

## Annex 5: Compliance Checklist

Included In Proposal Package	Column For USFCo Use Only	RFA section refer- ence	<b>Applicants' Qualifications and Service Proposal Information Requirements</b>
Applicant must indicate with <b>page number</b> in Proposal	Compliance Evaluation (Pass/Fail)		
		<b><u>s. 46</u></b>	<p>Each Proposal shall consist of two separate parts, contained in separate and clearly marked envelopes, as follows:</p> <p><b>Part 1</b> - "Qualifications and Service Proposal", setting out information about the Applicant, the USF Service Provider proposed by the Applicant and the USF Service proposal of the Applicant.</p> <p><b>Part 2</b> - "USF Subsidy Proposal", which shall set out the proposed USF Subsidy amount.</p> <p>The required content and form of each Part of the Proposal are summarized below.</p> <p><i>Note: See sections 34, 35, 36, 37, 38, 39, 40 and 42 of the RFA for general eligibility requirements of Proposals and Applicants.</i></p> <p>As indicated in section 35.1(a), only Applicants (or any company or other Person identified in the Proposal as a member or participant in the Applicant company or consortium) that have registered with USFCo and purchased an official copy of the RFA in accordance with the Notice of Request for Proposals document issued by USFCo on 26 June 2007 are eligible to participate in the Proposal process and to submit a Proposal.</p>
<b>PART 1      STRUCTURE REQUIREMENTS – QUALIFICATIONS and SERVICE PROPOSAL</b>			
		<b><u>s.47.1</u></b>	<b><u>Cover Letter &amp; Attachments</u></b>
		(a)	Cover letter and each page of attached proposal materials to be signed by a person or persons duly authorized to act on behalf of the Applicant. Where the Applicant is a consortium, including a joint venture, the cover letter and attachments must be signed by a person or persons duly authorised to act on behalf all members of the consortium.
		(b)	Letter provides a summary description of the Applicant, including the members of any related consortium, and of the USF Service Provider

			proposed by the Applicant.
		(c)	Letter indicates a firm commitment to engage in final negotiation of the USF Services and Subsidy Agreement promptly and in good faith.
		(d)	Letter confirms that the Proposal is open for acceptance by USFCo for 180 (one hundred and eighty) days from the bid closing date identified in section 51.8 of this RFA.
		(e)	Attach one or more Powers of Attorney or notarised certificates clearly evidencing the authority of the signatory(ies) of the cover letter and other documents submitted with the Proposal, which require signature on behalf of the Applicant, a shareholder of the Applicant, the members of the Applicant consortium, if applicable or the USF Service Provider proposed by the Applicant.
		(f)	Include Bid Bond in the amount of PKR [1,500,000] in the form of Annex 2 to this RFA and issued by a reputable bank located in or outside Pakistan that is acceptable to the USFCo  <i>Note: See sections 44 and 51.5 of the RFA for details regarding Bid Bond.</i>
		<b><u>s.37</u></b>	<b><u>Pakistani Company that is a USF Contributor</u></b>
		(a)	Demonstrate that the Applicant is a USF Contributor or that, if the Applicant is a consortium, that the consortium leader is a USF Contributor.
		(b)	Demonstrate that the proposed USF Service Provider is incorporated in and under the <i>Companies Ordinance, 1984</i> .
		Include the following further information and documentation [s.37.4]:  <i>Note: Where the companies have shares listed on a stock exchange the information regarding shareholders in sections 37.4(b), (d) and (f) must be provided only to the best of the Applicant's knowledge and only in respect of shareholders owning more than 10% (ten percent) of the issued shares [s.37.5].</i>	
		(i)	Name, legal status, registered office address and a description of the business of the proposed USF Service Provider.
		(ii)	Name, legal status, registered office address and a description of the business of all shareholders in the proposed USF Service Provider.
		(iii)	Name, legal status and registered office address of any Person who Controls the proposed USF Service Provider.

