

CONTRACT FOR CONSULTANCY SERVICES

Between



**Thar Coal & Energy Board
Government of Sindh**

And

Grant Thornton Consulting Private Limited

Wood Mackenzie Limited (UK), SRK Consulting (UK) Limited and Orr, Dignam & Co.

For

**Consulting services for Developing Coal Pricing Regulatory
Regime for Thar Coal**

12th March 2014

CONTENTS

PREFACE.....	5
I. FORM OF CONTRACT.....	6
II. GENERAL CONDITIONS OF CONTRACT.....	9
1. General Provisions.....	9
1.1 Definitions.....	9
1.2 Law Governing Contract.....	10
1.3 Language.....	10
1.4 Notices.....	10
1.5 Location.....	10
1.6 Authority of Lead Partner.....	10
1.7 Authorized Representatives.....	11
1.8 Taxes and Duties.....	11
1.9 Anticorruption Policy.....	11
1.9.1 Definitions.....	11
1.9.2 Measures to be Taken.....	11
1.9.3 Fees, gratuities, rebates, gifts and commissions.....	12
1.10 Relationship between the Parties.....	12
1.11 Headings.....	12
1.12 Eligibility.....	12
1.13 Sanctions.....	12
1.14 High Standard of Conduct.....	12
2. Commencement, Completion, Modification and Termination of Contract.....	13
2.1 Effectiveness of Contract.....	13
2.2 Termination of Contract for Failure to Become Effective.....	13
2.3 Commencement of Services.....	13
2.4 Expiration of Contract.....	13
2.5 Entire Agreement.....	13
2.6 Modifications or Variations.....	13
2.7 Force Majeure.....	14
2.7.1 Definition.....	14
2.7.2 No Breach of Contract.....	14
2.7.3 Measures to be Taken.....	14
2.8 Suspension.....	15
2.9 Termination.....	15
2.9.1 By the Client.....	15
2.9.2 By the Consultant.....	16
2.9.3 Cessation of Rights and Obligations.....	16
2.9.4 Cessation of Services.....	17
2.9.5 Payment upon Termination.....	17
2.9.6 Disputes about Events of Termination.....	17
3. Obligations of the consultant.....	17
3.1 General.....	17
3.1.1 Standard of Performance.....	17

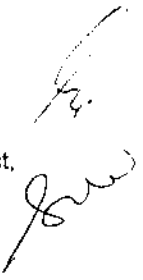
3.1.2	Law Governing Services	18
3.2	Conflict of Interest	18
3.2.1	Consultant Not to Benefit from Discounts.....	18
3.2.2	Consultant and Sub-Consultants Not to Engage in Certain Activities	18
3.2.3	Prohibition of Con-flicting Activities including pursuit of a Political Agenda	19
3.3	Confidentiality.....	19
3.4	Insurance to be Taken Out by the Consultant.....	19
3.5	Consultant's Actions Requiring Client's Prior Approval.....	19
3.6	Reporting Obligations	19
3.7	Documents Prepared by the Consultant to be the Property of the Client	20
3.8	Accounting, Inspection and Auditing.....	20
3.9	Liability of the Consultant.....	21
3.10	Equipment and Materials Provided by the Consultant.....	22
3.11	Specifications and Designs	22
4.	Consultant's Personnel	23
4.1	General.....	23
4.2	Replacement of Personnel.....	23
4.3	Resident Project Manager.....	23
5.	Obligations of the Client	23
5.1	Assistance and Exemptions.....	23
5.2	Change in the Applicable Law Related to Taxes and Duties.....	23
5.3	Services and Facilities	23
5.4	Access to Land	24
6.	Payments to the Consultant	24
6.1	Lump-Sum Payment	24
6.2	Contract Price	24
6.3	Currency of Payment	24
6.4	Payment for Additional Services	24
6.5	Terms and Conditions of Payment	24
7.	Fairness and Good Faith.....	24
7.1	Good Faith	24
8.	Settlement Of Disputes	24
8.1	General	24
8.2	Dispute Resolution	25
8.3	Dispute Settlement.....	26
III.	SPECIAL CONDITIONS OF CONTRACT	30
IV.	APPENDICES.....	30
	Appendix A - Description of Services	39
	Appendix B - Reporting Requirements.....	36
	Appendix C - Personnel Schedule.....	37
	Appendix D - Cost Estimates.....	38
	Appendix E- Summary of Cost Estimates.....	38
	Appendix F - Services, Facilities and Equipment to be Provided by the Client .	39

Appendix G – Integrity Pact 40
Appendix H - Dispute Notification Form 41
Appendix I - Lump Sum Payments Against Deliverables Conditions 49

Handwritten initials/signature

Preface

The Contract includes four parts: the Form of Contract, the General Conditions of Contract, the Special Conditions of Contract, and the Appendices.

A handwritten signature in black ink, appearing to be 'J. J. J.', located in the upper right corner of the page.

- (b) the Consultant, having represented to the Client that it has the required professional skills, and personnel and technical resources, has agreed to provide the Services on the terms and conditions set forth in this Contract;

NOW THEREFORE the parties hereto hereby agree as follows:

- 1. The following documents attached hereto shall be deemed to form an integral part of this Contract:

- (a) The General Conditions of Contract;
- (b) The Special Conditions of Contract;
- (c) The following Appendices:

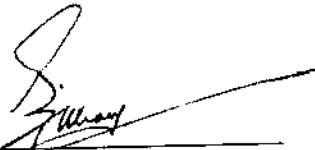
- Appendix A: Description of Services
- Appendix B: Reporting Requirements
- Appendix C: Personnel Schedule
- Appendix D: Cost Estimates
- Appendix E: Summary of Cost Estimates
- Appendix F: Services, Facilities and Equipment to be Provided by the Client
- Appendix G: Integrity Pact
- Appendix H: Dispute Notification Form
- Appendix I: Lump Sum Payments against Deliverables Conditions

- 2. The mutual rights and obligations of the Client and the Consultant shall be as set forth in the Contract, in particular:

- (a) the Consultant shall carry out the Services in accordance with the provisions of the Contract;
- (b) the Client shall make payments to the Consultant in accordance with the provisions of the Contract;
- (c) Subject to subparagraph (d) hereunder, and notwithstanding any other provisions of this Contract, payments under this Contract shall not exceed **Pakistan Rupees 24.440 million (Rupees twenty four million forty four thousands only) inclusive of all taxes.**
- (d) The maximum amount specified in subparagraph (c) here above has been fixed on the understanding that the Client will make available free of charge to the Consultant the exemptions, assistance, services and facilities provided for under Clause 5 of the General Conditions of Contract and in Appendix F as required for the purposes of the Services. If any such exemptions, assistance, services and facilities are not supplied, the parties shall consult regarding what additional allowance (if any) should be made to the Consultant as a result thereof to cover necessary additional expenditures not envisaged in the cost estimates in Appendices D and E.


IN WITNESS WHEREOF, the Parties, hereto have caused this Contract to be signed in their respective names as of the day and year first above written.

For and on behalf of
Thar Coal & Energy Board,
Government of Sindh, Pakistan.




