to sixties, so a cap at sixty-five (65) removes many of the most experienced professionals available in Pakistan.<br>• The Implementing Agency's legitimate interest is that key staff are fit and available for the full period of their assignment. This is already covered by the signed availability certificate in Form 9B. | The 65-year age limit requirement for Key Personnel has been withdrawn. Please refer to the Addendum. |

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| | | **Requested Amendment:** It is requested that the sentence "None of the Key Personnel below shall be above sixty-five (65) years of age." Be alternatively, replaced with: "Each of the Key Personnel shall be medically fit and shall confirm availability for the full duration of the assignment in Form 9B." | |
| 2 | RFP s.6.3 (Bidder Information)<br>Form 3A<br>Section D, Part A, item 8 | **Query – Eligibility of Sole Proprietorship Firms**<br>**Reference:** RFP Volume I, Section 6.3 (Mandatory Provisions / Eligibility – Bidder Information and Shareholding structure of proposed SPV); Form 3A (Bidder Information Form); Section D, Part A, item 8.<br>**Existing Provision:** "If the Bidder is a company, it must provide official SECP certified copies of its incorporation certificate and memorandum and articles of association. If the Bidder is a firm/partnership, it must provide its registration certificate (with the relevant Registrar of Firms) and its executed partnership deed…". Form 3A asks whether the firm is a "Corporation, Partnership, Trust etc.",<br>**Query:** The RFP lists documents only for companies registered with the SECP and for firms registered with the Registrar of Firms. It does not mention sole proprietorship concerns. Please confirm:<br>• whether a sole proprietorship concern holding a valid PEC "No Limit" registration is eligible to bid, either on its own or as a member (including lead member) of a JV / consortium;<br>• which incorporation / registration documents a sole proprietor should submit in place of SECP or Registrar of Firms documents (for example PEC registration certificate, NTN / FBR registration and the proprietor's CNIC)<br>**Justification:**<br>• The PEC registers sole proprietorship constructors, including in the "No Limit" category, and such firms regularly execute large public works in Punjab.<br>• Without clarification, a PEC "No Limit" sole proprietor that meets all the financial and experience criteria risks being declared non-responsive on a technicality.<br>**Requested Amendment:** It is requested that under Section 6.3 and Form 3A the following is: "If the Bidder is a sole proprietorship, it shall provide its valid PEC registration certificate, NTN/FBR registration certificate and the CNIC of the proprietor." | A sole proprietorship holding a valid PEC registration in the CA "No Limit" category may participate in the Bidding Process, either on its own or as a member (including lead member) of a JV/consortium, provided that it meets all of the eligibility criteria provided in Section 6 of the RFP, including the requirement for audited financial statements. In place of SECP or Registrar of Firms documents, a sole proprietorship shall submit its valid PEC registration certificate, its NTN/FBR registration certificate and the CNIC of the proprietor. As a sole proprietorship has no legal personality separate from its proprietor, the proprietor shall hold the Bidder's shareholding in the SPV, which must in all cases be incorporated as a company under the laws of Pakistan (Section 3.3 of the RFP). Section 6.3, Form 3A, Section D and the definition of "Bidder" in the RFP have been amended accordingly through the Addendum. |

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| 3 | RFP s.3.7(a)<br>RFP s.6.5, item 2 (Debit Authority, 25 marks)<br>Forms 10 and 10a<br>PPP Contract s.8.12.1 | **Query – Fixed Minimum (Floor) for the Debit Authority Amount**<br>**Reference:** RFP Volume I, Section 3.7(a), Section 6.5 (Financial Evaluation Criteria – item 2, Debit Authority, 25 marks), Form 10 and Form 10a; PPP Contract Section 8.12.1.<br>**Existing Provision:** "Score = (DBA Max – DBA Quoted) ÷ (DBA Max – DBA Lowest) × 25 … However, the amount quoted cannot be more than sixty percent (60%) of the amount of the financing…". Only an upper limit (60% of debt) is fixed. No lower limit is specified.<br>**Query:** We request that the Implementing Agency fix a minimum (bottom) figure for the Debit Authority amount, expressed as a fixed percentage of the debt quoted in Form 10a or as a fixed PKR amount. Any quote at or below that floor would receive the full 25 marks. Please also confirm whether a Debit Authority quote of zero is acceptable.<br>**Justification:**<br>• With no floor, bidders are pushed towards quoting a nominal or zero Debit Authority to win 25 marks, even though the Minimum Revenue Guarantee is paid only through the Debit Authority (PPP Contract Section 8.12.4). A very low amount weakens the security available to lenders and puts Financial Close within 180 days at risk.<br>• The formula ranks bidders only relative to each other: the highest quote gets zero marks and the lowest gets 25, however small the difference. A difference of a few rupees can therefore decide up to 25 marks.<br>• Unrealistically low quotes may later be treated as speculative under Section 6.1. A clear floor removes this uncertainty for all bidders.<br>**Requested Amendment:** It is requested that under Section 6.5, item 2 the following is inserted: "The minimum Debit Authority amount shall be [●]% of the debt amount stated in Form 10a (the 'Floor'). A Bidder quoting a Debit Authority amount equal to or below the Floor shall be deemed to have quoted the Floor and shall be awarded twenty-five (25) marks. For the purposes of the formula, DBA Lowest shall not be less than the Floor." | Under the financial evaluation mechanism provided in Section 6.5 of the RFP, a bidder may quote a zero amount in the Debit Authority portion of its bid. However, the scoring formula is such that it will not automatically put all other bidders (who have not quoted a zero Debit Authority amount) at a distinct disadvantage. Therefore, there is no need to make any change in the RFP. |
| 4 | | **Query – Change in Law Risk Allocation** | |

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| | PPP Contract, Art. 1 ("Change in Law", proviso (ii))<br>PPP Contract ss.28.1.1, 28.1.5, 28.3.2<br>Schedule Y, item 19<br>RFP s.3.11 | **Reference:** PPP Contract (Volume II), definition of "Change in Law" (Article 1), Article 28 (Sections 28.1.1, 28.1.5 and 28.3.2), and Schedule Y (Risk Allocation Matrix, item 19); RFP Section 3.11 (Taxation).<br>**Existing Provision:**<br>• Section 28.1.1: compensation is payable only for impact above 0.5% of the Estimated Project Cost (cumulative over the Construction Period) or 1% of the Benchmark Revenue per year during operations, and then only for the excess above that threshold.<br>• Section 28.3.2(a): only changes to sales tax or customs duty, or laws that apply specifically to the Project, PPP projects or toll roads, are compensable.<br>• Section 28.3.2(b): changes to income tax, super tax, minimum tax and withholding taxes, and any law applying generally in Pakistan or Punjab, are excluded. "No other Change in Law shall entitle either Party to … monetary compensation."<br>• The definition excludes any law "under active consideration or in the contemplation of" the Government as of the Bid Submission Date.<br>**Query:** Taken together, these provisions leave most Change in Law risk (in particular tax changes and general changes in law) with the Private Partner, although Schedule Y (item 19) describes Change in Law as a risk borne by the Implementing Agency. We request that Article 28 be revised so that the Implementing Agency bears Change in Law risk, as follows:<br>(a) delete the exclusions in Section 28.3.2(b), so that changes in income tax, super tax, minimum tax, withholding tax and general laws that increase Project costs or reduce revenue are compensable. Replace the restrictive list in Section 28.3.2(a) with coverage of any Change in Law that affects the Project;<br>(b) remove the thresholds in Section 28.1.1, or reduce them substantially, and once a threshold is exceeded, compensate the full impact from the first rupee rather than only the excess;<br>(c) delete proviso (ii) of the definition (laws "under active consideration or in the contemplation of" the Government), which bidders cannot know or price; and | Article 28 of the PPP Contract has been amended by the Addendum, which the bidders are advised to read. In particular, Section 28.3.2 (Restriction on Cash Compensation) has been deleted and the definition of "Change in Law" has been amended.<br><br>The thresholds in Section 28.1.1 are retained, and no Toll adjustment will be offered in place of cash compensation. |

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| | | (d) provide, at the Private Partner's option, compensation through a toll adjustment or an extension of the Concession Period as an alternative to cash compensation.<br>**Justification:**<br>• Change in Law is a sovereign risk that the Private Partner cannot control or mitigate. Placing it on the Private Partner is inconsistent with the principle that each risk is borne by the party best able to manage it, and with Schedule Y, item 19.<br>• Over a 27-year concession, changes in income, super and minimum tax and withholding regimes are highly likely. Because Form 10 and 10b figures cannot be revised after bidding, bidders would have to add large risk premiums, which lowers the Minimum Revenue Share offered to the Government.<br>• Lenders normally require Change in Law protection as a condition of financing. Limited protection may delay or prevent Financial Close within the 180-day period.<br>**Requested Amendment:** Amend Section 28.3.2 to read: "The entitlement of the Private Partner to Additional Costs under Section 28.1 shall apply to any Change in Law, including any change in taxes, duties, levies or withholding obligations, that increases the cost of, or reduces the revenue from, the Project." Amend Section 28.1.1 so that, where the threshold is exceeded, the Additional Costs payable are the full Additional Costs incurred. | |
| 5 | RFP s.6.5, item 2 (Debit Authority)<br>RFP s.3.7(a) | **Evaluation Criteria – Debit Authority (DA):** It has been noted that under the evaluation criteria, the highest DA scores zero while the lowest scores 25. A rival's aggressive low DA can secure 25 points, which may hamper Financial Close and provide little comfort to lenders. This structure risks undermining bankability. | Please note that the Debit Authority amount is to secure the shortfall in debt servicing obligations due to a fall in toll revenues in accordance with the prescribed manner in the PPP Contract. The Financial Close will be mainly dependent on the security provided by the successful bidder and its position will be further strengthened by the contractual commitment of the Implementing Agency under the PPP Contract to pay the Financing Due in the event of a termination of the PPP Contract. That being said, each Bidder is solely responsible for ensuring that its Bid, including the Debit Authority amount quoted, is financially viable and capable of achieving Financial Close. If Financial Close is not achieved within the permitted period, the Implementing Agency may terminate the PPP Contract and encash the Construction Performance Guarantee (Section 3.5 of the RFP; Section 3.5.1 of the PPP Contract). |

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| 6 | PPP Contract, Art. 1 ("Minimum Revenue Guarantee")<br>PPP Contract ss.8.12, 17.4.1 and 17.4.3<br>RFP s.3.7(b) to (d) | **Minimum Revenue Guarantee (MRG):** The MRG is capped at 45% of Benchmark at its maximum, applies only to debt service (excluding equity and O&M), and requires sharing 70% of revenue above 105% with the Implementing Agency. The downside support is therefore limited and short-lived, while the upside sharing continues for the full concession. This imbalance reduces investor confidence. | The thresholds and percentages for the Minimum Revenue Guarantee and for the sharing of Excess Toll Revenues (Sections 8.12 and 17.4 of the PPP Contract; Section 3.7 of the RFP) reflect the risk allocation approved for the Project, under which loss of revenue risk rests with the Private Partner, save for the limited and time-bound support provided through the Minimum Revenue Guarantee (Schedule Y, item 12). Bidders should prepare their Financial Proposals accordingly. |
| 7 | PPP Contract s.8.13.1<br>Schedule X, para 2<br>RFP s.3.7(e) | **Support for Price Escalation – Clause 8.13.1:** Clause 8.13.1 defers escalation claims until after completion. This creates risk of project delays if funds are insufficient during construction, undermining timely disbursement and continuity. Interim settlement mechanisms should be considered to maintain liquidity. | Under the current criteria of the RFP, the Private Partner should have sufficient financial strength and resources to execute the construction works using either its own equity and/or through project financing. Under Section 8.13.1 of the PPP Contract and paragraph 2 of Schedule X, claims for Price Variation Support (the term having been changed from “Project Escalation Support” by paragraph 21(a) of the Addendum) may be submitted at any time during the Construction Period, but are calculated once, after the Project Construction Completion Date, for the whole of the Construction Period, so that the Independent Engineer and the Independent Auditor can verify actual consumption against the quantity limits in paragraph 3 of Schedule X and the net financial impact of change in prices on the Private Partner. |
| 8 | PPP Contract s.16.3.2<br>PPP Contract ss.16.3.1, 16.3.5 to 16.3.8<br>Art. 1 ("Additional Cost") | **Additional Cost Determination – Clause 16.3.2:** Clause 16.3.2 empowers the Independent Engineer to determine and certify Additional Cost, with Implementing Agency’s decision final in case of disagreement. However, the PPP Agreement does not specify the methodology or basis for such determination. Without a clear mechanism, decisions risk subjectivity and potential disputes. A defined formula or reference framework should be incorporated to ensure transparency and avoid conflict during construction. | The PPP Contract sets out the basis and the process for the determination of Additional Costs: (i) a Change of Scope requires the agreement of the Private Partner (Section 16.1.1); (ii) “Additional Cost” is limited to the adverse financial impact arising as a direct consequence of the Change of Scope (Article 1); (iii) the Private Partner submits its own budgeted estimate with supporting calculations (Section 16.3.1), on the basis of which the Independent Engineer settles the rates and the Independent Engineer and the Independent Auditor certify the estimate in consultation with the Private Partner (Section 16.3.2); and (iv) the Additional Costs are deposited in full in an escrow account before the Private Partner is obliged to start the works. Furthermore, the Independent Auditor and the Independent Engineer shall refer to the relevant and applicable MRS rates published by the Finance Department of the Government of Punjab to determine the Additional Costs. |
| 9 | RFP s.3.7(a)<br>RFP s.6.5, item 2<br>Forms 10 and 10a | **Debit Authority – Baseline and Upper Limit**<br>As per Form 10 of the RFP, the Debit Authority Amount is to be quoted by the bidder and is presently capped at 60% of the overall Debt amount. We respectfully request that the RFP be amended to | It is the responsibility of the bidder to ensure that its bid is capable of achieving a Financial Close for this Project, therefore this change cannot be made to the RFP. |