		(iv)	Name, legal status and registered office address of all Persons who own, directly or indirectly, any ownership interest in a shareholder of the proposed USF Service Provider.
		(v)	The name, country of citizenship and address of each Person who is a director of the proposed USF Service Provider.
		(vi)	A chart showing the ownership structure of the proposed USF Service Provider, illustrating the relationship among all Persons having a direct or indirect ownership interest and specifying the nature and level of such ownership interest.
		(vii)	<p>Description of the legal status of the proposed USF Service Provider, including:</p> <p>a copy of its certificate of incorporation, Memorandum and Articles of Association;</p> <p>a certified copy of a resolution of the USF Service Provider's board of directors authorizing the Applicant to submit the Proposal and to propose the USF Service Provider for the USF Services and Subsidy Agreement; and</p> <p>any shareholder agreement, joint venture agreement, Memorandum of Understanding or any other arrangement of any kind between the shareholders of the proposed USF Service Provider.</p>
		Where the Applicant is a consortium, including a joint venture, the Proposal must also include the following: [s.37.6]	
		(i)	Name, legal status and registered office address and a description of the business of all Persons with a direct or indirect ownership interest of more than 10% (ten percent) in the Consortium Applicant or in any member of the consortium.
		(ii)	Where a Consortium member is an individual, identification and proof of citizenship for that individual.
		(iii)	Specific details of the structure of the consortium, including identification of the lead member of the consortium.
		(iv)	<p>The agreement(s) establishing the consortium, specifying at least:</p> <p>clear allocation of responsibilities among members;</p> <p>duration of the consortium agreement;</p> <p>details of the ownership interests in the consortium and the financial contributions of each member; and</p> <p>arrangements governing managerial control by the consortium over the</p>

			operation of the USF Service Provider. <i>Note: See sections 37.6(a) and (b) for details on numbers and responsibilities of members of a consortium.</i>
		<b><u>s. 38</u></b>	<b><u>Financing Capacity</u></b>
		(a)	Documentation demonstrating that the proposed USF Service Provider has a net worth of not less than PKR [300,000,000]; or
		(b)	A commitment letter from a reputable bank, located in or outside Pakistan and acceptable to USFCo, to provide the proposed USF Service Provider with a line of credit worth PKR [300,000,000]; or
		(c)	Combination of the following documentation demonstrating a combined total of net worth and financing capacity of not less than PKR [300,000,000]:  documentation demonstrating the net worth of the proposed USF Service Provider; and  commitment letter from a reputable bank located in or outside Pakistan and acceptable to USFCo, indicating a willingness to provide the proposed USF Service Provider with a line of credit.  Note: See section 38.3 of the RFA for definition of “Net worth.” See section 38.4 for criteria used to determine whether the net worth of any shareholder may be included in the net worth calculation of the proposed USF Service Provider.
		(d)	As an alternative to section 38.2 of the RFA, the Applicant may demonstrate that the proposed USF Service Provider or any shareholder of the type described in section 38.4 has access to committed financial resources sufficient to perform the obligations of the USF Service Provider to construct the USF Network and to provide the USF Services. Evidence of committed financial resources must include:  a list of all sources and amounts of equity and debt financing required in the first five years of operation;  commitment letters from one or more financial institutions or other lenders or investors for the full amount of such required equity or debt financing. The commitment letters shall be provided by a reputable bank located in or outside Pakistan and shall state that the amount of required equity or debt financing is on deposit or approved for borrowing by the applicable lender or shareholder. Applicants may request advance approval in writing of specific financial institutions for this purpose by USFCo; and  clear evidence of the availability of any necessary vendor financing;