Mr. Ejaz Ahmed Khan
Managing Director, TCEB

For and on behalf of
Grant Thornton Consulting (Pvt) Ltd
(Pakistan) Wood Mackenzie Limited
(UK), SRK Consulting (UK) Limited and
Orr, Dignam & Co. (Pakistan)





Mr. Shahid Ahmed Khan



Witness

SHAHAB QAMAR ANSARI
Director (A&F)
Thar Coal & Energy Board
Government of Sindh

Witness

II. General Conditions of Contract

1. GENERAL PROVISIONS

1.1 Definitions

Unless the context otherwise requires, the following terms whenever used in this Contract have the following meanings:

- (a) "Applicable Law" means the laws and any other instruments having the force of law in Pakistan.
- (b) "Client" means the agency with which the selected Consultant signs the Contract for the Services.
- (c) "Client's Country" means Pakistan.
- (d) "Consultant" means a consortium consisting of four entities that will provide the Services to the Client under the Contract, namely Grant Thornton Consulting (Pvt) Limited (Pakistan) Wood Mackenzie Limited (UK), SRK Consulting (UK) Limited and Orr, Dignam & Co. (Pakistan).
- (e) "Contract" means the Contract signed by the Parties and all the attached documents listed in its Clause 1, that is these General Conditions (GC), the Special Conditions (SC) by which the GC may be amended or supplemented, and the Appendices.
- (f) "Day" means calendar day.
- (g) "Effective Date" means the date on which this Contract comes into force and effect pursuant to Clause GC 2.1.
- (h) "Currency" means Pakistan Rupees.
- (i) "Government" means the Government of Sindh.
- (j) "Consortium" means a Consultant which comprises two or more Partners each of which will be jointly and severally liable to the Client for all the Consultant's obligations under the Contract. For the avoidance of doubt, the Consortium shall comprise Grant Thornton Consulting (Pvt) Limited (Pakistan) Wood Mackenzie Limited (UK), SRK Consulting (UK) Limited and Orr, Dignam & Co. (Pakistan)
- (k) "Local Currency" means Pakistan Rupees.
- (l) "Partner" means any of the entities that make up the Joint Venture; and "Partners" means all these entities.
- (m) "Party" means the Client or the Consultant, as the case may be, and "Parties" means both of them.

- (n) "Personnel" means qualified persons provided by the Consultant and assigned to perform the Services or any part thereof; "International Personnel" means such qualified persons who are not citizens of Pakistan; "National Personnel" means such qualified persons who are citizens of Pakistan.
- (o) "Reimbursable expenses" means all assignment-related costs other than Consultant's remuneration.
- (p) "Services" means the work to be performed pursuant to this Contract, as described in Appendix A hereto.
- (q) "Sub-Consultant" means any person or entity to whom/which the Consultant subcontracts any part of the Services and for whom/which the Consultant is fully responsible.
- (r) "Third Party" means any person or entity other than the Government, the Client, the Consultant or a Sub-Consultant.
- (s) "In writing" means communicated in written form with proof of receipt.

1.2 Law Governing Contract

This Contract, its meaning and interpretation, and the relation between the Parties shall be governed by the Applicable Law.

1.3 Language

This Contract has been executed in the English language, which shall be the binding, and controlling language for all matters relating to the meaning or interpretation of this Contract. Furthermore, all reports and correspondence required during implementation of the Services shall be in English.

1.4 Notices

1.4.1 Any notice, request or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request or consent shall be deemed to have been given or made when delivered in person to an authorized representative of the Party to whom the communication is addressed, or when sent to such Party at the address specified in the SC.

1.4.2 A Party may change its address for notice hereunder by giving the other Party notice in writing of such change to the address specified in the SC.

1.5 Location

The Services shall be performed at such locations as are specified in Appendix A hereto and, where the location of a particular task is not so specified, at such locations, whether in the Client's Country or elsewhere, as the Client may approve.

1.6 Authority of Lead

In case the Consultant consists of a Consortium of more than one entity, the Partners hereby authorize the Lead Partner specified in

Handwritten signatures and initials are present on the right side of the page, including a signature above the '1.5 Location' section and another signature below the '1.6 Authority of Lead' section.

Partner the SC 1.6 to act on their behalf in exercising all the Consultant's rights and obligations towards the Client under this Contract, including without limitation the receiving of instructions and payments from the Client. Certificates from all consortium members to authorize lead partner are attached with this Contract.

1.7 Authorized Representatives Any action required or permitted to be taken, and any document required or permitted to be executed under this Contract by the Client or the Consultant may be taken or executed by the officials specified in the SC.

1.8 Taxes and Duties Unless otherwise specified in the SC, the Consultant, Sub-Consultants, and their Personnel shall pay such taxes, duties, fees, and other impositions as may be levied under the Applicable Law.

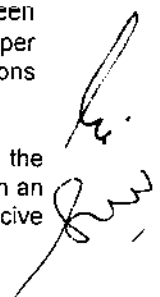
1.9 Anticorruption Policy

1.9.1 Definitions The Sindh Public Procurement Rules, 2010 require that all consultants observe the highest standard of ethics during the selection process and in execution of such contracts. In pursuance of this policy, the Rules:

defines, for the purpose of this provision, the terms set forth below as follows:

- (a) "corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
- (b) "fraudulent practice" means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- (c) "coercive practice" means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (d) "collusive practice" means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;

1.9.2 Measures to be Taken (i) will reject a proposal for award if it determines that the consultant recommended for award has directly, or through an agent, engaged in corrupt, fraudulent, collusive, or coercive



practices in competing for the contract in question;

- (ii) will sanction a party or its successor, including declaring ineligible, either indefinitely or for a stated period of time, such party or successor from participation in Government of Sindh-financed or administered activities if it at any time determines that the consultant has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or other prohibited practices in competing for, or in executing, a Government of Sindh-financed or administered contract; and

- 1.9.3 Fees, gratuities, rebates, gifts and commissions** The Consultant will disclose any fees, gratuities, rebates, gifts, commissions or other payments or benefits that may have been paid or are to be paid to agents and/or representatives, with respect to the selection process or execution of the contract. The information disclosed must include the name and address of the agent and/or representative, the amount and currency, and the purpose of the fee, gratuity, rebate, gift, commission or other payment.
- 1.9.4 Consultant undertaking** The consultant undertakes to the client that it will make no payment, offer, gift or promise to any government official or employee for the purpose of influencing any act of decision of such official or employee nor shall it engage in any activity, practice or conduct that would constitute an offence under any anti-bribery or anti-corruption laws, regulations and codes.
- 1.10 Relationship between the Parties** Nothing contained herein shall be construed as establishing a relation of master and servant or of principal and agent as between the Client and the Consultant. The Consultant, subject to this Contract, has complete charge of Personnel and Sub-Consultants, if any, performing the Services and shall be fully responsible for the Services performed by them or on their behalf hereunder.
- 1.11 Headings** The headings shall not limit, alter or affect the meaning of this Contract.
- 1.12 Eligibility** The Consultant represents and warrants that it consortium comprising four members namely Grant Thornton Consulting (Pvt) Limited (Pakistan) Wood Mackenzie Limited (UK), SRK Consulting (UK) Limited and Orr, Dignam & Co. (Pakistan) and that each member of the consortium is a separate legal entity which has the power to enter into this Contract.
- 1.13 Sanctions** The Consultant represents and warrants that it, and any Sub-Consultants, as well as any of the Personnel of the Consultant or Sub-Consultant, are not sanctioned by the Government
- 1.14 High Standard of Conduct** The Client requires that the Consultant and its Personnel maintain a high standard of conduct when carrying out their functions under this Contract. Accordingly, the Consultant and its Personnel are expected

to recognize the contribution of others, regardless of their nationality, gender, religion, seniority or contractual status. The Client will take prompt action to address incidents involving conduct that does not live up to these standards, which may result in replacement of any individual expert, consultant, or contractual staff involved in such incidents pursuant to Clause GC 4.2(b).

1.15 Third Party Rights

The interpretation of this Contract shall exclude any rights under legislative provisions conferring rights under a contract to persons not a party to that contract.

2. COMMENCEMENT, COMPLETION, MODIFICATION AND TERMINATION OF CONTRACT

- 2.1 **Effectiveness of Contract** This Contract shall come into force and effect on the date (the "Effective Date") of the Client's notice to the Consultant instructing the Consultant to begin carrying out the Services. This notice shall confirm that the effectiveness conditions, if any, listed in the SC have been met.
- 2.2 **Termination of Contract for Failure to Become Effective** If this Contract has not become effective within such time period after the date of the Contract signed by the Parties as specified in the SC, the Consultant or the Client may, by not less than twenty one (21) days written notice to the other Party, declare this Contract to be null and void, and in the event of such a declaration by either Party, neither Party shall have any claim against the other Party with respect hereto.
- 2.3 **Commencement of Services** The Consultant shall begin carrying out the Services not later than the number of days after the Effective Date specified in the SC.
- 2.4 **Expiration of Contract** Subject to sub-Clause GC 2.7.3(c) and unless terminated earlier pursuant to Clause GC 2.9 hereof, this Contract shall expire at the end of such time period after the Effective Date as specified in the SC.
- 2.5 **Entire Agreement** This Contract contains all covenants, stipulations and provisions agreed by the Parties. No agent or representative of either Party has authority to make, and the Parties shall not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein.
- 2.6 **Modifications or Variations** Any modification or variation of the terms and conditions of this Contract may only be made by written agreement between the Parties. However, each Party shall give due consideration to any proposals for modification or variation made by the other Party.