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| | PPP Contract s.8.12.1 | provide a committed baseline Debit Authority equivalent to 25% of the relevant outstanding Financing Due / debt financing amount.<br>The proposed 25% should not be treated as a minimum amount that bidders are required to quote. Rather, it is requested that the Implementing Agency provide a committed baseline Debit Authority of 25% to the successful bidder, with bidders retaining the flexibility to offer additional Debit Authority above the baseline up to an overall ceiling of 60% of the relevant Financing Due / debt amount.<br>This would establish a substantially stronger and more predictable government-backed credit-support framework for the project, thereby improving the bankability of the financial proposal and providing greater comfort to prospective lenders in arranging the required debt financing and achieving Financial Close.<br>**Proposed amendment 1. Baseline Debit Authority:** A committed baseline Debit Authority equivalent to 25% of the relevant outstanding Financing Due / debt financing amount to be provided by the Implementing Agency to the successful bidder; | |
| 10 | PPP Contract, Art. 1 ("Minimum Revenue Guarantee"; "Debit Authority")<br>PPP Contract ss.8.12.1, 8.12.3, 17.4.1(b)<br>RFP s.3.7(b) | **Minimum Revenue Guarantee – Revenue Shortfall Rather Than Debt-Service Shortfall**<br>We have also reviewed the relevant provisions of the PPP Contract concerning Debit Authority and the Minimum Revenue Guarantee. The current drafting provides that the Debit Authority is callable only to the extent of a shortfall in the Private Partner's debt-servicing obligations, subject to the Minimum Revenue Guarantee entitlement. The current Minimum Revenue Guarantee mechanism is also linked to the first seven Operational Years and, where Actual Project Revenues fall below the specified Benchmark Revenue threshold, the payment through Debit Authority is limited to the shortfall in debt-servicing obligations.<br>We respectfully request that this mechanism be amended so that the **Minimum Revenue Guarantee is fundamentally based on the certified shortfall between Actual Project Revenues and the applicable Benchmark Revenue**, rather than being restricted merely to the amount of Financing Due / debt-servicing shortfall.<br>In particular, where Actual Project Revenues are below the applicable Benchmark Revenue, the resulting certified revenue shortfall should constitute the basis for the Minimum Revenue Guarantee, with payment through the Debit Authority to the extent of the available Debit Authority. The entitlement should not be | The Minimum Revenue Guarantee supports debt servicing in the event of a shortfall in revenue beyond a prescribed threshold in accordance with the terms of Section 8.12 of the PPP Contract. It is paid to the Financiers only through the Debit Authority, to the extent of an actual debt-service shortfall verified by the Independent Auditor, capped at the lower of the quarterly entitlement and the undrawn balance of the Debit Authority Amount (Section 8.12.3 of the PPP Contract, as amended by the Addendum). |

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| | | limited to the amount of debt service falling due in a particular quarter, where the certified revenue shortfall is greater.<br>**Proposed amendment 2. Minimum Revenue Guarantee:** The Minimum Revenue Guarantee to be structured primarily against the certified shortfall between Actual Project Revenues and the applicable Benchmark Revenue, rather than being limited to the shortfall in debt-servicing obligations for a particular quarter; | |
| 11 | PPP Contract, Art. 1 ("Minimum Revenue Guarantee"; "Financing Termination Date")<br>PPP Contract ss.8.12.1, 17.4.1<br>RFP s.3.7(a) and (b) | **Minimum Revenue Guarantee (continued)**<br>We further request that, for the first seven Operational Years for which the Minimum Revenue Guarantee is intended to apply, the guarantee should operate as a genuine revenue-support mechanism against the shortfall in Actual Project Revenues from the Benchmark Revenue and should not cease or become unavailable merely because the Financing Due or the debt-servicing obligation for a particular period has been reduced or fully serviced.<br>Accordingly, the relevant provisions of the PPP Contract, including the definition of Minimum Revenue Guarantee and Sections 8.12.1, 8.12.3 and 17.4.1(b), may kindly be amended to give effect to the above mechanism.<br>Such an amendment would provide a more effective revenue-support mechanism, improve the predictability of project cash flows, and materially strengthen the project's bankability. It would also provide lenders with greater confidence that the project's revenue-support mechanism addresses the underlying revenue risk rather than merely the debt-service requirement for a particular period.<br>**Proposed amendment 3. Seven-Year Revenue Support:** The Minimum Revenue Guarantee mechanism applicable during the first seven Operational Years to remain available based on the certified revenue shortfall, irrespective of whether the Financing Due or debt-servicing obligation for a particular period has been reduced or fully serviced, subject to the agreed Debit Authority framework; | The Minimum Revenue Guarantee and the Debit Authority apply only until the earlier of the Financing Termination Date and the end of Operational Year 7 (Section 8.12.1 of the PPP Contract; Section 3.7(a) of the RFP). Save for the clarifications made by the Addendum (including in respect of a final claim after the end of the support period), no change is being made to the Bidding Documents in this regard. |
| 12 | PPP Contract s.14.3 (in particular s.14.3.3) | **Segment-wise Issuance of Substantial Completion Certificates and Toll Collection**<br>We further respectfully request that the RFP and the PPP Contract be amended to provide for the issuance of Substantial Completion Certificates on a segment-wise basis upon completion of the | The Bidding Documents, project concept and the toll rates are all based on the requirement that the bidder will be required to complete the entire Chiniot Sargodha road before tolling can commence thereon. Partial completion of this road is not contemplated in this project. |

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| | PPP Contract, Art. 1 ("Commercial Operations Date"; "Scheduled Substantial Completion Date")<br>RFP s.3.7(f) | prescribed works for each defined project segment and its opening for public use. Upon issuance of the Substantial Completion Certificate for any individual segment, the concessionaire should be permitted to commence toll collection for that completed segment, without waiting for substantial completion of the remaining project sections.<br>**Proposed amendment 4. Segment-wise Substantial Completion:** The RFP and PPP Contract to provide for issuance of Substantial Completion Certificates on a segment-wise basis upon completion of the prescribed works for each defined segment and its opening for public use; and | |
| 13 | PPP Contract ss.17.1.1, 17.2.3<br>PPP Contract, Art. 1 ("Toll(s)"; "Construction Revenue")<br>RFP s.3.7(f) | **Segment-wise Issuance of Substantial Completion Certificates and Toll Collection (continued)**<br>This mechanism would enable the project to generate Construction Revenue progressively during the construction period. The toll revenue generated from each substantially completed and operational segment would be deposited into the designated Escrow Account, thereby increasing the project construction revenue available in the escrow account.<br>Segment-wise issuance of Substantial Completion Certificates and commencement of toll collection would also align revenue generation with the progressive completion of the project, provide lenders with greater visibility over construction-period cash flows, and further enhance the overall bankability and financial sustainability of the project.<br>**Proposed amendment 5. Segment-wise Toll Collection:** Upon issuance of the Substantial Completion Certificate and opening of a segment for public use, toll collection to be permitted to commence for that segment, with the resulting toll revenue deposited into the designated Escrow Account and applied in accordance with the agreed project and financing arrangements. | The Bidding Documents, project concept and the toll rates are all based on the requirement that the bidder will be required to complete the entire Chiniot Sargodha road before tolling can commence thereon. Partial completion of this road is not contemplated in this project. |
| 14 | RFP s.6.5(a)(i)(III)<br>RFP s.6.5, item 3<br>Form 10<br>Form 10b | **Reference:** RFP s.6.5(a)(i)(III); s.6.5 item 3 Form 10; Form 10b<br>**Query:** Section 6.5(a)(i)(III) and Form 10 describe “Minimum Revenue Shared” as the cumulative amount the Bidder expects to share over the Concession Period, whereas the scoring formula in Section 6.5 item 3 defines BMRS as the Net Present Value figure stated in Form 10b. Please confirm which figure is to be entered in Form 10: the NPV total of Form 10b Column G, or the nominal sum of Column E. | The figure in Form 10 is the NPV figure, being the total of Column G of Form 10b, which is the figure evaluated under Section 6.5 of the RFP. Form 10, Form 10b and Section 6.5(a)(i)(III) of the RFP have been amended accordingly to refer to “Minimum Revenue Share (NPV, PKR)”, being the total of Column G of Form 10b (as amended through the Addendum). |

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| | | **Clarification / amendment sought:** Amend Form 10 to read "Minimum Revenue Shared (NPV, PKR) — being the total of Column G of Form 10b", so that the figure entered and the figure scored are the same. | |
| 15 | Form 10b, Acknowledgement A(2)<br>Form 11<br>RFP s.3.3 | **Reference:** Form 10b, Acknowledgement A(2) Form 11 RFP s.3.3<br>**Query:** (a) Please confirm that the pre-printed PV factors in Form 10b (0.9091 for Construction Year 1 through 0.0763 for Operational Year 25) are binding and must be used without modification, and confirm the reference date to which they discount. (b) Form 11 publishes IA Expected Revenue for FY2054 and FY2055, but Form 10b covers only Operational Years 1–25. Please confirm the purpose of the FY2054–FY2055 figures, and whether any Minimum Revenue Share is payable for any period by which the Concession is extended under Section 3.3.<br>**Clarification / amendment sought:** Confirm the factors are fixed and the discount reference date. Confirm that no Minimum Revenue Share or Benchmark Revenue applies to any extension period beyond Operational Year 25, or alternatively specify the basis. | (a) Confirmed. The PV factors in Column F of Form 10b are fixed and must be used unchanged. They apply a 10% discount rate to the expected Scheduled Commencement Date (180 days after signing of the PPP Contract), discounting each year from its year-end.<br>(b) Form 10b, the Benchmark Revenue and the Minimum Revenue Share evaluated under Section 6.5 of the RFP cover Operational Years 1 to 25 only. The FY2054 and FY2055 figures in Form 11 are provided for reference, for use only where the Commencement Date is delayed or the Concession Period is extended pursuant to the terms of the PPP Contract. The Minimum Revenue Share for any Operational Year falling after the last Operational Year in Schedule AA (including during any such extension) shall be determined under new Section 17.4.8 of the PPP Contract, by applying the Minimum Revenue Share Percentage quoted in Form 10b to the Benchmark Revenue redetermined by the Independent Auditor. Please see the terms of the Addendum in this regard. |
| 16 | RFP Definitions ("Benchmark Revenue"; "Bidder's Expected Revenue")<br>Form 10b, Column C<br>PPP Contract Schedule AA | **Reference:** RFP Definitions (Benchmark Revenue; Bidder's Expected Revenue) Form 10b Column C Contract Sch. AA<br>**Query:** Please confirm: (a) that the "lower of" test in Column C is applied year by year rather than on the aggregate; (b) that Column A may reflect the Bidder's independent traffic forecast, applied to the Form 11 toll and overload rates, without any floor relative to Column B; (c) that a Column A figure below Column B in any year has no consequence for responsiveness.<br>**Clarification / amendment sought:** Written confirmation of (a) to (c). | (a) Confirmed. For each Operational Year, the Benchmark Revenue is the lower of Column A (Bidder's Expected Revenue) and Column B (Implementing Agency Expected Revenue).<br>(b) Confirmed. Column A uses the Bidder's own traffic assumptions (to be shown in the Financial Model) and the Form 11 toll rates and overloading fees, exclusive of taxes. No floor relative to Column B applies.<br>(c) A Column A figure below Column B in any year is not of itself non-responsive. It becomes the Benchmark Revenue for that year and governs *inter alia* the Minimum Revenue Guarantee, Excess Toll Revenues and Minimum Revenue Share mechanism. Figures cannot be revised after the Bid Submission Date. |
| 17 | RFP s.3.2<br>RFP s.6.5(c)(iv)<br>Form 10a, Note (b) | **Reference:** RFP s.3.2; s.6.5(c)(iv) Form 10a, Note (b)<br>**Query:** (a) Does the 4.5% cap apply to Subtotal EPC or to Total Estimated Project Cost (EPC plus non-EPC items including IDC, DSRA/PSRA funding, Authority Fee and the PDF reimbursement)? (b) Does the Proposed Project Cost include the Command and Control Centre, the third toll plaza, ETTMS and weighbridges on the full corridor, and any works to the Chenab bridge? (c) What is | (a) The 4.5% limit applies to the Estimated Project Cost (being the EPC and Non-EPC costs together with the Authority Fee) in Forms 10 and 10a. This matter has been clarified by changes made through the Addendum. The Proposed Project Cost of PKR 26.324 billion is on the same basis.<br>(b) It includes the Chiniot–Sargodha Road works, the three toll plazas (with ETTMS, weigh-in-motion and toll control building), ETTMS and weighbridges on |

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| | | the price-base date of the DPR estimate? (d) Is a bid exceeding the cap non-responsive, or evaluated at the capped figure?<br>**Clarification / amendment sought:** Clarify (a) to (d), and publish the DPR cost summary by component so that bidders price against a common basis. If the cap is intended to cover EPC only, amend Form 10a Note (b) to say so. | the whole road, and the Command and Control Centre. It excludes construction works on the Chenab bridge.<br>(c) It is priced on the Finance Department's second bi-annual MRS rates for 2026.<br>(d) A Financial Proposal exceeding the Proposed Project Cost by more than 4.5% will be declared non-responsive (Sections 6.5(c)(iv) and 6.5(d) of the RFP) and will not be evaluated at a capped figure. |
| 18 | RFP s.3.7(a)<br>RFP s.6.5, item 2<br>Form 10a, para 3<br>PPP Contract, Art. 1 ("Debit Authority"); s.8.12 | **Reference:** RFP s.3.7(a); s.6.5 item 2 Form 10a para 3 Contract: Debit Authority definition<br>**Query:** The basis of the 60% ceiling is described three ways across the documents (debt proposed; financing stated in Form 10a; outstanding principal). Please confirm: (a) the Debit Authority Amount is a fixed PKR figure set at bid; (b) whether it reduces as principal amortizes, or remains available up to the quoted figure until expiry; (c) whether it is an aggregate cap over its life or a limit on quarterly drawings; and (d) the treatment if debt drawn at Financial Close differs from the Form 10a figure.<br>**Clarification / amendment sought:** Adopt a single definition of the ceiling across the RFP and Contract, and confirm the drawing mechanics in (b) to (d). Lenders will size facilities on this instrument. | The ceiling is measured against the Debt stated in paragraph 2 of Form 10a, not outstanding principal.<br>(a) Confirmed. The Debit Authority Amount is the fixed PKR amount quoted in Forms 10 and 10a. It will be inserted in Section 8.12.1 of the PPP Contract and cannot be varied at or after Financial Close.<br>(b) It does not reduce as principal is repaid and remains in place until the earlier of the Financing Termination Date and the end of Operational Year 7. The Debit Authority available amount will only be reduced if MRG payments are made pursuant to the PPP Contract net of any excess amount refunded under Section 8.12.3. This matter has been clarified by changes made through the Addendum.<br>(c) Each quarterly call is limited to the lowest of the quarterly Minimum Revenue Guarantee entitlement, the verified debt-service shortfall and the undrawn balance of the Debit Authority Amount, and annual calls are capped at the annual Minimum Revenue Guarantee (Sections 8.12.3(b)(iii) and 8.12.3(d)). The Debit Authority amount is the aggregate maximum drawable over its life.<br>(d) The Debit Authority amount will not change if the actual financing obtained at Financial Close differs from Form 10a. |
| 19 | RFP s.6.5(b)<br>PPP Contract, Art. 1 ("Base Case Financial Model"; "Termination Equity IRR") | **Reference:** RFP s.6.5(b) Contract: Base Case Financial Model; Termination Equity IRR<br>**Query:** Termination Equity IRR is now the lower of the Base Case Equity IRR and 17%. Please confirm which model constitutes the Base Case Financial Model — the model submitted with the Bid, or a model updated at Financial Close to reflect final financing terms, taxes and IDC — and which inputs may be updated at Financial Close.<br>**Clarification / amendment sought:** Confirm that the Base Case Financial Model is updated at Financial Close for financing terms and costs (with IE/IA verification), and that the Base Case Equity IRR is taken from that updated model. | The Base Case Financial Model is the model at Schedule U, updated at Financial Close to reflect only the Financing Term Sheet not objected to (or deemed not objected to) under Section 27.3 of the PPP Contract, and confirmed by the Independent Auditor. Interest during construction shall be accommodated within the Estimated Project Cost quoted in Forms 10 and 10a. The Minimum Revenue Share, Estimated Project Cost, Minimum Equity Ratio, Benchmark Revenue and Debit Authority Amount are fixed by the Financial Proposal and cannot be changed. The Base Case Equity IRR is taken from the model so confirmed, and the Termination Equity IRR is the lower of that IRR and 17%. |