			<p><b>OR</b></p> <p>other evidence that the proposed USF Service Provider clearly has the capacity to finance the USF Network and USF Service operations. [s.38.5].</p>
		(e)	<p>Financial statements of the proposed USF Service Provider for the preceding two years, including an income statement and balance sheet, prepared in accordance with internationally accepted accounting standards. [s.38.6]</p> <p><b>OR</b></p> <p>Financial statements of any shareholder of the type described in section 38.4 of the RFA, if the proposed USF Service Provider has not existed for at least two years prior to the submission of the Proposal. Provision of the financial statements of said shareholder for the preceding two years prepared in accordance with internationally accepted accounting standards.</p>
		<b><u>s.39</u></b>	<b><u>Operational Experience</u></b>
		(a)	<p>Provide evidence that arrangements are in place to provide the proposed USF Service Provider with access to the technology, professional know-how and operational experience required to operate the USF Network and provide the USF Services. [s.39.3]</p>
		(b)	<p>Include documentation that substantiates the following specific operational experience:</p>
		<p>Clear evidence that the proposed USF Service Provider has operated a telecommunications network that meets <u>all</u> of the following requirements:</p> <p><b>Note:</b> Applicant should refer to sections 39.2 and 39.3 of the RFA for information regarding whose experience on which they can rely.</p>	
		(i)	<p>The network has a transmission backbone component for voice and data services. [s.39.1]</p>
		(ii)	<p>The network provides voice services in less densely populated areas.</p>
		(iii)	<p>The network is predominantly facilities-based.</p>
		(iv)	<p>The network has been operated by the applicant for a minimum of one year.</p>
		<p>Where the Applicant will rely on the experience of a Person identified in section 39.2(b) of the RFA, the Proposal must include the following:</p>	

		(i)	Statement that identifies the Person. [s.39.3]
		(ii)	Documentation clearly demonstrating that the relationship between the proposed USF Service Provider and such Person falls within one of the categories listed in section 39.2(b) of the RFA.
		(iii)	Written commitment from said Person to participate in the USF Service Provider's operations.
		(iv)	Detailed description of such proposed participation clearly demonstrating to USFCo's satisfaction that the Person will have a significant and continuing participation in running the operations of the USF Service Provider for the life of the USF Services and Subsidy Agreement.
		(v)	Approval in writing by said Person's Board of Directors of the commitment and the detailed description of the Person's proposed participation.
		Provide specific information regarding the telecommunications markets in which the proposed USF Service Provider (or, if its experience is relied upon, the Person identified in section 39.2(b)) has operated. The following details should be provided:	
		(i)	Number of years of operation. [s.39.4(a)]
		(ii)	Telecommunications management experience of the proposed USF Service Provider. [s.39.4(b)]
		(iii)	Types of telecommunications services provided. [s.39.4(c)]
		(iv)	Experience of the proposed USF Service Provider in rolling out a telecommunications network. [s.39.4(d)]
		<b><u>s.40</u></b>	<b><u>Compliance with Licence</u></b>
		(a)	Satisfy USFCo that the proposed USF Service Provider is in substantial compliance with the conditions of existing telecommunications licence(s) by submitting a letter in the form set out in Annex 4 of the RFA.
		(b)	Where the Applicant is relying on the operational experience of a Person identified in section 39.2(b), demonstration of the substantial compliance of said Person with the conditions of the Person's existing telecommunications licence(s) by submitting a letter in the form of Annex 4 of the RFA.

		<b><u>s.41</u></b>	<b><u>Field Proven Equipment</u></b>
		(a)	Provide technical specifications of the major types of equipment and software to be supplied, installed and operated in order to provide the USF Services, including the local access facilities, the backbone transmission facilities, the switching and routing facilities and the interface technology.
		(b)	Demonstrate that the proposed suppliers of the equipment to be installed have been in the business of manufacturing telecommunications equipment for at least three years before the date of the Proposal.
		(c)	Demonstrate the supply of equipment and software of the type described in the Proposal to at least two telecommunications network operators and that the equipment and software have been in satisfactory service with those telecommunications network operators for a minimum period of one year prior to the date of submission of the Proposal.
		(d)	Full details of any technological changes introduced in the proposed equipment or software. <i>Note: Changes introduced in the field-proven equipment or software must be “evolutionary” and not “revolutionary” in nature.</i>
		(e)	Names, addresses, telephone numbers and fax numbers of the two network operators referred to in section 41.3.
		(f)	Submission of letters from either the proposed equipment suppliers or two network operators certifying satisfactory performance of the proposed equipment. <i>Note: USFCo reserves the right to verify the quality of the equipment and software and its satisfactory performance in actual service with the two network operators.</i>
		(g)	As an alternative to meeting the requirements of sections 41.3, 41.4 and 41.5, demonstrate satisfactory performance of the proposed equipment and software as part of the operations the Applicant has identified pursuant to section 39 of the RFA for a minimum period of one year prior to the date of submission of the Proposal.
		<b><u>s.42</u></b>	<b><u>Eligibility to Receive USF Subsidy</u></b>
		(a)	Demonstrate that the proposed USF Service Provider is eligible to receive the USF Subsidy pursuant to the World Bank Procurement Guidelines. <i>Note: See Annex 3 of the RFA for excerpts from the World Bank</i>