2.7 Force Majeure

2.7.1 Definition

- (a) For the purposes of this Contract, "Force Majeure" means an event which is beyond the reasonable control of a Party, is not foreseeable, is unavoidable, and which makes a Party's performance of its obligations hereunder impossible or so impractical as reasonably to be considered impossible in the circumstances, and includes, but is not limited to, war, riots, civil disorder, terrorism and travel warning security threats, earthquake, fire, explosion, storm, flood or other adverse weather conditions, strikes, lockouts or other industrial action (except where such strikes, lockouts or other industrial action are within the power of the Party invoking Force Majeure to prevent), confiscation or any other action by Government agencies.
- (b) Force Majeure shall not include (i) any event which is caused by the negligence or intentional action of a Party or such Party's Sub-Consultants or agents or employees, nor (ii) any event which a diligent Party could reasonably have been expected both to take into account at the time of the conclusion of this Contract, and avoid or overcome in the carrying out of its obligations hereunder.
- (c) Force Majeure shall not include insufficiency of funds or failure to make any payment required hereunder.

2.7.2 No Breach of Contract

The failure of a Party to fulfill any of its obligations hereunder shall not be considered to be a breach of this Contract insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event has taken all reasonable precautions, due care and reasonable alternative measures, all with the objective of carrying out the terms and conditions of this Contract.

2.7.3 Measures to be Taken

- (a) A Party affected by an event of Force Majeure shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall take all reasonable measures to minimize the consequences of any event of Force Majeure.
- (b) A Party affected by an event of Force Majeure shall notify the other Party of such event as soon as possible, and in any case not later than fourteen (14) days following the occurrence of such event, providing evidence of the nature and cause of such event, and shall similarly give written notice of the restoration of normal conditions as soon as possible.
- (c) Any period within which a Party shall, pursuant to this Contract, complete any action or task, shall be extended for a period equal to the time during which such Party was unable to perform such action as a result of Force Majeure.

- (d) During the period of their inability to perform the Services as a result of an event of Force Majeure, the Consultant, upon instructions by the Client, shall either:
 - (i) demobilize, in which case the Consultant shall be reimbursed for costs they reasonably and necessarily incurred, and, if required by the Client, in reactivating the Services; or
 - (ii) continue with the Services to the extent possible, in which case the Consultant shall continue to be paid under the terms of this Contract and be reimbursed for additional costs reasonably and necessarily incurred.
- (e) In the case of disagreement between the Parties as to the existence or extent of Force Majeure, the matter shall be settled according to Clause GC 8.

2.8 Suspension

The Client may, by written notice to the Consultant, suspend in whole or part, the Services if the Consultant fails to perform any of its obligations under this Contract, including the carrying out of the Services.

2.9 Termination

2.9.1 By the Client

The Client may terminate this Contract in case of the occurrence of any of the events specified in paragraphs (a) through (i) of this Clause GC 2.9.1. In such an occurrence the Client shall (except in the case of paragraph (i) below) give not less than thirty (30) days' written notice of termination to the Consultant.

- (a) If the Consultant fails to remedy a failure in the performance of its obligations hereunder, as specified in a notice of suspension pursuant to Clause GC 2.8 hereinabove, within thirty (30) days of receipt of such notice of suspension or within such further period as the Client may have subsequently approved in writing.
- (b) If the Consultant becomes (or, if the Consultant consists of more than one entity, if any of its Partners becomes) insolvent or bankrupt or enter into any agreements with their creditors for relief of debt or take advantage of any law for the benefit of debtors or go into liquidation or receivership whether compulsory or voluntary.
- (c) If the Consultant fails to comply with any final decision reached as a result of arbitration proceedings pursuant to Clause GC 8 hereof.

- (d) If the Consultant submits to the Client a false statement which has a material effect on the rights, obligations or interests of the Client.
- (e) If the Consultant is held by the Client to have a conflict of interest in performance of the Contract, or any portion thereof.
- (f) If, as the result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than sixty (60) days.
- (g) If the Client, in its sole discretion and for any reason whatsoever, decides to terminate this Contract.
- (h) If the Consultant, in the judgment of the Client is in breach of the Sindh Public Procurement Rules, 2010 i.e. has engaged in corrupt, fraudulent, collusive or coercive practices in competing for or in executing this Contract in such a case the Contract shall be terminated on the date Consultant is notified of such breach.

2.9.2 By the Consultant

The Consultant may terminate this Contract, by not less than thirty (30) days' written notice to the Client, in case of the occurrence of any of the events specified in paragraphs (a) through (c) of this Clause GC 2.9.2.

- (a) If, as the result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than sixty (60) days.
- (b) If the Client fails to comply with any final decision reached as a result of arbitration pursuant to Clause GC 8 hereof.
- (c) If the Client is in material breach of its obligations pursuant to this Contract and has not remedied the same within forty-five (45) days (or such longer period as the Consultant may have subsequently approved in writing) following the receipt by the Client of the Consultant's notice specifying such breach.

2.9.3 Cessation of Rights and Obligations

Upon termination of this Contract pursuant to Clauses GC 2.2 or GC 2.9 hereof, or upon expiration of this Contract pursuant to Clause GC 2.4 hereof, all rights and obligations of the Parties hereunder shall cease, except (i) such rights and obligations as may have accrued on the date of termination or expiration, (ii) the obligation of confidentiality set forth in Clause GC 3.3 hereof, (iii) the Consultant's obligation to permit inspection, copying and auditing of their accounts and records set forth in Clause GC 3.6 hereof, and (iv) any right which a Party may have under the Applicable Law.

- 2.9.4 Cessation of Services** Upon termination of this Contract by notice of either Party to the other pursuant to Clauses GC 2.9.1 or GC 2.9.2 hereof, the Consultant shall, immediately upon dispatch or receipt of such notice, take all necessary steps to bring the Services to a close in a prompt and orderly manner and shall make every reasonable effort to keep expenditures for this purpose to a minimum. With respect to documents prepared by the Consultant and equipment and materials furnished by the Client, the Consultant shall proceed as provided, respectively, by Clauses GC 3.9 or GC 3.10 hereof.
- 2.9.5 Payment upon Termination** Upon termination of this Contract pursuant to Clauses GC 2.9.1 or GC 2.9.2 hereof, the Client shall make the following payments to the Consultant:
- (a) remuneration pursuant to Clause GC 6 hereof for Services satisfactorily performed prior to the effective date of termination, and reimbursable expenditures pursuant to Clause GC 6 hereof for expenditures actually incurred prior to the effective date of termination
 - (b) except in the case of termination pursuant to paragraphs (a) through (f) and (i) of Clause GC 2.9.1 hereof, reimbursement of any reasonable cost incidental to the prompt and orderly termination of this Contract including the cost of the return travel of the Personnel and their eligible dependents; and
 - (c) in the event that the Consultant is found to be in breach of the Sindh Public Procurement Rules, 2010 there shall be no payment or reimbursement in respect of any fraudulent, corrupt, collusive or coercive practices performed by the Consultant.
- 2.9.6 Disputes about Events of Termination** If either Party disputes whether an event specified in paragraphs (a) through (f) of Clause GC 2.9.1 or in Clause GC 2.9.2 hereof has occurred, such Party may, within forty-five (45) days after receipt of notice of termination from the other Party, refer the matter for dispute settlement in accordance with the procedures stated in Clause GC 8 hereof, and this Contract shall not be terminated on account of such event except in accordance with the terms of any resulting arbitral award.

3. OBLIGATIONS OF THE CONSULTANT

3.1 General

- 3.1.1 Standard of Performance** The Consultant shall perform the Services and carry out their obligations hereunder in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods. The Consultant shall always act, in respect of any matter relating to this Contract or

to the Services, as faithful adviser to the Client, and shall at all times support and safeguard the Client's legitimate interests in any dealings with Sub-Consultants or third parties.