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| 20 | PPP Contract ss.17.4.2, 17.4.5 RFP s.3.7(d) | **Reference:** Contract s.17.4.2; s.17.4.5 RFP s.3.7(d)<br>**Query:** Please confirm whether the Minimum Revenue Share is suspended or abated during: (i) a Force Majeure Period; (ii) a Relief Event, including a Competing Route, Alternative Route or Toll Notification Relief Event; (iii) a Suspension; (iv) an Implementing Agency Event of Default; and (v) any period in which the Toll Notification under Schedule P is not issued on time.<br>**Clarification / amendment sought:** Insert an express abatement of the Minimum Revenue Share in proportion to the revenue lost in each case (i) to (v). Without it, the obligation operates as a fixed fee that continues when the road cannot be tolled. | Where a Force Majeure Event results in a substantial and prolonged closure of the Project Road, the obligation to pay the Minimum Revenue Share may be suspended, for a period not exceeding the Force Majeure Period, if the Independent Engineer and Independent Auditor pass a Relief Order in accordance with new Section 21.9 of the PPP Contract (inserted through the Addendum). The obligation to pay the Minimum Revenue Share shall not be suspended during a Competing Route Event, Alternative Route Event, Toll Notification Event, Suspension and Implementing Agency Event of Default. |
| 21 | PPP Contract s.17.4.5(d) and (e)<br>PPP Contract ss.17.4.6, 17.8.1, 22.1.1(u) | **Reference:** Contract s.17.4.5(d) and (e)<br>**Query:** (a) Please confirm the ranking of Minimum Revenue Share transfers in the Escrow waterfall relative to O&M costs, senior debt service (including any refinanced debt) and the Major Maintenance and Overlay Payment Account. (b) Please confirm the interest rate applicable to late amounts and whether a late transfer is itself a Private Partner Event of Default.<br>**Clarification / amendment sought:** Rank Minimum Revenue Share after O&M, senior debt service and major-maintenance reserving. Extend the 7-day funding period to 30 days, and provide that default arises only after written notice and expiry of that period. | (a) The detailed order of priority will be set out in the Escrow Agreement, within the parameters fixed by the PPP Contract: Independent Engineer and Independent Auditor payments rank first, and the funding of the Major Maintenance and Overlay Payment Account ranks ahead of any dividend or distribution (please see the definition of “Escrow Agreement” in the PPP Contract). One quarter of the Minimum Revenue Share is transferred within 15 days of the end of each quarter and the balance within 45 days of the end of each Operational Year; no amount may be released to the Private Partner or distributed until the quarterly transfer has been made in full; and any shortfall must be paid by the Private Partner from its own resources within 7 days (Section 17.4.5). New Section 21.9 of the PPP Contract (added through the Addendum) sets out the circumstances in which the obligation to pay the Minimum Revenue Share may be suspended.<br>(b) Late payment carries interest at 6-month KIBOR + 3% (Section 17.4.6), and a delay beyond 7 days is a Private Partner Event of Default (Section 22.1.1(u)). Termination is subject to the Preliminary Notice and the Cure Period (90 days while Financing Due is outstanding, otherwise 45 days).<br>Furthermore, the failure by the Private Partner to deposit the Toll Revenues in the Escrow Account has been explicitly stated as a Private Partner Event of Default under new Section 22.1.1(aa) of the PPP Contract (as amended through the Addendum). |
| 22 | PPP Contract, Art. 1 ("Minimum Revenue Guarantee"; "Financing Termination Date") | **Reference:** Contract: Minimum Revenue Guarantee; Financing Termination Date RFP s.3.7(a)–(b)<br>**Query:** The Financing Termination Date definition states that it “shall be achieved no later than seven (7) years” after the Chiniot–Sargodha COD. Please confirm whether this is (a) only a limit on the period of MRG and Debit Authority support, or (b) a covenant that prohibits senior financing with a tenor beyond seven years | Under the definition of “Financing Termination Date”, all Financing Due must be repaid no later than seven (7) years after the Commercial Operations Date of the Chiniot–Sargodha Road, and the principal repayment schedule in the Financing Term Sheet must be consistent with the Base Case Financial Model (Section 27.3.1). Bidders should therefore not propose senior debt with a tenor extending beyond that date. Any refinancing is subject to Sections 27.3.2 to 27.3.4, may not extend repayment beyond that date and may not increase the obligations of |

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| | RFP s.3.7(a) and (b) | from COD, breach of which is a Private Partner default. Please also confirm the position on refinancing.<br>**Clarification / amendment sought:** Confirm reading (a), and amend the definition accordingly, so that bidders may propose debt tenors longer than seven years without breaching the Contract. | the Implementing Agency. For the purposes of clarification, the support provided in the PPP Contract in relation to the Financiers is strictly limited to the financing taken as on the date of the Financial Close (which needs to be repaid by the 7th year of operations of the full road). The Private Partner may take on an additional loan after the Financing Termination Date, but the Implementing Agency shall not provide any support in relation to such a loan, nor will it commit to repaying the Financing Due in relation to such a loan. In other words, any such additional loan shall be taken on at the sole risk of the Private Partner. |
| 23 | PPP Contract Schedule P, para 2<br>PPP Contract, Art. 1 ("Benchmark Revenue"; "Base Case Financial Model") | **Reference:** Contract Sch. P para 2; Benchmark Revenue definition; Base Case Financial Model definition<br>**Query:** Please specify the redetermination methodology. In particular: (a) does it only re-time the escalation profile while retaining the traffic volumes underlying Form 10b; (b) are Columns A and B each re-run and the lower re-taken; (c) can redetermination increase the Minimum Revenue Share in absolute terms; and (d) where delay results from a Relief Event or IA default, is the Private Partner protected against any reduction in toll rates or Benchmark Revenue?<br>**Clarification / amendment sought:** Set out the redetermination formula in Schedule P or Schedule AA, and provide that redetermination following IA-caused or Relief Event delay cannot reduce the Private Partner's revenue entitlement or increase its Minimum Revenue Share. | **(a)** Under the definition of "Benchmark Revenue" in Article 1, where the Toll rates are recalculated in accordance with paragraph 2 of Schedule P (Toll Notification Structure), the Benchmark Revenue shall be redetermined by the Independent Auditor on the same basis, and Schedule AA (Benchmark Revenue) shall be revised accordingly. Paragraph 2 of Schedule P provides that the Toll rates shall be recalculated by applying the escalation mechanism set out in that paragraph to the base year Toll rates, with effect from the Accounting Year in which the Commercial Operations Date actually occurs.<br>**(b)** No. The figures provided in Columns A and B of Form 10b of the Financial Proposal of the Successful Bidder are not re-run. Any redetermination shall be carried out by the Independent Auditor as set out in the definition of "Benchmark Revenue".<br>**(c)** No. The Minimum Revenue Share figures (as provided in Form 10b of the Financial Proposal of the Successful Bidder) shall remain locked and shall not be changed in case re-determination of the Benchmark Revenue figures by the Independent Auditor. Section 17.4.2 of the PPP Contract has been amended accordingly and the definition of "Minimum Revenue Share Percentage" has been deleted (as mentioned in the Addendum).<br>**(d)** Paragraph 2 of Schedule P applies in the event of any variation in the Project Milestones or the Project Milestone Dates for any reason contemplated by the PPP Contract. Relief for Relief Events is governed by Article 15 (Relief Extensions & Relief Compensations), including Section 15.7.1 of the PPP Contract. The PPP Contract does not contemplate any reduction in Toll Rates as the same will always increase on an annual basis. |
| 24 | PPP Contract s.17.4.1(b) and (c)<br>PPP Contract s.17.4.3<br>PPP Contract s.8.12.3 | **Reference:** Contract s.17.4.1(b) – (c); s.17.4.3 RFP s.3.7(b)<br>**Query:** Please confirm: (a) the annual true-up where MRG is drawn in one or more quarters but full-year Actual Project Revenues exceed 90% of Benchmark Revenue — who repays, from which account, and when; and (b) that in Operational Years 1–7 Excess Toll Revenues and MRG are each determined on the full year figure only, with no netting across years. | (a) The Minimum Revenue Guarantee is an annual entitlement paid on a quarterly basis. Quarterly claims may not exceed the annual amount, and any excess must be repaid (Section 8.12.3(d) of the PPP Contract; Section 3.7(b) of the RFP). If annual Actual Project Revenues are at least 90% of the Benchmark Revenue, no Minimum Revenue Guarantee is payable for that year and all quarterly drawings are repayable. Any excess so repaid restores the undrawn |

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| | RFP s.3.7(b) | **Clarification / amendment sought:** Confirm (a) and (b), and set out the true-up mechanics in Section 8.12. | balance of the Debit Authority Amount (Section 8.12.1, as amended by the Addendum).<br>(b) Confirmed. The Minimum Revenue Guarantee and Excess Toll Revenues are determined on full financial year revenues, with no carry-forward or netting across years. |
| 25 | PPP Contract, Art. 1 ("Toll(s)")<br>PPP Contract Schedule P, para 3 and note<br>Form 11 | **Reference:** Contract: Toll(s) definition; Sch. P overloading tiers and note Form 11<br>**Query:** Schedule P provides that overloaded vehicles above 15% will not be allowed to use the road. Please confirm: (a) which authority is responsible for denying entry and enforcing axle-load limits; (b) whether the overloading fee tiers escalate under paragraph 2 of Schedule P; and (c) whether a failure of enforcement by a Government Agency, or a change to axle-load regulations, is a Relief Event.<br>**Clarification / amendment sought:** Confirm (a) to (c). Where overload fees form part of Benchmark Revenue, provide relief for changes in their regulatory basis. | (a) The Private Partner operates the weighbridges and weigh-in-motion systems, levies the overloading fees and must refuse passage to vehicles overloaded by more than 15%.<br>(b) The overloading fees are fixed annual amounts in paragraph 3 of Schedule P and Form 11, which already increase year on year. They are recalculated only if the Project Milestone Dates vary.<br>(c) Failure of enforcement by a Government Agency is not a Relief Event. Further, please note that Article 28 of the PPP Contract has been amended by the Addendum, which the bidders are advised to carefully review. If any change in any “axle load regulations” causes an adverse financial impact on the Private Partner beyond the thresholds provided in Article 28 of the PPP Contract, then the Private Partner may make a claim under that provision in accordance with the terms thereof. |
| 26 | RFP s.3.7(f)<br>PPP Contract s.8.14.2(a)<br>PPP Contract, Art. 1 ("Scheduled Substantial Completion Date") | **Reference:** RFP s.3.7(f) Contract s.8.14.2(a); Scheduled Substantial Completion Date definition<br>**Query:** The RFP ends releases where delay is “attributable to the Private Partner”; the Contract ends them on the Scheduled Substantial Completion Date, extended only by Relief Order, plus any period of IA Event of Default. Please confirm: (a) that every extension of the Scheduled Substantial Completion Date by Relief Order (including for Force Majeure) extends the Construction Support Period equally; and (b) that releases continue while a Relief Order Request is pending determination.<br>**Clarification / amendment sought:** Align the Contract with the RFP wording so that release ends only for delay attributable to the Private Partner, and confirm (a) and (b). | The Construction Support Period ends on the Scheduled Substantial Completion Date, as extended by a Relief Order or under Section 28.1.2 (Change in Law), or by delay caused by an Implementing Agency Event of Default (Section 8.14.2(a) of the PPP Contract, as amended by the Addendum). In case of inconsistency, the PPP Contract prevails over the summary in Section 3.7 of the RFP.<br>(a) Confirmed. Every Relief Order extension, including for Force Majeure, extends the Construction Support Period by the same period, as does any extension of the Scheduled Substantial Completion Date under Section 28.1.2.<br>(b) Where a Relief Order Request is pending on the Scheduled Substantial Completion Date, Construction Revenue net of Faisalabad–Chiniot Road O&M costs will be held in the Escrow Account and released in accordance with the Relief Order. This has been provided for in new Section 8.14.8 of the PPP Contract and Section 3.7(f) of the RFP (as provided in the Addendum), which also apply to a pending request for extension under Section 28.1.2. |