			<i>Procurement Guidelines and related information.</i>
		<b><u>s.47.2</u></b> <b><u>(b)</u></b>	<b><u>Network Description</u></b>
		<p>Provide a concise description of the planned network of the proposed USF Service Provider, including the following:</p> <p><i><b>Note:</b> The network description provided by the Applicant must clearly demonstrate that the USF Service Provider will extend transmission and/or backhaul facilities into the USF Areas, with sufficient planned capacity to meet the requirements of the USF Services. The USF Service provider may rely on the facilities or services of other licensees to meet these transmission and/or backhaul requirements. USF Service Provider must construct and operate its network substantially in accordance with the plans submitted and the technology described in the Proposal, and such plans and technologies must meet the requirements specified in the RFA and the USF Services and Subsidy Agreement.</i></p>	
		(i)	Description of the local access, transmission, switching, routing and interface technology to be employed, including applicable technical standards and network map.
		(ii)	Summary of roll-out/service coverage plans (meeting or exceeding Project Implementation Milestones).
		(iii)	The frequency spectrum to be used by the USF Service Provider (including the frequency spectrum bands, numbers of channels, radio-communications equipment and anticipated type of use).
		(iv)	USF Network bandwidth capacity estimated to meet traffic requirements in the USF Areas over the first five years of commercial operations; and description of how that capacity will be provided by the USF Service Provider.
		(v)	Proposed interconnection points. The Applicant must provide its best estimate of the number and size of the interconnection circuits and the Point(s) of Interconnection the proposed USF Service Provider will require during the first five years of operation. The USF Service Provider shall continue to provide USFCo and such other operators with such information as its network plans evolve.
		<b><u>s.47.2</u></b> <b><u>(c)</u></b>	<b><u>Operations Description (RFA)</u></b>
			Include a general description of the operations of the USF Service Provider; include too a brief description of any land or rights in land

			(i.e. rights of way) that must be acquired for the operations and the estimated cost of acquiring such land or rights in land and the impact acquiring such rights might have on the Applicant's network roll-out plan.
		<b><u>s.47.2</u></b> <b><u>(d)</u></b>	<b><u>Quality of Service Description</u></b>
			The Proposal must include a summary of the methodology and processes that will be implemented by the proposed USF Service Provider to meet the service requirements and quality of service standards identified in Schedules A and B to the USF Services and Subsidy Agreement, including performance monitoring, reporting and fault resolution processes.
		<b><u>s.47.2</u></b> <b><u>(e)</u></b>	<b><u>Projected Financial Statements</u></b>
			Provide projected financial statements for years one through five of the USF Service Provider, including an income statement, balance sheet and statements of sources and application of funds for the USF Service Provider prepared in accordance with internationally accepted accounting standards.  <i>Note: For this purpose, the financial statements shall treat the USF Subsidy amount as if it were part of the debt or equity of the USF Service Provider. Include projections of fee revenues from customers and an estimate of revenues from Inter-carrier Services, including Leased Line Services, and Optional USF Services.</i>
		<b><u>s.47.2</u></b> <b><u>(f)</u></b>	<b><u>Tariffs</u></b>
			Provide the following tariff information:  <i>Note: USF Service Provider must provide the USF Services in accordance with the tariffs described in the Proposal, and such tariffs must meet the requirements specified in this RFA and the USF Services and Subsidy Agreement.</i>
		(i)	Clear description of the proposed tariffs of the proposed USF Service Provider for the USF Services; and
		(ii)	a clear description of the National or Regional tariffs of the proposed USF Service Provider, which correspond to the proposed tariffs for the USF Services, sufficient to demonstrate that the proposed tariffs for the USF Services will not exceed corresponding National or Regional tariffs.