3.1.2 Law Governing Services

Subject to Sindh Public Procurement Rules, 2010, the Consultant shall perform the Services in accordance with the Applicable Law and shall take all practicable steps to ensure that any Sub-Consultants, as well as the Personnel of the Consultant and any Sub-Consultants, comply with the Applicable Law.

3.2 Conflict of Interest

The Government considers a conflict of interest to be a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations and that such conflict of interest may contribute to or constitute a prohibited practice under the Sindh Public Procurement Rules, 2010. In pursuance of the Rules Consultant should observe the highest standard of ethics, the Government will take appropriate actions to manage such conflicts of interest if it determines that a conflict of interest has flawed the integrity of the consultant selection, consultant engagement or performance of Services under the Contract. Notwithstanding the first tariff determination that the Consultant is engaged to aid the Client in, all subsequent tariff determination and assignments that the Partners are engaged to provide services for after the completion of the Project shall not trigger a Conflict of Interest under this agreement.

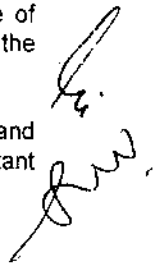
3.2.1 Consultant Not to Benefit from Discounts

(a) The remuneration of the Consultant pursuant to Clause GC 6 hereof shall constitute the Consultant's remuneration in connection with this Contract and, subject to Clause GC 3.2.2 hereof, the Consultant shall not accept for its own benefit any discount or similar payment in connection with activities pursuant to this Contract or in the discharge of its obligations hereunder, and the Consultant shall use their reasonable efforts to ensure that any Sub-Consultants, as well as the Personnel and agents of either of them, similarly shall not receive any such additional remuneration.

(b) Furthermore, if the Consultant, as part of the Services, has the responsibility of advising the Client on the procurement of goods, works or services, the Consultant shall comply with the Sindh Public Procurement Rules, 2010 and shall at all times exercise such responsibility in the best interest of the Client. Any discounts obtained by the Consultant in the exercise of such procurement responsibility shall be for the benefit of the Client and shall be credited to the account of the Client.

3.2.2 Consultant and Sub-

The Consultant agrees that, during the term of this Contract and after its termination, the Consultant as well as any Sub-Consultant



Consultants Not to Engage in Certain Activities shall be disqualified from providing goods, works or services (other than consulting services) for any project resulting from the Services.

3.2.3 Prohibition of Conflicting Activities including pursuit of a Political Agenda (a) The Consultant shall not engage, and shall cause their Personnel as well as their Sub-Consultants and their Personnel not to engage, either directly or indirectly, in any personal, business or professional activities which would conflict with the activities assigned to them under this Contract including but not limited to the pursuit of a political agenda in the Client's Country by way of writing, publication or circulation of propaganda, participation in protests or rallies or involvement in media broadcasts; (b) The Consultant shall notify the Client of all assignments or commitments, if any, that the Consultant has or proposes to undertake for another party concurrently with the carrying out of this Contract and shall have obtained or shall obtain the prior written approval of the Client to undertake or complete the same in the absence of which the Consultant shall terminate any such assignment(s) or commitment(s) for such other party.

3.3 Confidentiality Except with the prior written consent of the Client, neither the Consultant, the Sub-Consultant nor their Personnel shall not at any time communicate to any person or entity any confidential information acquired in the course of the Services save as required for the performance of the Services, nor shall the Consultant and the Personnel make public the re-recommendations formulated in the course of, or as a result of, the Services.

3.4 Insurance to be Taken Out by the Consultant The Consultant (a) shall take out and maintain, and shall cause any Sub-Consultants to take out and maintain, at their (or the Sub-Consultants', as the case may be) own cost, insurance against the risks, and for the coverage, as shall be specified in the SC; and (b) at the Client's request, shall provide evidence to the Client showing that such insurance has been taken out and maintained and that the current premiums have been paid.

3.5 Consultant's Actions Requiring Client's Prior Approval The Consultant shall obtain the Client's prior approval in writing before taking any of the following actions:

- (a) entering into a subcontract for the performance of any part of the Services,
- (b) appointing such members of the Personnel not listed by name in Appendix C, and
- (c) any other action that may be specified in the SC.

3.6 Reporting Obligations (a) The Consultant shall submit to the Client the reports and documents specified in Appendix B hereto, in the form, in the

numbers' and within the time periods set forth in the said Appendix.

- (b) Final reports shall be delivered in CD ROM in addition to the hard copies specified in said Appendix.
- (c) The Consultant shall on a fortnightly basis, submit to the Client, in a format acceptable to the Client, a report stating personnel movements and inputs in the previous period compared to those specified in Appendix C. In the event the forecast of progress as anticipated in Appendix C is substantially changed due to variations pursuant to GC Clause 2.6, the Consultant may request the Client to revise the Payment Schedule specified in Appendices D & E, to reflect such change.

3.7 Documents Prepared by the Consultant to be the Property of the Client

- (a) Subject to payment due under this Contract all plans, drawings, specifications, designs, reports, other documents and software submitted by the Consultant under this Contract shall become and remain the property of the Client, and the Consultant shall, not later than upon termination or expiration of this Contract, deliver all such documents to the Client, together with a detailed inventory thereof. The Client in its sole discretion may make such documents available to the public.
- (b) The Consultant may retain a copy of such documents and software, and use such software for their own use with prior written approval of the Client. If license agreements are necessary or appropriate between the Consultant and third parties for purposes of development of any such computer programs, the Consultant shall obtain the Client's prior written approval to such agreements, and the Client shall be entitled at its discretion to require recovering the expenses related to the development of the program(s) concerned.

3.8 Accounting, Inspection and Auditing

- (a) The Consultant (i) shall keep accurate and systematic accounts and records in respect of the Services hereunder, in accordance with internationally accepted accounting principles and in such form and detail as will clearly identify all relevant time changes and costs, and the bases thereof, and (ii) shall periodically permit the Client or its designated representative during normal business hours and upon the Client providing reasonable written notice to the Consultant, and up to one year from the expiration or termination of this Contract, to inspect the same and make copies thereof as well as to have them audited by auditors appointed by the Client, if so required by the Client.
- (b) The Consultant shall cooperate with and assist the Client, its authorized representatives making such an audit. Out of

pocket expenditures covered by fixed sums, however, shall not be subject to audit pursuant to this Clause. In the event the audit discloses that the Consultant has overcharged the Client, the Consultant shall immediately reimburse the Client the amount equivalent to the amount overpaid. If overpayment is a result of the Consultant having been engaged in what the Client determines to constitute corrupt, fraudulent, collusive or coercive practices, the Client may terminate the Contract pursuant to GC 2.9.1(j).

3.9 Liability of the Consultant

- (a) The Consultant shall be responsible for, subject to the ceiling on the Consultant's liability set out in Clause GC 3.9 (e) (ii) and shall indemnify the Client, in respect of loss of or damage to equipment and materials if furnished by the Client, or purchased by the Consultant in whole or in part with funds provided by the Client.
- (b) Subject to Clause GC 5.3, the Consultant undertakes full responsibility in respect of life, health, and accidents for the Personnel and for the dependents of any such Personnel.
- (c) The Consultant, subject to the ceiling on the Consultant's liability set out in Clause GC 3.9 (e) (ii), shall indemnify the Client, from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgment, suits, proceedings, demands, costs, expenses and disbursements of whatsoever nature that may be imposed on, incurred by or asserted against the Client during or in connection in the Services by reason of: (i) infringement or alleged infringement by the Consultant of any patent or other protected right; or (ii) plagiarism or alleged plagiarism by the Consultant.
- (d) The Consultant shall ensure that all goods and services (including without limitation all computer hardware, software and systems) procured by the Consultant out of funds provided or reimbursed by the Client or used by the Consultant in the carrying out of the Services do not violate or infringe any industrial property or intellectual property right or claim of any third party.
- (e) The Consultant shall indemnify, protect and defend at their own expense the Client, and its agents and employees from and against any and all actions, claims, losses or damages arising out of Consultant's failure to exercise the skill and care required under Clause GC 3.1.1 provided, however:
 - (i) that Consultant is notified of such actions, claims, losses or damages not later than the number of months after conclusion of the Services indicated in the SC;