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| 27 | PPP Contract s.8.14.7<br>RFP s.3.7(f) | **Reference:** Contract s.8.14.7 RFP s.3.7(f)<br>**Query:** Reducing Financing Due reduces the amount available to repay senior lenders on termination, including termination for IA default. Please confirm whether the Implementing Agency will apply the deduction to Termination Equity only, and whether this point may be addressed with the Financiers in the Concession Direct Agreement.<br>**Clarification / amendment sought:** Amend s.8.14.7 so that the deduction applies to Termination Equity only, and does not apply on termination for Implementing Agency Event of Default or Political Event. | The deduction shall apply to both Termination Equity and Financing Due. The Faisalabad–Chiniot Road was dualized with public funds, and its toll revenue released during construction is Government support towards the Project's capital cost. That cost is reflected in both the Termination Equity and the Financing Due, so Section 8.14.7 apportions the deduction between them in the funding proportions as per the Base Case Financial Model of the Private Partner, ensuring that the Government does not pay for that cost a second time on any Termination. This position will not be varied in the Concession Direct Agreement. |
| 28 | PPP Contract ss.8.14.1 to 8.14.3<br>PPP Contract, Art. 1 ("Commercial Operations Date"(a); "Actual Project Revenues") | **Reference:** Contract s.8.14.1 – 8.14.3; Commercial Operations Date (a); Actual Project Revenues<br>**Query:** Please confirm: (a) the toll rates applicable on the Faisalabad–Chiniot Road from its COD (i.e. the Schedule P rates for the FY in which that COD falls); (b) that Construction Revenue is excluded from Actual Project Revenues and Benchmark Revenue for MRG, Excess Toll Revenue and Minimum Revenue Share purposes; (c) that reimbursement against IPCs is available where the Construction Contractor is a Sponsor or affiliate, subject to IE/IA verification; and (d) that O&M costs of the Faisalabad–Chiniot Road after the Construction Support Period continue to be met from Construction Revenue before any transfer to the Implementing Agency.<br>**Clarification / amendment sought:** Written confirmation of (a) to (d). | (a) Confirmed. Tolls on the Faisalabad–Chiniot Road from its Commercial Operations Date are the paragraph 1 Schedule P rates for the year of collection (FY2027 and FY2028 during construction), as notified annually and subject to recalculation under paragraph 2.<br>(b) Confirmed. Construction Revenue arises before the Revenue Sharing Period and is not relevant for the purposes of determining the revenue share of the Implementing Agency once the COD for the Chiniot Sargodha road is achieved. It is applied only under Section 8.14.<br>(c) Reimbursement is permitted where the Construction Contractor is a Sponsor or affiliate, subject to joint verification of each disbursement by the Independent Engineer and the Independent Auditor (Sections 8.14.3 and 8.14.4).<br>(d) Confirmed. After the Construction Support Period, Construction Revenue continues to meet the Faisalabad–Chiniot Road O&M costs first, and only the balance is paid to the Implementing Agency (Section 8.14.2(b)). |
| 29 | PPP Contract Schedule X, para 5<br>PPP Contract s.8.13.1<br>RFP s.3.7(e) | **Reference:** Contract Sch. X para 5; s.8.13.1 RFP s.3.7(e)<br>**Query:** The 5% threshold now operates as a deductible absorbed on every claim, rather than a trigger. Please confirm whether this is intended, and whether it applies per item per month or cumulatively over the Construction Period.<br>**Clarification / amendment sought:** Restore full-variation recovery once the 5% threshold is exceeded, consistent with the Round 1 drafting and standard provincial escalation practice. At a minimum, clarify the period over which the threshold is tested. | Confirmed; this is intended. The Private Partner recovers only the increase above 105% of the Base Price, tested item by item and month by month: (B – (A × 1.05)) × C, where A is the Base Price, B is the notified price for the month and C is the quantity consumed (Schedule X has been amended by the Addendum; Section 3.7(e) of the RFP). The request for full recovery is not acceptable. |
| 30 | | **Reference:** Contract s.8.13.1; Sch. X para 2 | (a) Price Variation Support is calculated once, after the Project Construction Completion Date, by the Independent Engineer and the Independent Auditor, and is submitted with their recommendation to the Implementing Agency for |

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| | PPP Contract s.8.13.1<br>PPP Contract Schedule X, para 2 | **Query:** Please confirm: (a) the period within which the Implementing Agency will pay a determined claim; (b) the interest applicable to late payment; and (c) the source of funds for payment.<br>**Clarification / amendment sought:** Provide for interim quarterly payment against IE/IA certification with a final true-up after completion, payment within 30 days of certification, and interest at the Delayed Payment Rate thereafter. | review and disbursement (Section 8.13.1 of the PPP Contract; paragraph 2 of Schedule X). Claims must be submitted no later than one (1) year after the Project Construction Completion Date. This amount shall be disbursed within a reasonable time period.<br>(b) The PPP Contract does not provide for interest on Price Variation Support, and none is proposed.<br>(c) Price Variation Support is an independent obligation of the Implementing Agency. It is not payable from the Escrow Account or from the Construction Revenue (Section 8.14.1 of the PPP Contract). |
| 31 | PPP Contract Schedule X, paras 3 to 6 and 9 | **Reference:** Contract Sch. X paras 3–6<br>**Query:** (a) Please state the diesel quantity cap in litres. (b) Please confirm the district(s) whose Finance Department notified prices will apply, given works span Faisalabad, Chiniot and Sargodha. (c) Please confirm that the Base Price is the notified price for the month in which the Bid Submission Date falls. (d) Where the Finance Department does not notify a price for a month, no escalation is admissible; please confirm whether a fallback index (e.g. OGRA for HSD, PBS for cement and steel) may be used.<br>**Clarification / amendment sought:** Specify the diesel quantity, the reference district(s) and the Base Price month, and introduce a fallback index for months without a notification. | (a) No diesel quantity is specified. The diesel adjustment is based on the value of work certified by the Independent Engineer, a factor (0.15 for roads, 0.07 for RCC structures) and the change in the diesel price (paragraphs 3 and 9 of Schedule X).<br>(b) Prices are those notified by the Finance Department, Government of the Punjab, for the month of consumption and the district of the works (paragraph 5).<br>(c) The Base Price is the price notified for the month in which the Bid Submission Date falls (clarificatory amendments made in Schedule X, as mentioned in the Addendum).<br>(d) Not accepted. No escalation is admissible for a month without an official notification, and no fallback index is provided (paragraph 6). |
| 32 | RFP s.3.2(j)<br>PPP Contract Schedule CC<br>Schedule Y, item 29 | **Reference:** RFP s.3.2(j) Contract Sch. CC<br>**Query:** Please confirm: (a) the designated location and whether the building and land are provided by the Implementing Agency; (b) the required floor area, workstation count and staffing; (c) whether O&M, connectivity, software licensing and technology refresh over the Concession Period are Private Partner obligations and, if so, whether they may be priced in the O&M cost; (d) whether its capital cost is included in the Proposed Project Cost; and (e) the hand-back requirements.<br>**Clarification / amendment sought:** Clarify (a) to (e), and issue a specification or indicative bill of quantities for the Centre. | (a) The Implementing Agency will provide this location of the premises and only land shall be provided by the Implementing Agency; the Private Partner is responsible for construction, fit-out, equipment, and systems.<br>(b) Floor area, workstations and staffing are not prescribed. Hardware and software requirements are in paragraphs 5 and 6 of Schedule CC, and the system architecture must be approved by the Independent Engineer and the Implementing Agency before procurement.<br>(c) The Private Partner provides 12 months' post-deployment support, including a 24/7 helpdesk. The Centre is then operated by the Implementing Agency, with no further obligation on the Private Partner.<br>(d) Yes. Its cost is included in the Estimated Project Cost as a separate EPC line in Form 10a (as clarified through the Addendum), and the Proposed Project Cost includes it.<br>(e) No separate hand-back requirements are specified for the command centre. |

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| 33 | RFP s.3.2(d)<br>PPP Contract Schedule A (item 18)<br>Schedule B<br>Schedule H | **Reference:** RFP s.3.2(d) Contract Sch. A; Sch. H<br>**Query:** Please confirm: (a) whether a joint condition survey will be carried out before the Faisalabad–Chiniot COD to fix the baseline; (b) that latent or pre-existing structural defects are excluded from the Private Partner's obligations; and (c) that major rehabilitation, bearing replacement or substructure strengthening beyond routine maintenance is a Change of Scope.<br>**Clarification / amendment sought:** Confirm (a) to (c), and provide existing inspection reports for the bridge. | The Chenab bridge is excluded from the construction scope, but its maintenance forms part of the Private Partner's O&M obligations (Section 3.2(d) of the RFP; Schedule A, item 18).<br>(a) There is no joint survey. The Private Partner is solely responsible for carrying out this survey.<br>(b) They are not excluded from the Private Partner's obligations.<br>(c) Major rehabilitation falls within the scope of work of the Private Partner. |
| 34 | RFP s.3.4<br>PPP Contract s.11.2.5<br>PPP Contract, Art. 1 ("Construction Performance Guarantee") | **Reference:** RFP s.3.4 Contract s.11.2.5; Construction Performance Guarantee definition<br>**Query:** Please confirm: (a) whether the completion adjustment can increase the guarantee above PKR 600 m or only reduce it; (b) whether a standby letter of credit remains acceptable; and (c) whether the 15% top-up on Change of Scope amounts falls away on the completion adjustment.<br>**Clarification / amendment sought:** Confirm that the completion adjustment operates only as a reduction, reinstate the SBLC option, and confirm (c). | (a) The completion adjustment is not limited to a reduction. Under Section 11.2.5, the Construction Performance Guarantee shall be adjusted so that it is equal in value to the higher of: (i) 2.3% of the cost of the Construction Works; or (ii) 2% of the Estimated Project Cost. The adjusted amount may therefore be higher or lower than PKR 600,000,000. The requested amendment is not accepted.<br>(b) A standby letter of credit is not acceptable. Under the definition of "Construction Performance Guarantee" and RFP Section 3.4, the guarantee must be a first demand, irrevocable and unconditional bank guarantee, issued by a scheduled bank in Pakistan with a minimum long-term credit rating of 'AA-' (JCR-VIS) or equivalent (PACRA), in the form set out in Schedule L. The requested amendment is not accepted.<br>(c) Under the second sentence of Section 11.2.5, upon the completion adjustment the Construction Performance Guarantee shall be equal in value to the amount determined under that sentence. Any earlier increases on account of Change of Scope are not added to that amount.<br>No change to the Bidding Documents is being made. |
| 35 | RFP s.3.10<br>PPP Contract s.6.2<br>Form 10a | **Reference:** RFP s.3.10 Contract s.6.2 Form 10a<br>**Query:** Please confirm that the amount is fixed and not subject to revision, whether it is inclusive of any applicable taxes, and that it is an eligible Project cost within the Estimated Project Cost.<br>**Clarification / amendment sought:** Written confirmation. | These amounts (i.e. the Authority Fee and reimbursement of the Project Development Facility) are fixed and not revisable and are inclusive of any applicable tax. Both these amounts are to be included in the Estimated Project Cost in Form 10a, the Authority Fee being calculated at 1% of the Sub-Estimated Project Cost (clarificatory amendments in this regard are provided in the Addendum). |
| 36 | PPP Contract, Art. 1 ("Termination Equity"; | **Reference:** Contract: Termination Equity; Termination Equity IRR<br>**Query:** Please confirm the termination scenarios in which Termination Equity IRR applies. Please also confirm whether the Implementing Agency will consider a minimum residual for Termination Equity on termination for IA Event of Default or | The Termination Equity IRR does not determine the equity returned on Termination. It is used only to calculate the Termination Dividend Amount, payable on Termination for a Political Event, an Implementing Agency Event of Default or a Change in Law (Schedule T). |

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| | "Termination Equity IRR")<br>PPP Contract Schedule T | Political Event after the Construction Period, given that equity compensation otherwise reduces to nil irrespective of actual equity recovery.<br>**Clarification / amendment sought:** Introduce a floor (e.g. not less than the unrecovered Invested Equity per the Base Case Financial Model) for IA Event of Default and Political Event terminations. | Equity returned is the Invested Equity reduced on a straight-line basis from the Substantial Completion Date to the Final Expiry Date (determined without regard to any extension under Section 15.3 of the PPP Contract) (or 100% of it if Termination occurs during construction due to an Implementing Agency Event of Default), reflecting its recovery through distributions. No floor will be introduced. |
| 37 | PPP Contract s.9.5.2<br>PPP Contract Art. 9 | **Reference:** Contract s.9.5.2; s.9 (new defect indemnity)<br>**Query:** Please confirm the intended scope of s.9.5.2(a). As drafted, any Defect & Deficiency or failure to comply with Applicable Standards — however minor — carries unlimited liability, including consequential loss and third-party User claims.<br>**Clarification / amendment sought:** Limit s.9.5.2(a) to willful or grossly negligent defects; apply an aggregate cap (e.g. the Construction or O&M Performance Guarantee plus insurance proceeds) to all other defect claims; and exclude indirect and consequential loss to Users beyond insured amounts. | Compliance with the Applicable Standards is the Private Partner's core obligation, and its liability for defects is preserved by Section 9.5.2 of the PPP Contract. |
| 38 | RFP s.3.8<br>PPP Contract Schedule H<br>PPP Contract ss.19.10, 22.1.1(w) | **Reference:** RFP s.3.8 Contract Sch. H<br>**Query:** Please confirm: (a) the categories of defect to which the 45-day rule applies; (b) whether written notice from the Implementing Agency is required before the 45 days begin; and (c) that defects caused by Force Majeure, third-party damage or Government Agency action are excluded.<br>**Clarification / amendment sought:** Confirm (a) to (c), and provide that an Event of Default arises only for persistent or repeated failures after notice. | (a) The 45-day rule applies to Service Level Defects, i.e. failures to meet the Operational and Management Performance Measures in Schedule H (Sections 19.10.7 and 22.1.1(w) of the PPP Contract).<br>(b) Defects are identified on inspection, including the monthly Formal Inspection. The 45 days run from expiry of the Grace Period, without separate notice. Termination remains subject to the Preliminary Notice and the Cure Period.<br>(c) Relief is available for a Force Majeure Event, or for a Relief Event under Article 15 (for example, a Political Event or an Implementing Agency Overriding Power Event); damage by third parties or a Government Agency is not otherwise excluded. The request to limit the Event of Default to persistent failures is not accepted. |
| 39 | PPP Contract s.28.3.2<br>RFP s.3.11 | **Reference:** Contract s.28.3.2 RFP s.3.11<br>**Query:** (a) Please confirm the rationale for excluding, under s.28.3.2(b)(i), minimum tax, super tax and withholding or collection obligations. For a toll-road SPV these operate on gross receipts, not profit, and during the early Operational Years they are the principal tax exposure. (b) Please confirm whether a law of general application that directly and materially changes the cost of construction or O&M — for example, petroleum or carbon levies on diesel, duties on bitumen or steel, or statutory minimum wage — is excluded in all cases by s.28.3.2(b)(ii). (c) Please confirm that | Article 28 of the PPP Contract has been amended by the Addendum, which the bidders are advised to carefully review. In particular, Section 28.3.2 (Restriction on Cash Compensation), including the exclusions referred to in the query, has been deleted, and the definition of "Change in Law" has been amended through the Addendum. |