		<b><u>s.47.3</u></b>	<b><u>Additional Information</u></b>
		(a)	Comments on the draft USF Services and Subsidy Agreement or other transaction documents (including particularly any terms or conditions that the Applicant cannot or will not comply with).
		(b)	Any information that does not specifically respond to this RFA, but that the Applicant thinks is relevant to the Proposal.
<b>PART 2      STRUCTURE REQUIREMENTS – SUBSIDY PROPOSAL</b>			
		<b><u>s.48</u></b>	<b><u>Subsidy Proposal</u></b>
		(a)	Completed USF Subsidy Proposal Form prepared in accordance with Annex 1 to the RFA.
		(c)	Amount of the proposed USF Subsidy set out in words and numbers.
		(d)	The amount of the proposed USF Subsidy must be stated in PKR.
		<b><u>s.48.4 Calculation of Subsidy</u></b>	
		(a)	Include concise financial analysis detailing the calculation of the proposed USF Subsidy amount.
		(b)	<p>The financial analysis must clearly demonstrate the breakdown of projected USF Network costs, itemized to show the costs of the USF Network components identified pursuant to section 47.2(b), per community or population area served. The financial analysis must also demonstrate that the total projected capital expenditure by the Applicant to serve the USF Areas exceeds the amount of the Applicant’s USF Subsidy Proposal by at least 25%.</p> <p><i>Note: The financial analysis information furnished by Applicants will be kept strictly confidential by USFCo.</i></p>
<b>SUBMISSION OF THE PROPOSAL – [RFA s.51]</b>			
		(a)	Prepare five copies of the Proposal, clearly marking the first copy “Original Proposal” and the 2nd, 3rd, 4th and 5th copies “Copy of Proposal”.
		(b)	Prepare one electronic copy of the Proposal (i.e. a CD-ROM or computer diskette containing a copy of the Proposal that is in a format readable by Microsoft Word or Adobe Acrobat software).

		(c)	Clearly mark all copies of the Proposal with the name of the Applicant.
		(d)	As indicated in section 46 , the Proposal consists of two separate parts: Part 1, the Qualification and Service Proposal; and Part 2, the USF Subsidy Proposal. Each part of the Proposal shall be separated into clearly labelled envelopes, with each envelope containing the five copies of the applicable part of the Proposal. The envelopes containing the separate parts of the Proposal shall be packaged together in a single box or other container. The container shall be sealed; that is securely packed and closed, so that it is not possible to open it without visual evidence thereof.
		(e)	Clearly mark each Proposal package with the following information:  Proposal to Provide USF Telecommunications Services Name of Applicant: Local Contact Name and Phone Number:  <i>“DO NOT OPEN, EXCEPT IN PRESENCE OF USFCo EVALUATION COMMITTEE”</i>
		(f)	Enclose Bid Bond in a separately sealed envelope clearly marked with the name of the Applicant and the text “Bid Bond”.  <i><b>Note:</b> The separate Bid Bond and envelope should be delivered with the Proposal packages and included in the final assembly described in (d) above.</i>
		(g)	Deliver Proposal packages to the following address before the closing date and time specified in section 51.8.  The Chief Executive Officer USFCo <b>Fifth Floor, HBL Tower, Jinnah Avene,</b> Islamabad Pakistan  <b>Note:</b> No Proposals will be received after the closing date and time identified in section 51.8 of the RFA. [s.51.9]
		(h)	The Proposal, the accompanying documents, and all correspondence relating to the RFA shall be prepared and submitted in the English language.
		(i)	Include a completed version of this Compliance Checklist in each copy of the Proposal. [s.49.1]  <i><b>Note:</b> When completing the Compliance Checklist, identify the specific parts and page numbers of the Proposals that correspond to the</i>

			<i>documents and information identified in the Compliance Checklist.</i> <i>[s.49.2]</i>
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