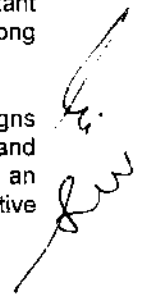
- (ii) that the ceiling on Consultant's liability under Clause GC 3.1.1 shall be limited to the amount indicated in the SC, except that such ceiling shall not apply to actions, claims, losses or damages caused by Consultant's gross negligence or reckless conduct;
 - (iii) that Consultant's liability under Clause GC 3.1.1 shall be limited to actions, claims, losses or damages directly caused by such failure to exercise the said skill and care, and shall not include liability for any actions, claims, losses or damages arising out of occurrences incidental or indirectly consequential to such failure.
- (f) Upon request of the Client, the Consultant shall, at its own cost and expense, re-perform the Services in the event of Consultant's failure to exercise the skill and care required under Clause GC 3.1.1.
- (g) Notwithstanding the provisions of paragraph (a) of this Clause GC 3.9, the Consultant shall have no liability whatsoever for actions, claims, losses or damages occasioned by: (i) Client's overriding a decision or recommendation of the Consultant or requiring the Consultant to implement a decision or recommendation with which the Consultant does not agree; or (ii) the improper execution of Consultant's instructions by agents, employees or independent contractors of the Client.

**3.10 Equipment and
Materials Provided
by the Consultant**

Equipment or materials brought into the Client's Country by the Consultant and the Personnel and used either for the Project or personal use shall remain the property of the Consultant or the Personnel concerned, as applicable.

**3.11 Specifications and
Designs**

- (a) The Consultant shall prepare all specifications and designs that may be required under the Contract using the metric system and so as to embody the latest design criteria and the Consultant shall specify standards that are accepted and well known among industrial nations.
- (b) The Consultant shall ensure that the specifications and designs and all documentation relating to procurement of goods and services provided under the Services are prepared on an impartial basis so as to promote international competitive bidding.



4. CONSULTANT'S PERSONNEL

- 4.1 General** The Services shall be carried out by the Personnel specified in Appendix C for the respective periods of time indicated therein.
- 4.2 Replacement of Personnel**
- (a) In the event that any of the Personnel is found by the Client to be incompetent, guilty of misbehavior or incapable in discharging the assigned responsibilities, the Client may require at Consultant's expense, such change and the Consultant forthwith provide a replacement with suitable qualifications and experience acceptable to the Client.
 - (b) Except as the Client may otherwise agree, no changes shall be made in the Personnel. If, for any reason beyond the reasonable control of the Consultant, it becomes necessary to replace any of the Personnel, the Consultant shall provide as a replacement a person of equivalent or better qualifications.
 - (c) The Consultant shall have no claim for additional costs arising out of or incidental to any removal and/or replacement of Personnel.
- 4.3 Resident Project Manager** When the Services are carried out in the Client's country, the Consultant shall, at all times, ensure that there is a Project Manager acceptable to the Client to supervise and coordinate the operations of the Personnel in the field and to be responsible for liaison between the Consultant and the Client.

5. OBLIGATIONS OF THE CLIENT

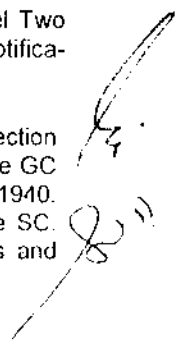
- 5.1 Assistance and Exemptions** The Client shall use its best efforts to ensure that the Government shall provide assistance mentioned at Appendix-F.
- 5.2 Change in the Applicable Law Related to Taxes and Duties** If, after the date of this Contract, there is any change in the Applicable Law with respect to taxes and duties which increases or decreases the cost incurred by the Consultant in performing the Services, then the remuneration and reimbursable expenses otherwise payable to the Consultant under this Contract shall be increased or decreased accordingly by agreement between the Parties, and corresponding adjustments shall be made to the amounts referred to in Clauses GC 6.2.
- 5.3 Services and Facilities** The Client shall make available free of charge to the Consultant the Services and Facilities listed under Appendix F.
- 5.4 Access to Land** The Client warrants that the Consultant shall have, free of charge, unimpeded access to all land in respect of which access is required for the performance of the Services.

the SC, the Authorized Representatives shall fill in and sign the relevant section of the Dispute Notification Form attached as Appendix H, and deliver such Form to the Client's and the Consultant's officials specified in the SC, responsible for the Level Two of the settlement procedure.

- (b) Level Two: the dispute is examined by the Client's and the Consultant's officials specified in the SC. In case the dispute is not settled within the period after the delivery of the Dispute Notification Form to Level Two as specified in the SC, the Client's and the Consultant's officials responsible for Level Two shall fill in and sign the relevant section of the Dispute Notification Form, and Clause GC 8.3 shall apply.

8.3 Dispute Settlement

Any dispute or difference arising out of this Contract or in connection therewith which cannot be amicably settled according to Clause GC 8.2 shall be finally settled under the Pakistan's Arbitration Act, 1940. The arbitration shall take place in the location specified in the SC. The resulting award shall be final and binding on the Parties and shall be in lieu of any other remedy.



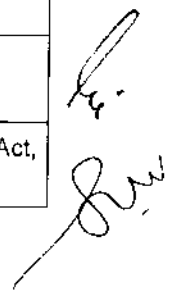
III. Special Conditions of Contract

Number of GC Clause	Amendments of, and Supplements to, Clauses in the General Conditions of Contract
1.5	<p>The addresses are:</p> <p>Client : <u>Thar Coal and Energy Board, Government of Sindh, Pakistan</u> Attention : <u>Managing Director, Thar Coal & Energy Board</u> Facsimile : <u>+92-21-99207534</u></p> <p>Consultant : <u>Grant Thornton Consulting (Pvt) Limited, Wood Mackenzie Limited (UK), SRK Consulting (UK) Limited and Orr, Dignam & Co. (Pakistan)</u></p> <p>Attention : <u>Director</u> Facsimile : <u>+92-51-2273874</u></p>
1.6	The Lead Partner is Grant Thornton Consulting (Pvt) Limited
1.7	<p>The Authorized Representatives are:</p> <p>For the Client: <u>Mr. Mahfooz Ahmed Bhatti, Director, (Projects & Development) Thar Coal & Energy Board,</u></p> <p>For the Consultant: <u>Mr. Shahid Ahmed Khan, Director, Grant Thornton Consulting (Pvt) Limited</u></p>
1.8	The Client shall deduct all applicable taxes at source on the prescribed rate as per provisions of Income Tax Ordinance, 2001, Sindh Sales Tax Act, 2011 etc.
2.1	<p>The effectiveness conditions are the following:</p> <p>The date on which the Contract will become effective (the 'Effective Date') is the date of the Client's notice to the Consultant instructing the Consultant to begin carrying out the services.</p>
2.2	The time period shall be 30 days.
2.3	The date of commencement of services is within twenty one days from the signing of this contract
2.4	The time period to complete the Contract shall be four (4) months, however, for Tasks 2 & 3 of Component 2, the Consultant shall be liable till 12 months after effective date of this contract. The payment

	against Tasks 2 & 3 of Component 2 will be processed after completion of such task(s).
2.7.2	Expatriate staff inputs in Pakistan and in the Project area will be subject to travel advisory instruction issued by their respective High Commission/Consulates. No financial penalty will be incurred if the Consultant temporarily withdraws staff because of worsening security, provided the Consultant gives due notice to the Client. In such cases, and where practicable, modified arrangements may be agreed between the Client and Consultant for the continuation of services to fulfill the terms of the agreement using office-based inputs.
3.4	<p>The risks and the coverage shall be as follows:</p> <p>(a) Third Party motor vehicle liability insurance in respect of motor vehicles operated in the Client's Country by the Consultant or its Personnel or any Sub-Consultants or their Personnel, with a minimum coverage of One Million Pakistan Rupees (Rs. 1,000,000);</p> <p>(b) Third Party liability insurance, with a minimum coverage of One Million Pakistan Rupees (Rs. 1,000,000);</p> <p>(c) Professional liability insurance, with a minimum coverage of Ten Million Pakistan Rupees (Rs. 10,000,000);</p> <p>(d) Employer's liability and workers' compensation insurance in respect of the Personnel of the Consultant and of any Sub-Consultants, in accordance with the relevant provisions of the Applicable Law, as well as, with respect to such Personnel, any such life, health, accident, travel or other insurance as may be appropriate; and</p> <p>(e) Insurance against loss of or damage to (i) equipment purchased in whole or in part with funds provided under this Contract, (ii) the Consultant's property used in the performance of the Services, and (iii) any documents prepared by the Consultant in the performance of the Services.</p> <p>(g) The Consultant shall have no liability in respect of any claim for loss or damage arising from acts of God in terms of natural calamities, war or terrorism or from nuclear / radioactive emissions or arising from any incidence of toxic mould or asbestos.</p>
3.6(c)	A fortnightly review meeting shall be held with the Client at the Client's premises and a reports as required under Appendix B thereof based on the progress and discussions undertaken in the meeting will be submitted.
3.9 (e) (i)	<p>Limitation of the Consultants' Liability towards the Client .</p> <p>(a) Except in case of gross negligence or willful misconduct on the part of the Consultants or on part of any person or firm acting on</p>