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| | | "any sales tax" in s.28.3.2(a)(i) includes the Punjab Sales Tax on Services and federal excise duty. (d) If sales tax on services is imposed on or increased for toll collections, please confirm it is charged in addition to the Schedule P rates as a pass-through to Users rather than absorbed by the Private Partner, and that the Minimum Revenue Share is computed on revenue net of such tax.<br>**Clarification / amendment sought:** Delete s.28.3.2, or at a minimum: narrow exclusion (b)(i) to taxes on net income and carve out turnover-based minimum tax and withholding regimes on toll receipts; and add an exception to (b)(ii) for general changes that directly affect the cost of construction or O&M of the Project above the applicable threshold. Confirm (c) and (d). | |
| 40 | PPP Contract ss.28.1.1, 28.2.1 | **Reference:** Contract s.28.1.1; s.28.2.1<br>**Query:** On the Proposed Project Cost, the construction threshold is approximately PKR 131.6 million. On IA Expected Revenue, the operating threshold rises from approximately PKR 54.6 million in Operational Year 1 to approximately PKR 456.9 million in Operational Year 25. Because only the excess is paid, each threshold is a deductible absorbed by the Private Partner. Please confirm: (a) that this is intended; (b) how the threshold applies where one Change in Law affects both the Construction Period and the Revenue Sharing Period; and (c) whether effects of separate Changes in Law are aggregated against a single threshold.<br>**Clarification / amendment sought:** Restore the threshold as a trigger only, with full recovery of the financial effect once exceeded, and set it at a fixed PKR amount (indexed to CPI) rather than a percentage of Benchmark Revenue. Clarify (b) and (c). | (a) Confirmed. Only Additional Costs above the threshold are compensated, and the same threshold applies to beneficial changes (Sections 28.1.1 and 28.2.1). The request for a trigger-only or fixed indexed threshold is not accepted.<br>(b) Construction Period impacts are tested once, cumulatively over the whole Construction Period, against 0.5% of the Estimated Project Cost (Section 28.1.1(a) of the PPP Contract, as amended by the Addendum). Revenue Sharing Period impacts are tested each Accounting Year against 1% of that year's Benchmark Revenue. An Accounting Year falling partly in both periods is subject to the construction threshold only, and a Change in Law affecting both periods is tested separately for each. It may be noted that Article 28 of the PPP Contract has been amended by the Addendum, which the bidders are advised to carefully review.<br>(c) Yes. All Changes in Law are aggregated against a single threshold, being the threshold for the Construction Period as a whole or, during the Revenue Sharing Period, for the relevant Accounting Year. |
| 41 | PPP Contract s.28.3.3<br>PPP Contract s.28.1.5 | **Reference:** Contract s.28.3.3<br>**Query:** (a) The MRG is paid to the Financiers through the Debit Authority, only to the extent of debt-service shortfall. Please confirm that an MRG drawing does not bar the Private Partner from Article 28 compensation for the same event, since the two protect different parties. (b) The financial effect of a Change in Law is rarely quantifiable within 30 days of its occurrence. Please confirm from which date the 30-day period runs, and whether an election can be made after the effect has been assessed by the IE and IA. | (a) Section 28.3.3 bars recovery for the same event and the same effect. Accordingly, to the extent that the same effect (for example, a reduction in Toll Revenues) is met through the Minimum Revenue Guarantee, no compensation is payable for it under Article 28 (see also Section 28.1.5). The request to remove the Minimum Revenue Guarantee from Section 28.3.3 is not accepted.<br>(b) The 30-day timeline requirement has been removed from Section 28.3.3 (as reflected in the Addendum). |

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| | | **Clarification / amendment sought:** Remove the MRG from s.28.3.3. Replace the binding election with a non-duplication mechanism, under which any amount recovered under another route is deducted from Article 28 compensation. If an election is retained, run the 30 days from IE/IA certification of the effect. | |
| 42 | PPP Contract s.28.1.2<br>PPP Contract s.8.14<br>Schedule P | **Reference:** Contract s.28.1.2<br>**Query:** Please confirm the basis on which the IE and IA may decline an extension where delay caused by a Change in Law is established. Please also confirm that any extension granted extends the Scheduled Substantial Completion Date, the Construction Support Period under s.8.14 and the Project Milestone Dates used for toll recalculation under Schedule P.<br>**Clarification / amendment sought:** Restore the Round 1 entitlement to an extension, and confirm the consequential extensions. | Where the Independent Engineer and the Independent Auditor determine that a Change in Law has in fact delayed the performance of the Private Partner's obligations, an extension may be granted for the period of that delay. The parameters of that determination have been provided in Article 28 of the PPP Contract. It may be noted that Article 28 of the PPP Contract has been amended by the Addendum, which the bidders are advised to read.<br><br>Any extension granted extends the relevant Project Milestone Dates, which are used for the recalculation of Toll rates under paragraph 2 of Schedule P. The Addendum clarifies that an extension under Section 28.1.2 also extends the Scheduled Substantial Completion Date and, accordingly, the Price Variation Support under Section 8.13 of the PPP Contract and Construction Support Period under Section 8.14.2(a) of the PPP Contract (as amended through the Addendum). |
| 43 | RFP ss.6.3, 6.5(d), 4.10<br>RFP ss.5.2, 7.4(e) | **Reference:** RFP s.6.3; s.6.5(d); s.4.10<br>**Query:** Please confirm which of the Section 6.3 requirements are noncurable, and whether missing or deficient supporting documents (for example, an attestation, a page of a certificate, or a signature) may be clarified or supplied under Section 4.10 without the Bid being declared non-responsive.<br>**Clarification / amendment sought:** Publish a list distinguishing curable from noncurable deficiencies for both the technical and financial responsiveness tests. | All of the criteria in Section 6.3 of the RFP are mandatory, and failure to meet any of them results in non-responsiveness. Section 4.10 applies to pre-bid clarifications, not to evaluation. However, under Sections 5.2 and 7.4(e) of the RFP, the BOEC may ask a Bidder to correct errors or omissions and may waive minor irregularities or informalities that do not constitute material deviations, provided that this does not change the substance of the Bid or allow a Bidder to meet a criterion that it did not meet on the Bid Submission Date. No figure in Forms 10, 10a and 10b may be changed (Sections 5.2 and 6.5(c)(v) of the RFP). A list of curable and non-curable deficiencies will not be published. |
| 44 | RFP s.7.6<br>PPP Rules 2025, rr.111 and 112 | **Reference:** RFP s.7.6<br>**Query:** Please confirm: (a) the composition of the GRC and that no member of the BOEC will sit on it; (b) whether the complainant will be given a hearing; (c) the manner in which evaluation reports will be published so that the 7-day and 10-day windows can be computed; and (d) whether a complaint against the technical evaluation will suspend opening of Financial Proposals. | (a) The Grievance Redress Committee ("GRC") will have an odd number of members, none of whom will be BOEC members (Section 7.6 of the RFP; Rule 111 of the PPP Rules).<br>(b) In case of any grievance, the matter shall be dealt as per Rule 112(2). The GRC shall determine whether a hearing is required.<br>(c) The technical and financial evaluation reports shall be published in accordance with Rule 88 (2) on the website of C&W and P4A. |

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| | | **Clarification / amendment sought:** Confirm (a) to (d). | (d) A complaint against the technical evaluation does not suspend the process (including the opening of Financial Proposals) unless the GRC directs otherwise in writing. However, pursuant to Rule 112 (4) the Letter of Award shall not be issued when a complaint against the final evaluation report has been timely lodged and has not been decided upon the GRC. |
| 45 | RFP ss.1.9, 6.3, 6.4<br>Forms 3A to 3D, 7, 8 | **Reference:** RFP s.1.9; s.6.3; s.6.4 Forms 3A–3D, 7, 8<br>**Query:** Please confirm: (a) that net worth and turnover of all consortium members are aggregated for both the PKR 7 bn responsiveness gate and scoring; (b) whether the experience or financial standing of a parent or wholly-owned affiliate may be relied on; and (c) whether the Lead Member must itself hold PEC "No Limit" registration if it is not the member whose experience is evaluated.<br>**Clarification / amendment sought:** Written confirmation of (a) to (c). | (a) In case of a consortium, the net worth and annual turnover of all consortium members shall be aggregated and considered for determining compliance with the PKR 7 billion threshold and for the purposes of scoring.<br>(b) Only the experience and financial standing of the Bidder or its members is considered. Parent companies or affiliates that are not members of a bidding consortium are not considered.<br>(c) PEC "No Limit" registration must be held by the member whose experience is being evaluated, i.e., a member holding at least 30% share in the bidding consortium. |
| 46 | RFP s.4.4<br>RFP ss.4.3, 3.5, 7.1, 7.5 | **Reference:** RFP s.4.4<br>**Query:** Please confirm the maximum period for which the Bid Security may be required to remain valid, and the Implementing Agency's timeline between Letter of Award and signature of the PPP Contract, so that bidders can arrange instruments of adequate tenor.<br>**Clarification / amendment sought:** Specify the period and the award-to-signing timeline. | The Bid Validity Period is 180 days from the Bid Submission Date (RFP Section 4.3; Rule 61(1), PPP Rules 2025). Any extension may not exceed a further 180 days (Rule 61(2) of the PPP Rules 2025). The Bid Security must remain valid for 60 days beyond the original or extended Bid Validity Period (RFP Sections 1.7 and 4.4). That is a maximum of 240 days, or 420 days if the Bid Validity Period is extended.<br>The Letter of Award will be issued within the Bid Validity Period (RFP Section 7.1; Rule 97(2)(d) of the PPP Rules 2025). The PPP Contract must be signed within 30 days of the Letter of Award, extendable by a further 30 days (RFP Section 7.5; Rule 114 of the PPP Rules 2025). The Successful Bidder must keep its Bid Security valid until it delivers the Construction Performance Guarantee, which is due before the PPP Contract is signed (RFP Sections 3.4 and 4.4; Rule 100(2) of the PPP Rules; PPP Contract Section 11.1.4). |
| 47 | PPP Contract ss.8.12, 8.12.2<br>Debit Authority format<br>Schedule T | **Expansion of SBP Debit Authority Scope upon Loan Acceleration**<br>**Issue:** The SBP Debit Authority is restricted to quarterly Minimum Revenue Guarantee (MRG) shortfalls during the first 7 operational years, and Section 8.12.2 disallows drawing upon it if debt service shortfalls arise from causes attributable to the SPV. If lenders accelerate senior debt following an SPV default, senior debt lacks a liquid credit enhancement or recovery mechanism, creating a severe bankability defect. | Please note that the Debit Authority is not a guarantee of senior debt, it is the sole mechanism for paying the Minimum Revenue Guarantee. On a Private Partner Event of Default, the Financiers are protected separately since the Financing Due is paid directly to them as the Termination Payment (Schedule T, item 3; Sections 23.1.5 and 23.5.1). Furthermore, a Concession Direct Agreement may also be executed giving the Financiers a step in right. |

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| | | **Rectification:** Amend Section 8.12 and the SBP Debit Authority format to confirm that upon senior debt acceleration by Financiers or the issuance of a Termination Notice, Financiers shall have the immediate right to call the unamortized portion of the SBP Debit Authority up to the outstanding Financing Due, reducing C&W's Financing Due termination liability dollar-for-dollar under Schedule T. | |
| 48 | PPP Contract s.8.14.7<br>Schedule T (note) | **Removal of Senior Debt Haircut from Construction Revenue**<br>**Issue:** Section 8.14.7 reduces C&W's Termination Payment by the aggregate Construction Revenue released to the SPV, apportioning this reduction pro-rata between Termination Equity and Financing Due. This penalizes senior lenders for operational toll revenues that were legitimately reinvested into verified EPC works against certified Interim Payment Certificates (IPCs).<br>**Rectification:** Amend Section 8.14.7 to stipulate that any clawback, deduction, or offset of interim Construction Revenue upon contract termination applies exclusively against Termination Equity, keeping the Financing Due component 100% protected up to the total outstanding senior debt balance. | The senior lenders are not being penalized as the Construction Revenue amounts being released will inevitably be used to pay back the Financing Due as well. Furthermore, the Faisalabad–Chiniot Road was dualized with public funds, and its toll revenue released during construction is Government support towards the Project's capital cost. That cost is reflected in both the Termination Equity and the Financing Due, so Section 8.14.7 apportions the deduction between them in the Base Case Financial Model funding proportions, ensuring that the Government does not pay for that cost a second time on any Termination. Therefore, no changes are being made to the PPP Contract in this regard. |
| 49 | PPP Contract s.8.10.1(b)<br>PPP Contract ss.23.1.5, 23.5<br>Schedule T | **Sovereign Backstop & SBP Direct Debit for Certified Termination Payments**<br>**Issue:** Section 8.10.1(b) excludes the Provincial Consolidated Fund and the Public Account of GoPb from C&W's sovereign immunity waiver. If C&W delays or fails to pay a certified Termination Payment within the 90-day window, Financiers possess no attachable assets or sovereign recourse, rendering post-default recovery unenforceable.<br>**Rectification:** Incorporate an irrevocable sovereign payment guarantee or direct debit mandate instructing the State Bank of Pakistan (SBP) to automatically debit the designated treasury account of the Government of Punjab if a certified Termination Payment (or the certified Financing Due portion) remains unpaid beyond the 90-day Termination Payment Date. | The Termination Payment is an obligation of the Implementing Agency, payable directly to the Financiers on an Event of Default (Sections 23.1.5 and 23.5.1). A direct-debit mandate or guarantee would be additional Government support, which cannot be provided. The Private Partner will be primarily responsible for providing the necessary collateral and security to the Financiers in order to achieve financial close on this Project. |
| 50 | Form 10a, para 3<br>RFP s.6.5, item 2 | **Minimum Floor on SBP Debit Authority Sizing (25% to 60%)**<br>**Issue:** Form 10a caps the Debit Authority amount at a maximum of 60% of senior debt, while the scoring formula rewards bidders quoting the lowest amount down to zero. This scoring mechanic incentivizes bidders to quote an aggressively low or 0% Debit | Please note that it is the responsibility of the Bidder to ensure that its Bid is capable of achieving Financial Close for the Project. Therefore, no change in the Bidding Documents is to be made in this regard. |