	<p>behalf of the Consultants in carrying out the Services, the Consultants, with respect to damage caused by the Consultants to the Client's property, shall not be liable to the Client:</p> <p>(i) for any indirect or consequential loss or damage; and</p> <p>(ii) for any direct loss or damage that exceeds the total value of the Contract.</p> <p>(b) The number of months shall be 2 months.(Reference: 3.9(e)(i) of GC)</p>																																																																
3.9 (e) (ii)	The ceiling on Consultants' liability shall be limited to 10% of the Contract Value i.e., Pakistan Rupees 2,444,000/-																																																																
6.2	The ceiling of contract amount is Pakistan Rupees 24,440,000/-																																																																
6.3	All payments will be made in Pakistani Rupees.																																																																
6.5	<table border="1"> <thead> <tr> <th>S.No</th> <th>Stage of Payment</th> <th>%</th> <th>PKR</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Inception Report covering Preliminary Desk Review, Methodology, Work Plan, Man-hours of each local & foreign consultant, timelines etc.</td> <td>5%</td> <td>Rs 1,222,000/-</td> </tr> <tr> <td>2</td> <td>Draft Report covering all aspects of Task-1, Component 1 (Description of Services) as per Appendix B</td> <td>3.0%</td> <td>Rs 733,200/-</td> </tr> <tr> <td>3</td> <td>Final Report covering all aspects of Task-1, Component 1 (Description of Services) as per Appendix B</td> <td>7.0%</td> <td>Rs 1,710,800/-</td> </tr> <tr> <td>4</td> <td>Draft Standards and criteria for Coal Pricing Regime</td> <td>3.0%</td> <td>Rs 733,200/-</td> </tr> <tr> <td>5</td> <td>Final Standards for Coal Pricing Regime</td> <td>5.0%</td> <td>Rs 1,222,000/-</td> </tr> <tr> <td>6</td> <td>Draft Procedures for Coal Pricing Regime</td> <td>3.0%</td> <td>Rs 733,200/-</td> </tr> <tr> <td>7</td> <td>Final Procedures for Coal Pricing Regime</td> <td>5.0%</td> <td>Rs 1,222,000/-</td> </tr> <tr> <td>8</td> <td>Draft Rules & Regulations for Coal Pricing Regime</td> <td>3.0%</td> <td>Rs 733,200/-</td> </tr> <tr> <td>9</td> <td>Final Rules & Regulations for Coal Pricing Regime</td> <td>4.0%</td> <td>Rs 977,600/-</td> </tr> <tr> <td>10</td> <td>Draft Guidelines for Coal Pricing Regime</td> <td>3.0%</td> <td>Rs 733,200/-</td> </tr> <tr> <td>11</td> <td>Final Guidelines for Coal Pricing Regime</td> <td>4.0%</td> <td>Rs 977,600/-</td> </tr> <tr> <td>12</td> <td>Coal Tariff Evaluation Report/ recommendation after a Petition Review (Task-1, Component 2)</td> <td>30.0%</td> <td>Rs 7,332,000/-</td> </tr> <tr> <td>13</td> <td>Accompany TCEB in Public Hearing/ Meetings regarding determination of tariff (Task-2, Component 2)</td> <td>12.5%</td> <td>Rs 3,055,000/-</td> </tr> <tr> <td>14</td> <td>Assist TCEB in Final Negotiation with Coal Tariff Petitioner(Task-3, Component 2)</td> <td>12.5%</td> <td>Rs 3,055,000/-</td> </tr> <tr> <td></td> <td>Total Receipts</td> <td>100%</td> <td>Rs 24,440,000/-</td> </tr> </tbody> </table>	S.No	Stage of Payment	%	PKR	1	Inception Report covering Preliminary Desk Review, Methodology, Work Plan, Man-hours of each local & foreign consultant, timelines etc.	5%	Rs 1,222,000/-	2	Draft Report covering all aspects of Task-1, Component 1 (Description of Services) as per Appendix B	3.0%	Rs 733,200/-	3	Final Report covering all aspects of Task-1, Component 1 (Description of Services) as per Appendix B	7.0%	Rs 1,710,800/-	4	Draft Standards and criteria for Coal Pricing Regime	3.0%	Rs 733,200/-	5	Final Standards for Coal Pricing Regime	5.0%	Rs 1,222,000/-	6	Draft Procedures for Coal Pricing Regime	3.0%	Rs 733,200/-	7	Final Procedures for Coal Pricing Regime	5.0%	Rs 1,222,000/-	8	Draft Rules & Regulations for Coal Pricing Regime	3.0%	Rs 733,200/-	9	Final Rules & Regulations for Coal Pricing Regime	4.0%	Rs 977,600/-	10	Draft Guidelines for Coal Pricing Regime	3.0%	Rs 733,200/-	11	Final Guidelines for Coal Pricing Regime	4.0%	Rs 977,600/-	12	Coal Tariff Evaluation Report/ recommendation after a Petition Review (Task-1, Component 2)	30.0%	Rs 7,332,000/-	13	Accompany TCEB in Public Hearing/ Meetings regarding determination of tariff (Task-2, Component 2)	12.5%	Rs 3,055,000/-	14	Assist TCEB in Final Negotiation with Coal Tariff Petitioner(Task-3, Component 2)	12.5%	Rs 3,055,000/-		Total Receipts	100%	Rs 24,440,000/-
S.No	Stage of Payment	%	PKR																																																														
1	Inception Report covering Preliminary Desk Review, Methodology, Work Plan, Man-hours of each local & foreign consultant, timelines etc.	5%	Rs 1,222,000/-																																																														
2	Draft Report covering all aspects of Task-1, Component 1 (Description of Services) as per Appendix B	3.0%	Rs 733,200/-																																																														
3	Final Report covering all aspects of Task-1, Component 1 (Description of Services) as per Appendix B	7.0%	Rs 1,710,800/-																																																														
4	Draft Standards and criteria for Coal Pricing Regime	3.0%	Rs 733,200/-																																																														
5	Final Standards for Coal Pricing Regime	5.0%	Rs 1,222,000/-																																																														
6	Draft Procedures for Coal Pricing Regime	3.0%	Rs 733,200/-																																																														
7	Final Procedures for Coal Pricing Regime	5.0%	Rs 1,222,000/-																																																														
8	Draft Rules & Regulations for Coal Pricing Regime	3.0%	Rs 733,200/-																																																														
9	Final Rules & Regulations for Coal Pricing Regime	4.0%	Rs 977,600/-																																																														
10	Draft Guidelines for Coal Pricing Regime	3.0%	Rs 733,200/-																																																														
11	Final Guidelines for Coal Pricing Regime	4.0%	Rs 977,600/-																																																														
12	Coal Tariff Evaluation Report/ recommendation after a Petition Review (Task-1, Component 2)	30.0%	Rs 7,332,000/-																																																														
13	Accompany TCEB in Public Hearing/ Meetings regarding determination of tariff (Task-2, Component 2)	12.5%	Rs 3,055,000/-																																																														
14	Assist TCEB in Final Negotiation with Coal Tariff Petitioner(Task-3, Component 2)	12.5%	Rs 3,055,000/-																																																														
	Total Receipts	100%	Rs 24,440,000/-																																																														

	<ul style="list-style-type: none"> • Performance Security equivalent to 5% of Contact Amount shall be provided by the consultant as per Rule 39 of Sindh Public Procurement Rules, 2010. Validity of Performance Security shall extend 90 days beyond the date of final payment to the Consultant. • The payment against deliverables shall be processed after completion of each task and submission of reports (acceptable to the Client) by the Consultant, as per above schedule. • The payment shall only be made after satisfaction of client that Consultant has completed the task as per ToRs, through a 'Verification Committee' (to be notified by the Client). • The accounts are: <p>Account Title: Grant Thornton Consulting (Pvt) Limited Account Nr. A/C No 08747900284703 Bank: Habib Bank Limited Address: Habib Bank Tower ,Blue Area Branch, Islamabad Swift Code # HABBPICICA874 IBAN PK 20 HABB 0008 7479 0028 4703</p>
8.2(a)	<p>Level One: The period for settling the dispute is <u>21 days</u></p> <p>The Client official responsible for Level Two is: Managing Director, Thar Coal & Energy Board</p> <hr/> <p>The Consultant's official responsible for Level Two is:</p> <hr/>
8.2(b)	<p>Level Two: The period for settling the dispute is <u>21 days</u>.</p>
8.3	<p>The location is: <u>Karachi, Pakistan</u>, under the Pakistan Arbitration Act, 1940</p>



IV. Appendices

APPENDIX A - DESCRIPTION OF SERVICES

Project Background

Thar Coal and Energy Board (TCEB) is a Government of Sindh Organization created to accelerate the development of Thar Coal Fields and its ancillary infrastructure. The Government of Pakistan has designated TCEB as Coal pricing agency for Thar Coal fields. The Organization has developed a coal pricing mechanism based on international best practices and is currently seeking services of a consultant / consortium for proposing an institutional model based on which the organization can carry out analysis of various petitions received from Coal Mine producers in Thar Coalfields. The organization aims at evolving a transparent and a comprehensive institutional model.

Project Objectives

Develop Draft Standards, Procedures, Rules, Regulations, and Guidelines for Coal Pricing Regime.

Develop a framework to implement Coal Pricing Mechanism for Thar Coal & Energy Board, including guidelines, stages of evaluation and evaluation criteria keeping in view international best practices & technical prudence, with respect to process of receiving, reviewing and eventually approving / rejecting petitions on coal price.

Evaluate Coal tariff petitions as independent evaluators on an assignment-to-assignment basis keeping in view international best practices and technical prudence

Scope of Work

Component 1: Establish a comprehensive methodology and approach for Coal Pricing Regime that shall include but not limited to the following tasks:

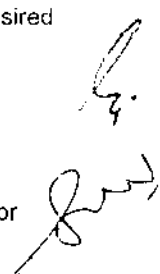
Task 1 - Assess inputs required to develop a framework to implement Coal Pricing Mechanism for Thar Coal Energy Board (TCEB)

Consultant will meet with TCEB staff, Government of Sindh (Gos), Government of Pakistan (GoP) (e.g., PPIB, OGRA), coal authorities and investors as are relevant to assess the types of inputs that would be required to develop a viable framework for Coal Tariff evaluation. The listed sub tasks may be required but are not restricted to the following to achieve desired task objective:

Review of relevant rules and regulations in Pakistan.

Review of NEPRA / OGRA's tariff approval mechanism.

Review of Organizational set up of relevant regulatory bodies and recommend a set up for TCEB.



Review of internationally followed practices on tariff approvals for benchmarking purposes.

Review of the existing Institutional, Legal, Regulatory and Administrative framework.

Analysis and commentary on possible future legislations that may be required to enable development and implementation of a legal and regulatory framework for coal pricing.

Deliverable: A Report covering all aspects of the Task-I

Task 2 - Develop Standards, Procedures, Rules, Regulations, and Guidelines to implement Coal Pricing Mechanism for TCEB

Consultant will develop methodologies for implementing Tariff Coal Pricing Mechanism and identify a methodology that promotes transparency, is replicable and provides predictability for future use. Consultant will develop guidelines, stages of evaluation and evaluation criteria for TCEB use and will train TCEB counterparts if required. The listed sub tasks may be required but are not restricted to the following to achieve desired task objective:

Review and suggest changes (if any) in the existing draft Framework for evaluating the Tariff

Present a revised/modified framework for tariff determination to TCEB for comments as applicable

Prepare a set of rules & regulations and any other items that may be required for the framework other than those already considered

Advise on steps required for approval of framework

Prescribe different formats and forms for different steps to be taken in the approval process

The consultant shall assist TCEB in preparing/giving presentations on suggested framework to relevant authorities for approval

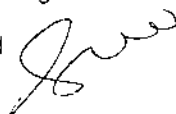
Deliverable: Standards, Procedures, Rules, Regulations, and Guidelines for Coal Pricing Regime

Component 2: Assistance in Implementation of the Coal Pricing Regime developed and approved in Component - I

Task 1 - Tariff evaluation as independent evaluators for one petition on the basis of petition review keeping in view technical due diligence and financial analysis based on standards & criteria

The listed sub tasks may be required but are not restricted to the following to achieve desired task objective

- Review of Financial Model for logical and arithmetic accuracy which may entail the following:
 - Suggest possible test procedures that may be included in the test program
 - Get suggested test procedures approved by TCEB
 - Perform approved test procedures under TCEB direction, as required
 - Identify and communicate any errors to TCEB and rectify defects after TCEB approval
 - Prepare documentation outlining how the model is operating and describing any known limitations of the Model
 - Propose control procedures for ongoing development of the Model, if required
- Review of tariff petition that includes technical due diligence and financial quote evaluation, which includes following tasks, but not restricted to:
 - Mine Concession review
 - Data review and site visit
 - Geology and reserves estimates
 - Review of mine plan and risks
 - Assess the viability of the operational capability and ongoing operations
 - Review of the technical study, including comments on costs associated with CAPEX and O&M
 - Review of coal handling, infrastructure and transport
 - Review of capital and operating costs through benchmarking
 - Any other technical parameters required



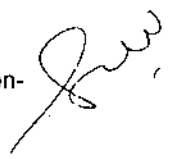
Deliverable: Recommend a Coal Tariff to TCEB on the basis of petition review keeping in view technical due diligence and financial analysis based on standards & criteria

Task 2 - The consultant should accompany TCEB in public hearings, which may be required with regards to determination of tariff

Task 3 - The consultant should assist TCEB in final negotiation with the petitioner

Project Duration

Project duration will be four (4) months, however, for Tasks 2 & 3 of Component 2, the Consultant shall be liable till 12 months after effective date of this Contract.



Appendix B - Reporting Requirements

B.1 The reports schedule is presented on Figure B.1

B.2 Copies of reports will be provided in electronic (CD-ROM), as well as in six (6) hard copy format to the Thar Coal & Energy Board.