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| | | Authority to maximize bid points, which compromises project bankability and leads to failure during debt syndication when commercial lenders inevitably mandate credit enhancement.<br>**Rectification:** Establish a mandatory minimum floor of twenty-five percent (25%) on the Debit Authority sizing (creating an allowable band of 25% to 60% of senior debt). This safeguards commercial bankability for project financiers while maintaining competitive scoring within a viable, realistic range. | |
| 51 | PPP Contract s.8.13.1<br>Schedule X, para 2 | **Interim Cash Flow Disbursements for Project Escalation Support**<br>**Issue:** Section 8.13.1 stipulates that all price escalation claims for Key Materials (bitumen, cement, steel, diesel) will be settled only after Construction Completion. Forcing the SPV to fund volatile commodity price spikes through short-term working capital over a 24-month build period creates severe cash flow deficits and heightens construction default risk.<br>**Rectification:** Amend Section 8.13.1 to permit quarterly verification and interim cash disbursements of Project Escalation Support by the Independent Engineer and Independent Auditor, released alongside verified EPC Interim Payment Certificates (IPCs). | Price Variation Support is worked out month by month by reference to the Finance Department notifications, but is determined once, after the Project Construction Completion Date, so that the Independent Engineer and the Independent Auditor can verify and reconcile actual consumption against the quantity limits in Schedule X (Section 8.13.1; paragraph 2 of Schedule X). Claims may, however, be lodged at any time during the Construction Period. Therefore, no change is being made to the PPP Contract in this regard. |
| 52 | Form 10a, para 2<br>PPP Contract, Art. 1 ("Minimum Equity Ratio"; "Estimated Project Cost")<br>PPP Contract s.10.1.2 | **Alignment of Minimum Equity Ratio (30%) with Net Project Cost**<br>**Issue:** Form 10a requires equity to be at least 30% of Estimated Project Cost, even though construction is partially funded by interim toll revenues collected from the operational Faisalabad–Chiniot section. Enforcing 30% equity against the gross project cost causes over-capitalization, as the net financing requirement (Net Project Cost) is lower once construction revenues are accounted for.<br>**Rectification:** Clarify whether the mandatory 30% Minimum Equity Ratio applies to gross Estimated Project Cost or Net Project Cost (Estimated Project Cost less projected interim Construction Revenues released for construction works). If it applies to gross cost, clarify how the resulting surplus liquidity should be accounted for in the Sources and Uses of Funds. | The entire project cost is expected to be funded through either the equity of the Private Partner (which cannot be less than 30% of the project cost) and financing from banks (which cannot exceed 70% of the project cost). The construction revenue is not supposed to be treated as a funding source for construction works. It is simply a cash amount that will be released to the Private Partner throughout the Construction Period in accordance with the terms of the PPP Contract after the Private Partner is able to show evidence of payment it has made to carry out the relevant works on the Project road. |
| 53 | | **Authority Fee Calculation Base & Double Counting of PDF Reimbursement** | The Addendum clarifies that the Authority Fee is calculated at 1% of the Sub-Estimated Project Cost (being the EPC and Non-EPC costs, excluding the |

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| | PPP Contract s.6.1.1<br>RFP s.3.10<br>Form 10a | **Issue:** Section 6.1.1 levies a 1% Authority Fee on the total Estimated Project Cost, which under Form 10a includes non-EPC costs such as the PKR 46.4M Project Development Facility (PDF) reimbursement, financing fees, and Interest During Construction (IDC). This imposes an Authority Fee on costs the Private Partner is already reimbursing directly to P4A and on financing charges.<br>**Rectification:** Amend Section 6.1.1 and Form 10a to clarify that the 1% Authority Fee is calculated strictly on EPC Construction Cost, or explicitly exclude the PKR 46.4M PDF reimbursement, financing fees, and Interest During Construction (IDC) from the calculation base. | Authority Fee itself), and that the Estimated Project Cost comprises the Sub-Estimated Project Cost and the Authority Fee. The other proposed amendments cannot be accepted. |
| 54 | Form 10b<br>Form 11<br>PPP Contract, Art. 1 ("Accounting Year")<br>Schedule P, para 2 | **Concession Period and Fiscal Year Mapping (FY2027 Alignment)**<br>**Issue:** Form 11 maps Construction Year 1 to "FY2027" (1 July 2026 to 30 June 2027). With bid submission scheduled for late 2026, Financial Close and actual Commencement will realistically occur well into calendar year 2027, forcing the project into a mid-cycle start and misaligning contractual timelines.<br>**Rectification:** Clarify whether "FY2027" in Form 10b and Form 11 denotes the statutory fiscal year (July 2026–June 2027) or represents "Project Year 1" (the 12-month period beginning on the Commencement Date), and provide the adjustment mechanism for pro-rating construction and revenue schedules if it refers to statutory fiscal years. | Form 11 uses Government financial years (1 July to 30 June) and assumes construction in FY2027–FY2028 and operations from FY2029. Bidders should prepare Forms 10, 10a and 10b on this timeline, without pro-rating.<br>If the actual timeline differs, the Toll table will be recalculated from the Accounting Year of the actual Commercial Operations Date (paragraph 2 of Schedule P). |
| 55 | Form 11<br>PPP Contract Schedule P, paras 1 and 2<br>PPP Contract s.17.5 | **Operational Toll Rate Escalation Mechanism vs. Inflation Indexation**<br>**Issue:** Form 11 lists fixed nominal toll rates up to FY2053 without dynamic CPI linkage. If actual inflation outpaces tabular schedules, the SPV bears unmitigated real-value erosion; if inflation runs lower, fixed toll hikes face public opposition.<br>**Rectification:** Clarify whether toll rates set out in Form 11 are absolute fixed nominal rates for the entire 27-year Concession Period, or whether they serve as base-case assumptions for bid evaluation with actual operational toll rates adjusted annually based on an inflation/CPI indexation formula under Schedule P. | Please note that these toll rates are fixed for the entire Concession Period. Only in the event of any change in Project Milestone Dates, will the new toll rates be calculated in accordance with the formula provided in paragraph no. 2 of the Schedule P of the PPP Contract. Toll rates for any Accounting Year falling after FY2053 shall be determined under new paragraph 2(d) of Schedule P (paragraph 67 of the Addendum). Inflation risk during operations rests with the Private Partner (Schedule Y, item 7). |
| 56 | Form 11 | **Overweight Penalty Benchmark & Linkage with NHA Policy**<br>**Issue:** Form 11 establishes static, nominal fines for overloaded vehicles up to FY2053. A disconnected, static fine structure erodes | The overloading fees in paragraph 3 of Schedule P (reproduced in Form 11) are fixed contractual fees for the Concession Period and are not linked to statutory fines or to the NHA axle-load regime. They will be recalculated only if the Project |

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| | PPP Contract Schedule P, para 3 | legal and financial deterrence over time and creates operational conflicts with national freight regimes governed by the National Highway Authority (NHA) Axle Load Control policy.<br>**Rectification:** Clarify whether the overweight penalty structure in Form 11 is fixed, or if the PPP Contract permits periodic alignment with statutory fines and axle-load regulations promulgated by the National Highway Authority (NHA) and Punjab transport authorities. | Milestone Dates vary, at an annual escalation rate of eight percent (8%) (paragraph 3 of Schedule P, as amended by the Addendum) with effect from the Accounting Year in which the Commercial Operations Date actually occurs. The Project Road is a provincial road under the Communication and Works Department, Government of the Punjab, and is not governed by NHA policies. The request for periodic alignment is not accepted. |
| 57 | PPP Contract ss.17.4.1, 17.4.3<br>RFP s.3.7(b) and (c) | **Symmetry in Revenue Activation Threshold (110% vs. 105%)**<br>**Issue:** The windfall revenue sharing mechanism is currently triggered when actual toll revenues reach 105% of Benchmark Revenue, whereas Minimum Revenue Guarantee (MRG) shortfalls are triggered only when revenues fall below 90% of Benchmark Revenue. This establishes an asymmetric commercial collar (a 10% downside cushion versus only a 5% upside band), unfairly penalizing the Private Partner on marginal outperformance while maintaining a wider risk band for revenue downside.<br>**Rectification:** Amend the windfall revenue sharing activation threshold from 105% to 110% of Benchmark Revenue, thereby establishing a symmetric +/- 10% collar around Benchmark Revenue (MRG triggered at 90%, Windfall triggered at 110%). | The thresholds for the Minimum Revenue Guarantee (90%) and for the sharing of Excess Toll Revenues (105%) reflect the risk allocation approved for the Project and will not be changed. The two thresholds serve different purposes: the first is limited, time-bound support for debt service, while the second determines the Implementing Agency's share of upside revenue. Bidders should prepare their Financial Proposals accordingly. Furthermore, the transaction structure has not been changed from the earlier round of bidding. |
| 58 | PPP Contract ss.17.4.2, 17.4.3<br>Form 10b<br>RFP s.6.5, item 3 | **Linkage of Minimum Revenue Share to Senior Debt Financing Termination Date**<br>**Issue:** Minimum Revenue Sharing is currently scheduled to commence rigidly from Operating Year 8 onward, irrespective of actual senior debt amortization. Because the senior debt facility is structured for an operational amortization period of up to 7 operating years, a fixed Year 8 start date creates an artificial lag between debt extinguishment and revenue sharing commencement if the debt is retired early.<br>**Rectification:** Amend the PPP Contract and Form 10b to link the commencement of Minimum Revenue Sharing directly to the Senior Debt Financing Termination Date (up to a maximum of 7 operating years), ensuring that revenue sharing begins immediately upon the full retirement and termination of senior debt financing rather than waiting for a rigid Year 8 timeline. | Not accepted. The Minimum Revenue Share commences from the eighth (8th) Operational Year irrespective of when the debt is retired (Section 17.4.2 of the PPP Contract). This does not create any issue from the perspective of the transaction structure. If the Private Partner retires its debt earlier, it keeps the resulting cash flows until the eighth Operational Year, apart from any Implementing Agency Windfall payable under Section 17.4.1(c). This is an incentive for early debt retirement. |
| 59 | | **Prohibition on External Borrowing and Deficit Subsidies to Fund Revenue Share** | Noted, but not adopted. The Minimum Revenue Share is absolute and unconditional, save for any suspension directed in a Relief Order under new |

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| | RFP s.6.5<br>PPP Contract ss.17.4.2, 17.4.5, 17.4.7, 27.3 | **Issue:** Because the revenue share metric carries 60 evaluation marks, bidders may quote an artificially inflated Minimum Revenue Share percentage that exceeds real project earnings, intending to fund the operational shortfall through post-bid short-term borrowing, working capital lines, or sponsor cash bailouts. This speculative bidding distorts tender transparency and creates severe long-term insolvency risk.<br>**Rectification:** Explicitly stipulate in the RFP and PPP Contract that the SPV shall not be permitted to raise additional borrowing (short-term, long-term, working capital, or subordinated facilities) or rely on post-completion equity injections to fund the Minimum Revenue Share. Confirm that revenue share commitments must be funded strictly from actual operational toll collections, and that financial models relying on operational debt or external cash injections to support revenue sharing will be declared non-responsive. | Section 21.9 of the PPP Contract (Section 17.4.7, as amended by the Addendum). Any shortfall must be paid by the Private Partner within 7 days, failing which it is a Private Partner Event of Default (Sections 17.4.5(e) and 22.1.1(u) of the PPP Contract). Additional financing is subject to Sections 27.3.2 to 27.3.4. Bidders are responsible for ensuring that their bids are capable of achieving financial close. |
| 60 | RFP s.6.5(b)<br>RFP Definitions ("Benchmark Revenue"; "Bidder's Expected Revenue")<br>PPP Contract ss.17.4.1 to 17.4.3 | **Guidance on Modelling Benchmark Revenue in the Base Case Financial Model**<br>**Issue:** Benchmark Revenue is defined as the lower of the Bidder's Expected Revenue and the Implementing Agency's Expected Revenue. Clear guidelines are missing on how bidders must project cash flows in the Financial Model—specifically, whether cash flows must reflect 100% of the Bidder's independent traffic study or track the lower-of Benchmark Revenue figure, and how MRG drawdowns or windfall payouts should be reflected.<br>**Rectification:** Issue formal modelling guidelines specifying whether Base Case Financial Model operational revenues must be projected based on the Bidder's independent traffic forecast, Form 11 figures, or Column C (Benchmark Revenue), and provide standard treatment for MRG drawdowns or windfall payouts in baseline cash flows. | Noted. However, sufficient guidance is already provided in the published documents, so a separate guideline document is not required. To clarify, bidders must use the toll rates given in Form 11 of the RFP and their own traffic assessments and assumptions to calculate their expected revenue, in line with Section 6.5 of the RFP. As defined in the published documents, the Benchmark Revenue will be the lower of the Bidder's expected revenue and the Implementing Agency's expected revenue. The Minimum Revenue Guarantee and Excess Toll Revenues must be calculated on the Benchmark Revenue determined through Form 10b. |
| 61 | PPP Contract Schedule X, paras 4 and 5 | **Trailing Average Price Mechanism for BOQ Material Price Baseline**<br>**Issue:** Schedule X establishes the baseline price for Key Materials strictly on the single day of the Bid Submission Date based on Finance Department bulletins. Volatile commodity markets can trigger artificial single-day price fluctuations, distorting the entire escalation delta throughout construction. | The point is noted but not accepted. The Base Price is the Finance Department price notified for the month in which the Bid Submission Date falls (paragraphs 4 and 5 of Schedule X). As these are monthly notified rates rather than daily market prices, the single-day volatility concern does not arise, and a trailing average will not be introduced. The PPP Contract will not be amended and the final Price Variation Support quantum will be decided and disbursed upon the completion of the construction period. |

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| | | **Rectification:** Amend Schedule X to determine the baseline price for Key Materials using a 7-day or 15-day trailing average of Government of Punjab Finance Department notified rates immediately preceding the Bid Submission Date, rather than a single spot date. | |
| 62 | PPP Contract ss.12.5.2, 12.5.3<br>PPP Contract s.15.2<br>PPP Contract s.3.1.4(b) | **Extension of Time for Review Iterations & Site Handover Dependencies**<br>**Issue:** Section 12.5.2 relieves C&W of site handover obligations if Detailed Engineering Design approval is delayed due to SPV-attributed reasons, explicitly excluding such delays from Relief Events. Engineering design approvals depend on multi-stakeholder and utility agency reviews; prolonged review cycles beyond statutory timelines could stall site delivery without extending the Scheduled Substantial Completion Date, exposing the SPV to liquidated damages.<br>**Rectification:** Amend Section 12.5.2 and Section 15.2 to explicitly clarify that any review delays by C&W, the Independent Engineer, or provincial utility agencies exceeding the statutory 30-day review period stipulated in Section 12.5.3 automatically constitute a Relief Event, entitling the Private Partner to an Extension of Time under Article 15. | Not accepted. Reviews are time-bound, with deemed approval if no observations are made within the stipulated time (PPP Contract, Section 12.5.3). Resubmission periods are also fixed (PPP Contract, Section 12.5.4). Vacant Possession is already built in as a Condition Precedent for the Implementing Agency (PPP Contract, Section 3.1.4). |
| 63 | RFP s.6.5, item 2<br>RFP s.3.7(a) | **Debit authority should not be a financial evaluation criterion**<br>It is highlighted that, in national precedent transactions relating to successful and bankable road infrastructure projects, the debit authority forms a core element of the lenders' security structure. As such, aggressive or unrealistic bids contemplating a low quantum of debit authority (relative to the actual debt to be procured for the project) may ultimately result in a failure to achieve financial close, a consequence that has far greater repercussions for the government/procuring agency than for the successful bidder that fails to achieve it. As strongly emphasised during the pre-bid meetings, it is earnestly requested that the proposal to make the quantum of debit authority a financial evaluation criterion be reconsidered, not only for the benefit of the project but also for the success of Punjab's PPP regime. | The evaluation criteria is retained as approved. Each Bidder should quote an amount consistent with the financing it can raise, after engaging its Financiers. |
| 64 | PPP Contract, Art. 1 ("Financing | **Financing Termination Date**<br>As is the case in precedent transactions, the Financing Termination Date should be the date on which all secured | (a) The support, in the form of Debit Authority, that the Implementing Agency is providing shall not extend beyond the earlier of the Financing Termination Date and the conclusion of the seventh (7th) Operational Year. However, the proviso to Section 8.12.3 of the PPP Contract, as amended, provides that a final claim in |

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| | Termination Date"; "Debit Authority")<br>PPP Contract ss.8.12.1 to 8.12.3<br>PPP Contract s.8.12.2 | obligations owed to the Financiers are satisfied. While it is acknowledged that the tenor of the Financing cannot/should not, extend beyond seven (7) years, a distinction needs to be drawn between the tenor of the Financing and the Financing Termination Date. By way of example, the Debit Authority should not expire on the Financing Termination Date (as currently defined) since, even in the normal course of business, the last instalment will fall due on the Financing Termination Date (as currently defined), and it is quite possible that the Debit Authority may need to be called after the occurrence of the Financing Termination Date (as currently defined) for Minimum Revenue Guarantee payments relating to the period prior to the Financing Termination Date. In its current form, therefore, coverage will not be available to the Financiers for the last instalment. In addition, in the event the Termination Date falls thirty (30) days prior to the Financing Termination Date (as currently defined), the Termination Payment to the Financiers will not fall due until the Termination Payment Date, being sixty (60) days after the Financing Termination Date (as currently defined), whereas the Debit Authority will expire on the Financing Termination Date. As such in this scenario as well, the Debit Authority will therefore fail to provide coverage for Termination Payments falling due after the Financing Termination Date (as currently defined).<br>It is highlighted that a critical element common to bankable transactions of this nature is that the Debit Authority also secures payment of the Financing Due by the Implementing Agency upon Termination. This extremely critical element is currently not provided for in the draft PPP Contract. The Implementing Agency is therefore requested to reconsider its current position and extend the coverage of the Debit Authority to payment of the Financing Due upon Termination.<br>Additionally, it is respectfully submitted that the conditions set out in Section 8.12 of the draft PPP Contract with regard to invoking the Debit Authority need to be reconsidered. Since the primary purpose of the Debit Authority is to secure the interests of the Financiers, any onerous conditions affecting the ability to invoke it (e.g. as stipulated in Section 8.12.2) may prove fatal to the bankability of the Project.<br>Lastly, it is requested that a comprehensive discussion be held with the bidder (including its advisors) and representatives of the banking community to practically ascertain the requirements of the | respect of the period preceding the end of the support period may be submitted, verified and paid after that date (as provided in the Addendum).<br>(b) The Debit Authority is not a guarantee of the Financing Due, which is payable on Termination and is solely a mechanism for paying the Minimum Revenue Guarantee.<br>(c) Government support is not available for a shortfall attributable to the Private Partner. |

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| | | Financiers and the extent to which they are expected to rely on the Debit Authority for the bankability of the Project. | |
| 65 | PPP Contract, Art. 1 ("Termination Payment Date")<br>PPP Contract ss.23.1.5, 23.5.1, 23.5.2 | **Termination Payment Date**<br>The Termination Payment Date is currently defined as the date falling ninety (90) days following the Termination Date. The same term therefore serves as both the deadline for payment and the date on which payment is actually taken to be made. It is proposed that the definition be bifurcated, as is customary in transactions of this nature, by introducing a 'Required Termination Payment Date', being the date falling ninety (90) days following the Termination Date, with the Termination Payment Date being the date on which the Termination Payment is actually made. The two terms should then be applied consistently throughout the Agreement so as to ensure that the Termination Payment Date is achieved prior to the Required Termination Payment Date. | The Termination Payment is payable on or before the Termination Payment Date. The current wording of the PPP Contract is sufficient. |
| 66 | PPP Contract s.28.3.2 | **Change in Law**<br>Section 28.3.2 confines compensation for Change in Law to changes in sales tax, customs duty and laws specific to the Project, PPP projects or roads. As such, compared to established national and provincial bankable precedents, the Change in Law is extremely restrictive and is requested to be brought in line with concession agreements for transactions of this nature. It is proposed that Section 28.3.2 be deleted in its entirety since Change in Law is a sovereign risk which the Private Partner can neither control nor mitigate. | Provisions pertaining to Change in Law have been revised by the Addendum, including the deletion of Section 28.3.2. |
| 67 | PPP Contract, Art. 1 ("Minimum Revenue Guarantee")<br>PPP Contract ss.17.4.1, 17.4.3, 17.3<br>Schedule AA | **Minimum Revenue Guarantee**<br>The Minimum Revenue Guarantee applies only where Actual Project Revenues fall below ninety percent (90%) of the Benchmark Revenue, being the lower of the Bidder's Expected Revenue and the Implementing Agency Expected Revenue (Schedule AA), and covers only fifty percent (50%) of the shortfall. The Implementing Agency, by contrast, receives seventy percent (70%) of Actual Project Revenues in excess of one hundred and five percent (105%) of the Benchmark Revenue (Sections 17.4.1(c) and 17.4.3). It is proposed that a symmetrical band be adopted, either by raising the Minimum Revenue Guarantee threshold to ninety-five percent (95%) or by raising the revenue sharing threshold to one hundred and ten percent (110%) of the Benchmark Revenue. As drafted, the Private Partner absorbs a | (a) The existing thresholds and percentages for the Minimum Revenue Guarantee and Windfall Revenue will not be changed. Bidders are advised to prepare their Financial Proposals accordingly.<br>(b) The Financial Model should reflect the Bidder's own traffic assumptions and the toll rates provided by the Implementing Agency in Form 11 of the RFP. The Minimum Revenue Guarantee and Excess Toll Revenues must be calculated based on the Benchmark Revenue which shall be determined through Form 10b of the RFP. A separate worked example will not be issued.<br>(c) The proviso is retained so that the Minimum Revenue Guarantee is determined on verified revenue figures. The Toll Progress Report is prepared by the Independent Auditor, who is jointly appointed and is liable to damages for late reports (Section 17.3). Section 17.4.1(b) of the PPP Contract has been amended to clarify that a delay in a Toll Progress Report that is not attributable |

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| | | shortfall of up to ten percent (10%) without any support, while revenue sharing is triggered by an excess of only five percent (5%). Please reconsider.<br>Furthermore, the Agreement does not specify how the Minimum Revenue Guarantee and the Excess Toll Revenues are to be calculated and reflected in the Financial Model, particularly, in relation to the traffic assumptions to be applied. Therefore, it is requested that guidelines and a worked example be issued prior to the Bid Submission Date, so that both mechanisms are modelled on a consistent basis, particularly as the Base Case Financial Model cannot be varied at or after Financial Close.<br>Lastly, Section 17.4.1(b) conditions the Minimum Revenue Guarantee on all Toll Progress Reports being up to date, although those reports are issued by the Independent Auditor (Section 17.3). It is proposed that this proviso be deleted or, at a minimum, that a delayed report not affect the Private Partner's entitlement, with the Minimum Revenue Guarantee calculated on the Escrow Account statements in the interim. As drafted, the entitlement may be defeated by a third party's failure, an eventuality that makes the proposition unbankable. | to the Private Partner defers, but does not extinguish, the Minimum Revenue Guarantee entitlement for the relevant quarter (this has been provided through changes made through the Addendum). The proposal to calculate the entitlement on Escrow Account statements is not accepted. |
| 68 | PPP Contract s.3.4.2(a)<br>PPP Contract s.3.1.2(c), (e), (f), (n) | **Private Partner Conditions Precedent**<br>Section 3.4.2(a) deems the Implementing Agency not to object to the satisfaction of a Private Partner Condition Precedent if it does not respond within thirty (30) days. That deeming is, however, expressly disapplied in respect of Sections 3.1.2(c), (e), (f) and (n), which cover the Construction Performance Guarantee, the EIA Approval, Financial Close and the Integrity Pact. It is proposed that this carve-out be deleted, as similar transactions undertaken at the sub-sovereign level apply the deemed non-objection to every Condition Precedent. As drafted, the Implementing Agency's silence on the most critical Conditions Precedent should stall issuance of the Commencement Certificate indefinitely. | The Conditions Precedent excluded from deemed non-objection (Construction Performance Guarantee, EIA Approval, Financial Close and Integrity Pact) require fulfilment of material obligations including furnishing of core documents by the Private Partner whose veracity, validity, completeness and accuracy must be carefully inspected by the Implementing Agency. The mechanism of furnishing the documentation and their acceptance cannot be deemed and must be explicitly communicated in writing. Therefore, the Implementing Agency is required to record its decision in writing (Section 3.4.2(a)). The above does not create onerous obligations for the Private Partner who may terminate under Section 3.5.2(a) if the delay is attributable to the Implementing Agency. |
| 69 | PPP Contract s.11.2.4 | **Construction Performance Guarantee Top-up**<br>The deletion of the requirement to replenish or replace the Construction Performance Guarantee following encashment is requested. This requirement permits repeated drawings beyond the stipulated guarantee amount and imposes an uncapped replenishment obligation on the Private Partner. Where the underlying breach constitutes a Private Partner Event of Default | The obligation to restore the guarantee within 30 days of encashment (Section 11.2.4) keeps the security at the required level throughout construction. It is limited to restoring the guarantee to the amount required under the PPP Contract and it does not increase that amount. |

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| | | and remains unremedied following the applicable notice and cure periods, the Implementing Agency should exercise its rights under the default and termination provisions of the Agreement. The Construction Performance Guarantee should provide security up to a pre-agreed aggregate amount, rather than operate as a continuously replenishable source of recovery while the underlying default remains unresolved. As such, in case the present formulation (as currently proposed in the draft PPP Contract) is to be accepted, only bidders with unlimited resources would have the ability to bid for the project which may seem to be, or at least at the very minimum construed to be, quite discriminatory in nature. Please reconsider. | |
| 70 | PPP Contract s.3.5.2(a) and (b)<br>PPP Contract s.21.1.1 | **Termination prior to commencement date**<br>The distinction made in respect of the different compensations being payable in the event of Termination pursuant to 3.5.2 (a) and 3.5.2 (b) is unclear. Considering that Termination in both of these instances is not on reasons attributable to the Private Partner, it is requested that the Private Partner is paid 'costs reasonably and directly incurred' in performing its obligations in both instances.<br>Lastly, Section 3.5.2(a) permits termination where the Conditions Precedent are not satisfied owing to a Force Majeure Event. Section 21.1.1, however, confines Force Majeure Events to events which, 'on or after the Commencement Date', affect a Party's performance. It is proposed that, for the purposes of Article 3, the definition of Force Majeure Event extend to events occurring on or after the Effective Date, as otherwise, the Private Partner's right to terminate under Section 3.5.2(a) on account of Force Majeure would be ineffective. | (a) In both cases the Bid Security or Construction Performance Guarantee are returned and the approved cost of the Detailed Engineering Design is paid. Costs reasonably and directly incurred are also paid for in case of an Implementing Agency Event of Default as defined in section 22.2.1 of the PPP Contract.<br>(b) Section 3.5.2(a) of the PPP Contract has been amended to cover an event occurring on or after the Effective Date which would have constituted a Force Majeure Event had it occurred on or after the Commencement Date, subject to notice under Sections 21.2.1 and 21.2.2. Where the Conditions Precedent are not satisfied by reason only of such an event, Termination requires the written consent of the Implementing Agency, which shall not be unreasonably withheld or delayed (as amended through the Addendum). |
| 71 | PPP Contract s.4.2.2<br>PPP Contract s.15.2.1<br>PPP Contract s.3.1.4(b) | **Vacant Possession of Project Site**<br>It is observed that Section 4.2.2 obliges the Implementing Agency to deliver Vacant Possession 'subject to Section 15.2,' yet delay or failure in delivering Vacant Possession is not a Relief Event under Section 15.2.1. For the sake of consistency and to ensure bankable allocation of risks it is proposed that any delay in delivery of Vacant Possession is expressly included as a Relief Event in 15.2.1. | The Contract already deals with delay in delivering Vacant Possession, as follows:<br>**(i) Before the Commencement Date.** Delivery of Vacant Possession is an Implementing Agency Condition Precedent under Section 3.1.4(b) of the PPP Contract. Under Article 1, the Commencement Date is the date on which each of the Conditions Precedent stands satisfied, waived and/or deferred, and the Scheduled Substantial Completion Date and Scheduled Installation Completion Date are determined by reference to the Commencement Date. The Private Partner may waive or defer this Condition Precedent under Section 3.3.1(b) of the PPP Contract. The Private Partner has the right to either defer the Implementing Agency conditions precedent or terminate the contract. |

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| | | | **(ii) After Vacant Possession is delivered.** Any impediment on the Project Site that is not attributable to the Private Partner is a Material Adverse Impediment under Section 4.15 of the PPP Contract. This is a Relief Event under Section 15.2.1(a), giving an entitlement to an extension of Time For Completion and Relief Costs.<br>Therefore, no change to the PPP Contract is required. |
| 72 | PPP Contract, Art. 1 ("Competing Route"; "Alternative Route")<br>PPP Contract ss.17.6, 17.7 | **Competing Route & Alternative Route**<br>It is noted, and welcomed, that the Agreement protects the Private Partner against Competing Routes and Alternative Routes. The definitions are, however, drawn so narrowly as to limit that protection considerably. To qualify, the relevant road must lie within a 10 km radius of the Project Road, connect the "same origin and destination" as the Project Road, and cumulatively offer the "same or better" functional classification, components of typical cross-section, and level of service and facilities. A Competing Route must, in addition, have "lower or equal toll rates" to those of the Project Road.<br>As a result, any of the following, by way of example, could divert material traffic without falling within either definition:<br>a road serving intermediate points;<br>a road of marginally lower classification; or<br>a tolled road charging marginally more than the Project Road.<br>It is therefore requested that the test be whether the road is reasonably capable of diverting traffic from any material part of the Project Road, as determined by the Independent Engineer. The distance, origin and destination, classification, cross-section, level of service and toll rate criteria should be treated as indicative factors rather than cumulative conditions. Please reconsider. | This is a standard that has been used in other similar road projects in Pakistan. Furthermore, the cumulative criteria in the definitions are objective and are retained. The proposed test, which turns on whether a road is “reasonably capable of diverting traffic”, would be relatively more subjective and would create uncertainty for both Parties. |
| 73 | PPP Contract, Art. 1 ("Relief Costs"; "Force Majeure Costs")<br>PPP Contract ss.15.4.5, 15.7.1, 21.4.1(b) | **Loss of Toll Revenues risk not comprehensively covered**<br>Relief Costs are confined to increases in capital and operating costs ‘set out in the Financial Model’. Under Section 15.4.5(c), Loss of Toll Revenues is recoverable only for a Competing Route Relief Event, an Alternative Route Relief Event or a Toll Notification Relief Event. Similarly, Force Majeure Costs, which the Implementing Agency funds on a Political Event under Section 21.4.1(b), comprise debt service and additional capital, construction, installation and operating costs, but not any loss of | For a Political Event, the Implementing Agency bears the Force Majeure Costs, which include debt service (Section 21.4.1(b)). For other Relief Events (except Non-Political Events), an extension of time and Relief Costs are given (Section 15.4.5). In addition, where a Force Majeure Event results in a substantial and prolonged closure of the Project Road during the Revenue Sharing Period, the Private Partner may seek an extension of the Final Expiry Date (new Section 15.3) and suspension of the Minimum Revenue Share (new Section 21.9) through a Relief Order (these changes are reflected in the Addendum). |