S. No	Task	Deliverable	Timeline
COMPONENT I			
1	Inception Report	Inception Report covering Preliminary Desk Review, Methodology, Work Plan, Man-hours of each local & foreign consultant, timelines etc.	1 week
2	Assess inputs required to develop a framework to implement Coal Pricing Mechanism for Thar Coal & Energy Board	<p>Report covering all aspects of Task-1, Component 1 (Description of Services) which also includes, but not limited to:-</p> <ol style="list-style-type: none"> i. Comprehensive analysis of coal pricing methodology based on review of existing formula, framework and international models. ii. Mapping of key stakeholders and their inputs. iii. Mapping of types of inputs required to be collected from multiple stakeholders to prepare a roadmap for the whole assignment. iv. Review of following with recommendations for TCEB:- <ol style="list-style-type: none"> a. relevant rules & regulations in Pakistan, b. NEPRA/ OGRA's tariff approval mechanism, c. Organizational set up of relevant regulatory bodies with recommended set up for TCEB, d. Internationally followed practices on tariff approvals for benchmarking purposes and e. existing institutional, legal, regulatory and administrative framework. v. Review and analysis of existing reports, methods, formula, international bench marking methodology and possible options for TCEB. vi. Meetings with stakeholders. vii. Based on analysis, proposed Coal Pricing Methodology. 	3 weeks

		viii. Propose required legislations.	
3	Develop Standards, Procedures, Rules, Regulations, and Guidelines to implement Coal Pricing Mechanism for TCEB	Standards, Procedures, Rules, Regulations and Guidelines for Coal Pricing Regime (Draft)	6 weeks
		Standards, Procedures, Rules, Regulations and Guidelines for Coal Pricing Regime (Final)	8 weeks
COMPONENT II			
1	Tariff evaluation as independent evaluators for one petition on the basis of petition review keeping in view technical due diligence and financial analysis based on standards & criteria	<p>Comprehensive Report and recommendation after a Petition Review, including but not limited to:</p> <ul style="list-style-type: none"> i. Technical due diligence of petition including feasibility and other technical reports of the petition, based on standards and criteria ii. Review of Financial estimates for Coal Tariff Evaluation 	12 weeks
2	The Consultant should accompany TCEB in meetings/ public hearing, which may be required with regards to determination of tariff.	Participation in meetings/ public hearing for determination of tariff	As & when required til 12 months after effective date of this Contract
3.	The Consultant should assist TCEB in final negotiation with the petitioner	Participation in final negotiation with the petitioner for determination of tariff	

[Handwritten signature]

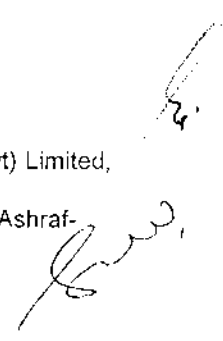
APPENDIX C – PERSONNEL SCHEDULE

Table C.1 & C.2 lists the posts designated as Staff for the Project, who will be responsible for the provision of services and submission of deliverables to the Client.

Table C.1 Foreign Staff

- Mr. Thomas West, Regulatory/ Legal Expert – Grant Thornton Consulting (Pvt) Ltd, Pakistan
- Mr. Mathew Sharples, Mining Economist/ Coal Market Specialist – Wood Mackenzie Limited
- Mr. Brian Rostron, Mining Specialist – SRK Consulting (UK) Limited
- Mr. Philipp Mohr, Geotechnical Specialist – SRK Consulting (UK) Limited

Table C.2 Local Staff

- Mr. Shahid Ahmed Khan, Tariff Specialist – Grant Thornton Consulting (Pvt) Limited, Pakistan (Team Leader)
 - Mr. Zahir Riaz, Regulatory/ Legal Expert – Orr, Dignam Muhammad Imran Ashraf-Thornton Consulting (Tariff Specialist)
 - Marina Ahmed – Orr, Dignam – Legal Expert
 - Liaqat Bukhari – Mining Expert
- 

APPENDIX D – COST ESTIMATES

The elements of cost used to arrive at the breakdown of the lump-sum price are provided as follows:

Name	Hourly Rate	Weekly Rate (PKR)	Assignment Input	Professional Charges (PKR)
Shahid Ahmed Khan	USD 300	1,200,000	13 Weeks	15,600,000
Thomas West	USD 300	1,200,000	6 Weeks	7,200,000
Zahir Riaz	USD 300	1,200,000	13 Weeks	15,600,000
Matthew Sharples	£ 200	1,360,000	9 Weeks	12,240,000
Brian Rostron	£ 200	1,360,000	6 Weeks	8,160,000
Philipp Mohr	£ 200	1,360,000	6 Weeks	8,160,000
Total Professional Charges				66,960,000
Assignment Discount				(45,460,000)
Assignment Professional Charges				21,500,000
Reimbursable Expenses				2,940,000
Total Contract Value				24,440,000

USD 1 = PKR 100; GBP 1 = PKR 170
1 Week = 40 Hours

This appendix will exclusively be used for determining remuneration for Additional Services, whereas reimbursable expenses shall be charged as per actual for Additional Services¹.

¹ If the Additional Services are beyond the Contract Period as defined in GC Clause 2.4, then the rates given here will be subject to negotiation.

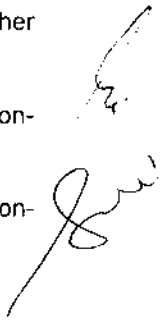
APPENDIX E- SUMMARY OF COST ESTIMATES

Item	Amount In (Rs.)
Cost of Services (Lump sum)	24,440,000/-

14.
[Handwritten signature]

APPENDIX F - SERVICES, FACILITIES AND EQUIPMENT TO BE PROVIDED BY THE CLIENT

- a) The Client will provide the following inputs and facilities to the selected consultant:
- i. Coal Pricing Mechanism Report developed in 2010
 - ii. Fiscal Incentives for local coal approved by ECC in 2010
 - iii. Existing draft Framework for evaluating the Tariff
 - iv. Coordinate meetings with Mining Lease Holders in Thar
- b) The client will facilitate the Consultants access to all available data and sites/area for the services.
- c) The client will coordinate meetings with concerned Mining Lease Holders and other relevant stake holders including various organizations like NERPA, PPIB etc.
- d) The Client will facilitate appropriate security provisions for the personnel of the Consultant during field visits.
- e) Government audit queries with respect to the consultancy services will be the responsibility of the client.

A handwritten signature in black ink, located on the right side of the page, overlapping the text of item (e). The signature is cursive and appears to be a name, possibly 'S. S. S.', though it is difficult to decipher precisely.

APPENDIX G – INTEGRITY PACT
DECLARATION OF FEES, COMMISSION AND BROKERAGE ETC, PAYABLE BY
THE SUPPLIER/CONTRACTORS/CONSULTANTS.

Contract Number: _____ Dated ____ March 2014
Contract Value: PKR 24,440,000
Contract Title: Consulting Services for Developing Coal Pricing Regulatory
Regime for Thar Coal


Consultant hereby declares that it has not obtained or induced the procurement of any contract, right, interest, privilege or other obligation or benefit from Government of Sindh (GoS) or any administrative subdivision or agency thereof or any other entity owned or controlled by it (GoS) through any corrupt business practice.

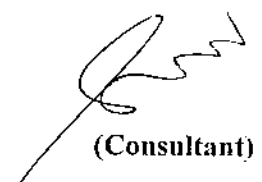
Without limiting the generality of the foregoing, **Consultant** represents and warrants that it has fully declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or inducing the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from, from Procuring Agency (PA) except that which has been expressly declared pursuant hereto.

Consultant certifies that it has made and will make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with PA and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

Consultant accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall, without prejudice to any other rights and remedies available to PA under any law, contract or other instrument, be voidable at the option of PA.

Notwithstanding any rights and remedies exercised by PA in this regard, the Consultant agrees to indemnify PA for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to PA in an amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by **Consultant** as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever form, from PA.


(Procuring Agency)


(Consultant)

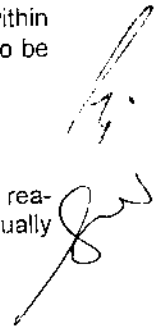
APPENDIX I – LUMP SUM PAYMENTS AGAINST DELIVERABLES CONDITIONS

1.1 The schedule of Deliverables given as SC 6.4(d) includes a lump sum price for each deliverable at draft and/or final stage. The process of submission, payment and approval for each deliverable shall, for the purpose of determining the contribution of work relating to that deliverable to the price for work done to date, be considered as the following stages, in relation to the price of the deliverable:

- a) Submission of draft to the Client – price of the draft deliverable;
- b) Confirmation from the Client of issues to be addressed in a revision of the deliverable within 6 weeks of submission of the draft to the Client;
- c) Approval of the deliverable by the Client (if there is no comment from the Client within 6 weeks of submission of the draft report the submitted report shall be deemed to be approved) for final;

1.2 Confirmation and approval from the Client shall not be unreasonable withheld.

1.3 If completion of one or more of the deliverables is impracticable (e.g because of reasons beyond the control of the Client or Consultant), the Client and Consultant may mutually agree in writing a partial payment for each specific deliverable affected.

A handwritten signature in black ink, appearing to be 'G. J.', is located on the right side of the page, overlapping the text of clause 1.3.