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| | | Toll Revenues. Furthermore, Section 15.7.1 deems any extension and Relief Costs to be 'full and complete compensation'.<br>Where any of these events closes or restricts the Project Road, or any part of it, the principal loss suffered by the Private Partner is not only limited to an increase in cost, but also includes a loss of Toll Revenues. A cost-only remedy therefore leaves the Private Partner uncompensated for the very loss the allocation is intended to cover. The Agreement itself recognises this, since it already compensates Loss of Toll Revenues for the three Relief Events listed in Section 15.4.5(c). In light of the afore-stated, there seems to be no principled basis for treating a closure caused by a Political Event or by the Implementing Agency's own act differently from a diversion of traffic to a Competing Route, considering that the consequences of such would be significant.<br>Toll Revenues are the Project's key source of funds for operating costs, Major Maintenance and Overlay funding, debt service and equity return. Although Force Majeure Costs for a Political Event include debt service, the Private Partner would continue to bear its fixed operating costs and lose its return throughout the closure. From the eighth Operational Year, it would also remain liable for the Minimum Revenue Share, which is payable 'irrespective of the Actual Project Revenues'. Outside Political Events, debt service is protected only to the limited extent of the Minimum Revenue Guarantee, giving rise to the possibility that financiers may be unlikely to accept revenues which could be interrupted, without compensation, by events at the Implementing Agency's risk.<br>It is therefore proposed that the definition of Relief Costs, Force Majeure Costs, and Section 15.4.5, be amended so that Loss of Toll Revenues is recoverable for every Relief Event other than a Non Political Event, or an Emergency Decommissioning resulting from a Non Political Event, including any closure or restriction of the whole or any part of the Project Road. Moreover, for purposes of consistency, Section 15.7.1 be made expressly without prejudice to the recovery of Loss of Toll Revenues. | Furthermore, non-political risks may be covered through the required insurance policies. |
| 74 | PPP Contract s.15.2.1<br>PPP Contract s.18.3.5 | **Relief Events & Relief Order Procedure**<br>The list of Relief Events in Section 15.2.1 omits two events which established national PPP precedents expressly treat as Relief Events. | (a) As mentioned above, the Private Partner is entitled to defer the Implementing Agency condition precedent, if the Implementing Agency fails to provide Vacant Possession as per Section 3.3.1 (b) of the PPP Contract. Furthermore, as per Section 3.3.2 of the PPP Contract, the Scheduled Commencement Date may be extended with the mutual consent of the Parties for a period not exceeding 150 days (as amended by the Addendum). |

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| | PPP Contract, Art. 1 ("Permitted Events") | Firstly, delay by the Implementing Agency in delivering Vacant Possession is not a Relief Event, as described in serial number 9 above.<br>Secondly, a delay resulting from a Suspension caused by a Permitted Event is not currently categorized as a Relief Event. Section 18.3.5 provides that extensions of the Time For Completion for such a Suspension 'shall be subject to the provisions of Article 15'. However, as the list in Section 15.2.1 is exhaustive, that cross-reference has nothing to operate upon unless the underlying Permitted Event is itself a Relief Event. A Suspension caused by a Change in Law or an event constituting an Implementing Agency Event of Default, both of which are Permitted Events, but not Relief Events, would therefore attract no extension at all.<br>Finally, it is submitted that a breach by the Implementing Agency of its obligations, to the extent it causes an adverse financial impact and/or delay by the Private Partner in performance of its obligations, should also be a Relief Event. | (b) A Suspension under Section 18.3.1 may be ordered only for safety reasons or for non-conformity of the Project Works, so a Suspension caused by a Permitted Event is expected to be exceptional. Where it occurs, an extension is available under Article 15 or Article 21 for a Permitted Event that is a Relief Event or a Force Majeure Event (Section 18.3.5), and under Section 28.1.2 for a Change in Law. Delay caused by an Implementing Agency Event of Default extends the Construction Support Period (Section 8.14.2(a)) and cannot give rise to a Private Partner Event of Default (Section 22.1.1).<br>(c) Not accepted. A Material Breach by the Implementing Agency is already an Implementing Agency Event of Default (Section 22.2.1(a)), and the resulting delay extends the Construction Support Period (Section 8.14.2(a)). |
| 75 | PPP Contract s.22.1.1(p) and (u)<br>PPP Contract s.22.2.1(h)<br>PPP Contract, Art. 1 ("Cure Period")<br>PPP Contract s.22.2.1 | **Private Partner and Implementing Agency Events of Default**<br>It is observed that the timelines for payment defaults under Sections 22.1.1 and 22.2.1 are not reciprocal. Under paragraph (p) of Section 22.1.1, any delay by the Private Partner in making a payment that has fallen due constitutes an Event of Default, irrespective of the amount, the length of the delay or whether the amount is disputed. Under paragraph (h) of Section 22.2.1, by contrast, a payment default by the Implementing Agency arises only where the delay 'exceeds ninety (90) days' and the payment is not 'duly Disputed'. It is proposed that the same threshold apply to both Parties, and such threshold should be forty-five (45) days.<br>The same principle should apply to paragraph (u) of Section 22.1.1, under which a delay of more than seven (7) days in paying the Minimum Revenue Share and/or the Implementing Agency Windfall is an Event of Default. A seven (7) day period is unduly short, therefore it is requested that this period be extended to sixty (60) days and that paragraph (u) exclude any amount duly Disputed, making it consistent with the period applicable to payment defaults in established precedents.<br>It is proposed that in line with the bankable precedent transactions (especially considering the timelines acceptable to the Lenders with regards to the commencement of termination proceedings), | The timelines provided are adequate. Payment defaults by either Party remain subject to the Preliminary Notice and Cure Period mechanism before Termination (Sections 23.1 and 23.2), and the Cure Period for the Private Partner is 90 days while Financing Due is outstanding. Furthermore, the PPP Contract provisions already provide adequate protection to the Private Partner for the Implementing Agency Event of Defaults and the proposed items cannot be added to the list of the same. |

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| | | the Cure Period for an Implementing Agency Event of Default be reduced to sixty (60) days. It is further proposed that any illegality, unenforceability, invalidity and/or becoming void of any Implementing Agency Agreement and/or the Debit Authority shall be an Implementing Agency Event of Default. | |
| 76 | PPP Contract s.23.1.4<br>PPP Contract, Art. 1 ("Toll Collection End Date"; "Financing Due" (a))<br>PPP Contract s.23.5.1 | **Consequences of Termination**<br>Section 23.1.4 terminates the Private Partner's right to charge Tolls upon issuance of a Termination Notice for a Private Partner Event of Default. It is proposed that a carve-out be included as is customary in transactions of this nature, being 'unless otherwise required by the Financiers and set out in the Concession Direct Agreement'. Without the inclusion of such, Financiers would be deprived of all Project cash flow until the Termination Payment is received. The provision as currently drafted is also inconsistent with the definition of Toll Collection End Date, under which Tolls continue to be collected until the Transfer Date while Financing Due remains outstanding.<br>The principal component of the Financing Due is, for termination purposes, taken as 'the amount of outstanding financing in the Base Case Financial Model'. It is proposed that this be linked to the Financing Documents as the same have to be in any case executed in accordance with approved/deemed approved term sheets.<br>It is proposed that Section 23.5.1 state that any taxes applicable to Termination Payments are grossed-up so that the Implementing Agency pays such additional amount as ensures that the net sum received equals the Termination Payment that would have been received had no tax been imposed, as is the case in similar transactions undertaken at the sub-sovereign level. | (a) The inconsistency between Section 23.1.4 and paragraph (b) of the definition of "Toll Collection End Date" is noted. Section 23.1.4 has been amended to align the two so that, where Financing Due is outstanding, Tolls continue to be collected and deposited with the Escrow Agent (Section 17.1.1) until the Transfer Date and the amount of such Tolls paid to the Financiers is credited against the Financing Due payable as part of the Private Partner Default Termination Amount (as amended by the Addendum). However, the proposed carve-out by reference to the requirements of the Financiers is not accepted.<br><br>(b) Not accepted. For Termination purposes, the principal is the outstanding financing in the Base Case Financial Model as updated at Financial Close, following the Financing Term Sheet process under Section 27.3. This protects the Implementing Agency against later changes to the Financing Documents (Sections 27.3.3 and 27.3.4).<br><br>(c) Not accepted. Save as provided in Article 28 (Change in Law), taxes are the Private Partner's responsibility (Section 7.10.1 of the PPP Contract and Section 3.11 of the RFP), and no gross-up applies to Termination Payments. |
| 77 | PPP Contract s.19.14.8(d)<br>Schedule T | **Adjustment to Termination Payment in respect of Major Maintenance and Overlays**<br>It is requested that Section 19.14.8(d) be clarified, as the current drafting is unclear on how the computation of Termination Payments will occur. Presently, it seems as if the amounts will be used for both setting-off Termination Payments (a bankability concern) and Major Maintenance and Overlay. | Section 19.14.8(d) provides that where Termination occurs prior to the occurrence of the relevant Major Maintenance, the amount already deposited in the Major Maintenance and Overlay Payment Account shall be used to pay for the relevant Major Maintenance.<br><br>Section 19.14.8(d) has been amended by the Addendum to clarify that: (i) amounts applied from the Major Maintenance and Overlay Payment Account to complete the relevant works are not also deducted from the Termination Payment; and (ii) any balance remaining after those works are completed is released to the Implementing Agency, save that, on Termination for an Implementing Agency |

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| | | | Event of Default, it is applied by the Implementing Agency towards the Financing Due. |
| 78 | PPP Contract s.27.2.1<br>PPP Contract s.22.1.1(r) | **Permission of Share Pledge in favor of the Financiers**<br>Section 27.2.1 permits security over the Private Partner's rights and the Concession Assets but does not expressly permit a pledge of the Shares. It is proposed that Section 27.2.1 expressly permits a pledge of all Shares in favor of the Financiers. A share pledge is fundamental lender security, allowing the Project to be transferred as a going concern rather than terminated, and its omission is inconsistent with the Agreement's own reference to it and similar transactions and established past precedents. | A pledge of Shares in favour of the Financiers is not prohibited and is contemplated by Section 22.1.1(r). However, as a pledge is an Encumbrance that may result in a Change in Control, its creation and enforcement remain subject to the prior written approval of the Implementing Agency under Section 10.3 of the PPP Contract, to Rule 127 of the PPP Rules and to the Concession Direct Agreement. The request that Section 27.2.1 grant a general permission is not accepted. |
| 79 | PPP Contract, Art. 1 ("Termination Equity IRR")<br>Schedule T, items 2, 4 and 6 | **Termination Equity IRR**<br>It is noted that the Termination Equity IRR is the lower of the Base Case Equity IRR and seventeen percent (17%), whereas established PPP precedents fix it at seventeen percent (17%). As the Termination Dividend Amount is payable only on Termination due to an Implementing Agency Event of Default, a Political Event or a Change in Law, for which the Private Partner bears no responsibility, there is no justification for linking the return to the bid assumptions. It is therefore requested that the Termination Equity IRR be fixed at seventeen percent (17%), consistent with established PPP precedents. | Setting the Termination Equity IRR at the lower of the Base Case Equity IRR and 17% ensures that compensation does not exceed the return the Private Partner itself projected. Therefore, this recommendation cannot be accepted. |
| 80 | PPP Contract, Art. 1 ("Loss of Toll Revenues")<br>PPP Contract s.15.4.5(c) | **Loss of Toll Revenues Definition**<br>It is observed that, where a Competing Route, Alternative Route or Toll Notification Relief Event occurs, the Private Partner's compensation for lost revenue is measured as Loss of Toll Revenues, which 'shall be the lower of' two amounts:<br>the Benchmark Revenue for the relevant period, less the Actual Project Revenues collected; and<br>the revenue projected from the average traffic of the two (2) years immediately preceding the Relief Event, adjusted for traffic growth and multiplied by the applicable toll rates, less the toll revenues actually collected.<br>Limb (b) is the true measure of the revenue lost, as it reflects the Project Road's actual performance before the event. Limb (a) measures only the shortfall against the Benchmark Revenue and disregards any revenue earned above it. Where traffic has been | The Benchmark Revenue is based on the Financial Proposal and is the reference point for the Minimum Revenue Guarantee, upside sharing and the Minimum Revenue Share. Compensation for Loss of Toll Revenues is therefore capped at the shortfall against that baseline, so that the Implementing Agency does not underwrite projected revenue above it. The "lower of" test ensures compensation never exceeds the loss actually suffered. Therefore, this recommendation cannot be accepted. |

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| | | running ahead of the benchmark, limb (a) produces a reduced figure or nil, and the lower-of test then applies it.<br>By way of illustration, assuming the Benchmark Revenue is 100, the Project Road was on course to earn 120, and a Competing Route reduces revenue to 105. Limb (a) yields nil and limb (b) yields 15, resulting in the Private Partner receiving no compensation despite having lost 15.<br>The effect of this is that the better the Project Road performs, the less protection the Private Partner receives making it an inequitable risk, since above one hundred and five percent (105%) of Benchmark Revenue the Implementing Agency itself takes seventy percent (70%) of the Excess Toll Revenues. The Implementing Agency would therefore be sharing in strong traffic when it arises, without compensating the actual loss of revenue where the Implementing Agency or a Public Sector Entity has caused it.<br>It is therefore requested that Loss of Toll Revenues be computed under limb (b) or, alternatively, as 'the higher of' the two limbs. | |